Ref No: 396:03:GDA

August 6, 2003

The Secretary
Joint Committee of Public Accounts and Audit
Parliament House
Canberra ACT 2600

Dear Mr Catchpole,

Inquiry: Review of Aviation Security in Australia

I refer to your letter to Mr Geoff Dixon of June 10 inviting Qantas to make a submission to the above Inquiry.

I am pleased to provide the attached submission to the Committee.

Qantas is happy to support the Committee and provide any further information that may be of assistance.

Qantas would also be pleased to appear before Committee hearings if invited to do so.

Yours sincerely,

Geoffrey D Askew
Group General Manager
Security & Investigation Services

SUBMISSION OF QANTAS AIRWAYS TO THE JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT REVIEW OF AVIATION SECURITY IN AUSTRALIA

6 August 2003

CONTENTS

1   EXECUTIVE SUMMARY

A safe, secure and viable commercial aviation industry is essential to the economic and social well being of Australia.

Qantas is Australia's largest airline and takes its responsibilities in relation to aviation security extremely seriously.   Qantas spent over $182 million on direct security costs in 2002/03.

Qantas believes that the aviation security framework in Australia is extensive, stable and robust and is capable of adapting rapidly to produce effective responses to changes in the security environment. The successful and rapid development of additional security measures following September 11 2001 and the Bali bombing is testament to this.

The close working relationship developed over time between industry and government has directly contributed to the effectiveness of this framework.

September 11 2001 represented a major turning point for aviation security in Australia, subjecting it to greater public scrutiny than ever before.

Since this time, there has been a recognisable shift in Australian Government policy towards an approach, which seeks to address broader national security and political objectives within the aviation security arena.

This is apparent in the proposed legislation (Aviation Transport Security Bill 2003) that has been developed in response to a review of the aviation security policy framework.

It is also evidenced by the introduction of additional security measures, which appear to do little to reduce risks to aviation and by modifications to the regulatory framework designed to visibly demonstrate industry compliance.

Qantas views this as an undesirable development, and one, which, if continued, has the potential to compromise the achievement of outcomes that genuinely enhance aviation security.

While the Government has sought to address a broader set of objectives through the aviation security framework, it has not been prepared to assist with the associated costs, resulting in a significantly increased financial burden on the aviation industry, particularly the airlines.

Terrorism is directed against State, rather than commercial interests. The costs of measures primarily aimed at protecting national security should be borne by the Government, not the travelling public.

Airlines and their passengers are funding a number of measures and functions which are not reducing the risk of threats to aviation, but achieving

national security outcomes of which the community, and therefore the Government, is the primary beneficiary.

Governments in some of Qantas' key overseas markets have accepted these funding responsibilities, recognising also that the expectation that the aviation industry can continue to bear an increasingly heavy financial security burden runs counter to the growth and continued viability of their aviation industries.

Inherent in this for the Australian aviation industry are issues of international competitiveness.

Looking forward, Qantas has identified 4 areas in which it believes attention should be focused to ensure the continuing success of aviation security in Australia:

- The development of a strategic approach to aviation security planning;

- A refocussing of policy towards achieving outcomes that genuinely reduce threats to aviation security;

- A more equitable distribution of costs between government and industry; and

- Improved co-ordination and consultation between government and industry.

Security is a combination of overt and covert practices and processes. The deterrent benefits are significantly diluted when security arrangements are discussed in detail in public.

Qantas is committed to working with the Government and other industry stakeholders to achieve a security regime, which delivers the best outcomes for Australian commercial aviation.

2 QANTAS SECURITY

The Qantas group of companies constitutes Australia's largest integrated international, domestic and regional passenger and freight airline network. Qantas employs over 33,000 staff and serves 142 destinations with 187 aircraft.

2.1 Policy approach

As the major industry stakeholder in Australian aviation, Qantas has a clear interest in the safeguarding of its passengers, staff and assets. Qantas takes its responsibilities extremely seriously and is very proud of its safety and security record.

Airlines have operated in an environment of advanced security awareness since the early 1970s and recognise that a coordinated approach by aviation security stakeholders must be applied to the development and implementation of aviation security policy.

