

Introduction

- 1.1 On 24 June 2004 the then Committee Chairman, Mr Bob Charles MP, tabled the Joint Committee of Public Accounts and Audit's (JCPAA) *Report 400: Review of Aviation Security in Australia*.
- 1.2 The review arose from the Committee's statutory obligation to review reports of the Auditor-General, namely Audit Report No. 26, 2002-03, entitled *Aviation Security in Australia*, which was tabled in January 2003. Mr Charles stated that:

Overall, the Committee is satisfied that the standard of security at Australia's airports and on aircraft is sufficient to meet the current threat environment. From time to time there will be security incidents triggered by circumstances at various layers in the system. Sometimes an incident which may appear trivial to the casual observer will cause major disruption. The Committee believes this shows aviation participants are taking their security responsibilities seriously.¹
- 1.3 The Committee made five recommendations that aimed at:

clarifying the interaction between the newly created Australian government airport security committees and existing airport security committees; strengthening the regulations by the inclusion in them of the non-negotiable aspects of the security framework; improving the procedures

1 House of Representatives, *Hansard*, p. 31564.

for the return of expired aviation security identification cards; broadening security awareness training to cover everyone who has access to security-controlled areas at airports; and maintaining the positive security culture through the introduction of educational measures aimed at promoting a robust security culture.²

1.4 The five recommendations were:

- when an Australian Government security agency committee is established at a particular airport, the Department of Transport and Regional Services should be responsible for establishing a memorandum of understanding between the Government security agency committee and the corresponding airport security committee;
- the requirement for airport security committees and other essential requirements for aviation security programs should be defined in the *Aviation Transport Security Regulations 2004*;
- the Department of Transport and Regional Services should set a performance standard for the return of expired Aviation Security Identification Cards (ASICs) for each card issuing body. If this standard is not met, the department should review the mechanisms for ASIC return in the issuing body's ASIC program and require change if considered necessary;
- the Department of Transport and Regional Services should require aviation participants to include in their transport security programs compulsory initial and ongoing security awareness training for airport security identification card holders who have not received security training as part of their normal duties; and
- the Department of Transport and Regional Services should ensure that the security programs of aviation industry participants include educational instruments designed to promote an appropriate attitude to security and, through this, a robust security culture.

1.5 The Government agreed to all five recommendations of the Committee by way of an Executive Minute dated 14 December 2004 from the Department of Transport and Regional Services (DoTaRS).

1.6 In response to the Committee's recommendations in *Report 400*, DoTaRS:

2 House of Representatives, *Hansard*, p. 31564.

- established Australian Government Agencies Airports Security Committees (AGAASCs) in major Australian international airports and reported that working arrangements between individual AGAASCs and Aviation Security Committees were being developed;
 - included requirements for Aviation Security Committees in the proposed *Aviation Transport Security Regulations 2005* (ATSRs);
 - included requirements for bodies authorised to issue ASICs to identify mechanisms to retrieve expired ASICs in the proposed ATSRs;
 - included requirements that Transport Security Plans (TSPs) set out mechanisms to provide general security awareness to operational staff, including details of key training requirements in proposed ATSRs;
 - required that all screening officers must:
 - ⇒ obtain a nationally recognised qualification – a Certificate II in Security (Guarding); and
 - ⇒ undergo an initial 40 hour on the job training and recurrent training requirements.³
- 1.7 On 25 May 2005 the JCPAA resolved to inquire into and report on developments in aviation security since *Report 400*.
- 1.8 The Committee readopted the seven terms of reference that it established for its previous inquiry into aviation security and added an eighth reference identifying:
- procedures for, and security of, baggage handling operations at international, domestic and regional airports, by both airlines and airports.
- 1.9 The additional term of reference was adopted in light of allegations and reports of organised criminal activity within some sectors of the aviation industry in Australia.
- 1.10 In December 2005 the Committee tabled an interim report of the inquiry.⁴ The interim report was tabled to enable the Government to take the Committee's views into account, when developing strategies

3 DoTaRS, *Executive Minute on Joint Committee of Public Accounts and Audit Report 400 Review of Aviation Security in Australia*, 14 December 2004.

4 *Report 406: Developments in Aviation Security Since the Committee's June 2004 Report 400: Review of Aviation Security in Australia – An Interim Report*.

to implement recommendations made by the Rt Hon Sir John Wheeler DL in his review of airport security and policing.

