Australian Customs Notice 2000 23

**Cargo Reporting Procedure for High Volume Low Value Consignments**

This notice outlines new cargo reporting procedures for certain categories of import cargo that may be described as high volume low value cargo - specifically bulk document consignments and bulk mail order consignments.

The *Customs Amendment Act (No. 1) 2000* and the *Import Processing Charges Amendment Act 2000* give effect to the new high volume low value cargo reporting arrangements ("the Scheme"), which will commence on 1 August 2000.

### Overview

Under the auspices of the Government's "Tough on Drugs" initiative, Customs has determined that bulk document consignments represent a high risk in regard to the importation of illicit drugs and other prohibited goods into Australia. Bulk document consignments, which continue to grow in volume annually, are currently not reported to Customs in any detail. The new Scheme will require the provision of a level of reporting information that will enable Customs to individually risk assess each item, thereby enhancing Customs ability to target high risk consignments.

Additionally, Customs has assessed that certain pre-determined categories of bulk mail order product may represent a relatively low risk to Customs if they are packaged and consigned in a particular manner. The Scheme introduces new arrangements to facilitate the reporting and clearance of certain eligible bulk mail order goods, thereby reducing Customs screening workload and minimising delivery delays.

In the case of high volume low value goods generally, Customs has identified certain inconsistencies in the application of cost recovery charges under the *Import Processing Charges Act 1997*, based upon how this category of cargo is being reported to Customs. Some freight forwarders electronically report the details of each consignment at the house air waybill level and pay cost recovery charges accordingly, while others do not make a complete report in accordance with the Act.

The new Scheme provides for the reporting of high volume low value cargo consignments in accordance with section 64AB of the *Customs Act 1901* ("the Act"), while removing any inconsistencies in the application of cost recovery practices. It enables a cargo reporter of high volume low value consignments registered under the Scheme (to be known as a "special reporter") to make abbreviated reports of eligible consignments at the sub- master air waybill (SMAWB) level.

Such a report may be made by transmitting minimal details to the Customs Air Cargo Automation (ACA) system - provided the consignment details which would otherwise have been reported to Customs are available at least 2 hours prior to the arrival of the aircraft and are retained by the special reporter within its own electronic recording system.

However, on request, special reporters will be required to electronically download information at the consignment level to Customs ahead of aircraft arrival for screening and targeting purposes.

A key objective of the new Scheme is to facilitate the provision of real time information, where required, to allow Customs to risk assess consignment details for community protection purposes. In addition, Customs officers will now have specific monitoring powers to access a special reporter's premises, subject to the consent of the special reporter, to screen and audit all consignment details reported under the Scheme.

The *Import Processing Charges Amendment Act 2000* introduces a new screening charge of $45.00 for each SMAWB reported under the Scheme instead of $2.40 for each line of the cargo report.

### The nature of high volume low value cargo

Low value cargo means each consignment must have:

a value of less than $250 and therefore not be subject to entry requirements (paragraph 68(1)(f) of the Act); and

a combined duty and sales tax liability of less than $50 or if another amount not exceeding $75 is prescribed, that amount .

Such low value consignments may fall into one of the following categories: Consignments from a particular mail order house.

## A mail order house is defined as a commercial establishment carrying on business outside Australia that sells goods solely in response to orders placed with it, either by mail or electronic means.

Consignments comprising reportable documents.

## A reportable document is defined as any paper or other material on which:

there is writing; or

there are marks, figures, symbols or perforations having a meaning for persons qualified to interpret them; or a photographic image or other image is recorded.

## A reportable document may also be any article or material from which writing, sounds or images are capable of being produced with or without the aid of a computer or some other device.

*However a reportable document does not include any such paper, article or other material that:*

comprises advertising material; or

does not yet contain the sounds, images or writing for the carriage of which it was produced (i.e. blank media).

## Reportable documents are intended to cover the means by which a person sends information to another person. They include general correspondence, legal documents, plans / diagrams and photographs related to the transmission of specific messages as distinct from commercially produced material for mass distribution and sale.

**High volume** relates to the volume criteria an applicant must meet to be able to be registered as a special reporter under the Scheme.

in relation to reportable documents, a person applying to join the Scheme must have electronically reported at least 1000 consignments in each of the previous 3 months before making application to join the Scheme;

in relation to mail order consignments, a person applying to join the Scheme must have electronically reported at least 5000 consignments from a particular mail order house in each of the previous 3 months before making application to join the Scheme.

### Key requirements a special reporter must meet

An applicant under the Scheme must be able to comply with the following requirements:

the applicant must be a registered user of Air Cargo Automation or Sea Cargo Automation, depending on the mode of transport of the consignments to be reported under the Scheme;

if the applicant intends to report bulk mail-order consignments, the applicant must have a contractual agreement which has been in force for 3 months prior to the making of the application with each overseas mail-order house and produce a copy of the agreement;

if the applicant intends to report bulk mail-order consignments, the applicant must also produce the catalogues relating to the goods contained in a consignment to be reported under the Scheme;

the applicant must have dedicated computer facilities which meet the specifications determined by the Chief Executive Officer of Customs (CEO) - a copy of the specifications will be available from Manager Border Licensing, phone 02 6275 6206;

the applicant must store such information and any prescribed physical documents for a period of 2 years after the date the cargo was reported;

the applicant must store such information at notified premises located in Australia; and

the applicant must be, in the opinion of the CEO, a fit and proper person or company to participate in the Scheme.