Disappointingly, Qantas encounters from time to time the view that the industry approach to aviation security is purely responsive and cost driven. In reality, strategic security planning is an ongoing and integral part of the security culture of the airline. Qantas is extremely proactive not only in developing measures specific to Qantas operations, but also in contributing to the enhancement of aviation security practices and policies both in Australia and the international arena.

2.2 Infrastructure

2.2.1 Staff

Qantas has one of the largest centralised corporate security divisions of any airline. It employs 56 staff and approximately 3,000[1] contractors dedicated to the provision of security services for Qantas. This contrasts with 41 staff for British Airways and 28 staff for American Airlines (approximately 200% and 400% the size of Qantas respectively)[2].

The long standing aim of the Qantas Security & Investigation Services Division has been, "To lead the world in airline security and crisis management".

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[1] Passenger and baggage screening is performed by airport operators in the UK and by government employees in the US.
[2] Both British Airways and American Airlines have decentralised many of their security functions and staffing.

Qantas Security Organisational Structure
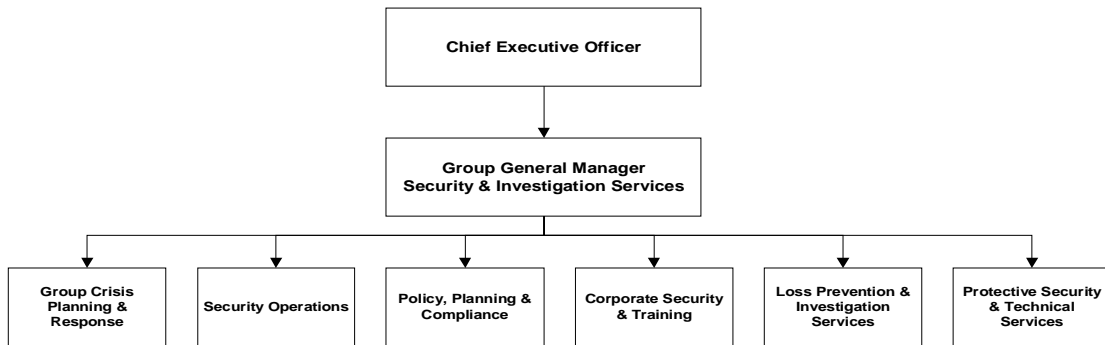
2.2.2 Equipment

Qantas has invested heavily in equipment and technology as a key component of its security infrastructure. The current asset value of this capital is approximately $30 million.

2.3   Inspection program

Together, this infrastructure provides the basis for a comprehensive Company initiated security inspection program throughout the Qantas operation.

Each year on its domestic network, Qantas undertakes in excess of:

- 400 screening point systems tests;
- 140 audits; and
- 730 access penetration tests.

Each year on its international network, Qantas undertakes in excess of:

- 250 screening point systems tests;
- 66 audits; and
- 66 access penetration tests.

2.4   Costs

Qantas spent over $182m on security operating costs in 2002/03. This is expected to rise by approximately 4% per annum over the next three years without the introduction of any new security measures or technologies[3].

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[3] Due to advice from contractors that charges are likely to increase over this period.

2.5   Initiatives

The Qantas security program is founded on a basis of full compliance with all relevant global legislative requirements.

In seeking the best possible security outcomes for its operations, passengers, staff and assets, Qantas has also developed and implemented many security measures based on the specific characteristics of its operation in addition to those required by legislation.

