changes to air cargo export security requirements

February 2016

Air cargo security legislation

- Air cargo security is regulated under the *Aviation Transport Security Act 2004*

- Act designed to prevent unlawful interference to aviation

- Cargo provisions designed to prevent <u>unauthorised explosives</u> from being carried on an aircraft

Current air cargo security arrangements

- Risk profile assessed as low

- Intelligence is effective

- Regulated air cargo agents maintain regular customer databases and 'clear' cargo according to their security program

- Security Declaration & Chain of Custody Statement issued

- Consolidated screening at cargo terminal facility

- Piece-level examination now occurring in express freight sector

US Issues

- US Transportation Security Administration (TSA) has determined our processes do not meet their legislated requirement for piece-level screening

- TSA has agreed to a transition timeframe to July 2017 for 100% piece-level screening

- Airlines have made amendments to the TSA's Standard Security Program recognising transition

- Need to continue to meet aggressive timelines towards the 100% target, including quarterly reporting

Overview of air cargo exports

- In 2015:

  - Value: $45.5 billion

  - Volume: 437,000 tonnes

- From 7 major (and other) international airports

- 80 per cent on passenger aircraft

- Handled by over 700 Regulated Air Cargo Agents

US air cargo exports

- In 2015:

  - Value: $5.3 billion (11.7% of total)

  - Volume: 19,600 tonnes (4.5% of total)

- Most ex Sydney, Brisbane, Melbourne

- 100 per cent on passenger aircraft

Two part response

- Introduction of the Enhanced Air Cargo Examination (EACE) notice specifying standards for piece-level screening

- Establishment of a Known Consignor scheme so exporters can clear cargo at source

Future approach

- Only regulated business that <u>clear</u> cargo will be eligible to be RACAs

- Cargo will be cleared only by: examination; known consignor; and exemption (mail, specified exempt items)

- Security declaration will be issued once clearance has occurred rather than on the basis of regular customer arrangements

- No more ChoCs, Security Dec will meet ICAO (& IATA) standard

- Streamlining of RACA security programs

- Many current RACAs will become Accredited Air Cargo Agents (AACAs) or move outside the regulatory system

Progress

- Amendments to *Aviation Transport Security Act 2004* passed by Parliament in November

- Amendments to Aviation Transport Regulations 2005 released for consultation in August

- Comments received from industry including FTA

- Federal Executive Council to consider October

- Regulations take effect 1 November.

- Department providing advice to RACAs on changes to TSPs.

- No major changes to operations – biggest change is fewer businesses will issue (and have to manage) SDs.

Known Consignor framework

- Six pillars

  - Facility security

  - Personnel security

  - Training

  - Screening

  - Chain of custody

  - Oversight and compliance

Known Consignor trials

- First stage

    - 35 companies identified as major air freight exporters to the US

    - 19 companies volunteered, 12 validated

- Companies include meat, pharmaceuticals, fruit & vegetable perishables, gold & currency, communications equipment exporters

- Tested security outcomes and validation processes

- Working closely with Immigration & Border Protection (Trusted Trader and Agriculture (meat export controls) towards mutual recognition of security controls where appropriate

- Second stage underway

Exporters' perspective

- Exporters with robust security processes may be well placed to become Known Consignors

- Applications from 1 November 2016

- Cargo will then need to be carried securely in order to be accepted by the airport cargo terminal operator

- Or exporters can elect to have their cargo screened

- Freight forwarders should work with customers to identify the best option for their needs

- OTS is also happy to advise as to the regulatory requirements

Questions?

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