19 January 2015

Committee Secretary
Senate Rural and Regional Affairs and
Transport References Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Secretary

Inquiry into Airport and Aviation Security

I am pleased to provide this submission on behalf of Australia Pacific Airports (Melbourne) Pty Ltd, as the operator of Melbourne Airport for the Committee's inquiry into airport and aviation security. I trust the Committee finds this submission helpful in its consideration of these matters, and I would be pleased to assist the Committee with further information.

Given the nature of this inquiry, this submission provides a high level overview of Melbourne Airport's approach to airport and aviation security. We would be willing to consider the provision of further detail that may be helpful for the Committee if required on a confidential basis.

Melbourne Airport

Melbourne Airport is Victoria's 24-hour, curfew-free international aviation gateway.

The airport opened in July 1970 for international services only, before domestic operations were transferred from nearby Essendon Airport in 1971. In the first year of operation, the airport handled around 100,000 passengers.

During 2013/14, Melbourne Airport facilitated more than 31 million domestic and international passenger journeys and more than 200,000 aircraft movements. Passenger movements increased by four per cent on the previous year. There was strong growth in international passenger numbers which reached 7.8 million, a 10 per cent increase on the previous year.

Melbourne Airport is served by 25 international airlines accounting for 24 per cent of international passenger movements in Australia. The airport also supports Regular Passenger Transport (RPT) services to a number of

domestic destinations, including capital and regional cities, and smaller regional airports such as Mt Gambier, Mildura and Broken Hill.

Melbourne Airport is also the leading Australian airport for air freight exports and supports a large and growing freight and logistics sector. Around 37 per cent of total Australian air freight exports are handled through Melbourne.

During peak travel periods, up to 100,000 domestic and international passengers travel through Melbourne Airport. More than 14,000 people are employed in airport-related roles. This activity generates approximately 120,000 vehicle movements per day around the airport precinct.

Melbourne Airport is currently undertaking a major transformation of its terminal, airfield and landside precincts with capital investment of $420 million during 2013/14 on new terminal facilities, upgrades to our aprons and taxiways, and improvements to landside infrastructure. Our new T4 domestic terminal is due to open during 2015 and will cater for up to 10 million domestic passengers per annum. We are also delivering further upgrades to our international terminal (T2) and major improvements to our ground transport infrastructure, including the construction of a new elevated loop road which will connect all of our terminals and support a smoother and more efficient traffic flow around the terminal precinct.

All of the capital investment being undertaken at Melbourne Airport is funded by Australia Pacific Airports Corporation Limited (APAC) which acquired the lease for Melbourne Airport in July 1997 as part of the Commonwealth Government's process of privatising major airports. APAC also acquired the lease for Launceston Airport in partnership with the Launceston City Council in May 1998. Both airports are operated under a 50-year long-term lease from the Commonwealth Government. APAC is a privately held corporation owned by institutional investors, predominantly superannuation/pension funds, managed or represented by AMP (28.54%); IFM Investors (23.67%); Deutsche Australia Ltd (19.97%); Future Fund (19.12%); and, Hastings Fund Management (8.70%).

Performance against security audits

The safety and security of our passengers, airport and airline staff, and visitors is our top priority. Airport and aviation security is a dynamic and evolving environment and Melbourne Airport works closely with government and its service providers to ensure the highest levels of security are maintained.

Our security performance is regularly audited by the Commonwealth Government's Office of Transport Security (OTS), our airline customers, foreign governments and international organisations. We regularly exceed audit benchmarks.

Melbourne Airport achieved an outstanding result from the 2013/14 audit by OTS which resulted in just one non-compliance notice being issued, in relation to minor signage. The United States Transportation Security Administration (TSA) also conducted a thorough audit of Melbourne Airport in 2014 with an excellent result and no non-compliance issues reported.

A number of our airline customers conducted their own security assessment audits throughout 2013/14 that also demonstrated very strong results. Among this group was an assessment undertaken by the International Air Transport Association (IATA) which recognised that Melbourne Airport has an excellent security culture.

Compliance

Melbourne Airport's compliance with security requirements is regularly and rigorously tested to ensure that our staff and systems are operating to maximum capability in terms of identifying and preventing security risks.

Testing by Melbourne Airport and OTS has demonstrated outstanding results over an extended time, including a 97 per cent pass rate for government-sponsored testing and 95 per cent pass rate for Melbourne Airport sponsored testing during 2013/14.

Melbourne Airport has also achieved global best results for Threat Image Projection (TIPs) for passenger and baggage screening and consistently exceeds the airport's own targets which are set higher than the global standard.

Training

Melbourne Airport conducts training for its own staff and those of our service providers, including security staff, on a regular basis and to a very high standard.

We have taken an innovative and pro-active approach in developing training packages and programs with our government and private sector partners.

For example, Melbourne Airport has worked closely with Victoria Police and the Australian Federal Police (AFP) on an 'active shooter' guidelines and training program. This program has been developed by Melbourne Airport with no government direction or support.

The Airport Emergency Plan (AEP) is highly regarded within government and is regularly practised in excess of legislative requirements. This includes a range of scenarios from an accident through to a criminal or terrorist incident.

We proactively promote a strong security culture and increased awareness. During 2014 we have updated our security awareness program which requires all holders of an Aviation Security Identification Card (ASIC) to undertake this program. Some other ASIC-issuing bodies do not require ASIC holders to undertake this training. We have also embedded a number of security-related messages on our Flight Information Displays (FIDs) to promote security awareness throughout the airport.