2.5.1   Domestic

Since 2000, Qantas has initiated the following security measures for its domestic operations:

- replacement and upgrading of all Qantas security screening equipment deployed throughout its network;

- improvement of the passenger screening process through withdrawing the use of hand wands at Walk Through Metal Detectors (WTMD) to eliminate 99% of human errors in the screening process;

- introduction of Explosive Trace Detection (ETD) equipment in Sydney and Melbourne (soon to be expanded) to inspect and clear baggage of 'failed to board' passengers;

- changes to the screening process for laptop computers;

- calibration of WTMDs below the legislated 15 centimetre height parameter to ensure that passengers' shoes are also screened;

- development and introduction of additional training for contract screening staff at all ports where Qantas is the screening authority;

- extension of installation of the new Phase II flight deck security doors from aircraft flying into US airspace to all Qantas Group jet aircraft;

- introduction of a series of measures to protect aircraft stores and catering;

- institution of a program of security inspections for Qantas aircraft leaving maintenance facilities;

- introduction of freight screening into the Qantas Freight Terminals in Melbourne, Sydney, Perth and Brisbane using ETD, x-ray or physical search to align screening requirements for freight and checked baggage;

- development and implementation of additional security training for flight and cabin crew;

- the undertaking of security audits and awareness programs in partnership with regional airport operations; and

- development and implementation of freight screening standards for Australian Air Express[4] domestic freight terminals and operations.

2.5.2 International

Since 2000, Qantas has initiated the following security measures without Government direction for its international operations:

- development and introduction of freight screening into the Qantas Freight Terminal in Los Angeles using ETD, x-ray or physical search;

- implementation of freight screening standards for specific international freight forwarders and freight handling agents operating on behalf of Qantas;

- development and introduction of additional freight and aircraft specific security measures in Bangkok, Singapore, Denpasar, Jakarta, Manila and Kota Kinabalu;

- introduction of ETD into passenger check-in processes at Denpasar, Jakarta and Manila;

- development of a training program for overseas screeners to raise standards of screening commensurate with those achieved in Australia (currently being delivered in Indonesia);

- implementation of measures to protect aircraft stores and catering; and

- development and implementation of additional security training for flight and cabin crew.

Qantas has also made a significant contribution to:

- the restructure of aviation security responsibilities within the Papua New Guinea Civil Aviation Authority;

- achievement of a sterile area at Port Moresby's Jackson Airport;

- introduction of domestic passenger screening within New Zealand;

- achievement of a separation of arriving and departing passengers at Auckland International airport in New Zealand;

- the introduction of transit passenger screening at Frankfurt International airport in Germany; and

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[4] Australian Air Express is a joint venture between Qantas (50%) and Australia Post (50%).

- the development, exercise and audit of industry agency response arrangements in Asia and the South Pacific.

2.5.3 Future

Qantas is actively pursuing opportunities to improve aviation security in the future in partnership with aircraft manufacturers and the providers of security equipment, systems and services.

Discussions with Boeing and Airbus on aircraft specific security enhancements for potential incorporation into future aircraft purchases are an important aspect of Qantas' proactive approach.

Similarly, quarterly workshops with suppliers of equipment and services (L3, Andover Controls, AIC Solutions, Chubb, Group IV, SNP) are designed to identify opportunities for continued improvement to maintain, if not exceed, world's best practice in risk management and aviation security practices and processes.

3   AVIATION SECURITY FRAMEWORK

Qantas believes that the aviation security framework in Australia is extensive, stable and robust and is capable of adapting rapidly to produce effective and immediate responses to changes in the security environment.

The interlinking systems, which govern the policy development, implementation and regulation of aviation security are in general effective and underpinned by a multi layered, cross functional and integrated approach.

A close working relationship between government and industry is an essential component in the success of the security regime in Australia.

3.1   Division of responsibilities

Qantas acknowledges that dual responsibilities exist for aviation security compliance. An appropriate division of aviation security responsibilities between industry and government stakeholders is:

(a)   industry stakeholders should be responsible for who and what enters an airfield and boards an aircraft; and

(b)   government stakeholders should be responsible for border protection, police services and any counter terrorism functions.

Dual responsibilities should also exist in relation to the access control infrastructure within which aviation security operates whereby:

(a)   industry stakeholders should be responsible for managing the access control infrastructure and systems; and

(b)   government stakeholders should be responsible for setting the standards and for assembling the intelligence and information required to enable industry assessment of the suitability of persons for access to the airfield and aircraft.

That is, the Commonwealth Government is responsible for implementing and managing functions with broader strategic objectives, while industry is responsible for aviation specific security.

