AUSTRALIAN AIRPORTS ASSOCIATION

AAA SUBMISSION

SENATE RURAL AND REGIONAL AFFAIRS AND TRANSPORT REFERENCES COMMITTEE

INQUIRY INTO AIRPORT AND AVIATION SECURITY

January 2015

AUSTRALIAN AIRPORTS ASSOCIATION

Senator Glenn Sterle
Chair
Senate Standing Committee on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600

30 January 2015

Inquiry into Airport and Aviation Security

Dear Senator,

I am writing to you in relation the Senate Standing Committee on Rural and Regional Affairs and Transport's Inquiry into Airport and Aviation Security. The Australian Airports Association (AAA) would like to thank the Committee for the opportunity to provide a submission to the Inquiry and for kindly granting an extension to provide a response.

By way of background, the AAA is the national industry voice for airports in Australia. The AAA represents the interests of more than 260 airports and aerodromes Australia wide – from local country community landing strips to major international gateway airports. The AAA's members include Adelaide, Brisbane, Cairns, Canberra, Darwin, Gold Coast, Hobart, Perth, Melbourne and Sydney airports. There are a further 100 corporate members who provide goods and services to airports. The Charter of the AAA is to facilitate co-operation among all member airports and their many and varied partners in Australian aviation, whilst maintaining an air transport system that is safe, secure, environmentally responsible and efficient for the benefit of all Australians.

The AAA believes that given the cost-sensitive nature of the aviation industry and the importance of its viability to supporting both the national and local economies, it is imperative that the Government and industry continue to take an intelligence driven, risk based, outcomes focussed approach to airport security regulation. This approach recognises that all airports are unique and taking a more tailored approach to the implementation of security measures is prudent, effective and efficient. The consideration of security regulatory or policy change on any other basis would be counterintuitive to the important progress that both Government and industry has made in improving the aviation security regulatory environment.

I would welcome the opportunity to discuss any of the issues raised in this submission with you further and please do not hesitate to contact me should you have any questions.

Yours sincerely,

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Chief Executive Officer

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INTRODUCTION

Australia's network of airports, across major urban centres and regional areas, form an integral part of the national economic infrastructure and are critical to connecting communities and enhancing broader economic performance. Perhaps more than almost any other country, Australia relies on an efficient and reliable aviation sector and airport network for its citizens to remain physically 'in touch' with each other and the rest of the world. Indeed, it is now conceivable that Australians can fly from any population centre to any other country in around 24 hours or less.

Australia's airport sector has undergone substantial structural change over recent decades. Privatisation and corporatisation, especially involving larger airport facilities, has helped drive new infrastructure developments, better operational efficiencies and a greater commercial focus. There have also been significant changes to many regional airports, with considerable growth in air traffic associated with the resources boom and widespread use of Fly-in Fly-out worker arrangements, as well as the general rebound in agricultural production. It is worth noting that a Deloitte Access Economics study commissioned by the AAA in 2012 calculated that Australia's airports generated a total economic contribution of around $17.3 billion in 2011, equivalent to around 1.2% of Gross Domestic Product. National employment at airports was estimated at approximately 115,200 full-time equivalent (FTE) workers.

In addition to the significant structural change and economic growth of the airport sector in recent years, there has also been an unprecedented focus on aviation and airport security, the catalyst of which were the tragic 9/11 terrorist attacks in the United States of America in 2001. This event had significant flow on impacts for aviation security in Australia, and indeed in many other parts of the world. The Australian Government moved to strengthen the regulatory framework around aviation security with the introduction of the Aviation Transport Security Act 2004 and the Aviation Transport Security Regulations 2005. This new legislation and regulations, in conjunction with the establishment of the Office of Transport Security (OTS), within what is now the Department of Infrastructure and Regional Development (DIRD), resulted in a step-change in the way airport security was managed. Airport and aviation security had become a priority focus for both the industry and Government alike, with the result being a heavily regulated security environment focused on preventing terrorist activity in Australia's aviation sector. To date this regulated security environment has been successful in preventing any significant security incidents occurring in Australia.