- 1.11 The Committee made the following recommendations in its interim report. These recommendations are re-examined as appropriate in this report:
- That the Department of Transport and Regional Services amend the *Aviation Transport Security Regulations 2005* to require all checked baggage to be issued with weight certification at the time of check in.
 - That the Department of Transport and Regional Services amend the *Aviation Transport Security Regulations 2005* to require that all rubbish receptacles within Counter Terrorism First Response airports and their designated precincts be designed so as to prevent the concealment of any item that is otherwise prohibited to be left unaccompanied.
 - That the Department of Transport and Regional Services amend the *Aviation Transport Security Regulations 2005* to require that all Visitor Identification Cards carry photographic identification of the card holder.
 - That the Department of Transport and Regional Services further tighten *Aviation Transport Security Regulations 2005* to mandate that all employees, contractors and subcontractors who are required to work in secure airside areas, whether on an infrequent basis or not, obtain an Aviation Security Identification Card before commencing employment.
 - That authorised issuers of Visitor Identification Cards be required to keep records of who, when and for what purpose Visitor Identification Cards are issued and that these records be subject to annual audit by the Attorney-General's Department.
- 1.12 DoTaRS wrote to the Committee in February 2006 with the following advice on the status of these recommendations:

DoTaRS has commenced a dialogue with industry in relation to the recommendations of the report, particularly through the Aviation Security Advisory Forum.

I note that the interim report contains nine recommendations, falling into two categories.

Review of Aviation Transport Security Act and Regulations

The Office of Transport Security, within the Australian Government Department of Transport and Regional Services, is currently undertaking a review of the *Aviation Transport Security Act 2004* and the *Aviation Transport Security Regulations 2005*... The Act and Regulations cover complex operational requirements for both airports and airlines. Further amendments to the Act will be progressed following examination of costs and improvements associated with the proposed amendments and industry consultation.

Visitor Identification Cards / Aviation Security Identification Cards

The Office of Transport Security is in the process of reviewing the system mandating the issue and management of Aviation Security Identification Cards and Visitor Identification Cards.

A number of the recommendations in this category are already in place. For example ... Regulation 6.23 of the *Aviation Transport Security Regulations 2005* states that issuing bodies must maintain a register of all Visitor Identification Cards issued, and that aviation security inspectors must be permitted to inspect the register upon request.

Concerning Recommendation 9, in October 2005, the Office of Transport Security wrote to all registered pilots in Australia to provide them with a CASA application enabling pilots to apply for the background checking for a pilot's licence and an ASIC on the one form.⁵

- 1.13 The Committee looks forward to receiving responses to the outstanding recommendations of *Report 406* together with responses to the recommendations contained in this final report.

The aviation security environment in Australia since June 2004

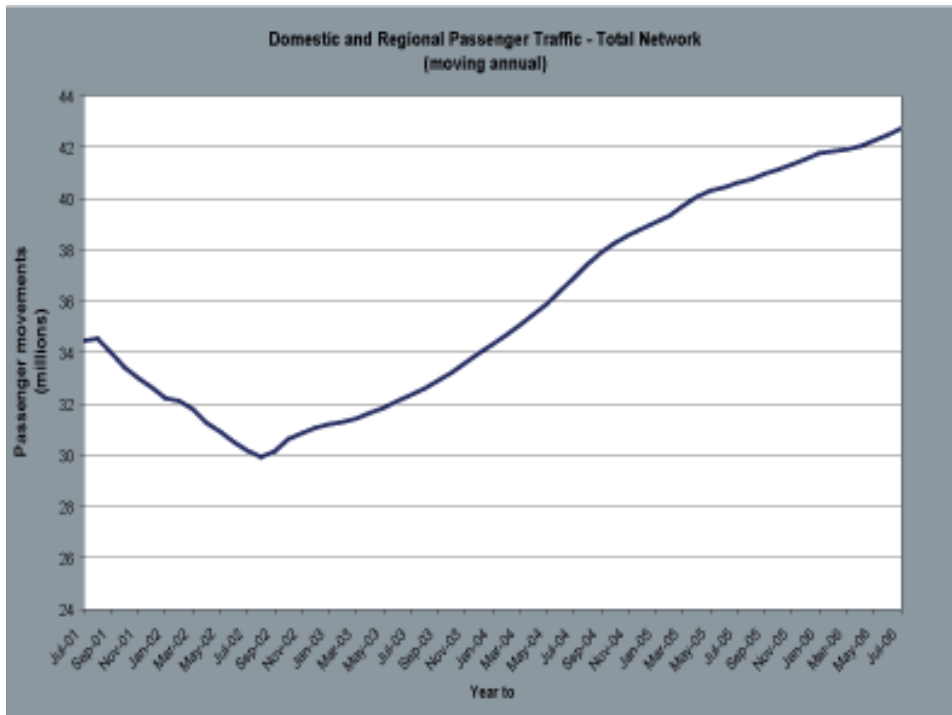
- 1.14 As the Committee noted in its *Report 400*, the threat environment faced by the Australian aviation industry, which services approximately 50 million international and domestic passenger

