



## Changes to Air Cargo Security – Known Consignor scheme

### What is changing?

The Australian Government has released draft amendments to the Aviation Transport Security Regulations 2005 (the Regulations) for your comment before they come into force. The Regulations provide the legal framework for the security of air cargo including the Regulated Air Cargo Agent (RACA) and Accredited Air Cargo Agent (AACA) schemes. The amended regulations will change the RACA and AACA schemes and create a Known Consignor scheme for exporters.

### Why are the changes needed?

Currently, the majority of Australia's out-bound international air cargo is examined after it has been consolidated onto crates, pallets or unit load devices.

United States legislation requires all airlines transporting air cargo to the US on a passenger flight to examine 100% of air cargo at piece-level. Piece-level examination means that each individual box, carton or other item in a shipment must be examined by technology or physically inspected before it is loaded onto a US-bound aircraft.

From **1 July 2017**, all US-bound air cargo will either need to be examined at piece-level or originate from a Known Consignor in order to be exported by air to the US.

### How does the Known Consignor scheme work?

The Known Consignor scheme is a new initiative that will offer export businesses an alternative way to meet US air cargo requirements. Instead of having their US-bound air cargo examined at a piece level by another regulated business, Known Consignors will meet and maintain a high level of security to ensure their cargo is safe to load on an aircraft.

The Known Consignor scheme will recognise export businesses that apply security controls to ensure their US-bound air cargo does not contain unauthorised explosives. Approved Known Consignors will be responsible for securing air cargo that originates from their business until that air cargo is provided to another regulated business.

#### What is a Known Consignor?

A Known Consignor is a business that:

- originates international air cargo; and
- meets approved security measures designed to prevent the introduction of an unauthorised explosive into cargo; and
- is approved by the Government.

Originates means:

- manufactures;
- assembles;
- derives from a natural source or process; or
- selects from stocked items in its possession.



From 1 July 2017, air cargo will **not** be accepted on US-bound aircraft unless it has undergone piece-level examination by technology or physically inspected, or originates from a regulated Known Consignor.



## Does cargo originating from a Known Consignor need to be examined?

A Known Consignor will need to be able to demonstrate they have security measures in place to ensure cargo cannot be tampered with before export. That is, their cargo is secured from packing all the way onto the aircraft. Cargo that meets these requirements will not require examination further along the supply chain.

The security measures required under the Known Consignor scheme will depend on each individual business. This is because exporters operate in a wide variety of environments.

## What type of security measures would a Known Consignor need to have in place?

Likely security measures will include: physical access control; information security; secure packing, handling and storage of air cargo; transportation of secured air cargo; security awareness training; development of response procedures in case security is breached; vetting of employees to ensure they are of suitable character; quality control procedures in place to monitor and manage compliance; detection and resolution of suspicious activity; and incident reporting procedures.

## Do these new arrangements apply to air cargo travelling to countries other than the United States of America?

The piece-level examination requirements **only apply to air cargo travelling to the US**. From 1 July 2017, if you are exporting air cargo to the US, you will either need to have your cargo examined at a piece-level by a regulated business, or become a Known Consignor. Known Consignors may, however, elect to use their Known Consignor status to originate cleared cargo that will be shipped to other destinations.

### Interested in becoming a Known Consignor?

Exporters may apply to the Department of Infrastructure and Regional Development to become a Known Consignor.

Known Consignors will need to meet and maintain a high level of security to ensure cargo is safe to load onto an aircraft.

After receiving your application, the Department may conduct a site visit to confirm necessary security measures are in place.

Exporters will need to provide supporting documentation in their application.

For more information on how to apply to join the Known Consignor scheme, contact:

**[knownconsignor@infrastructure.gov.au](mailto:knownconsignor@infrastructure.gov.au)**

## My exports are currently regulated by other government agencies. Will I also need to be a Known Consignor?

If you are currently regulated by other agencies, such as the Department of Agriculture and Water Resources or the Department of Immigration and Border Protection, your existing business practices may help you meet Known Consignor requirements. The Department is working closely with other government agencies to determine what elements of other regulatory regimes (such as the Australian Trusted Trader Programme) may be recognised as part of the Known Consignor scheme. Your Known Consignor application will ask for details of any other government trade regulations you comply with.



### Need more information or seeking to comment on the draft Regulations?

Contact the Department by phone or email:

**Phone:** 1800 007 024 (BH)

**Email:** [aircargosecurity@infrastructure.gov.au](mailto:aircargosecurity@infrastructure.gov.au)



## Regulated Air Cargo Agent (RACA) scheme changes – Information for RACAs

### What is changing?

The Australian Government has released draft amendments to the Aviation Transport Security Regulations 2005 (the Regulations) for your comment before they come into force. The Regulations provide the legal framework for the security of air cargo including the Regulated Air Cargo Agent (RACA) and Accredited Air Cargo Agent (AACA) schemes. The amended regulations will change the RACA and AACA schemes and create a Known Consignor scheme for exporters.