REGULATORY ENVIRONMENT

Airport security across Australia is regulated through the *Aviation Transport Security Act 2004* and the Aviation Transport Security Regulations 2005, which are administered by the Department of Infrastructure and Regional Development (the Department). The Act provides the regulatory framework for preventive aviation security and the associated Regulations set out the mandated minimum standards for industry to meet in their operations. Under this framework the Department is responsible for administering the legislation, while airport operators are responsible for delivering airport security on a day-to-day basis. This framework recognises that the industry has the capability, expertise and experience to best maintain the integrity and security of its infrastructure. This responsibility includes providing employees and contractors with specialist training to carry out security related roles.

In order for the Government to be assured that airports are managing compliance with the legislation and regulations, each security controlled airport (an airport that receives regular passenger transport or open charter aircraft) must provide the Department with a transport security program (TSP). A TSP sets out the measures and procedures that airports will implement to reduce the risk of terrorism and other acts of unlawful interference, and meet their obligations under the Act and Regulations. The TSP is a comprehensive document that addresses a number of issues including the local security risk context; how the airport will respond to a security incident; the coordination of security across all parties operating within the airport; as well as how technology, equipment and procedures will be used to maintain security at the airport. Each airport's TSP is submitted to the Department for consideration and approval prior to being implemented.

The Department also monitors and tests the effectiveness of the security measures set out in TSPs through its National Quality Control Programme (NQCP). The NQCP is an industry compliance activity, which is carried out by Aviation Security Inspectors (ASIs) through a regular programme of audits and inspections. In the event that the Department identifies an issue that may be deemed a 'non-compliance' with the regulations, the airport works closely with the Department to develop a corrective action plan to effectively address the non-compliance.

The above information simply provides a high-level overview of the regulatory structure that airports operate within to achieve effective security outcomes. Within this structure there is a complex array of regulatory compliance activities and processes that airports manage on a daily basis to meet their legal obligations and provide a secure airport environment. As part of the Government's commitment to cut red-tape, the Department has been working in close consultation with industry to identify regulatory compliance processes that can be improved to reduce the burden on industry, while still maintaining or improving the security outcome.

The AAA has been heavily involved in, and supportive of, the Department's regulatory review process and has provided submissions and feedback on a number of important initiatives designed to improve the effectiveness of the current security processes as well as reduce the administrative and financial burden on industry. These initiatives have included identifying improvements in the administration of TSPs, improving the guidance and processes around Special Event Zones (SEZs), investigating flexible

deployment of Explosive Trace Detection (ETD) devices and exploring options to improve the scope of the Aviation Security Identity Card (ASIC) scheme.

A number of these initiatives are reflective of the Department's position to begin adopting a more risk-based, intelligence driven approach to the regulation of airport security. This is in recognition of the fact that a 'one size fits all' approach to airport security is simply not appropriate given the broad range of security controlled airports (each with differing infrastructure, layout, services, resources and risk profile) that are subject to regulation. This is a position that is strongly supported by the AAA and the airport sector, as it ensures that valuable resources are more appropriately targeted towards the areas of greatest need and highest risk.

The AAA believes that any changes to the regulation of aviation security, which may result in additional resources or procedures, must be driven by Government led intelligence and applied utilising a practical, efficient, risk-based approach. The AAA certainly does not recommend considering any changes to the aviation security regulatory framework on the basis of isolated media reports that failed to take into account the layered approach taken to aviation security in Australia, which has been highly successful in preventing unlawful interference.

AIRPORT SECURITY ARCHITECTURE

The airport security architecture is one that is based on a layered approach, commensurate to the circumstances and level of risk involved its operations. This security architecture is also constantly reviewed and discussed in a collaborative fashion with Government and other industry stakeholders. In more than a decade since the airport security environment was strengthened through new legislation and regulations, the industry has been successful in preventing any significant aviation security incidents occurring in Australia.