5 DoTaRS, *Correspondence*, February 2006.

movements each year, is very different from that of just a few years ago.

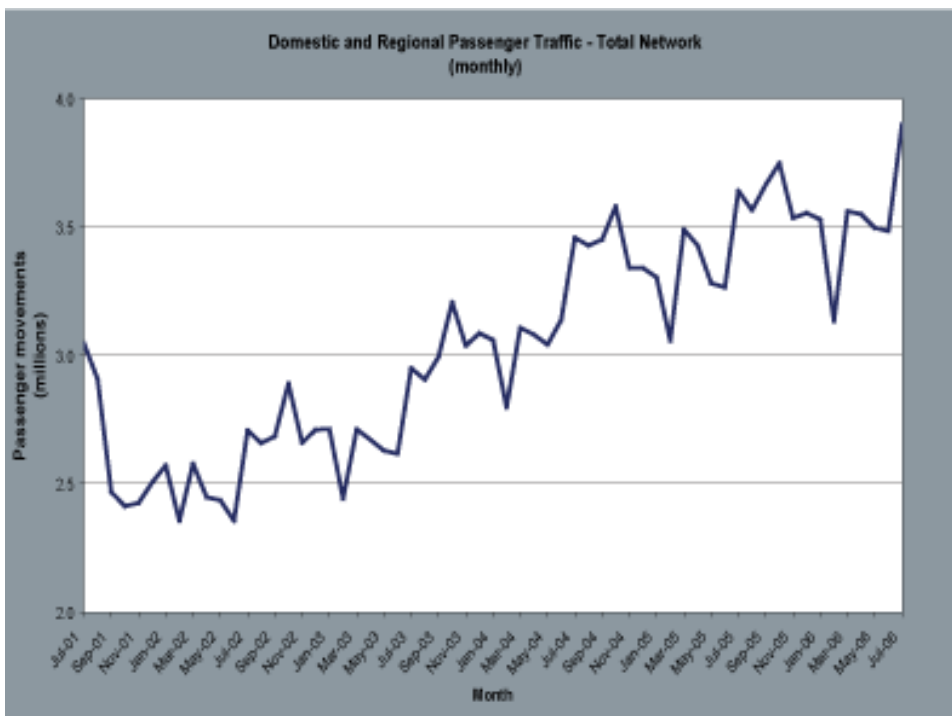
- 1.15 The terrorist attacks of 11 September 2001 in New York and Washington dramatically altered the international and domestic aviation environment. *Report 400* found that since those events, the global aviation community has existed in a state of continuing alert. The August 2006 alleged plot to detonate explosive devices on international flights out of London indicates that the level of threat has not diminished in the two years since the report was tabled.
- 1.16 The Wheeler Review found that there is a high degree of sensitivity by the Australian public with regards to aviation and airport security, a particular concern relates to the exploitation of vulnerabilities by terrorists. The Committee considers that public confidence in the ability of all Australian governments to deflect or respond to threats to aviation is a fundamental function of an effective aviation security regime. The Australian Government's continuing implementation of a robust aviation security framework is critical to addressing community concerns, the viability of the aviation industry and the national interest.
- 1.17 Figures 1 and 2 show that while the aviation security environment has presented cause for concern immediately following the crisis of September 2001, measures adopted in Australia appear to have supported the restoration of public confidence.

