Australian Customs Notice 1998 50

**SECTION 77G DEPOTS PROVIDING CARGO TERMINAL OPERATOR SERVICES FROM OFF-AIRPORT SITES**

This Notice outlines the conditions under which Customs will consider applications from those Section 77G depot applicants who are intending to provide cargo terminal operator (CTO) services from off-airport sites.

Currently, both on-airport CTO service providers and off-airport depot operators are licensed to deliver specific cargo services in accordance with Section 77G of the Customs Act 1901.

For the purposes of this Notice, off-airport CTO services are those activities delivered on behalf of an airline in accordance with the terms of a contract and which include the specific regulatory responsibilities of report, breakdown, check-in, underbond movement and acquittal of imported cargo.

It should be noted that a number of other services such as ramp, refuelling, and baggage handling which are generally provided by on-airport CTO service providers, are not regarded as material when considering the merits of an application to provide CTO services from an off-airport site.

# Supplementary conditions governing the delivery of CTO services from an off-airport depot site

An applicant seeking to provide CTO services from an off-airport site must firstly meet the requirements for grant of a Section 77G depot licence, and secondly demonstrate a capacity to meet and maintain a range of supplementary conditions, specified in accordance with Section 77Q.

The supplementary conditions apply only to depot applicants who are seeking the authority to provide CTO services from off-airport sites. The supplementary conditions are:

1. the applicant must be a person, company or partnership that is a licensed Section 77G depot operator or is simultaneously applying for a Section 77G licence;
2. the applicant must be in a position to occupy and control the intended premises of operation;
3. the applicant must hold a current contract with an international airline to provide CTO services at the airport of application [shared contractual arrangements may be considered, however in the case of freighters it must be demonstrated that at a minimum an entire fortnightly flight will be serviced by the applicant and in the case of below deck freight on passenger aircraft, that at least one entire weekly flight will be serviced];
4. the applicant must ensure that all cargo discharged at a port is reported at the master air way-bill level prior to transport from the airport, the report must be transmitted to Customs via the air cargo automation system (ACA);
5. the applicant must have in place, contingency arrangements to facilitate ACA cargo reporting and status acceptance in cases of systems failure; and
6. if the applicant is granted ramp access by the owner of the airport, then the applicant must have in place a procedure which ensures that the condition and quantity [pallets and loose pieces] of cargo is established and that an accountable record is made [air side], prior to immediate and direct transportation of the cargo to the licensed premise; **or**
7. if the applicant is not granted ramp access by the owner of the airport, but has the capacity to take charge of cargo across existing roller beds or via a dedicated by-pass facility, then the applicant must have in place a procedure which ensures that the condition and quantity [pallets and loose pieces] of cargo is established and that an accountable record is made [land side], prior to immediate and direct transportation of the cargo to the licensed premise.

In addition to the requirements of a Section 77G licence and the above supplementary conditions, an applicant must also provide Customs with an outline of the applications context [eg. an interim proposal prior to moving operations air side], a detailed description of the proposed cargo movement process and a declaration of all third party service providers who will have access to the cargo [eg. ramp handlers, land side transport providers].

All accountable records made in respect of the condition and quantity of cargo, must be made in a permanent form and will be retained by the Section 77G licensee for a period of five years or such other period that the Chief Executive Officer of Customs determines. Accountable records can be stored in either an electronic or paper format and will be made available for Customs examination when required.

It should be noted that any successful applicant, who is subsequently unable to maintain their obligations in respect of the above supplementary conditions, must immediately notify the appropriate Customs officer in the region of operation. Failure to maintain the required standards will have the effect of voiding the authority to provide CTO services from an off-airport site. This may not necessarily void the depot licence itself, but will automatically return the scope of the depot's authorised activities to that of a normal off-airport depot.

# Applications

If an applicant can successfully demonstrate that, in addition to the requirements of a Section 77G depot licence, the supplementary conditions governing off-airport CTO services can also be met and that there are no other impediments, then an appropriately conditioned Section 77G depot licence will also be issued in the name of the applicant.

A successful applicant will also be issued with an appropriately conditioned Section 71E continuing permission to move cargo. A Section 74 permit to unship cargo will also be issued where appropriate.

Depot licence applications should be lodged with the Border Operations Branch in the region of proposed operation. An application to provide CTO services from an off-airport site submitted in respect of an existing licensed depot will not attract an additional depot licensing charge.

All enquiries in relation to the above advice should be directed to Mark Dolan, Assistant Director, Cargo Operations on (02) 9213-2535.

(Tom Fahy) National Manager Border Operations for

Chief Executive Officer 8 September 1998