



## Australian Customs Cargo Advice

Number 07/27

### Cargo Reporting

#### Responsible Party and Reporting Party

During recent Industry Action Group (IAG) consultations, concerns were raised by industry in relation to Customs cargo reporting compliance activities, in particular the meaning and application of these terms from a Customs perspective.

This document has been compiled to address these concerns both at the initial stage of cargo reporting and in an endeavor to curb the incorrect usage of these terms in cargo reports. It is also seen as a guide and educational tool for all parties that may report cargo into the Integrated Cargo System (ICS).

The document outlines and provides the meaning and differences between these terms in addition to providing information on the approach Customs is taking with Compliance in relation to these matters.

#### Cargo Reporting

Section 64AB of the *Customs Act 1901* (the Act) requires a cargo reporter to report to Customs the particulars of all goods the cargo reporter has arranged to be carried to Australia and that are intended to be:

- unloaded from the vessel or aircraft at a port or Airport in Australia; or
- kept on board the vessel or aircraft for shipment to a place outside of Australia ('in-transit' cargo).

The Act defines cargo reporter, in relation to a vessel or aircraft on a particular voyage or flight, as:

- (a) The operator or charterer of the vessel or aircraft; or
- (b) A slot charterer in respect of the vessel; or
- (c) A freight forwarder responsible for goods carried on the vessel or aircraft.

Cargo reporters fulfil their reporting obligation by submitting a cargo report to Customs.

A cargo reporter may report directly to Customs or they may enlist the services of a third party (eg. a bureau) to report their cargo to Customs.

However, it is still the cargo reporter who has the statutory obligation to lodge the cargo report in accordance with section 64AB of the Customs Act and will be the party responsible for any breach of the requirements in section 64AB, even if the delay in lodging the report is caused by the agent engaged to lodge the cargo report.

In the ICS, the cargo reporter is named the *Responsible Party* and the person who communicates the cargo report is the *Reporting Party*. This means that:

- A cargo reporter, who is reporting their own cargo and is reporting directly to Customs either via EDI or the Customs Interactive, is identified as both the *Responsible Party* and the *Reporting Party*.
- If the services of a third party are utilised to report the cargo on behalf of a cargo reporter, the third party is identified as the *Reporting Party* and the cargo reporter who has arranged for the goods to be carried on the vessel or aircraft is identified as the *Responsible Party*.  
Note: With reference to the phrase “the cargo reporter who has arranged for the goods to be carried on....” above, it is accepted this party may be an overseas entity, however, in the majority of cases there are agency agreements between Australian forwarders and these overseas parties. In such circumstances it is the Australian agent or forwarder that must be shown as the *Responsible Party*.

The *Reporting Party* is only, the entity who lodges the information electronically with Customs. This should not be confused with the use of the word *reporter* in S64AB which is used in the context of defining who has responsibility for the cargo.

Accordingly, the “ultimate consignee” and likewise a “consignee” within a cargo report must not be identified as the *Responsible Party* unless they are the cargo reporter and therefore have the obligation to lodge that particular cargo report to Customs.

## **Cascade Cargo Reporting**

Section 64AAB of the Act requires cargo reporters to report to Customs the details of any other cargo reporter with whom they have entered into an arrangement to carry cargo on the other cargo reporter's behalf. This ensures Customs knows who should lodge the cargo report under section 64AB of the Act.

In the sea freight environment the vessel operator is the *Responsible Party* for cargo reports at the Ocean Bill level. Within the air freight environment the airline operator is the *Responsible Party* for cargo reports at the Master Bill level.

Cascade reporting means that if a vessel or airline operator has sold space to another cargo reporter (usually a freight forwarder and with sea cargo may include a slot charterer), information about the freight forwarder will have to be reported on the cargo report.

The nominated freight forwarder will then become the *Responsible Party* to supply a further cargo report for that cargo, at a House Bill level.

If this freight forwarder has in turn sold all or part of this space to another freight forwarder the House Bill issued to this other forwarder becomes known as the Parent Bill in sea cargo environment and the sub-master with Air cargo environment.

This second freight forwarder will then become a *Responsible Party* for lodging a cargo report for their cargo, also at a House Bill level.

This process continues until the ultimate consignee of the cargo is reported to Customs.