#### Changes to air cargo travelling to the United States

From 1 July 2017, 100% of US-bound air cargo must be examined at piece-level. This means cargo can no longer be examined at a consolidated level: each individual box, carton or other item in a shipment must be examined by technology or physically inspected before it is loaded on a **US-bound aircraft**. To clear US-bound air cargo at piece-level, you must hold an EACE Notice.

#### ACE and EACE Notices

An EACE Notice sets out how a RACA must conduct **piece-level** examination. Piece-level examination is required for all US-bound air cargo from 1 July 2017.

An ACE Notice sets out how a RACA can examine and clear cargo which has been **consolidated** onto crates, pallets or Unit Load Devices for **destinations other than the US**.

### What do the changes mean for existing RACAs?

RACAs are businesses that handle or make arrangements for the transport of air cargo, and examine and clear cargo to be carried on a prescribed air service.

Existing RACAs who have been issued with an Air Cargo Examination (ACE) Notice or an Enhanced Air Cargo Examination (EACE) Notice will remain in the RACA scheme. However, existing RACAs who do not hold one of these notices will transition to the AACA scheme. Transitioning to the AACA scheme does not reduce the level of security which must be maintained or security outcomes for the handling of cargo.

#### Who will remain in the RACA scheme?

You will remain in the RACA scheme if, from 1 November 2016:

- you are already a regulated business in the RACA scheme; and
- you have been issued with an Air Cargo Examination (ACE) Notice or an Enhanced Air Cargo Examination (EACE) Notice by the Department of Infrastructure and Regional Development.

**If you remain in the RACA scheme you will not experience any major changes in your business practices and should continue to comply with all relevant legislative and regulatory requirements.**





## What about my RACA Transport Security Program (TSP)?

For businesses that remain as RACAs, on 1 November 2016, your existing TSP will become a RACA Security Program (SP) with some minor changes. The Department will provide information and assistance to help RACAs remaining in the scheme make the required changes.

You will not have to take any action to change your existing TSP to an SP. The Department will provide a supplement to your existing TSP which will automatically establish your new SP as:

- Your current TSP (excluding the current Annex A, on the clearance of cargo); plus
- Requirements for Regular Customers and Known Consignors.

**You will receive the supplement to your SP, as well as advice and guidance from the Department before 1 November 2016.**

## My business does not hold an ACE or EACE Notice – what does this mean for me?

If you are currently in the RACA scheme, but do not hold an ACE or EACE Notice, from 1 November 2016, your business will automatically transition into the AACA scheme.

## What does it mean to be an 'AACA'?

AACAs are regulated businesses, just like RACAs. The main difference is that AACAs are not able to examine or clear air cargo. RACAs who transition to the AACA scheme will still be required to maintain their existing security arrangements and continue to handle cargo in a secure way (refer to the 'Information for AACAs' Fact Sheet for more information).

## How will I transition from the RACA to the AACA scheme?

If you do not hold an ACE or EACE Notice, on 1 November 2016, your existing RACA TSP will become an AACA Security Program (SP) with some minor changes. The Department will provide new AACAs with guidance on how to meet the requirements of their AACA SP. Eventually, all AACAs will be issued with a new AACA SP which must be complied with. This new process will significantly reduce the work needed to maintain a security program.

**You will receive instructions on how to vary your SP, as well as advice and guidance from the Department before 1 November 2016.**

## Will I still be able to issue Security Declarations?

AACAs are not able to examine cargo or issue Security Declarations. From 1 November 2016, the only regulated business that may issue a Security Declaration is a RACA who holds an ACE or EACE Notice or a Known Consignor. AACAs will still be required to apply security measures to the cargo they handle. These include facility security; personnel security; security awareness training; secure handling of cleared cargo; and regular customer arrangements.

Requirements for security documentation accompanying international air cargo are being streamlined in line with international standards. A Chain of Custody Statement (ChoCS) will no longer be required. AACAs may continue to issue a ChoCS if they choose, however this will no longer be a regulatory requirement.

**From 1 November 2016, RACAs who transition to the AACA scheme cannot issue Security Declarations.**

When the changes begin, it will be an offence under the Regulations for an AACA to issue, re-issue or modify a Security Declaration. This is a function which can only be performed once cargo is cleared by RACAs who hold an ACE or EACE Notice or Known Consignors.



### **Need more information or seeking to comment on the draft Regulations?**

Contact the Department by phone or email:

**Phone:** 1800 007 024 (BH)

**Email:** aircargosecurity@infrastructure.gov.au



## Regulated Air Cargo Agent scheme changes – Information for Cargo Terminal Operators (CTO)

### What is changing?

The Australian Government has released draft amendments to the Aviation Transport Security Regulations 2005 (the Regulations) for your comment before they come into force. The Regulations provide the legal framework for the security of air cargo including the Regulated Air Cargo Agent (RACA) and Accredited Air Cargo Agent (AACA) schemes. The amended regulations will change the RACA and AACA schemes and create a Known Consignor scheme for exporters.

### What do the changes mean for existing CTO RACAs?

Currently, international air cargo is typically delivered to a CTO RACA as 'cleared', accompanied by evidence in the form of a Security Declaration and Chain of Custody Statement (ChoCS). These documents have often been generated earlier in the supply chain by a RACA after the cargo has been inspected and using its database of Regular Customers to ensure the cargo comes from a known source.