State and Local Governments also have a responsibility for contributing to the security of the aviation industry, regardless of the categorisation of the airport or its location.

Similarly, unions and staff associations have an obligation to encourage full compliance by their members with all aviation security regulations and requirements.

Aviation security should not be an issue for political rivalry on a Commonwealth, State or Local Government basis. Nor should it be used by interest groups as a means of pursuing objectives that are not based entirely on enhancing the quality of the security outcome for the industry and the protection of the travelling pubic.

3.2 Policy

3.2.1 Objective

Aviation security is designed to safeguard Australia's civil aviation operations against acts of unlawful interference.[5]

The formulation of policy is aimed at deterrence, detection and protection through legislation of aviation security standards against which compliance can be monitored.

The standards are designed to consider Australia's aviation security risk and also to reflect the standards set out in Annex 17 of the Convention on International Civil Aviation to which Australia is a signatory.

3.2.2 Development

The development of effective and practical security policies in a complex, global and technology-intensive industry such as aviation demands that the policymaker have an extensive understanding of the industry.

The Department of Transport and Regional Services (DOTARS) is the only government agency currently in possession of that knowledge. DOTARS has successfully held primary responsibility for the aviation security function over many years.

Qantas is concerned, however, that extensive restructuring of the Aviation Security Policy Branch of DOTARS in recent years has resulted in a lack of leadership and in the loss of significant experience. It is vital that there is some security, airport, airline, aviation, law enforcement or similar operational expertise in the Branch to ensure that the outcomes envisaged by policy are achievable in practical terms.

3.3 Implementation

3.3.1 Co-ordination

Qantas believes that there is scope for improvement in the co-ordination of implementation of aviation security between industry and government in two areas in particular.

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[5] http://www.dotars.gov.au/avnapt/asb/asb.htm#3

3.3.1.1 Airport Security Committees

The regulatory framework mandates the regular convening of Airport Security Committees (ASCs) to co-ordinate aviation stakeholder security activity at the individual airport level. Qantas considers that ASCs are currently under-utilised as a tool for achieving aviation security outcomes. ASCs should be afforded a greater level of responsibility and their profile elevated as a first step to improving their effectiveness.

The reconstituted ASCs should aim to:

(a) provide feedback, via DOTARS, to the Industry Consultative Group and where necessary to the recently established High Level Group on Aviation Security[6] on specific factors affecting the delivery of outcomes at individual airports;

(b) measure the effectiveness of aviation security policies and procedures at individual airports through a program that monitors and reports on compliance; and

(c) establish and monitor an airport specific aviation security and facilitation protocol between border agencies and the industry.

3.3.1.2 Information exchange

Qantas commends the Government for its commitment to the timely dissemination of intelligence to the industry.

However, Qantas is concerned that it is not currently provided with the results of systems testing and security infrastructure reviews conducted by the Government and airport operators at Australian airports into which Qantas operates.

Whilst recognising that some sensitivities exist in the release of such information, it is of great concern to Qantas that it is at risk of operating into airports with possible security deficiencies which are known to government and the relevant airport operator, yet of which it is itself unaware.

The provision of timely and accurate intelligence and information by government is essential to enable Qantas to enhance its risk management capabilities by making its own assessments about mitigating any potential deficiencies in order to protect its operations, passengers, staff and assets.

3.4 Regulation

A robust and independent audit program is essential for measuring the ongoing security health of the aviation industry.

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[6] The Group comprises representatives from the Department of Prime Minister and Cabinet, DOTARS, APS, Qantas, Virgin Blue, the Board of Airline Representatives of Australia and Sydney Airport Corporation Limited.

Qantas maintains that DOTARS has the necessary experience to audit industry security programs.

An independent government agency should, however, have responsibility for auditing government agencies and the National Aviation Security Program. It is logical for the Australian National Audit Office (ANAO) to have responsibility for oversight of the effectiveness of the security audit functions.

3.5 Funding

The division of responsibilities between government and industry for implementation of aviation security measures is not reflected in the costs borne by each stakeholder group.

