

# *S3 Strategic Security Solutions*

Submission to Public Accounts and  
Audit Committee

Review of Aviation Security in  
Australia



23 July 2003

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### **Submission to the Joint Committee of Public Accounts and Audit**

### **Review of Aviation Security in Australia**

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## Executive Summary

Australia is a significant global and regional player in the aviation market with a high reputation for safety and security founded on an operating history free of major catastrophes or acts of unlawful interference.

Australia's engagement in the war against international terrorism has enhanced its standing among its like-minded allies, but has also lifted its profile as a target for terrorists. A target which terrorists could regard as being more vulnerable (than, for example, the USA or the UK) and thus of greater opportunity. Through Australia's roles in relation to Afghanistan and Iraq, and, more recently, North Korea and the Solomons, Australians are better informed of the pressing contemporary issues for Australia's security and the possible consequences of inaction. This should help strengthen support for rapid Government-led upgrading of security preparedness – both domestically and internationally – providing that it can be done in a cost effective fashion.

***“S3 is an Australia-based joint venture with more than 20 years experience in aviation security and counter-terrorism, which together with its strategic partners works with more than 130 international clients at over 90 airports around the world.”***

Strategic Security Solutions (S3) is pleased to respond to the Terms of Reference to the Review of Aviation Security in Australia with the aim of assisting with enhancement of the aviation security in Australia.

The Department of Transport and Regional Services (DOTARS) regulates and enforces security standards at all Australian airports, taking into account, more than ever, changing international standards and requirements. Airports and airlines are required to comply with these regulations in order to assure the safety and security of Australian and international visitors and cargo. (ANAO has identified compliance in both Departmental and industry weaknesses with existing regulations.)

In focussing on Australia's needs, the Review will no doubt take into account new and emerging apprehensions, experience, technologies, regulations and developing practices in the international marketplace – and especially in those countries which, like Australia, have cause to be alert to the intentions and resources of terrorists.

The international experience of S3 and its strategic partners indicates that comparatively minor changes or enhancements to existing Australian security systems and procedures in response to the discovery of procedural gaps and non-compliance may not be the answer to the new challenges and risks in today's security

environment and the importance of Australia retaining its reputation as a leader in aviation security. The aftermath of 9/11 in the USA illustrated, graphically, how one serious incident of exploitation of yesterday's systems (to which the ANAO report essentially refers) can change such a reputation in ways which can, apart from tragic loss of life and property, profoundly undermine hugely important industries such as tourism, education (i.e. international students) and aviation itself – as well as the people's trust in government.

S3 believes that an imaginative, longer term, approach is required.

This submission therefore describes a range of cost effective and innovative security measures that S3 and its strategic partners have already implemented internationally and which are of relevance to Australia's needs. Most of these have derived from the shock of 9/11 and a new vigour in government led reform, regulation and the need for tough and rigorous compliance regimes. S3 believes an integrated, cost effective, approach across all modes of transport and across all relevant government agencies will be required to properly identify and deal with the new level of threat to national security. This submission therefore also provides initial commentary on and ideas in relation to the issues involved and S3 would welcome an opportunity to provide the Review Committee with further details.

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# 1 Introduction

## S3 Strategic Security Solutions

S3 is an Australia-based joint venture with more than 20 years experience in international aviation security and counter-terrorism.

S3 and its highly skilled strategic partners works with more than 130 international clients at our 90 airports around the world assisting them to manage security control over hundreds of thousands of passengers in a cost effective manner, while meeting all government and corporate obligations in security compliance and reporting.

*S3 is able to work with governments, airlines and airport management to provide a complementary, but holistic, approach in the development of up to date aviation security and counter-terrorism solutions.*

S3 is able to work with governments, airlines and airport management to provide a complementary, but holistic, approach in the development of up to date aviation security and counter-terrorism solutions and provide the experienced personnel and internationally accepted technology to manage integrated physical security processes at airport terminals or other commercial locations.

