



AUSTRALIAN FEDERATION OF INTERNATIONAL FORWARDERS Ltd.

AFIF COUNTRY REPORT

July 2018 – June 2019

For presentation to Delegates attending the
46th FAPAA ECM, Dhaka, Bangladesh
July 26 - 27, 2019

A. Current AFIF Board of Directors elected November 2018, including relevant 'portfolio' responsibilities.

Chairman:

Paul GOLLAND
Director Airfreight Committee

Brownways Logistics, Sydney

Directors:

Daniel ANDERSEN
Director, Airfreight Committee

Panalpina World Transport, Sydney

Peter ANDREWS
Director, Customs and Govt. Affairs

ITM, Melbourne

Wade BOLLARD
Director, Airfreight Committee

CT Freight, Sydney

Lance EVANS
Director, Seafreight Committee

Evans Intl Freight Consolidators, Brisbane

David FINNIE
Director, Seafreight Committee

FINNAirSea Australia, Melbourne

Nicolas FRATE
Director, Customs & Govt. Affairs

JAS Forwarding Worldwide, Sydney

Jackie McCOMBIE
Director Seafreight Committee

Globelink Intl, Melbourne

Jim MERRIGAN
Director Airfreight & Education

MGL Logistics, Sydney

In general terms, the year has thrown up the usual array of issues confronting our industry, some of which are not unexpected, together with new and emerging challenges.

My report to follow will summarise a selection of the major areas of **air cargo related activity** which may be of interest to FAPAA delegates attending the 46th ECM

1. Aircargo Security

AFIF, as a member of the Australian Federal Government Department of Home Affairs, Aviation & Maritime Security, Industry Advisory Forum, is actively engaged in the work of the Government future strategy and planning in matters related to aircargo security that would have an impact on our members.

Enhanced Air Cargo Examination (EACE) Piece-Level Screening to all destinations:

- In July 2018, the Australian Government passed legislation creating a requirement that as at, **1st March 2019**, **ALL** air cargo to any global destination would require 'Piece-Level' Examination **OR** originate from a '**Known Consignor**' (a program designated by UN ICAO).
- To help our members & the supply chain in general prepare for this, in July 2018, AFIF again arranged and partnered with the Govt. *Aviation and Maritime Security Division (AMSD)*, Air Cargo Terminal Operators (CTOs), and a technical screening supplier (Smiths Detection), to deliver a series of workshops to our members at the major international export air gateways (Sydney; Melbourne; Brisbane; Adelaide; Perth) to help explain the changes in more detail.

Background to RACA & AACA requirements:

- Forwarders who, prior to July 1 2017, were *Regulated Air Cargo Agents (RACA)* would only remain so if they were willing to implement *EACE* and apply the relevant 'technical screening' requirements, on or off airport. If not, they would be categorised within the lower level 'Accredited Air Cargo Agent' (AACA) system. In the past, AACA's were only transport and warehousing businesses. It transpired that since July 1, 2017 and prior to the most recent changes to take effect on March 2019, the only businesses who have continued as RACA with *EACE* capability were the CTO's; Express Operators and an independent screening facility. Since that time, a number of the larger multi-national freight forwarder businesses, made application to become an off-airport RACA screener with *EACE* capability due to the larger volumes requiring screening under the new regulations to take effect on March 1st, 2019.
- Only RACA businesses (NOT AACA businesses) are able to security clear cargo and issue a security Declaration (CSD or e-CSD).
- Approximately 250 exporters have also now become 'Known Consignors', which has helped to remove the potential of screening bottlenecks, either at the RACA or at the airport CTO.
- All of these developments have had an impact on the Australian export air cargo supply chain and members and their customers have needed constant information to remain active with the implementation of these changes. AFIF has continued to be at the forefront of engagement with the Govt. *AMSD* and communication with members to inform and help mitigate any negative commercial impacts of new regulations.
- Following the March 1st implementation, the system has coped fairly well and no major issue have arisen to date. There are concerns in regard to the standardisation of the info required for the CSDA and issue around 'piece-level screening, because whilst our Government does allow palletised cargo of a homogenous nature to be screened as a single piece, there is some confusion as to what constitutes 'homogenous' cargo.
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b) IATA Cargo Agency Program and Annual Financial Review

- As reported last year AFIF sought and received senior legal advice in regard to the requirement for Australian IATA Cargo Agents to furnish annual financial reports for examination and evaluation by IATA in regard to the need, or otherwise, to post a Bank Guarantee (BG) or take out a DIP insurance. It has taken this action upon learning that under the proposed new global IFACP, any conditions relating to AFR will extend (be 'grandfathered') into the new program when it is implemented in a country. As the IFACP progress is currently delayed due to a high level issue which arose during the implementation of the program into Canada, the matter is currently in abeyance. FIATA had also advised it would be preferable to challenge the AFR issue under IFACP as FIATA had a 50 % say under the IFGB process.

c) IATA e-AWB: update on current progress

During the year IATA has gone a little quiet on pushing e-AWB, one of the reasons being is that certain airlines have no plans for utilising e-AWB. Out of Australia, the main airlines promoting e-AWB are Cathay Pacific; Emirates; & Singapore Airlines. The issue is always on our local Cargo Executive Council (CEC) agenda but only slow organic progress is made.