3.5.1 Current arrangements

The present arrangements see the aviation industry virtually funding the entire protective security infrastructure at Australian airports.

Airport operators recover their security costs from airlines in full. Airlines in turn recover some of their security costs from passengers[7] through charges levied on air tickets, which has an associated downward effect on demand for air travel.

If airlines were to absorb these security charges the resulting higher cost base would require a compensating increase in ticket prices. That is, the ultimate effect is the same – a detrimental impact on the growth of the Australian aviation industry.

3.5.2 Appropriate funding responsibilities

It is Qantas' view that the division of responsibilities for implementation of aviation security should guide distribution of the associated costs.

As previously stated, in keeping with Government policy, as demonstrated in other key areas of national security, the costs associated with each area of responsibility should rest with the responsible stakeholders.

As will be discussed in the following sections, the importance of an appropriate division of funding between government and industry has been elevated by the changed focus of aviation security since September 11 2001.

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[7] Qantas fully recovers security charges incurred at Australian airports that have been mandated by Government, but does not fully recover its overall security costs.

4   THE POST SEPTEMBER 11 SECURITY ENVIRONMENT

September 11 2001 represents a watershed in aviation security globally.

It has resulted in major changes in operational requirements and costs for airlines through the introduction of a host of additional security measures.

Concurrently, it has produced a recognisable shift in the focus of Australian aviation security policy to a more complex set of objectives that aims to address broader political and strategic objectives in the aviation security framework.

This change in focus has not been accompanied by a recognition on the part of the Government of its responsibilities in assisting industry to bear the costs of additional security measures related to these objectives.

This stands in contrast to overseas trends in some of Qantas' key markets and gives rise to issues of international competitiveness.

Given the lack of funding assistance, the introduction of further security measures against the backdrop of today's difficult operating environment presents real challenges for the ongoing viability of the Australian commercial aviation industry in its current form.

4.1   Additional Security Measures

As an international airline, Qantas has been required to implement a significant number of additional security measures (ASMs) issued by governments worldwide following the events of September 11 (see below).

With the exception of the United States, the Australian Government has placed more additional security requirements on airlines than any other regulator.

Additional Security Measures
(1 July 2003)
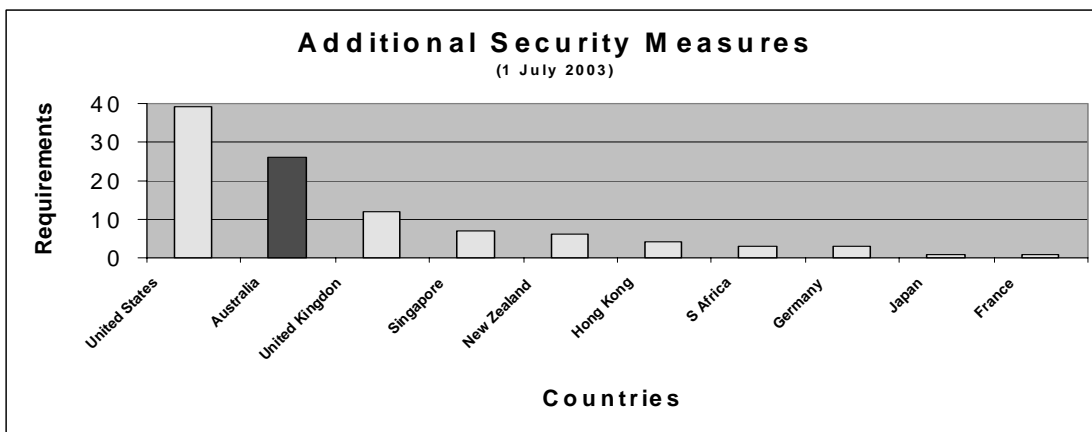
In some cases, Australian security requirements were more restrictive (eg boarding gate searches for last port of call departures to the US) than those

required by regulators in the US or UK – countries assessed to be under a higher level of threat than Australia.

There have been two key areas of concern for Qantas associated with the implementation of ASMs:

- the lack of harmonisation of measures; and
- the lack of adequate consultation with industry.