## International Strategic Partners

S3's international strategic partners include:

- ICTS – International Consultants on Targeted Security
- Koor Industries
- MA-1 International Security

### **ICTS – International Consultants on Targeted Security**

ICTS was founded in 1982 and is a leading provider of state of the art technological solutions, consulting and training services to the international aviation security industry and homeland and counter-terrorism security.

ICTS consultants participate in many international forums in aviation security worldwide contributing to the US House of Representatives FA Com, TSA, FAA, INS Customs, UK DETR (Department of Environment, Transport and the Regions), Ireland's DPE (Department of Public Enterprise).

Since its inception ICTS International has developed and adapted its technologies and methodologies to the changing needs of the airline industry. The services and technologies are designed to enable its clients to meet security compliance of regulatory authorities

worldwide. ICTS shares are traded on the New York NASDAQ, and in 2003 the groups consolidated revenues were US\$250 million.

### **Koor Industries**

Koor Industries is an international trading company involved in the security, telecommunications, defence and agro-chemical industries.

Koor has been operating in Australia for 28 years and has offices in 15 countries worldwide. Koor's shares are traded on the New York Stock Exchange and the Tel Aviv Stock Exchange and has a net asset value of US\$635 million.

### **MA-1 – International Security**

MA-1 is an international security company providing professional training and all forms of personal security and counter-terrorism courses. MA-1 provides its services to the transport industry specialising in aviation, train, shipping and gas and fuel security. Its technological solutions for these industries has earned MA-1 recognition as a leader in its field of expertise.

### **Structure of the Submission**

The remainder of the submission is structured as follows:

- Section 2 outlines the regulatory framework and the associated pressures that we believe form an important backdrop to this review.
- Section 3 presents our submission in relation to TOR points a), b) and c) which relate to the current state of regulation and compliance.
- Section 4 discusses TOR point d) on the future direction of aviation security.
- Section 5 addresses TOR points e) and f) in relation to the implications of changing security requirements.
- Section 6 discusses a range of the opportunities presented by current and emerging technologies, as requested under the TOR.
- Section 7 presents a brief conclusion to the submission.

## 2 Context to the Review

### Understanding of the context to the review

*DOTARS is responsible for overseeing aviation security in Australia*

The Department of Transport and Regional Services (DOTARS) has regulatory responsibility for overseeing aviation security in Australia. The *Aviation Security Policy Branch* provides policy advice to the Commonwealth on aviation security, sets standards for aviation security measures, and tests, monitors and evaluates compliance with those standards, policies and procedures consistent with the *Air Navigation Act 1920* and the *Air Navigation Regulations*.

*But airports and airlines are ultimately responsible for aviation security*

DOTARS' responsibility for ensuring compliance does not remove the obligation of airports and airlines for the delivery of aviation security consistent with the service requirements and expectations of their clients and DOTARS.

In 1998 the Australian National Audit Office (ANAO) audited aviation security in Australia culminating in 14 recommendations to strengthen Australia's aviation security regime.

Following 9/11, aviation security, globally, and the perceptions of potential for further catastrophe underwent a profound transformation. Accordingly, the ANAO conducted a follow-up audit of the key areas of the 1998 recommendations.

*This review offers an opportunity for industry input on aviation security issues*

Consequently, the Joint Parliamentary Committee of Public Accounts and Audit is expanding its review of Audit Report No. 26, 2002-2003, *Aviation Security in Australia*, Department of Transport and Regional Services. The review is designed, in part, to address the recommendations of the ANAO report, but also offers the opportunity for industry input in relation to wider aviation security issues.

### Understanding the pressures on the regulatory environment

*Australia's exposure to terrorist related risk has changed since 9/11*

Australia is a significant global and regional player in the aviation market with a reputation for safety and security founded on an operating history free of major catastrophes or acts of unlawful interference. Australia's important role in geo-political events has changed the nature and scope of terrorist-related risks to Australia.

Following 9/11, the risks and the consequences of acts of unlawful interference have been raised to a much higher level of community



awareness. These issues are now of global economic, political and social concern. 9/11 heightened community concern in relation to the risk of terrorism as well as to more general perceptions in relation to safety and security. The demand for air travel is highly dependent on confidence in the aviation system.

