



Jackaroo Verification Report

Verification & Case Details

Initiation Date	16/04/2020	ADN:	2020/039
Case Number	551		
The goods under consideration	A4 copy paper		
Case type	Review of anti-dumping measures		
Importer	Jackaroo Pty Ltd		
Verification from	18/06/2020	to	19/10/2020
Review Period	1/01/2019	to	31/12/2019

THIS REPORT AND THE VIEWS OR RECOMMENDATIONS CONTAINED THEREIN WILL BE REVIEWED BY THE CASE MANAGEMENT TEAM AND MAY NOT REFLECT THE FINAL POSITION OF THE ANTI-DUMPING COMMISSION

CONTENTS

CONTENTS	2
1 COMPANY BACKGROUND	3
1.1 CORPORATE STRUCTURE AND OWNERSHIP	3
1.2 RELATED PARTIES	3
2 THE GOODS	4
2.1 THE GOODS	4
2.2 MODEL CONTROL CODES (MCCs)	4
2.3 VERIFICATION OF MCCS	4
2.4 THE GOODS IMPORTED AND SOLD IN AUSTRALIA	4
3 VERIFICATION OF SALES COMPLETENESS AND RELEVANCE	5
4 DOWNWARDS VERIFICATION OF SALES	6
4.1 VERIFICATION OF SALES ACCURACY.....	6
4.2 SALES ACCURACY FINDING	6
5 VERIFICATION OF IMPORTS	7
5.1 IMPORT LISTING	7
5.2 VERIFICATION OF COST TO IMPORT AND SELL (CTIS)	7
5.3 CTIS ALLOCATION METHOD	7
5.4 VERIFICATION OF CTIS ACCURACY	8
5.5 FORWARD ORDERS	8
6 EXPORT PRICE	9
6.1 THE IMPORTER.....	9
6.2 THE EXPORTER	9
6.3 PROFITABILITY OF IMPORTS	9
6.4 RELATED PARTY SUPPLIERS	10
6.5 ARMS LENGTH	10
6.6 EXPORT PRICE ASSESSMENT	10
7 ATTACHMENTS	12

1 COMPANY BACKGROUND

1.1 Corporate structure and ownership

Jackaroo Pty Ltd (Jackaroo) is an importer and distributor of paper and board located in Sydney supplying customers in Australia, Oceania and Africa. The company is 100% Australian owned, was founded in 1988 and began trading with the support of a number of specialty paper manufacturers in Europe. Jackaroo imports paper from the United States, Europe and South America.

1.2 Related parties

The verification team examined the relationships between parties involved in the importation and sale of the goods. The verification team did not find any evidence that Jackaroo is related to any customers or suppliers of the goods exported during the review period.

2 THE GOODS

2.1 The goods

Jackaroo confirmed that it imported A4 copy paper from Brazil during the review period matching the description of the goods that are the subject of this review.

2.2 Model control codes (MCCs)

Jackaroo provided sales data in accordance with the MCC structure detailed in Anti-Dumping Notice (ADN) No. 2020/039.

2.3 Verification of MCCs

Table 1 below provides detail on how the MCC sub-categories were determined and verified to source documents.

Category	Determination of the sub-category
Weight	Determined with reference to the description in commercial invoices and purchase orders
Recycled content	Determined with reference to a timber compliance declaration

Table 1 MCC sub-category determination

2.4 The goods imported and sold in Australia

The verification team was satisfied that Jackaroo sold goods with the following MCCs during the review period:

- 80-N
- 90-N

3 VERIFICATION OF SALES COMPLETENESS AND RELEVANCE

Verification of relevance and completeness is conducted by reconciling selected data submitted "upwards" through management accounts up to audited financial accounts. The total sales value and quantity is reconciled to management reports with particular attention given to ensuring that all relevant transactions are included and irrelevant transactions are excluded. The total value from the management reports is then reconciled to the total revenue figure reported in the audited income statement.

The verification team verified the completeness and relevance of the sales listing provided in Part C of the questionnaire response by reconciling this to management reports in accordance with ADN No. 2016/30.

The visit team verified the relevance and completeness of the sales data as follows:

- reconciled the total consolidated revenue as per Jackaroo's 2019 management reports to the 2019 financial statements. The verification team was satisfied as to the reliability and integrity of Jackaroo's management reports;
- reconciled total consolidated revenue as per Jackaroo's 2019 management reports to a sales Navison (NAV) system report;
- reconciled value and volume in the sales listing in part C of the questionnaire to the NAV system report by filtering the NAV system report;

The verification team did not identify any issues during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

3.1 Sales completeness and relevance finding

The verification team is satisfied that the sales data provided by Jackaroo is complete and relevant.

4 DOWNWARDS VERIFICATION OF SALES

4.1 Verification of sales accuracy

The accuracy of data is verified by reconciling selected data submitted "downwards" to source documents. This part of verification involves the process of agreeing the volume, value and other key information fields within the sales data down to source documents. This verifies the accuracy of the data.

The verification team verified accuracy of the sales listing submitted in Part C of the questionnaire response by reconciling these to audited financial statements in accordance with ADN No. 2016/30.

The verification team did not identify any issues during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

4.2 Sales accuracy finding

The verification team is satisfied that the sales data provided by Jackaroo including any required amendments as outlined in the exception tables above is accurate. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

5 VERIFICATION OF IMPORTS

5.1 Import listing

Jackaroo confirmed that the import listing extracted from the Australian Border Force (ABF) import database is a complete list of imports of the goods exported in the review period.

5.2 Verification of cost to import and sell (CTIS)

Prior to the verification, the Commission selected 11 shipments for Jackaroo to complete the cost to import and sell (CTIS) spreadsheet of the importer questionnaire.

