

Chairman -
Chief Executive Officer Corporation Limited

24 July 2003

The Secretary

Joint Committee of Public Accounts and Audit

Parliament House

CANBERRA ACT 2600

Dear Sir/Madam

REVIEW OF AVIATION SECURITY IN AUSTRALIA

Sydney Airport Corporation Limited (SACL) makes the following submissions for consideration in your current review:

a. Regulation of Aviation Security by DoTaRS

a.1 Historically, aviation security has been the subject of detailed regulation, and organisations charged with security responsibilities have been required to meet, and have been audited against, specific published performance standards,

SACL believes that the Australian Government, through its administrative arm, has an obligation to enunciate proper standards and performance measures for the industry, particularly in the area of security. It is our understanding that internationally detailed standards are determined by regulators, which is in accordance with the expectations of ICAO and in particular Annex 17.

a.2 It has become apparent over the course of the last 18 months that D has lost some of its Aviation Security knowledge and expertise. It is understandable that individuals will move on, leaving a gap in skills and understanding. Unfortunately, this “drain” has occurred at a time when the Aviation Security environment, both globally and nationally, has faced significant challenges, not the least of which is regulatory reform and the acceleration of programs such as Checked Baggage Screening.

SACL considers that DoTaRS ought to hire in Aviation Security expertise, in order to follow the international model which sees regulators having established technical standards divisions. In the alternative, D could initiate strong collaborative links with foreign technical facilities, such as exist in the USA’s Transport Security Authority and the UK’s Department of Transport.

a.3 Neither of the submissions above should be interpreted as arguing for any reduction in the level of consultation which exists between DoTaRS and industry. Such is the complex nature of the business of airports and airlines that ongoing consultation is imperative to attaining satisfactory security outcomes. The well developed system whereby industry and Government meet quarterly to consult on all aspects of Aviation Security has served Australia’s travelling public very well, and should not be diluted in any respect. The recent convening of the new High Level Group is a favourable step in terms of strategic consultation, and bears testament to the value of the consultative process.

There have been a number of occasions where the level of consultation has been inadequate, a recent example being the tabling of the Aviation Transport Security Bill in March without any industry consultation on the document itself. To its credit,

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Sydney Airports

DoTaRS has embarked upon a particularly comprehensive consultative process for the Regulations, and we would hope that such inconsistencies do not occur in the future.

b. Compliance with Commonwealth security requirements by airport operators at major and regional airports

b.1 As the operator of Australia's largest airport, SACL submits that it complies with a comprehensive and balanced set of mandated security measures. Our compliance is regularly audited by DoTaRS, airlines, and international inspectors, and is continuously monitored by DoTaRS' regional inspectors and our own lead-auditor qualified staff.

SACL has a sound consultative relationship with DoTaRS, and with all security agencies who contribute to the multi-layered security environment at Sydney Airport.

c. Compliance with Commonwealth security requirements by airlines

c.1 Some aspects of the total aviation security regime require close cooperation between airlines and airports. SACL currently enjoys very close and collaborative working arrangements in the security area with our customer airlines, both local and foreign. So far as the airport regulatory environment is concerned, and to the best of our knowledge, airlines maintain a high level of compliance with mandated security obligations.

c.2 In relation to items a., b. and c. collectively, SACL expresses concern over the expressed intention of the Government (via the draft Aviation Security Transport Regulations) to introduce a demerit point system as a supposed "health check on industry" with regard to compliance.

This proposal presents significant anomalies and potential inequities, such as circumstances under which an airport operator would incur penalty points for the failure of an airline to meet its regulatory obligations. It will be extremely difficult to establish a standardised approach nationally, and has the potential to impact unfavourably on the insurance costs, share price and credit status of airports and airlines. Such a system will neither enhance standards nor support enforcement. The NSW WorkCover "Improvement Notice" system is submitted as an example of a much more effective enforcement process.

d. The impact of overseas security requirements on Australian aviation security

d.1 International requirements have a far greater impact on the operations of Australia's international airlines than on airports. It has, however, been necessary for Sydney Airport to re-configure gate lounges and provide special arrangements at check-in for some airlines in order to facilitate their compliance with requirements at destination ports.

Foreign requirements have the potential to impact on the perception of passengers, who will inevitably compare their security experiences from port to port.

e. Cost imposts of security upgrades, particularly for regional airports

e.1 Addressing the issue of cost firstly from the perspective of categorised airports, the SACL position remains firm that substantial components of aviation security infrastructure should properly be regarded as part of the national security infrastructure, and should therefore be funded out of the public purse.

While there is a host of international precedents for this viewpoint, locally there exists a disparity in funding policy between the 'border protection' security functions of customs, immigration and quarantine, and the 'flight safety' functions which are principally funded by a range of additional charges on passenger tickets, either directly or indirectly.

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It is clearly a matter of the national interest to provide funding for security measures which reduce the risk of terrorist acts from creating in this country the sort of carnage and impact which has been witnessed overseas over the course of the last 40 years, and culminating in the horror of the September 11 attacks. The potential impact to innocent bystanders, the sanctity of our towns and cities, and to the national economy, of an event in the order of magnitude of September 11, extends far beyond the airline passengers who currently pay for the counter-measures, and patently justifies a government-driven and funded approach.

Where security measures are infrastructure intensive, such as checked baggage screening, it is our submission that the Commonwealth should, at the very least, fund the capital component of the cost of compliance.

e.2 Security measures are formulated against threats which are assessed on the strength of overt experience, intelligence, and according to a highly developed system. They are also very expensive.

It is SACL's understanding that there is no current credible intelligence to justify the imposition of a dramatic increase in the cost of regional air services in order to provide security processes at regional airports comparable to those in place at the categorised ports. In the event of a change in the threat assessment leading to a justified elevation in regional security, it would be our submission that the cost should be borne by Government both in the national interest and for the practical preservation of regional air services, the viability of which would otherwise be severely threatened by significant increases in ticket prices.

f. Privacy implications of greater security measures

f.1 It is inevitable that the intensifying of screening treatments for passengers and baggage must impact upon the issue of privacy, be they technology-based or via human intervention. The stage will be reached where passengers must make a choice to either submit to security processes which compromise their privacy, or impact their travel options. Such a situation will have the potential, of course, to impact on the profitability of airlines and airports.

As a complementary measure, and perhaps partially instead of invasive processes, a regime of profiling of travelers is likely to be an important security tool in the future, both for inbound and outbound protection. To be fully effective, of course, a profiling process would entail the assembly of data on individuals, itself potentially an invasion of privacy and extending to more divisive social concerns.

g. Opportunities to enhance security measures presented by current and emerging technologies

g.1 The Committee will doubtless receive submissions from suppliers in relation to technologies. SACL would make just two points in relation to technologies. The point should be noted that no technology can or will provide 100% coverage against security threats, and all emerging technologies are expensive.

Your consideration of these submissions is encouraged.

SACL is prepared to make personal submissions before the Committee if invited to do so.

Yours sincerely,

/ Max Moore-Wilton AC

Chairman and Chief Executive Officer

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