***Australia has an opportunity to be at the forefront of counter terrorist and general security preparedness***

Our view is that the new security environment offers an opportunity to re-position Australia at the forefront of counter-terrorist and general security preparedness. But we believe a long-term perspective is required; that remedial measures would be inadequate. What is required is the setting of long-term goals of aviation security and appropriate funding to achieve cost effective outcomes.

We would be pleased to work with the Committee to provide a detailed assessment of the risks and a detailed assessment of the opportunities for the enhancement of security outcomes.

Since 9/11, airport and airline security provisions have changed dramatically internationally and different approaches have been taken.

The US approach, through the Aviation and Transportation Security Act of 2001, makes airport security a direct Federal responsibility through the Transportation Security Administration (an administration of the Department of Transportation) and the Transportation Security Oversight Board (TSOB). The 'model' is currently highly labour intensive and search orientated. However, the duties of the TSOB are expected to develop and extend to the detailed profiling of passengers and the use of more cost effective technologies over time. The duties of the TSOB are to:

- 1 "review and ratify or disapprove any regulation or security directive issued by the Under Secretary of Transportation for security under section 114(1)(2) within 30 days after the date of issuance of such regulation or directive;
- 2 "facilitate the coordination of intelligence, security, and law enforcement activities affecting transportation;
- 3 "facilitate the sharing of intelligence, security, and law enforcement information affecting transportation among Federal agencies and with carriers and other transportation providers as appropriate;
- 4 "explore the technical feasibility of developing a common database of individuals who may pose a threat to transportation or national security;
- 5 "review plans for transportation security;
- 6 "make recommendations to the Under Secretary regarding matters reviewed under paragraph (5)."

***There is a global trend towards integrated security perspectives***

Importantly, these roles extend well beyond aviation security and adopt an integrated perspective.

The approach to aviation security should be mindful of changes in international regulatory and policy approaches (including Air Service Agreements), commercial pressures and community views. Solutions are required that improve security outcomes by reducing real and perceived threats in a cost effective manner.

For example, the approach in the US, and elsewhere, should be seen in the context of multilateral reform. Annex 17 of the Chicago Convention has been under continuous review since 9/11. Changes to the Standards and Recommended Practices (SARPs) are important and should be taken into account. Issues of compliance raised in the Inquiry should be considered in light of these changes.

The main objective of ICAO's technical aviation security programme is to assure the safety of passengers, crew, ground personnel and members of the general public by first attempting to deny offenders access to aircraft. We believe that in the Australian context, control of access to secure airport areas and a focus on baggage and cargo handling are also imperatives.

***For Australia this is particularly relevant in the consideration of aviation security at regional and international airports***

The broader debate in relation to aviation security has raised important domestic issues in the Australian context including differences in security arrangements and passenger processing between regional domestic airports and international airports.

The pressure to improve security cannot be considered outside of the context of commercial and fiscal constraints. An important issue concerns the ability to enhance security outcomes while improving cost effectiveness. The incidence of increased security costs, or who pays, is a critical issue. All stakeholders: customers; airlines; airports; and Government, have expressed concerns in relation to the incidence of costs and the implications for the sector.

S3 believes that aviation security should be seen as a sub-set of the broader imperative of enhancing and protecting Australia's economic and social infrastructure.

### 3 The Current State of Regulation and Compliance

The following section concerns parts a), b), and c) of the TOR relating to the current state of regulation and compliance of aviation security.

#### (a) Regulation of aviation security by the Commonwealth Department of Transport and Regional Services

We understood the roles and responsibilities of DOTARS and we have examined the two ANAO reports (of 1998 and 2003) and associated recommendations.

DOTARS is responsible for the setting of security standards and monitoring industry compliance.

*This model has delivered effective and efficient national and international security outcomes.*

Approval of DOTARS is required before an airport or airline can operate in Australia. The Australian Government regulatory model requires DOTARS to hold airports and airlines to account for the actions of their contractors and employees. This model has delivered effective and efficient national and international security outcomes, which with the use of upgraded technological systems will provide ongoing security for the traveling public.