4.1.1 Harmonisation

The introduction of ASMs by individual regulators around the world has led to an operating framework that is far from standardised, both in terms of measures implemented and technologies employed.

This has placed pressure on Qantas' infrastructure, staff resources and cost base and led to a confusion of customer expectations.

While many of the ASMs introduced were temporary, in some cases they have been, or it is proposed that they will be, permanently relocated into the baseline regulatory framework.

For example, the Australian Government has introduced a requirement for 100% screening of hold stowed baggage for international departures from 1 January 2005. In deciding what technology is to be employed to meet the Australian Government requirement, the regulatory framework and security infrastructure of destination countries needs to be assessed.

While Qantas is by no means suggesting that overseas trends should dictate the direction of aviation security in Australia, a global view should be taken by government in considering the measures implemented and technology used to achieve quality security outcomes.

4.1.2 Consultation

Following the introduction of the initial ASMs on 13 September 2001, Qantas repeatedly urged the Government to develop, in consultation with industry, a suite of further security measures capable of being implemented immediately in the event of further incidents or increased threat levels.

To Qantas' disappointment, this did not occur, and until very recently (pre Iraq war) ASMs were amended and introduced at extremely short notice. On occasion it was not possible for Qantas to obtain the qualified officers (trained passenger and baggage screening officers) necessary to implement the ASMs or to communicate the changes to aircrew and ground staff.

Qantas hopes that this can be avoided in the future through a commitment to improved consultation and a greater appreciation by government of the significant and complex logistics involved in implementing ASMs for an airline with global operations.

4.2 Policy shift

The revisions to Annex 17 of the Convention on International Civil Aviation (Amendment 10) following the events of September 11 necessitated the amending of Australia's aviation security legislation.

A broader review of the policy framework was conducted and the resulting proposed legislation (the Aviation Security Transport Bill 2003[8]) appears to reflect a shift towards achieving a broader set of political and strategic objectives and a greater focus on enforcement.

This is evidenced by the introduction of non aviation specific ASMs and modifications to the regulatory framework designed to visibly demonstrate industry compliance.

Qantas believes this comes at the expense of outcomes, which genuinely enhance aviation security.

4.2.1 Non aviation specific measures

Two examples of non aviation specific security measures introduced since September 11 are:

(i)   The placement of an additional three Australian Protective Services (APS) officers on a round the clock basis, at considerable cost to Qantas, at Alice Springs and Ayers Rock airports.

The Government was unable to demonstrate to Qantas a benefit linking the deployment of these officers with a reduced threat to aviation. It is assumed that the actual purpose of these officers was protection of a facility of political and strategic sensitivity in the vicinity.

(ii)   The inclusion of metal cutlery items on the list of articles prohibited in the cabins of aircraft flying into and within Australia (contrary to the actions of most other governments).

The Minister for Transport and Regional Services recently made the following statement following the Thai Airways incident:

"… to that end, it does seem that we need to take some steps that mightn't be justified by risk assessment in relation to terrorism, but which apparently need to be taken in the context of people engaging in illegal and silly activities…"[9]

In both these cases, the measures introduced carry little or no value when assessed in terms of the management of risks to aviation.

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[8] The Bill will replace Parts 3 and 3A of the Air Navigation Act 1920.
[9] Sydney Morning Herald, 18 July 2003, p1.

By directing its response to ad hoc incidents through the aviation security framework, the Government produces a perception in the community that there is a higher level of risk associated with aviation than is the case. This is unjustified and detrimental to the aviation industry. The Government should seek to address national security, political and general public safety issues such as these within their appropriate contexts.

4.2.2 Enforcement focus

The Aviation Transport Security Bill 2003 provides for the introduction of a demerit point system. It is envisaged that the system would allocate points to industry operators, against which demerit points would be issued for breaches by individual employees, up to a threshold level. Beyond this level, breaches would result in the withdrawal of approval for an operator's security program, which in the case of an airline, would result in its grounding.