The “ultimate consignee” and likewise a “consignee” within a cargo report must not be identified as the *Responsible Party* unless they are the cargo reporter and therefore have the obligation to lodge that particular cargo report to Customs.

In addition, within Cascade Reporting each *Responsible Party* has the statutory obligation to report to Customs the details of their cargo report within the legislative time frames appropriate for their mode of transport.

An illustration of this Cascade reporting process is provided at the end of this document.

## Compliance

Since the introduction of the ICS Import release Customs has published two Australian Customs Notices (ACN) concerning Cargo reporting Compliance.

On 24 March 2006, ACN 2006/17 – *Customs' Approach to Managing Cargo Reporting Compliance* was published. It outlined how Customs was going to administer the Infringement Notice Scheme (INS) and addressed concerns regarding certain circumstances in which non-compliant behaviour may have arisen as a result of circumstances beyond a cargo reporter's control.

The approach outlined in this ACN was modified on 12 January 2007 with the publication of ACN 2007/03. This latest ACN outlines changes in Customs' approach, following the identification of difficulties in cargo reporting that have been encountered by industry members. It outlines options that are under consideration and provides an interim compliance approach in response to matters that have been received.

## Fact sheets

There are two fact sheets dealing with digital certificates and communication with Customs, which are also relevant. These can be found on the Cargo Support web site under the Digital certificates subheading – Frequently Asked Questions.

- *Who is responsible for the content of an electronic communication with Customs?*  
Select the hyperlink to view [False or Misleading Information](http://www.customs.gov.au/webdata/resources/files/CS_FAQ_PKIfalseMisleadingStatements.pdf) for further information.  
([www.customs.gov.au/webdata/resources/files/CS\\_FAQ\\_PKIfalseMisleadingStatements.pdf](http://www.customs.gov.au/webdata/resources/files/CS_FAQ_PKIfalseMisleadingStatements.pdf))
- *Who is responsible for the content of electronic communications with Customs when a bureau or wholesaler is involved?*  
Select the hyperlink to view [Bureau or Wholesaler – Co-Load Arrangements](http://www.customs.gov.au/webdata/resources/files/PKI_BureausWholesalers.pdf) for further information.  
([www.customs.gov.au/webdata/resources/files/PKI\\_BureausWholesalers.pdf](http://www.customs.gov.au/webdata/resources/files/PKI_BureausWholesalers.pdf))