AFIF has repeatedly called for a simplified and single process to facilitate greater use of e-AWB as all Airline/CTOs have a different system of acceptance. The pre-shipment data (FWB/FHL/FHM) advice provided by forwarders is at 98% of the total air exports and supplied to the CTO, through a CCN switching system. Therefore if ALL airlines had the capability to accept e-AWB and the same processes existed across each cargo terminal (CTO) at the airport interface then our e-AWB utilisation as a country would rise.

2. Customs Related Matters

a. Australian Trusted Trader (ATT) Program

The ATT is the Australian version of the original European 'Authorised Economic Operator' (AEO) scheme derived from the World Customs Organisation (WCO) 'SAFE' Framework of Standards and commenced in Australia in July 2016. The number of entities both Importer/ Exporter and Service Providers has steadily grown. At the same time, mutual recognition with other global economies has also increased therefore benefitting those in the system.

There are still those within and outside the system who believe that greater benefits need to be created to both increase the value for those in the system and those considering joining. Recently deferred payment of duty was introduced for Importers but is not extended to service providers (Customs Brokers) at this time.

As at 1 June 2019, over 400 'Trusted Entities', including a large number of Freight Forwarders and Customs Brokers have been admitted into the program with a large number of additional applications still in the system to be processed.

The Australian Government will continue to work to facilitate Mutual Recognition Arrangements with the EU and other Countries and/or Regions to facilitate a more secure supply chain internationally.

b. National Committee on Trade Facilitation (NCTF) and a trade 'Single Window' to Government

Australia created a National Committee on Trade Facilitation (NCTF), as we are a signatory to the World Trade Organisation (WTO) Trade Facilitation Agreement. Our industry has some concerns about the way in which the NCTF is run; including how it meets its stated objectives. Industry has called for NCTF to look at ways to include a trade 'Single Window' (SW) to Government. To further examine these issues, industry has funded wide ranging University led research into the benefits of a SW and delivered this research to the Government for further consideration.

4. Final Seasonal Measures for Brown Marmorated Stink Bug (BMSB) 1 September 2018 – 30 April 2019.

The Department of Agriculture (DOAG) Biosecurity Division worked with AFIF and industry to promulgate critical information in relation to measures to counteract the Biosecurity threat of **Brown Marmorated Stink Bugs**, which, if allowed to infiltrate our pest control measures, would seriously harm Australia's horticultural industry. The main sources of incursion originate in the USA & Europe with Japan also being of concern. AFIF and other industry representatives have participated in numerous meetings and teleconferences with DOAG to formulate and enhance the latest methodology proposed by the Department in regard to the various protocols to be applied to the Brown Marmorated Stink Bug management program.

DOAG has consulted with industry and agreed to amend the requirement to allow ONSHORE treatment of FAK & LCL Target High Risk Goods.

Extract DOAG Notice 2018/99-2018

Onshore treatment options of target high risk goods shipped as containerised cargo in sealed six sided containers is now allowed for LCL (less than container load) and FAK (freight of all kind) containers.

This is in addition to allowing onshore treatment of FCL (full container load) and FCX (full container consolidated) containers. All containerised cargo in sealed six sided containers may be treated on arrival in Australia provided the treatment is conducted at the container level. Deconsolidation or removal of goods will not be permitted prior to treatment.

The revised policy to allow onshore treatment of all sealed six-sided containerised cargo is based on consultation with peak industry bodies. The department notes that industry prefer to have both onshore and offshore treatment options.

Importers should note this revised policy is expected to result in increased clearance delays at the border due to identification of treated and non-treated containerised cargo, and limited onshore capacity of storage facilities at approved arrangement sites and onshore treatment provider premises.

To minimise clearance delays, industry are encouraged to have their target risk goods treated offshore and at container level, where possible. Cargo reports and Full Import Declarations (FIDs) should be lodged accurately and as early as possible to assist with identifying and assessing these containers.

AFIF Comment

AFIF supports DOAG's decision allowing ONSHORE treatment of FAK & LCL target high risk goods. AFIF shares DOAG's concerns that ONSHORE treatment will lead to significant delays due to the increased manual intervention by DOAG in assessing each FAK & LCL shipment of target high risk goods, (whether it has been treated offshore or must be directed for onshore treatment), further compounded by insufficient capacity at ONSHORE treatment facilities. Delays may include exposure to wharf storage and container detention.