S3 assistance in DOTARS' response to ANAO's recommendations could include the following:

- **Cargo security programs**  
Our strategic partner (in 1996) was one of the first companies to offer 100% Hold Baggage Screening(HBS) at Gatwick, Birmingham, Stansfield Airports and currently holds numerous contracts internationally for 100% HBS
- **Information systems for tracking and analysing breaches**  
Our strategic partners are currently operating interfaces between their IP@SS, HBS, APS and TravelDoc systems to log, report and analyze all breaches.
- **Management and human resources accountability**  
In our provision of enhanced aviation security and training services in many international airports, working closely with the FAA/TSA and DTLR accountability is of paramount importance.

- **Education**

Our strategic partners currently provide approximately 50 Aviation Security Training courses internationally, and design client specific courses to meet any requirements.

Since 1986 our strategic partner ICTS has been involved in many turnkey training projects. For example American Airlines (AA) asked ICTS to establish a comprehensive integrated aviation security concept for its international network. This constitutes the AA International Security Program, which included writing of procedures, recruitment and training of international security personnel in six European cities as well as two major hubs in the US. At that time, ICTS conducted some 25 training classes all within a two-week period, encompassing Security Agents, Cargo Security Agents, Lead Security Agents and International Security Coordinators, and including on-the-job training. ICTS completed the entire comprehensive project within a time span of 90 days as requested by AA.

- **Performance requirements**

S3 and its strategic partners are providing integrated electronic security solutions to 75 international and domestic carriers from 40 locations worldwide assisting them to manage thousands of passengers in a cost effective manner and to meet their obligations in security compliance and reporting.

Among the latest innovations is the introduction of the Advanced Passenger Screening system (APS), which can be employed to computerise standards and provide automatic reporting procedures set by various regulatory bodies, in addition to its use for pre-screening of high-risk flights.

*Partnering arrangements with the private sector would provide a timely and cost effective way of achieving the outcomes.*

DOTARS' implementation of the requirements of the ANAO report may be difficult and time consuming. Partnering arrangements with the private sector would provide a timely and cost effective way of achieving the outcomes required.

By way of explanation we would like to highlight several international examples whereby partnerships between Government and the private sector have led to enhancement in aviation security.

- In July 1999 our strategic partner, ICTS, signed a Cooperative Research & Development Agreement with the Federal Aviation Administration, involving a pilot project using APS Cargo. This agreement supports the establishment of an ICTS research

program for air cargo security profiling, to be conducted with a major US carrier.

- After having observed our strategic partner, ICTS's, operations in Europe, the US House of Representatives Committee on Foreign Affairs invited ICTS to testify in Washington, D.C. on the subject of Aviation Security.
- ICTS won the professional recognition of government authorities such as the US FAA/TSA, the UK DETR (Department of the Environment, Transport and the Regions), and Ireland's DPE (Department of Public Enterprise). As a leader in the field, it is often invited to participate in trade conventions and conferences. In addition, ICTS was asked to participate as one of the founders of the Asian International Security confederation.

***Compliance with the laws concerning the individual's right to privacy.***

- In 1998/9, the Dutch Ministry of Justice grants a permanent license for APS operation on Northwest/KLM flights out of Schiphol. This followed a comprehensive check of aspects related to professional level and to compliance with the laws concerning the individual's right to privacy.
- In April 2002 ICTS was requested by the TSA take over the security operations at multiple USA airports. The security in six locations was taken over in a single day and upgrade enrichment courses were conducted to more than 700 screening personnel. The course-included material covering aspects such as threat to civil aviation, correct screening techniques, security directives, information circulars, teamwork, etc.

***Significant international changes are occurring that may be applicable to Australia.***

In addition to strengthening the current regulatory process – including through the ANAO recommendations - there are significant changes occurring in regulatory structures and processes internationally that may be applicable to the needs of the Australian aviation industry.

For example, the importance of verifying that airline passengers' travel documents meet the requirements prior to departure is now greater than ever before, due to the heavy financial burden borne by airlines flying passengers with documentation that does not comply with regulations, consisting of fines and the payment of all direct and indirect expenses related to flying these individuals out of the country; the growing phenomenon of illegal immigration; and security related concerns following the 9/11 events.

