

MARCH 2019

BDO INTERNATIONAL TRADE ALERT



KNOWN CONSIGNOR SCHEME IMPACTS ALL AUSTRALIAN EXPORTERS WITH SECURITY CHANGES FROM 1 MARCH 2019

WHAT IS THE KNOWN CONSIGNOR SCHEME?

The Australian Government has amended the [Aviation Transport Security Regulations 2005](#) which provide the legal framework for the security of air cargo including the Regulated Air Cargo Agent (RACA) and Accredited Air Cargo Agent (AACCA) schemes and create a Known Consignor scheme for exporters that will add an additional layer of verification regarding the contents of cargo exported by air transport. From 1 March 2019, all air cargo being transported overseas from Australia will need to be examined at piece-level (box, carton, other similar item) by technology or physically, or originate from a Known Consignor. As a result, all air cargo will be subject to additional cost and delay. Exporters will need to:

- ▶ Use an Australian Government approved RACA¹ who can examine their air cargo at piece-level; or
- ▶ Be approved as a Known Consignor, so they can secure air cargo originating from their 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.

Originate means the business makes, manufactures, assembles, or otherwise produces goods to be transported by aircraft as cargo.

WHAT ARE THE COSTS OF THE KNOWN CONSIGNOR SCHEME?

Known Consignors will need to meet and maintain a high level of security to ensure cargo is safe to load onto an aircraft. Exporters may apply to the Department of Infrastructure and Regional Development to become a Known Consignor. There is no fee, however, there may be costs including but not limited to:

- ▶ Physical access control
- ▶ Information security and purchase and installation of security related equipment
- ▶ Secure packing, handling, storage and transportation of secured air cargo
- ▶ Security awareness training for staff and security procedures
- ▶ Development of response procedures in case security is breached
- ▶ Vetting of employees to ensure they are of suitable character and requirement of key staff to hold Aviation Security Identification cards (ASIC)
- ▶ Quality control procedures in place to monitor and manage compliance
- ▶ Detection and resolution of suspicious activity.

Heightened security screening requirements for all export air cargo, to reduce the risk of aviation terror acts, will impact all Australian exporters. Exporters should contact BDO for assistance with determining the need to be a Known Consignor, the application process and satisfying security requirements.



FOR MORE INFORMATION:
TO CONTACT US TODAY, [CLICK HERE](#).
ALTERNATIVELY, PLEASE CALL US ON
1300 138 991

WHAT IS THE IMPACT OF THE KNOWN CONSIGNOR SCHEME ON DIFFERENT INDUSTRIES?

Automotive

Australia's automotive manufacturing industry is in a state of transition from manufacturing to sales and distribution, engineering services and design and product development. Any automotive industry business receiving or sending goods via air will need to subject the cargo to third party scrutiny or become accredited as a Known Consignor. Automotive industry businesses will need to consider the impact on time, cost, potential interference with automotive parts and accessories etc. when exporting under Government programs. Automotive industry businesses are still well placed however, to address the significant security and governance requirements under the Known Consignor scheme due to existing arrangements.

Defence

The Known Consignor scheme seeks to secure the movement of cargo by addressing terrorist threats using air cargo as a vector. Any defence industry business receiving or sending goods via air will need to subject the cargo to third party scrutiny or become accredited as a Known Consignor. Defence industry businesses will need to consider the impact on security of classified information designs and continuity of movement when exporting under Government programs. Defence industry businesses are still well placed however, to address the significant security and governance requirements under the Known Consignor scheme due to existing arrangements.

Agribusiness

Fresh produce will undergo compulsory security screening via x-ray or metal detector from 1 March 2019 if it arrives at airports without prior security clearance under the Known Consignor scheme, resulting in perishable air cargo potentially suffering from time delays. Excessive wait times at terminal operators may

also lead to shipments missing their planned flights as shipments which are not from RACA or known consignors are pre-screened. Exports of fruit and vegetables is a specialised market requiring attention and detail to cultural sensitivities, biosecurity, packaging, market access and entry and transportation. Exporters of fruit and vegetables who have not already done so, should consider packaging of products, handling of consolidated cargo, scheduling of deliveries, and how cargo is transported to reduce possible changes to delivery times and increased costs to reduce delays.

HOW CAN BDO'S INTERNATIONAL TRADE TEAM ASSIST?

BDO's International Trade team can assist exporters with:

- ▶ Assessing responsibilities and liabilities under existing supply contracts regarding security, privacy, information control etc.
- ▶ Reviewing the application process for the Known Consignor scheme (and potentially combining it with the application process for Australian Trusted Trader)
- ▶ Preparing for site validation inspections to demonstrate that they can meet the security requirements
- ▶ Complying with requirements under the Known Consignor scheme security program which include ensuring staff complete security awareness training
- ▶ Working through the impact of the changes on relevant bodies in your supply chain such as your freight forwarder, Cargo Terminal Operator, RACA or relevant peak body including possible delays and increased costs as well as how to minimise the impact of the change
- ▶ Considering issues including packaging of products, handling of consolidated cargo, scheduling of deliveries and how cargo is transported.

¹The Regulated Air Cargo Agent (RACA) scheme is an alternative to the Known Consignor scheme and more information on how to apply to become a RACA is available [here](#).

MORE INFORMATION

1300 138 991

www.bdo.com.au

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