While Qantas supports the application of penalties against organisations and individuals who breach regulations as a means of advancing an accountability-based security culture and improving compliance, there is a myriad of practical problems associated with the operation of such a system.

In recent correspondence with Qantas, DOTARS indicated that "the demerit point system was introduced in response to Australian National Audit Office (ANAO) recommendations" [10]. Qantas would be concerned if this was a case in which issues of public perception were driving regulatory processes, rather than achieving enhanced security outcomes.

4.3 Costs

The implementation of ASMs has been very costly for airlines. As noted above, the lack of harmonisation of measures has contributed to this.

4.3.1 Qantas expenditure

Qantas' security expenditure has increased by 68% in real terms since September 11 2001.

Examples of recent costs – ongoing and proposed – incurred as a result of mandated changes to the security environment are:

- approximately $20m for the provision of seats for the Air Security Officer (ASO) program[11];

- in excess of $2.1m every two years to meet new government requirements that Aviation Security Identification Cards (ASIC) for employees be re-issued every two years instead of five years;

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[10] DOTARS file reference P2003/0330 dated 1 July 2003, p6.

[11] It should be noted that Qantas has not yet agreed to provide seats to carry ASOs on international routes.

- over $12.9m in capital costs associated with installing enhanced Phase II flight deck doors;

- approximately $5.8m to establish a security training cell for aircrew;

- an estimated $4.3m per annum in aircrew training costs; and

- more than $1.5m per annum in ground staff training costs.

The capital cost of security equipment for the next three year budget cycle is estimated at $40.8m. This includes provision for:

- perimeter access control and screening equipment;

- biometric access control upgrades;

- domestic passenger screening point closed circuit television (CCTV), ETD, WTMD and x-ray equipment;

- domestic checked baggage ETD and x-ray equipment;

- domestic freight ETD and x-ray equipment; and

- overseas passenger and freight ETD and x-ray equipment.

4.3.2 <u>Distribution of costs between government and industry</u>

The current distribution of costs between government and industry does not reflect the strategic outcomes achieved by security measures for which airlines and their passengers are paying. Nor does it recognise the broader economic benefits of a secure aviation environment that accrue to the community generally, nor does it serve the interests of a commercially viable Australian aviation industry.

There are a number of measures or functions currently funded by airlines for which Qantas firmly believes the Government should assume partial or full responsibility, because they primarily meet political or national security objectives.

4.3.2.1 Air Security Officer Program

The Air Security Officer (ASO) program for the transport of armed APS officers on selected scheduled commercial flights was introduced in December 2001.

To date, Qantas has provided $5.4m of tickets free of charge for the carriage of ASOs on domestic flights. It has been seeking Government assistance to meet these costs in the form of refunds of taxes and charges paid on these seats.

Qantas is yet to agree to the carriage of ASOs on international flights, but should it do so, the estimated overall cost of the program (in lost revenue alone) to it would be close to $20m per annum in tickets alone.

Qantas is continuing to seek relief from the Government in sharing the considerable costs associated with this program, which is unique to the aviation sector in the protection of critical national infrastructure.

Security is a combination of overt and covert processes and procedures. The deterrent benefit of any ASO program or similar is significantly diluted when destinations, frequency of flights and resource costs are discussed in public.

4.3.2.2 Counter Terrorism First Response Function

Following September 11, the Counter Terrorism First Response (CTFR) function carried out by APS officers at selected Australian airports was extended. It has now been implemented at all Category I and II and some Category III airports[12]. The Government contracts with individual airport authorities, which pass on the costs to airlines, which in turn, recoup the cost via a charge on passenger tickets.

Terrorism is directed against State, rather than commercial interests. The CTFR function is aimed at protecting national security, and accordingly, the funding responsibility should be borne by Government, not the travelling public.

The deployment of Protective Security officers should be as a result of ongoing risk management not because of contractual requirements. The current resource deployment arrangement contributes to poor quality security outcomes.

4.3.2.3 Politically Motivated Violence checks

The Government has proposed the introduction of Politically Motivated Violence (PMV) checks on aviation industry employees from 1 November 2003. These checks would be funded by employers. Qantas estimates that this would cost it approximately $360,000 in the first year.