Collaboration with government on better security

Melbourne Airport works closely with the relevant Commonwealth Government departments and agencies on measures to continually improve airport and aviation security. This includes a willingness to support innovative approaches and to pilot new technologies or procedures that may contribute to better security outcomes.

Melbourne Airport played a leading role in the piloting of full body scanning for international passengers and worked closely with government on the design and implementation of processes and procedures to facilitate the introduction of body scanners for passenger screening.

We have also collaborated with the Office on Transport Security to redesign the process for Explosive Trace Detection (ETD) so that regulatory requirements and passenger experience were both optimised. As a result of the trial process, permanent changes are being introduced to support a smarter and better security outcome.

We also work with our service providers to ensure that the passenger experience throughout our security screening process is as positive as possible, while ensuring that security standards are maintained and regulatory objectives are met. Melbourne Airport in conjunction with ISS Security has developed a technology that tracks customer experience in real time through a service intelligence system to enable us to monitor the service delivery levels.

Our relationships with government agencies involved in airport and aviation security are vital to delivering a safe and secure airport environment. As has been highlighted, Melbourne Airport is prepared to drive innovation in security practices of its own initiative and in collaboration with government agencies and our airline customers in the interests of achieving stronger security outcomes and improved passenger experience.

We have wide-ranging, productive and trusting relationships with a range of government and industry partners in security, in Australia and internationally. Our engagement in a number of government and industry forums enables us to constructively contribute to the development of security policy and procedures.

In support of Government relationship building and to help mitigate the Last Ports of Call security issues Melbourne Airport has actively participated when approached by OTS to assist overseas airports to improve their security standards through information transfer and mentoring.

Melbourne Airport looks forward to working closely with our partners in border protection agencies, particularly around the implementation of the Australian Border Force as the new frontline operational border agency within the Department of Immigration and Border Protection from 1 July 2015.

We have made regular representations to Government in recent years over the importance of adequate resourcing for border agencies, particularly given the growth in international passenger movements. The Commonwealth Government collects significantly more revenue from the Passenger Movement Charge than it spends on airport security and border agency functions so there is scope for more funding resources to be provided for border agency functions at airports.

Role of service providers

As has been noted previously, our service providers are critical members of the airport team in contributing to a safe and secure environment. We continue to engage closely with our service providers to ensure their staff are performing at the required level. It is also a highly productive relationship that supports innovation and constant improvement in service delivery and standards.

The role of contracted service providers in delivering airport and aviation security outcomes warrants special attention in this inquiry. They are

occasionally the subject of misinformed and misleading commentary by some parties.

Melbourne Airport values the contribution made by its service providers across our airside and landside operations, including traffic management, security and passenger screening. Our relationships with service providers are the subject of rigorous contractual arrangements and undergo regular review and auditing to ensure that service levels are being provided, particularly in the security area. Our strong performance against government and industry audits of our security performance is testament to the quality of the relationships with our service providers, and their commitment to delivering against our service standards and expectations.

For example, during 2012 we made a significant change in the provision of security in our terminal forecourt and landside operations through the engagement of a specialist security provider. The appointment of this new company enabled us to transition from a traffic management-focused approach to one that combined traffic management and broader landside security responsibilities. Given the level of passenger and vehicle activity around our terminal precincts this is an important area of security focus. We have seen significant improvements in the overall security awareness and culture in our landside operations as a result of this shift and the important role that has been played by our service provider.

Process, design and technology enhancements

Melbourne Airport is constantly reviewing its security processes and adopting new approaches and technology to achieve better security outcomes.

The development of our new T4 domestic terminal incorporates the latest international best practice in its design for security purposes. Recognising that the main terminal precinct and roadway is now more than 40 years old, we have modified traffic movements on the elevated road and lower forecourt areas to reflect better security practices, including the introduction of license plate recognition technology and changes to vehicle operations. Melbourne Airport operates a sophisticated CCTV network in its public and secure areas.

There is ongoing expenditure on security-related infrastructure and projects through the capital works program, ranging from new technology for access control through to expanded landside patrols and physical assets such as lighting, bollards and fencing.

Future approaches to airport security

The terms of reference for this inquiry include 'recent media reports on apparent breaches' in airport security. This is a superficial basis on which to conduct an inquiry into airport and aviation security, considering the media report in question was poorly informed and highly sensationalist in its approach. Furthermore, the inquiry's terms of reference include a review of findings of, and responses to, government inquiries into airport security issues since 2000.

As has been demonstrated in this submission, Melbourne Airport is exceeding the regulatory standard for airport security and is taking an innovative and forward-looking approach to airport security. We see little value for the Committee in simply reprising the past, compared with thinking about how our airports and aviation sector is anticipating and preparing for future security challenges. This includes the adoption of a more risk-based, intelligence driven approach to airport security rather than a 'one size fits all' mentality. Indications from the Commonwealth Government that is giving greater consideration to this approach in developing airport and aviation security policy are welcome, and will assist in ensuring that resources are better targeted towards the areas of highest risk and greatest need.

Thank you for the opportunity to present these issues for the Committee's consideration.

Yours faithfully

CARLY DIXON
EXECUTIVE CORPORATE AND PUBLIC AFFAIRS