**(b) Compliance with Commonwealth security requirements by airport operators at major and regional airports**

*Lack of complete passenger and baggage screening at regional airports is an identified issue.*

An identified issue in Australian Aviation Security is the inconsistency and in some cases the lack of complete passenger and baggage screening at regional airports, which may allow unscreened passengers to enter secure areas in major airports. Recently temporary processes have been implemented to overcome this problem, but, a long term cost effective solution is required. This needs to be mindful of economics of service provision in the low passenger volume regional airports.

The measurement and reporting of industry compliance with regulations is of concern to both the industry and the regulators. It is often argued by the airline industry that they are “self compliant” as it is in the airlines commercial interest to be seen as a safe and secure provider. S3 has observed this practice operating successfully internationally, although within a structure where the regulators have set strict benchmarks and quality assurance guidelines for the providers to work within.

S3 can also quote from a successful experience with its strategic partner ICTS in Argentina, where a security solution was provided to Aeropuertos Argentina consisting of over 33 airports varying from international to regional. This solution met all the Argentinean authorities’ regulations and provides regular quality assurance audits and electronic reporting against all compliance benchmarks.

*Ensuring that the regulator is receiving timely and accurate compliance reporting.*

The international experience of S3 and strategic partner has shown that our programmes of quality assurance audits, security surveys and continuous improvement training assists in identifying problem compliance areas allowing them to be addressed, and ensuring that the regulator is receiving timely and accurate compliance reporting.

**(c) Compliance with Commonwealth security requirements by airlines**

Australian airlines are justifiably proud of their safety record and their belief in their ability to self regulate. But this does not necessarily indicate that they are as well equipped as DOTARS to keep up with new regulatory challenges and imperatives.

The current international climate of terrorism, illegal immigration and conflict removes the argument for self regulation and underlines the relevance of a strong Government regulatory body – able to devise and enforce stringent compliance and reporting regimes.

There appears to be a lack of sophistication in electronic reporting in the airline industry, making it difficult for the regulator to measure the effectiveness of its requirements.

S3 and its strategic partners are providing integrated electronic security solutions to 75 international and domestic carriers from 40 locations worldwide assisting them to manage thousands of passengers in a cost effective manner and to met their obligations in security compliance and reporting.

Among the latest innovations is the introduction of the Advanced Passenger Screening system (APS), which can be employed to computerise standards and provide automatic reporting procedures set by the regulators, in addition to its use for pre-screening of high-risk flights.

## 4 Future Directions

The following section addresses part d) of the TOR relating to the future direction of aviation security in Australia resulting from overseas requirements.

### **(d) The impact of overseas security requirements on Australian aviation security**

*Australian airlines and airports must be seen to provide strong security services.*

It is important commercially for airlines and airports to be perceived as providing strong security services within the framework of overall customer service. This has been achieved by S3 and its partners' technological solutions being run in pilot projects in Newark, Amsterdam and Gatwick international airports, and because of the success of the pilot projects, negotiations are currently under way for full system implementation. The system is currently operating successfully in Argentina in 33 regional domestic and international airports which is similar in scale to Australian operational requirements.

S3 designs security plans and programs so as to maintain their validity over the long term. We execute periodically scheduled security tests and drills, and keep security systems up to date. We monitor changes in risk environments, and apply new technological solutions as required.

The aim is to allow the client to conduct its day-to-day operations without intervention to critical time schedules or customer service patterns. Our methods integrate specially qualified staff, targeted efforts, state-of-the-art equipment, and innovative research into mass psychology and the terrorist factor.

S3, with its international partners, continues to introduce important refinements and develop new products and models, which are critical to combating the latest techniques of terrorism.

*The major gaps between overseas security practice and Australian practice appears to be the lack of passenger profiling and 100% hold baggage screening.*

S3's preliminary perception of the major gaps between overseas security practice and Australian practice appears to be the lack of passenger profiling and 100% hold baggage screening. There is the potential for the process in Australia to be held to account if these apparent flaws in the system are not remedied (or at a minimum brought to international best practice).