For each of the selected shipments, Jackaroo provided the following source documents:

- customer purchase order;
- purchase order to manufacturer;
- mill order confirmation;
- shipping documentation including bill of lading, packing list and certificate of origin;
- commercial invoice from its supplier;
- commercial invoices relating to freight and insurance;
- import documentation including customs fees, dumping duty calculation, port service charges and delivery invoices; and
- proof of payments including bank remittance advices, transaction reports and bank statements.

5.3 CTIS allocation method

The verification team verified the reasonableness of the method used to allocate the CTIS provided in the questionnaire response.

Cost Area	Method applied
Ocean freight	Based on the actual ocean freight cost allocated to the goods based on weight.
Marine insurance	Based on the actual insurance premium cost.
Duties	Actual duties paid based on ABF customs documentation.
Customs fees	Actual cost based on customs invoices.
Port service charges	Actual cost based on invoices relating to port services fees allocated to the goods based on weight.
Delivery	Actual cost based on delivery invoices allocated to the goods based on weight.
SG&A	SG&A applied as a percentage of revenue and multiplied by the revenue for each shipment.
Finance charge	A weighted average interest rate applied to the invoice price plus importation costs.

Table 2 Verification of cost calculation method

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The verification team identified the issues outlined below during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

5.4 Verification of CTIS accuracy

The accuracy of data is verified by reconciling selected data submitted "downwards" to source documents. This part of verification involves the process of agreeing key information fields within the CTIS data down to source documents. This verifies the accuracy of the data.

The verification team verified the accuracy of the CTIS provided in the questionnaire response by reconciling it to source documents in accordance with ADN No. 2016/30.

The verification team identified the issues outlined below during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

5.4.1 Exceptions during verification of CTIS accuracy

No.	Exception	Resolution
1	Some shipments included non-GUC (A3 copy paper)	Non-GUC was included because they were included in the same container as GUC. Non-GUC costs and revenue were excluded from profitability calculations.

Table 3 Exception during verification of accuracy of CTIS data

5.5 Forward Orders

The list of forward orders is at **Confidential Appendix 2**.

5.6 CTIS Verification finding

The verification team is satisfied that the CTIS provided by Jackaroo, including any required amendments as outlined in the exception table above, is accurate. A table detailing the weighted average unit CTIS is at **Confidential Appendix 1**.

6 EXPORT PRICE

6.1 The importer

The verification team considers Jackaroo to be the beneficial owner of the goods at the time of importation and therefore the importer of the goods, as Jackaroo is:

- named on the commercial invoice from its supplier;
- named as the consignee on the bill of lading;
- declared as the importer on the importation declaration to the ABF;
- pays for all the importation charges; and
- arranges delivery from the port.

6.2 The exporter

The goods were imported to Australia by Jackaroo. Subject to further inquiries, the verification team considers Jackaroo’s supplier of the goods exported from Brazil to be the exporter of the goods¹, as:

- it manufactures the goods according to Jackaroo’s purchase order and gives up responsibility by knowingly placing the goods in the hands of a freight provider for export to Australia;
- is named as the shipper on the bills of lading;
- is named as the exporter on the certificate of origin;
- is named as the supplier of the goods on the purchase orders, commercial invoices and ABF customs documentation;

6.3 Profitability of imports

The verification team assessed the profitability for the following selected shipments by comparing the revenue to the CTIS for each shipment. As each selected shipment can be traced to actual sales transactions, the verification team used the actual revenue for each shipment to assess its profitability.

The outcome of this assessment is in Table 5 below.

Shipment	Profitable (Y/N?)
1	Y
2	Y
3	Y
4	Y

¹ The Commission generally identifies the exporter as a principal in the transaction, located in the country of export from where the goods were shipped, that gave up responsibility by knowingly placing the goods in the hands of a carrier, courier, forwarding company, or its own vehicle for delivery to Australia; or a principal in the transaction, located in the country of export, that owns, or previously owned, the goods but need not be the owner at the time the goods were shipped.

PUBLIC RECORD

5	Y
7 ²	Y
8	Y
9	Y
10	Y
11	Y
Weighted average all shipments	Y

Table 4 Profitability of selected imports

The assessment is at **Confidential Appendix 1**.

6.4 Related party suppliers

The verification team did not find any evidence that Jackaroo is related to its supplier of A4 copy paper exported from Brazil during the review period.

6.5 Arms length

In respect of imports of A4 copy paper to Australia by Jackaroo during the review period, the verification team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price; or
- the price was influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or
- the buyer, or an associate of the buyer, was directly or indirectly, reimbursed, compensated or otherwise received a benefit for, or in respect of, the whole or any part of the price.

Therefore, subject to further inquiries, the verification team is satisfied that the imports between Jackaroo and its supplier of the goods are arms length transactions.

6.6 Export price assessment

The verification team is of the opinion that for the goods imported by Jackaroo from its supplier in Brazil:

- the goods have been exported to Australia otherwise than by the importer;
- the goods have been purchased by the importer from the exporter; and
- the purchases of the goods by the importer were arms length transactions.

Subject to further inquiries, the verification team recommends that the export price for A4 copy paper imported by Jackaroo from Brazil can be established under

² Shipment 6 was a duplicate of shipment 3

PUBLIC RECORD

section 269TAB(1)(a) of the *Customs Act 1901*, using the invoiced price, less transport and other costs arising after exportation.

7 ATTACHMENTS

Confidential Appendix 1	Export Price
Confidential Appendix 2	Forward orders
Confidential Appendix 3	Profitability of imports
Confidential Attachment 1	Verification Work Program