CTO RACAs then examine export air cargo under the terms of the Air Cargo Examination (ACE) Notice and reissue the Security Declaration and ChoCS before the cargo is loaded onto an aircraft for export.

From 1 November 2016, **cargo will receive clearance only after examination** using either the ACE Notice or the Enhanced Air Cargo Examination (EACE) Notice. The RACA undertaking the examination will then be responsible for issuing the Security Declaration for the cargo.

Requirements for security documentation accompanying international air cargo are being streamlined in line with international standards. A ChoCS will no longer be required. RACAs or AACAs may continue to issue a ChoCS if they choose, however this will no longer be required.

### Changes to examination requirements for US-bound air cargo

From 1 July 2017, 100 per cent of US-bound air cargo must be examined at piece-level. This means each individual box, carton or other item in a shipment must be examined by technology or physically inspected before it is loaded on a US-bound aircraft. US-bound air cargo cannot be examined or cleared under the ACE Notice. Cargo travelling to any other international destination, excluding the US, may continue to be examined under the terms of the ACE Notice.

#### EACE Notice

RACAs that are issued with an EACE Notice can conduct piece-level examination. The EACE Notice is made under the Regulations and sets out the methods, techniques and equipment required for conducting piece-level examination. If you can examine and clear cargo at piece-level in accordance with the terms of your EACE Notice, it will be accepted on US-bound aircraft from 1 July 2017.

The Department may issue an EACE Notice to a:

- CTO RACA; or
- Off-airport RACA.



## RACAs issued with an ACE Notice

### From 1 July 2017:

- **Only** RACAs in possession of an EACE Notice may examine and clear US-bound air cargo
- RACAs issued with an ACE Notice **will not** be able to examine or clear US-bound air cargo

## If cargo is EACE cleared by other RACAs does the CTO RACA still need to examine the cargo?

No. If an off-airport RACA examines cargo under the EACE Notice and the cargo has been transported securely from the off-airport RACA to the CTO RACA then the EACE cleared cargo does not need to be examined by the CTO RACA.

## How does EACE cleared cargo maintain its cleared status?

Cleared cargo must continue to be stored and handled securely to maintain its status as cleared cargo. For off-airport RACAs, this includes the secure transport of cleared cargo by a regulated agent from their premises to the airport. Either a RACA or an AACA may transport cargo as a regulated agent.

If these requirements are complied with, cleared cargo is not required to be re-examined or re-cleared prior to being loaded onto an aircraft.

## Receiving cargo that has been cleared by a Known Consignor

Known Consignors are a new group of regulated businesses operating in the supply chain. Known Consignors are exporters who have elected to join the Department's Known Consignor scheme. Known Consignors are businesses that use international best-practice security controls and effective measures to prevent unlawful acts against aviation. Known Consignors must meet and maintain a high level of security at their facilities. Once a business is approved by the Department as a Known Consignor, cargo originating from a Known Consignor is considered to be cleared cargo and does not require examination prior to be loaded onto an aircraft.

### Can non-US-bound cargo be examined under the EACE Notice?

Any RACA in possession of an EACE Notice may elect to examine cargo that is travelling to **any destination** under the terms of the EACE Notice.

*Note: The only air cargo that must be examined under the EACE Notice is US-bound cargo.*

## How does a CTO RACA confirm that a business holds an EACE Notice or is a Known Consignor?

The Department will publish and maintain a list of regulated businesses, including businesses that are Known Consignors or have been issued with an EACE Notice. This information will be made available to CTO RACAs.



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## Accredited Air Cargo Agent scheme changes – Information for AACAs

### What is changing?

The Australian Government has released draft amendments to the Aviation Transport Security Regulations 2005 (the Regulations) for your comment before they come into force. The Regulations provide the legal framework for the security of air cargo including the Accredited Air Cargo Agent (AACA) and Regulated Air Cargo Agent (RACA) schemes. The amended regulations will change the RACA and AACA schemes as well as create a Known Consignor scheme for exporters.

### AACA's role in the Australian supply chain

- AACAs are businesses that handle or make arrangements for the transport of cargo.
- AACAs cannot examine or clear air cargo as defined in the Regulations but can securely transport cargo that has been examined and cleared.
- Only RACAs and Known Consignors are able to clear air cargo.
- AACAs are required to comply with the AACA Security Program issued by the Department of Infrastructure and Regional Development. The program requires that AACAs protect the security of air cargo from the time an item is received until the item leaves the AACA's possession.

#### Examination and Clearance of Cargo

Cargo can only be 'cleared' if:

- it has been examined using technology or physically inspected by a RACA; or
- it has originated from a Known Consignor.

### What do the changes mean for existing AACAs?

The Department will issue AACAs with a new AACA Security Program before 1 November 2016. AACAs will not be required to significantly change their business practices. The requirement to treat cargo securely will remain.

Requirements for security documentation accompanying international air cargo are being streamlined according to international standards. A Chain of Custody Statement (ChoCS) will no longer be required. AACAs may continue to issue a ChoCS if they choose, however, this will no longer be required.



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