

Policy frameworks

The following frameworks are the foundations to develop and implement trade reforms across government. They set a consistent approach for the way government agencies interact to deliver benefits to business. The frameworks operate within existing legislation. There will be further consultation where legislative change is required.

Fit and Proper Person Assessments Reform

Fit and proper person (FPP) assessments are regulatory tools designed to assess an individual's or business's suitability and or competency to perform a certain action. In the trade environment, FPP assessments apply to licensing of brokers, depots and warehouses, approved arrangements, and some permit processes.

FPP assessments serve as an initial filter with the objective of preventing people who are not considered fit and proper from working in trusted or high-risk roles in the trade environment. The assessment process is intended to treat the following:

- Risk of organised crime or criminals in the trade system or other insider threats including fraud-related offences and convictions against agency-specific legislation, Commonwealth, state, and territory laws.
- Risk to revenue through checking for unpaid debt to the Australian Government, bankruptcies, or other relevant financial compliance history.
- Reputational risk, particularly in relation to the reputation and integrity of Australian exports.
- Other risks that are specific to the agency and program.

What we have heard

In June 2023, we asked cross-border trade businesses for feedback on:

- their experience of the levels of administrative burdens placed on their business to satisfy FPP assessments.
- digital or other opportunities to streamline the collection of all FPP information and if this would enable the integration of future monitoring requirements for business fraud and risk management processes.
- their support of FPP assessment information being shared between agencies and if there

were any concerns or risks to be mitigated.

There was clear support to align the FPP assessment core criteria to reduce duplication and streamline processes. FPP assessments were identified as an administrative burden for business due to the varying formats, methods of completion and different requirements of each government agency.

The Taskforce has received views that business is keen for supporting technology that will provide greater efficiencies in the FPP assessment process. The proposed framework is the first step to simplify and align processes across agencies.

Aligning assessments

There are 18 assessments with 71 administrative decision points across 4 legislative acts (*Customs Act 1901, Biosecurity Act 2015, Excise Act 1901 and Export Control Act 2020*) and 3 government agencies (DAFF, Australian Tax Office (ATO) and Home Affairs).

During the financial year 2022-23, more than 6,000 FPP total assessments were conducted by ABF, ATO and DAFF. Applicants were required to provide similar FPP information for each assessment and decision point. For example, a single business involved in exporting may be required to provide the similar information multiple times in differing formats to be granted a warehouse license with ABF, an excise license with ATO and an export license with DAFF.

The framework aligns FPP assessments between Home Affairs, DAFF and ATO for relevant cross-border regulatory schemes. The assessment would involve considering:

- Criminal history – including whether the person has been convicted of an offence against, or ordered to pay a pecuniary penalty, for a criminal offence under any applicable Australian or foreign law; and/or
- Intelligence – including intelligence on an associate who has an identifiable link to the

applicant; and/or

- Compliance history (beyond convictions) up to four years (including penalties imposed by agencies for administrative or civil offences); and/or
- A financial check which may consider:
 - current or previous instances of bankruptcy or insolvency
 - current or previous debts to the Commonwealth (not including penalties imposed by agencies); and/or

- Supplementary checks specific to the policy of each agency, for example the ‘Right to Work check’.

Subject to the outcomes of consultation, the government would consider options to align FPP related information and support sharing of data between agencies.

Framework Principles

FPP assessments would comply with the following draft principles:

Box 2: Fit and proper person (FPP) Assessments Reform Principles



FPP assessments **mitigate risks** applicable to the schemes to which applicants are seeking entry.



FPP assessments are **proportionate to the risks being treated** and avoid being unnecessarily complex or restrictive.



Supplementary checks can be applied where there is an evidenced risk to meet specific regulatory objectives, and only when the risk is not covered by core criteria.



The FPP assessment process limits **burden to industry**. Burden placed on industry will be decreased where possible, while still upholding high standards.



The FPP assessment process for applicants is **simple, easy and streamlined**. It should use the ‘**tell us once**’ principle, meaning where supportive technology exists, applicants should provide information once.



There is **transparency** in the FPP assessment process. Industry will be advised of the application processes and agencies will provide reasons for adverse decisions where permitted.



The agencies **share information submitted by applicants** for FPP assessments to increase efficiency of the FPP process. Information sharing must be lawful, access must be controlled, and information collected should be reliable and standardised.



Agencies retain autonomy and control over their own FPP decisions and decision-making processes.



Decisions are evidence-based and reviewable.



Applicants are required to update an agency of **changes in circumstances**.

Next steps

This policy framework can help guide the experiences of business identifying themselves to government when conducting trade.

Both the framework, and any reforms relating to it, would continue to be co-designed and consulted with stakeholders ahead of any changes.

HAVE YOUR SAY

We are seeking feedback from businesses on the framework principles.

Question 7

How would the draft principles for reform to FPP assessments change your process to apply for cross-border trade related licenses and accreditations, including time and money savings?

Question 8

Are there risks or opportunities that you would see from agencies sharing information to adopt a 'tell us once' approach for FPP assessments?

Question 9

Could you share any specific issues that you believe are not adequately addressed and how they will impact the overall effectiveness of FPP assessments?

Question 10

How many FPP assessments do you or individuals in your business need to undergo each year?

Question 11

How do the frequency and the volume of assessments impact your operations and resources?

To have your say, visit: <https://app.converlens.com/austrade/simplifiedtrade>