### **Note:**

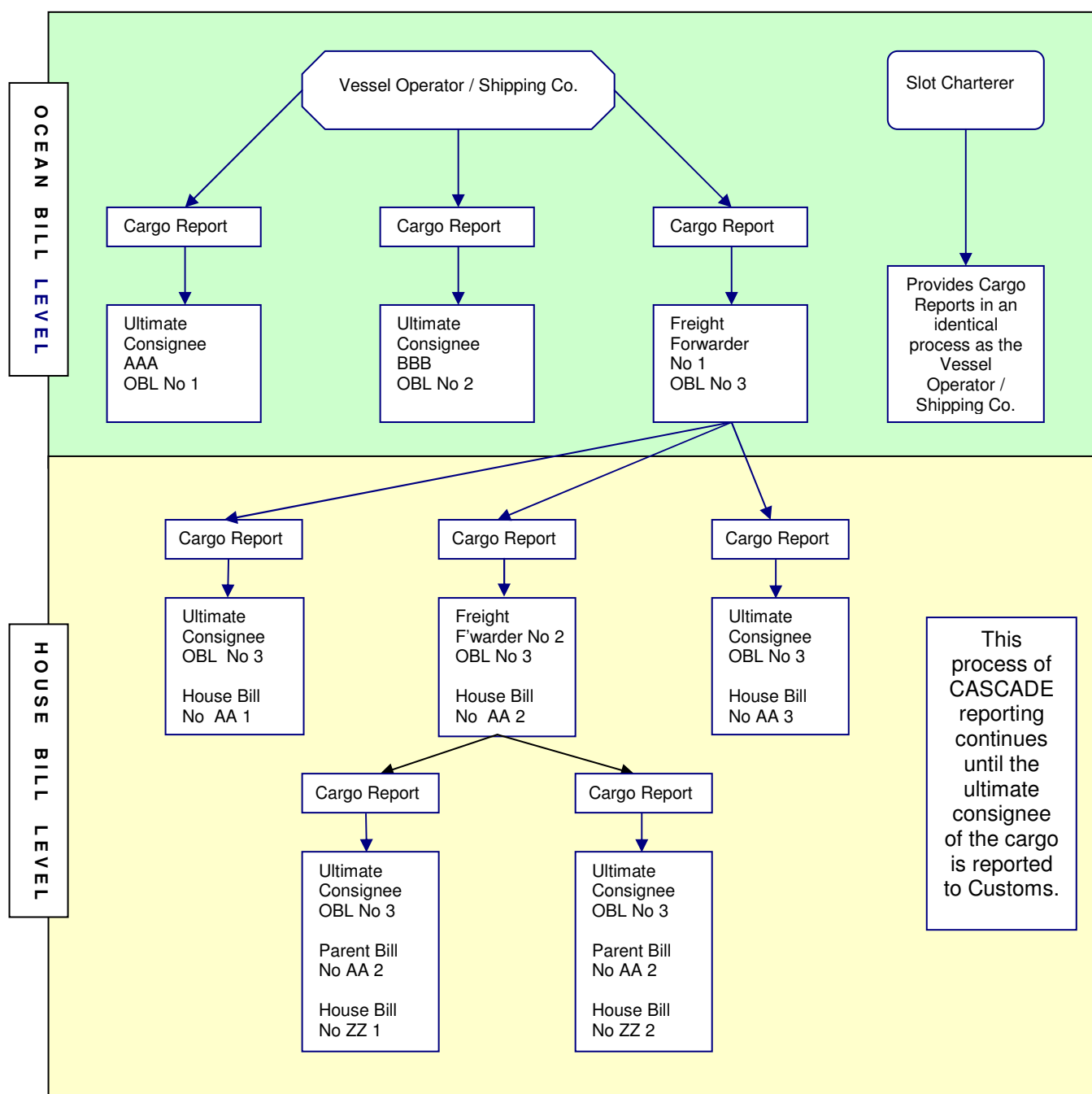
Due to a deficiency in the Air Integrated Cargo Report (Air Cargo Report and Underbond Movement Request combined), it is not possible to report separate Responsible Parties for the Air Cargo Report and the Underbond Movement Request components when using the AIRINT message. To facilitate the use of this report, Customs has agreed to allow Air CTOs to specify themselves as the Responsible Party in these reports in the knowledge that Airlines are the Responsible Party for the Air Cargo Report component and Air CTOs are Responsible Party for the movement of master waybill to destination ports.

### **Further Information**

Further information can be obtained by contacting CI&SC on 1300 558 099 or email [cargosupport@customs.gov.au](mailto:cargosupport@customs.gov.au)

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Industry Engagement & User Services  
CANBERRA  
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## Cascade Cargo Reporting for Customs purposes



Air cargo cascade reporting is similar to the above with the following terminology changes: Vessel Operator becomes Airline Operator; Ocean Bill (OBL) becomes Master Air waybill (MAWB); Parent Bill becomes Sub Master Bill and House Bill becomes to House Air waybill (HAWB).

### An explanation of *Responsible Party* using the above diagram:

When the Shipping Company submits their Cargo Reports at the Ocean Bill level (OBL 1, OBL 2 and OBL 3) the Shipping Company is the *Responsible Party* for these particular Cargo Reports at this level. Although Cargo Report, OBL 3 may have the Freight Forwarder Indicator set to "yes", the "*Responsible Party*" for THIS OBL Cargo Report, is still the Shipping Company.

When Freight Forwarder "No. 1" submits their Cargo Reports (House Bills AA 1, AA 2 and AA 3) Freight Forwarder "No. 1" is the *Responsible Party* for these particular Cargo Reports at this level. Although Cargo Report, House Bill AA 2 may have the Freight Forwarder Indicator set to "yes", the "*Responsible Party*" for THIS Cargo Report, is still Freight Forwarder "No 1"

When Freight Forwarder "No.2" submits their Cargo Reports (House Bills ZZ 1 and ZZ 2) Freight Forwarder "No.2" is the *Responsible Party* for these particular Cargo Reports

In all cases shown, the entity "directly above" each of the "Cargo Report" boxes is the *Responsible Party*.