The layered approach taken to the airport and aviation security in Australia is one that is widely adopted internationally and closely aligns to the standards and recommended practices set out by the International Civil Aviation Organisation (ICAO). This layered approach recognises the fact that any single security layer, considered in isolation, is unlikely to be completely effective. However, the existence of multiple differing layers of security means that should a single layer of security be ineffective then the subsequent layers are more than likely to prevent a serious incident from occurring.

The layers of security applicable to an airport often begin with the provision of Government classified security as well as an airport operator's use of 'open source' intelligence information regarding the threat of terrorist or unlawful activity. The airport sector works closely with the Australian Security Intelligence Organisation (ASIO) and the Australian Federal Police (AFP) to ensure accurate and timely information is provided on any potential threats to aviation. Another important layer of security is the presence of AFP officers at nine major Australian international airports. As well as providing a community policing role, these officers conduct aviation targeted patrols and planned operations to detect illegal activity and provide a strong visual deterrent to anyone considering unlawful activity. This police presence was also supplemented in 2014 with the establishment and deployment of the Australian Customs Counter Terrorism Unit (CTU). These CTU teams are designed to provide enhanced passenger assessment and response capacity, conduct surveillance and targeting of persons who may pose a national security threat.

In addition to these upper layers of security, airports employ substantial layers of physical security measures to defend against acts of unlawful interference, often referred to as 'security by design'. These measures may include perimeter fencing, closed circuit television (CCTV) monitoring, security patrols, lighting systems, access control and other barriers to name but a few. The adoption of these sorts of measures is different for each airport and are implemented to match the infrastructure, operating environment and risk profile of the individual airport. However, it should also be noted that airports have also invested in developing physical security measures to protect the publically accessible parts of the terminal not subject to security screening (front of house) and subsequently not mandated in legislation or regulations. These measures range from the placement of reinforced bollards at terminal entry points to prevent unauthorised vehicle access, through to the design and layout of the access roads leading to the terminals. These investments demonstrate a commitment from the industry to ensuring that the risk of unlawful interference is minimised and that the travelling public is provided with a high degree of security and safety.

Airports also control and manage the access of individuals to the secure areas of the airport through their Security Identification Card (SIC) Programs, including the Aviation Security Identification Card (ASIC) system, the Visitor Pass system and the Access Card Systems. These systems ensure all employees and contractors that need a particular access to secure areas of the airport for their work are required to display the appropriate SIC. In regards to the ASIC, this card demonstrates that you have been subject to a background check (including an ASIO security assessment and criminal history check) and have a demonstrated operational need for the ASIC. ASICs are required to be renewed every two years and provides an opportunity for the Government to ensure that the ASIC holder still

has an operational need to access secure areas of an airport and also has not become a threat to security.

Arguably the most visible and strong deterrent to preventing acts of terrorism on aircraft is the passenger and baggage security screening layer. This important layer of security is designed to ensure that items (such as explosives, firearms, prohibited items and weapons) that have the potential to be used in an attack on the aircraft are prevented from being taken on-board. Depending on the risk profile and operations occurring at a particular airport, a variety of screening technologies may be used including metal detector, x-ray machines, explosive trace detection, bottled liquid scanners and full body scanners.

It is also worth noting that on-board security measures provide a final layer of defence. There measures include the inclusion of hardened cockpit doors on RPT aircraft with 30 or more seats, as well as mandated security training for aircraft crew to amongst other things, detect suspicious behaviour and manage disruptive passengers. There is also the presence of Air Security Officers on selected international and domestic flights. These highly trained AFP officers are tasked with preventing any unlawful interference on-board the aircraft that threatens the safety and security of the passengers and crew. The changing mindset of the travelling public is also to be taken into consideration, with several examples where passengers on-board aircraft have assisted aircraft crew in subduing people interfering with the flight.