There is a clear need to improve security *outcomes* not simply adopt processes and standards. Taking this holistic approach is essential to



ensuring that cost effective and security enhancing outcomes are achieved. Well planned and well executed implementation processes are necessary to achieve such outcomes. We would be happy to provide further information on effective implementation at the public hearing.

***S3 and its partners actively participate in international forums on aviation security.***

S3's strategic partners have an international reputation within the aviation security industry and our consultants actively participate in a variety of international forums on aviation security and related topics.

The US House of Representatives Committee on Foreign Affairs invited ICTS to testify in Washington, D.C. on the subject of Aviation Security which heightened the professional recognition of our strategic partner by government authorities such as the US FAA/TSA, the UK DETR (Department of the Environment, Transport and the Regions), and Ireland's DPE (Department of Public Enterprise).

As one of the founding members of the Asian International Security Confederation, and member of the UK DETR Air Cargo Issues Group, ICTS also conducted seminars on security subjects for high-level representatives of the government of the Netherlands.

***S3 is well aware of the impact of changes in international regulations.***

Since 9/11, one of S3's strategic partners has been closely involved with the US, FAA/TSA so we are well aware of the worldwide impact of the changes in regulations.

The need for airlines to meet the new regulations is mandatory if they wish to use American airports, which has had the effect of airlines meeting these changes or losing a large percentage of their business.

S3's Advanced Passenger Information System (APIS) Solution is certified by SITA for use on its airports network. This facilitates the requirements of the US Transportation Security Act, which mandates all international air carriers to transmit data to the U.S. Customs about passengers and crew members on inbound flights, prior to their arrival in the U.S., as well as on outbound flights, at extremely high levels of accuracy.

The technological advances made by S3 and partners and approved by the FAA/TSA provide cost effective solutions to meet the threat of terrorism in both domestic and international airports and airlines, and assists regulators by measuring and reporting against predetermined benchmarks.

## 5 Implications

Given the impact of overseas security requirements on Australia, it is expected that significant upgrades in security will be required. The following section addresses TOR points e) and f) in relation to potential cost and privacy implications.

### (e) Cost imposts of security upgrades, particularly for regional airports

Our involvement with the Australian domestic and international airlines and airports suggests the following key issues in relation to any cost increases for security upgrades:

- The key stakeholders (airlines, customers, airports and the Government) are all reluctant to pay to recover the full cost of security provisions. This is consistent with the fact that the benefits are shared and some of the benefits are avoided costs which can be difficult to value.
- As suggested previously, there are significant economies of scale in the provision of enhanced security. As such there may be some benefits in spreading costs of enhanced security across the entire 'task'.
- This is not a 'static' one-off question of equalizing Australian and international security standards and processes. Sufficient resources should be devoted to promoting continuous improvement including enhanced reporting, monitoring and communications processes.
- We concur with the approach of adopting rigorous and sophisticated risk management processes that consider security risks, implications and trade-offs. As an example, detailed object-orientated screening may have more cost effective and equally effective alternatives, such as passenger profiling techniques.
- The cost of security upgrades should be considered in terms of the *net* costs. There are many benefits that offset the costs, which should be fully appreciated.
- S3 and its international partners have attracted worldwide recognition as the leaders in their field due to the high level of performance and implementation in all relevant areas (and

*There may be some benefit in spreading the cost of enhanced security across the "task".*

particularly in the specialized disciplines), as well as the provision of ongoing services. An example of our ongoing commitment to research and development in all facets of the aviation industry a Cooperative Research & Development Agreement was signed with the Federal Aviation Administration, involving a pilot project using APS Cargo. This agreement supports the establishment of a research program for air cargo security profiling, to be conducted with a major US carrier.

- Ultimately the cost of security upgrades needs to be minimised. This will require infrastructure providers to work with partners that have relevant implementation experience, and appropriate research and development capabilities, to optimize both the upgrade and the implementation process.
- In assessing approaches to enhancing security, the trade-off between capital expenditure and ongoing operating expenditure must be considered to consider the total costs of alternative.
- Finally, consumer choices and preferences need to be well understood and fully incorporated in security upgrades.