### Registration

The making of an application

A person may apply at anytime to join the Scheme, however, current operators who believe they are eligible to join the Scheme and wish to do so should complete the application form and apply as soon as possible to:

# National Manager

Border Operations Branch Australian Customs Service 5 Constitution Avenue

# Canberra, ACT 2600.

Application forms are available from the Manager Border Licensing at the above address, or by phoning [02 6275 6206, or by making an e-mail request to jennifer.robinson@customs.gov.au](mailto:jennifer.robinson@customs.gov.au) or [peter.stankiewicz@customs.gov.au.](mailto:peter.stankiewicz@customs.gov.au)

A person or a partnership may apply to become a special reporter for the purpose of reporting low value reportable documents or mail order consignments.

If the applicant wishes to become a special reporter in relation to more than one kind of low value cargo, the applicant will be required to make an application for each kind of low value cargo. In the case where the applicant wishes to apply for more than one mail order house, then an application is required for each mail order house.

Only one application will be needed to cover the applicant's national operations. *Consideration of an application*

The applicant is to be advised of the CEO's decision within 60 days of the lodgement of the application. In cases where further information is sought from the applicant, the decision is to be made 60 days from the date that further information is received.

Registration of a special reporter will remain in force for 2 years after the date of effect of registration. The special reporter will be required to re-apply for registration 30 days before the expiry date. The registration remains in force until the CEO has dealt with the re-application.

Customs will liaise with the Australian Quarantine and Inspection Service (AQIS) regarding goods that are proposed to be reported under the Scheme by an applicant who has applied to be registered in respect of low value cargo consigned from a mail-order house. This will ensure that any quarantine risks are adequately assessed. Specifically, it is Customs intention to make a relevant applicant's Mail Order catalogues available to AQIS for pre-screening and scrutiny. AQIS will make any quarantine concerns about particular product lines known to both Customs and the applicant. AQIS will negotiate separately with the applicant any special clearance procedures necessary for the cargo intended to be reported under the Scheme - including holding the cargo pending formal quarantine inspection or seeking the agreement of the applicant not to use the Scheme in respect of contentious cargo.

### Implementation

The legislation takes effect from 1 August 2000.

*Application of the screen free charge*

Those persons who do not apply to become a special reporter will be required to report on the ACA system to the individual consignment level in accordance with the Act. Such reports will become subject to the $2.40 (or such other amount, not exceeding $3.60, as is prescribed) screening charge for each consignment from 1 August 2000.

Once a person becomes registered as a special reporter the person will be charged $45.00 (or such other amount, not exceeding $67.50, as is prescribed) for each report made under the Scheme at the SMAWB level. A person who, after applying is not accepted for registration as a special reporter, will be required to individually report each consignment and pay the relevant $2.40 (or such other amount, not exceeding $3.60, as is prescribed) screening charge.

Persons consigning documents to Australia should specifically note that changed cargo reporting (and cost recovery) arrangements will come into place for such shipments on 1 August 2000. From that date, all document consignments will be required to be reported to Customs in one of two ways - either in full detail as normal cargo consignment lines, or alternatively under the Special Reporter provisions of the Scheme for eligible applicants, as described herein.

AQIS is reviewing its cost recovery policy relating to document and mail order shipments that are reported by Special Reporters under the Scheme and will consult independently with industry.

*Application to air and sea cargo*

Although this new legislation covers both air and sea cargo, it is anticipated that it will be used primarily in the air cargo environment. Aircraft operators will be required to report bulk document consignments via the ACA system

- whether carried on a Courier Bag Voucher (CBV) or a master air waybill (MAWB). For Customs purposes, CBV reports will be treated in the same manner as a MAWB report.

*Handling High Volume Low Value cargo*

All cargo reported under the Scheme is required to be consolidated discretely from other cargo being carried by the special reporter and is required to be moved underbond to the special reporter's Customs licensed depot.

An outturn report will be required to be furnished for all such consolidations and co-loads at the consignment level.

*Customs "stoppers" on individual consignments*

The majority of SMAWBs will be screened "free" electronically. However, special reporters should be alert to the fact that in some cases manual "stoppers" will be placed on individual consignments (i.e. holds on consignments not authorised to be delivered into home consumption).

*The making of an abbreviated report*

The special reporter will report through ACA at the SMAWB level without the consol indicator set. The "Goods Description" field is to display "HVLV" and whether the consignments are "documents" or "mail order". In addition this field is to display the special reporter's allocated identifying 4 digit code and a one digit code representing the kind of cargo (either documents or mail order). In the case of mail order, this one digit code will identify the specific mail order contract to which the consignment relates. In addition the special reporter will include in the party identification field of the NAD\CN segment their special reporter 4-digit identification number.

*Access to dedicated computer facilities*

The CEO specifications contain the details of how Customs is to have electronic access to the special reporter's dedicated computer facilities. Applicants should be aware that the CEO specifications will be subject to change on implementation of the new cargo reporting arrangements arising from the Cargo Management Re-engineering project.

Any inquiries in relation to this notice should be directed to: **Peter Stankiewicz**

### Manager Air Cargo Policy

**Border Policy Section**

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Marion Grant National Manager Border Operations

for Chief Executive Officer 9 May 2000