In addition to the multiple layers of security adopted by airports across the country, the industry remains committed to continually review, discuss and improve security operations at airports. The AAA has established both a Major Airport Security Committee and a Regional Airport Security Committee to provide opportunities for both large and small airport operators to discuss issues around security operations at their airports, as well as identify potential solutions and share learnings and experiences. These working groups meet in conjunction with two consultative forums held by the Department: the Aviation Security Advisory Forum (ASAF) and the Regional Industry Consultative Meeting (RICM). Both of these forums provide the opportunity for airports, airlines and Government to share intelligence information on threats and risks, discuss operational issues and incidents, as well as improvements to the regulatory settings.

The multiple layers of airport security, combined with the industry's commitment to constantly share experiences and learnings and work closely with the Government to improve the regulatory framework, are indicative of the success we have seen in Australia in preventing any significant aviation security incidents. The AAA and its members are passionate about achieving high level security outcomes at Australia's airports, and we are committed to continually working with Government to ensure these outcomes are achieved in a practical, efficient and sensible manner.

AIRPORT SECURITY INVESTMENT

In preparation for providing a response to this Inquiry, the AAA conducted a survey of its members to determine the level of security related investment that is occurring across the airport sector. There were a total of 20 responses to the survey, which include a 5 capital city airports, 4 major airports, 10 regional airports and 2 small regional airports with representation across each state and territory. It is also important to note that due to the limited time for consultation with our members, the following information only provides a limited snapshot of the level of investment occurring across a relatively small number of airports. The total level of investment across the entire airport sector would obviously be considerably larger, nevertheless the AAA hopes that this information at least provides a useful indication of investment levels.

Over the past five years, 20 airports across Australia have invested approximately $28,740,000 into the purchase of screening equipment. This included a regional airport that had invested approximately $200,000 on a single passenger x-ray machine, two handheld metal detectors and a single explosive trace detection machine. Another regional airport indicated that they have recently had to invest approximately $500,000 for checked baggage screening equipment. However, for a major or capital city airport the investment levels are considerably higher, with one such airport indicating an approximate investment of over $8,000,000 into screening equipment for the past five years.

From the responses received, 17 airports indicated that they have had to make building alterations to accommodate passenger and checked baggage screening. The collective investment in these alterations totalled more than $19,775,000. These investments ranged from $20,000 to make modifications to passenger screening point, through to architectural changes requiring complete relocation, construction and fit-out totalling more than $3,000,000.

Airport members were also asked if they expected to replace old or redundant screening equipment over the coming 10 years. There were 17 airports that indicated they would need to invest in new equipment, at an expected combined investment cost of more than $52,000,000. These investments ranged from $20,000,000 for a capital city airport through to $100,000 for a small regional airport.

In addition to the significant investment in security equipment and infrastructure, airports also employ dedicated security screening staff. Across the 20 airports that responded, there were a total of more than 900 individuals employed as security screening staff at a total estimated cost of $63,685,000 per annum. The number of employees varies considerable based on the type of airport and its operations, with major/capital city airports employing between 80-200+ screening personnel, whereas a small regional airport may only have 5-10 screening personnel.

For the survey respondents, the average percentage of an airport's annual budget that was dedicated to the passenger and checked baggage screening operation was 29%. Once again this figure varied depending upon the size and nature of the airport, with larger airports typically indicating a smaller percentage of their overall budget and regional airports generally indicating a higher percentage of their budget dedicated to the screening operation.