**(f) Privacy implications of greater security measures**

*The traveling public's co-operation and understanding will be needed as any new system is introduced.*

The introduction of any type of new security measures will impact on the key stakeholder in the airline industry – the travelling public - and it will be vital to ensure their co operation and understanding is obtained as any new system is introduced.

It will be important to recognize each individuals right to privacy and increased security requirements which must flow from new systems are likely to impinge on this right, thus potentially causing delays and issues as increased security and questioning is introduced.

A key aspect in the introductory process will be to ensure an effective communication process is developed which outlines why improved security is being introduced and gains the support and cooperation of all stakeholders.

While security in Australia has been increased in the wake of incidents that have occurred overseas in the last few years, the Australian domestic traveller is not subjected to the rigorous and lengthy security inspections currently in place in the US and Europe.

Civil rights groups will monitor the introduction of any new process and will react negatively if it appears to overstep the mark and create

an invasion of the privacy that is now a key part of all business transactions.

S3 and its strategic partners have extensive experience in this key area and have successfully introduced new security processes in major airports in the US and Europe and have dealt effectively with the related privacy issues and gained the support of the traveling public in those countries.

***The IP@SS security system is ideally suited for the Australian domestic market.***

The IP@SS security system is among those that S3 would put forward as being suitable for the Australian market and during its introduction in the US and Europe it was found that it did not compromise airline passengers' privacy in any way, as it does not store information that can lead to discrimination.

The passenger data is stored on a smart card issued to each enrolling passenger and remains in his or her possession. System operators cannot access the information and transfer it to other parties.

In Holland, the Dutch Ministry of Justice granted a permanent license for APS operation on Northwest/KLM flights out of Schiphol using the system. This followed a comprehensive check of aspects relating to compliance with the laws concerning the individual's right to privacy.

***The communication between the smart card and the reader/writer is performed in a secure and encrypted way.***

The IP@SS biometric identification technology currently used by pilots at Newark Liberty and Ezeiza International Airports is the two-fingerprint technology, which is preferred by regulators in the USA and Europe. The communication between the smart card and the reader/writer is performed in a secure and encrypted way, using 3DES encryption.

S3 is confident that any security program and technology it introduces into the Australian market will be accepted and that it has in place a public communications program that will ensure the Australian traveller will welcome any new system provided it offers that extra element of security to any flight or trip they may embark on.

## 6 Opportunities

### (g) Opportunities to enhance security measures presented by current and emerging technologies

*Regional airport security can be achieved in a cost effective manner using modern technology and co-operation of the airlines.*

S3 believes it can provide a cost effective comprehensive plan and implementation program to overcome one of the gaps in Australian Aviation Security. The plan would provide security profiling and screening through regional airports into secure passenger-only transit lounges in major airports. This can be achieved in a cost effective manner in lower passenger ports by the use of S3 technologies and the cooperation of airlines servicing these airports.

A key issue for the airline and airport industry is the time taken by airline customers to progress through the security process. This can be significantly improved by using a number of technological solutions such as:

- Passenger Profiling of frequent flyers/airlines club members using a voluntary 100 point system (similar to banks) allowing fast clearance.
- Security screening of passengers only into secure transit lounges prior to departure.

These measures, combined with S3's technological solutions will, through lower numbers of persons to be screened, simplify security procedures, speed up the process and allow better reporting and higher level risk management.

## 7 Conclusion

*S3's international expertise can add value to the development of effective aviation security in Australia.*

S3 and its partners bring together a broad range of trusted international expertise with experience in all facets of aviation security.

We believe this experience can add significant value. We have expressed throughout the submission our commitment to improving global aviation security and would like to invite the committee to take advantage of our international experience through the provision of additional information at the public hearing.

We have already seen and contributed to the benefits available from a review of this nature through our very significant involvement with the US Government, regulators and government departments charged with redesigning the aviation security systems in the US.

Finally, we expect that this submission will illustrate a basis for a long-term relationship by S3 with the Australian aviation industry - forming an important part of improved global aviation security.