AFIF has strongly encouraged importers, freight forwarders and consolidators to arrange OFFSHORE treatment of target high risk goods to minimise delays at Australian ports.

The next issue for our Government Biosecurity authorities and industry is preparation for next season (for target goods shipped after 1st September 2019 – and arrive in Australia by May 31, 2020), where it is expected that the number of Target Countries and also Target High Risk Goods will escalate. The following Bulletin has the latest information on next season measures and lists the Target Countries [Click here to read the latest DOAG Bulletin on this issue.](#)

4. Legal and Compliance

During the year we have continued to provide members with both generic and specific guidance on relevant legal compliance matters that may have an effect on their businesses. We regularly consult with senior practitioners from prominent trade and transport law firms, affiliated to AFIF, in order to help resolve generic and specific legal issues on behalf of members.

5. General

There are many other issues being handled at any one time and AFIF Directors and representatives are necessarily active on many committees and Boards. The following is a summary of the major national and international external committees, related to our Airfreight Division:

- **The Department of Home Affairs; Customs & Trade Division 'National Cargo Facilitation Committee' (NCTF):-**
The peak consultation body for liaison between Australian Border Force / Customs and Industry on trade facilitation issues.
- **The Department of Home Affairs *Australian Trusted Trader* Industry Advisory Group (IAG).** AFIF were represented on this important sub-committee working to assist develop this landmark progressive program for Australia.
- **Department of Agriculture Biosecurity Division *Industry Cargo Consultative Committee (DCCC)* :-**
The peak body for consultation between the Government Biosecurity division and our industry.
- **IATA Cargo Executive Council (CEC):**
AFIF has three representatives on the 5 person forwarder representative panel who meet with IATA and their Airline members to discuss IATA Resolutions and Cargo Agency Program matters.

- **Dept. Of Home Affairs, Aviation & Maritime Security Division, *Aviation Security Industry Advisory Forum (ACSIAF) and Working Groups***
AFIF is represented on the ACSIAF who meet quarterly to review requirements in regard to the RACA and AACA Aviation Security programs. Brian Lovell, CEO of AFIF, represents AFIF at the Forum and Paul Golland AFIF Chairman is involved in the International Cargo Working Group.
- **Australian Dangerous Goods Air Transport Council (ADGATC)**
The peak body representing movers of Dangerous Goods by Air. AFIF attends this group which meets with the Civil Aviation Safety Authority (CASA) on a regular basis.
- **FIATA:**

AFIF represents members at the two Annual FIATA forums – The World Congress and the 'Headquarters Sessions'. The current AFIF Chairman and CEO attend the meetings on behalf of members. AFIF Chairman Paul Golland is the current Chairman of the FIATA Advisory Body International Affairs (ABIA) and remains an active member of the central committee of the FIATA Air Freight Institute (AFI). AFIF CEO Brian Lovell is a council member and recently appointed Vice-Chairman of the FIATA Advisory Body Safety & Security (ABSS).

6. AFIF Events Reports

a) **2018 AFIF National Conference Report.**

The AFIF 2019 Conference was held at the Hyatt Place, Melbourne, between May 23 & 24, 2018. The event was attended by over 150 people, who provided positive detailed written feedback at the conclusion of the event.

The Program consisted of a full one-day program preceded by a Welcome Reception for delegates on the evening of May 23 and a concluding Gala Dinner on the evening of the business program on May 24. The Program covered all relevant and topical aspects of the forwarding business and a number of general business engagement topics as well, presented by high-profile Government agency and airline/shipping line presenters.

b) **Annual Charity Golf Day 2018 Report**

On August 16th, 2018, 104 players in 26 teams lined up for the 14th AFIF Annual Charity Golf Day, held at the Macquarie Links Golf Course in South Western Sydney.

The fund raising activities included team participation, sponsorships, raffle prizes and golf competitions. After all costs had been taken into account, the resulting net margin for this year's beneficiary charity: **Golden Stave Foundation** was in excess of \$7,500.

Each year AFIF Host's the Golf Day event in aid of a worthy charity, with this year's choice being the **Golden Stave** Foundation, a not-for-profit Trust Fund for the purpose of providing money, property or benefits to funds, authorities or institutions, which contribute towards the relief of poverty, destitution, sickness, helplessness and misfortune amongst persons and particularly children suffering from physical, intellectual and emotional disabilities.

Over the fourteen year history of the AFIF Annual Charity Golf Day event, including this year, *more than \$243,000 in total* has been raised for the various charities selected as beneficiaries. Industry members can be very proud of their philanthropy over this period!

This completes our Country report

Australian Federation of International Forwarders

A handwritten signature in black ink, appearing to read 'B Lovell', written in a cursive style.

Brian Lovell
Chief Executive Officer
July 5th, 2019