The total amount invested on the maintenance of screening equipment for 18 airports was in excess of $4,447,000, with average yearly costs equating to approximately $247,055 per airport. Additionally, the airports also indicated that they have invested over $28,557,000 in IT systems and other infrastructure over the past 5 years to ensure regulatory compliance. This investment occurred on items such as:

- ASIC Printer and secure data storage servers for ASICs information;
- Access control and key management system;
- Visitor Identification Card (VIC) management system;
- CCTV system;
- Integrated CCTV and access control system including secure data storage servers;
- Baggage handling system to accommodate in-line checked baggage screening (CBS);
- Dedicated goods and staff enhanced airside inspection point;
- New vehicle enhanced airside inspection point, including CCTV, hand held metal detectors and interlocking vehicle gates;
- Security signage;
- Apron security lighting;
- Parking guidance system to multi-deck carpark including number plate recognition;
- Duress alarm call point system; and
- Access key management system.

Airport members also provided estimates on the investment for the initial purchase and installation costs of security access control systems, as well the cost associated with perimeter fencing and other physical security features over the past 5 years. The average initial purchase and installation costs of security access control systems was in excess of approximately $571,000 per airport, with total investment of more than $9,722,000. With respect to the investment made to upgrade fences and other physical security barriers over the past 5 years, the total level of investment made was in excess of $79,844,000 across the 18 airports that responded.

Taking into consideration that the above figures equate to only a small sample of airports, there are still significant levels of investment occurring. For capital expenditure over the past 5 years (screening equipment, building alterations, access control, perimeter fencing and IT systems) there was a total of more than $166,638,000 invested across the 20 airports that responded. The responses also flagged an expected investment of more than $52,000,000 over the coming ten years to replace old or redundant screening equipment. Annual operational expenditure for security screening employees and routine maintenance totalled more than $63,685,000 across the 20 airports. When considering these figures in the context of the entire security controlled airport population (174 airports across Australia) it is evident that industry level investment already taking place in achieving high-level security outcomes at airports is very significant. It is therefore critically important that any policy or regulatory change that has the potential to further increase this investment be carefully considered utilising the existing intelligence driven, risk-based approach to ensure efficient and effective security outcomes.

CONCLUSION

Australia's airport sector is dedicated to providing secure and safe air transport and airport facilities to the travelling public and the AAA believes that most effective way of doing this is by both Government and industry continuing to develop and strengthen the existing intelligence driven, risk-based, outcomes focussed security regime.

Security controlled airports across the country are subject to legislation and regulations that are designed to ensure that all the necessary steps are taken to mitigate terrorist/unlawful activity based on Government intelligence and relative risk. These legal requirements are enforced by the Government through a series of rigorous approvals and audit processes to ensure compliance and address any potential shortfalls. In addition to the regulations, many airports go above and beyond by investing in other security measures outside the scope of their legal requirements, simply to create an even more secure environment for travellers.

The security of Australia's airports and aviation industry is managed through a layered approach. This approach recognises the fact that any single security layer, considered in isolation, is unlikely to be completely effective. However, the existence of multiple differing layers of security means that should a single layer of security be ineffective then the subsequent layers are more than likely to prevent a serious incident from occurring. This is an internationally recognised and adopted approach that has been proven to be highly effective. To avoid unnecessary costs it is imperative that aviation risks are plausible and real, rather than perceived.

The investment that has been made, and continues to be made, by the airports in security related infrastructure and operational resources is very substantial. From only a small sample of Australia's security controlled airports (approximately 11%) it was revealed that over $166,638,000 had been invested in security infrastructure over the past five years, with annual operating costs exceeding $63,685,000. It is obvious that the actual cost to the entire airport sector would be a figure that far exceeds these totals.

Given the cost-sensitive nature of the aviation industry and the importance of its viability to supporting both the national and local economies, it is imperative that the Government and industry continue to take an intelligence driven, risk based, outcomes focussed approach to airport security regulation. This approach recognises that all airports are unique and taking a more tailored approach to the implementation of security measures is prudent, effective and efficient. The consideration of security regulatory or policy change on any other basis would be counterintuitive to the important progress that both Government and industry has made in improving the aviation security regulatory environment.