The threat posed by individuals with a record of PMV is not exclusive to aviation, but is a national security issue for which the Government should shoulder financial responsibility.

4.3.3 International Competitiveness

The Australian Government has not provided any assistance to industry in meeting the costs associated with ASMs implemented since September 11.

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[12] CTFR is provided at: Adelaide, Brisbane, Melbourne, Perth, Sydney (Category I); Cairns, Canberra, Coolangatta, Darwin (Category II); and Alice Springs, Ayers Rock and Hobart (Category III).

In contrast, the US, New Zealand and other Governments, for example, have acknowledged that they have an obligation to protect their citizens and critical infrastructure from terrorist attack and agreed to meet the funding of measures of the type described above.

US President George W. Bush signed the Emergency Wartime Supplemental Appropriations Act into law in April 2003. It included US$2.3bn in direct cash aid to airlines as reimbursement for security fees and cockpit door installations.

Aside from direct assistance, there are other avenues available to governments through which to contribute to meeting the costs of security infrastructure, such as the tax and duty regime. To date, Qantas – and the industry at large – has been unsuccessful in securing concessions on the duties payable on security equipment imported into Australia to meet government requirements.

The overall lack of direct and indirect assistance by the Government in meeting the cost of aviation security adversely affects the competitiveness of Australian airlines, and by extension, associated industries such as tourism.

Qantas competes with over 50 foreign airlines in the Australian market, many of which have received assistance in one form or another from their governments in meeting security measures in the post September 11 environment.

4.3.4   Further measures

Qantas is concerned at the potential cost implications of the introduction of further security requirements and new technologies. These represent a real threat to the viability of the commercial aviation industry in Australia in its current form.

4.3.4.1 Pat down searches

Ad hoc pat down searches have been mooted recently as a potential ASM. The cost to Qantas of these searches is estimated to be in excess of $11.5m annually in labour costs alone. The additional time required for aircraft boarding at 30 seconds per search for 75 passengers (25% of an Airbus A330) would be close to 40 minutes.

Costs aside, the operational and legal implications of this are substantial and would severely impact current levels of service.

The benefit of any ad hoc security measures is questionable if such a measure is undertaken in the view of public who are to be subjected to the process.

4.3.4.2 Regional airports

Qantas has in the past 18 months undertaken surveys at all regional airports to which it operates and held discussions with local councils in an endeavour to enhance security at these airports.

In recent months there have been calls in the public domain for extension of the screening requirements in place at domestic airports to regional airports.

To undertake passenger screening at all regional ports into which Qantas operates alone would cost in excess of $8.5m in initial capital for screening equipment (excluding terminal infrastructure costs) and approximately $18.6m in annual operating costs.

Qantas concurs with the Government's view that the security risks associated with its regional operations do not justify this expenditure.

Regional airport security is a joint responsibility of State and Local Government, airport operators, airlines and other stakeholders.

4.3.4.3 New technologies

Qantas has spent in excess of $11 million on new security equipment over the past 12 months. It is concerned that the Government may mandate, absent any financial assistance or consultation, alternative or upgraded technology in the near future.

If the industry is to deploy the latest available technology without any Government assistance, it is imperative that decisions on future technology solutions and upgrades are made jointly by industry and government and in a timely manner.

The importance of research and development in future security planning, and in particular partnerships between government and industry, should be recognised and fostered by the Government. Qantas would welcome any opportunity to work with the Government in this regard and hopes that the recently convened High Level Group on Aviation Security adopts this function in its terms of reference.

5.   Conclusion

A safe, secure and viable commercial aviation industry is essential for the social and economic wellbeing of Australia. For this to be delivered effectively, it is essential that there be a strong and continuing partnership between Government and industry in all related areas, including aviation security.

Aviation security policy development must be about accepting the intellectual challenge of securing the future of Australia's commercial aviation industry.

This can only be achieved by a balanced approach that employs established risk management principles, where measures are commensurate with the threat and funded by the appropriate responsible government agency or industry stakeholder.