Figure 1.1



Source Bureau of Transport and Regional Economics
[\[http://www.btre.gov.au/statistics/aviation/domestic.aspx\]](http://www.btre.gov.au/statistics/aviation/domestic.aspx)

Figure 1.2



Source Bureau of Transport and Regional Economics
[\[http://www.btre.gov.au/statistics/aviation/domestic.aspx\]](http://www.btre.gov.au/statistics/aviation/domestic.aspx)

- 1.18 Following *Report 400* and the Wheeler Review, the Australian Government has undertaken a number of measures to strengthen aviation security. This includes passage of the *Aviation Transport Security Act 2004*, expanding the roles and functions of intelligence, regulatory and enforcement agencies and the commitment of significant additional resources to these agencies.
- 1.19 In September 2005, almost \$200 million was allocated to initiatives such as establishing Joint Airport Investigation Teams at Sydney, Melbourne, Brisbane, Adelaide and Perth airports, the upgrade of Customs Closed Circuit Television (CCTV) capabilities, strengthened air cargo security arrangements, and further tightening of checking and processing arrangements for the issue of ASICs. Additional funding of \$242 million was provided in the 2006-07 Budget, to ensure safer Australian airports, with highly trained police officers deployed to address criminal threats. The Committee considers that this increased funding demonstrates a commitment by the Government to ensuring airport and aviation security, and is an appropriate response to the current level of threat. The Committee also acknowledges that there has been a significant effort on the part of private industry to implement aviation security reforms.
- 1.20 DoTaRS stated that:
- The newly strengthened Australian regime is as good or better than aviation security regimes in other parts of the world. The measures that the government has introduced have resulted in an aviation industry with tightened security requirements that put Australia on par with other industrialised nations such as the United States of America, the United Kingdom and Canada.⁶
- 1.21 Notwithstanding these positive initiatives on behalf of the Government to improve aviation and airport security, the Committee considers that there are a number of areas where further improvements can be made. The Committee, in this report and the interim report of the inquiry, has identified areas and made recommendations where these improvements can be made to strengthen Australia's aviation security environment. In doing so, the Committee has been mindful of the delicate balance that needs to be struck between the right of Australians to affordable and convenient
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6 DoTaRS, *Submission No. 52*, p. 6.

air travel, ensuring security, and deploying resources to appropriately address areas of highest risk.

- 1.22 For the purposes of this report, the aviation security environment in Australia consists of three components:
- vulnerabilities to criminality in the aviation industry;
 - lapses in aviation security measures;
 - preventatives to criminal activity in the aviation industry and lapses in aviation security systems by Australian governments and industry participants.

Vulnerabilities to criminality in the aviation industry

- 1.23 The Committee reopened its inquiry into aviation security amid allegations of embedded criminal behaviour in the aviation industry. These included:
- allegations that marijuana had been planted in Ms Schapelle Corby's baggage as part of drug smuggling activities involving some baggage handlers;⁷ and
 - reports that baggage handlers at Sydney International Airport were involved in cocaine smuggling.⁸
- 1.24 Since the reopening of the aviation security inquiry, there have been further claims, investigations and findings of criminal activity by staff of major aviation participants including:
- reports in the media that an internal review by the Australian Customs Service (Customs) contained claims of drug smuggling and theft from airline passengers by aviation industry staff at Sydney Airport;⁹
 - the conviction of a Qantas baggage handler for informing a cocaine supplier that the drug had been found in his baggage;¹⁰

7 'Evidence may Clear Corby of Drug Smuggling', *Sydney Morning Herald*, 17 March 2005, p. 3.

8 'Airport Link to Cocaine Arrests', *Sydney Morning Herald*, 10 May 2005, p. 1.

9 'Airport Staff "Smuggling Drugs": Secret Customs Report Exposes Links', *Australian*, 31 May 2005, p. 1; 'Secret Customs Report Reveals Major Security Breaches: Drug Convict on Frontline', *Australian*, 1 June 2005, p. 1.

10 AAP, 'Former Baggage Handler gets Home Detention', 4 April 2006.

- reports that Customs CCTV cameras had been redirected away from baggage handling operations at Sydney Airport on three occasions between October 2004 and May 2005;¹¹ and
- charges that a Qantas flight attendant smuggled between one and two kilograms of methamphetamine into Perth Airport.¹²

Reported breaches of aviation security systems

1.25 In addition to published evidence of criminal activity at airports, the Committee was concerned about media reports of lapses in aviation security practices. These included:

- the recall of a Korean passenger airliner two hours into its flight from Sydney after the checked baggage of a passenger, who had tested positive for explosive residue, was loaded on board without being screened;¹³
- media reports including:
 - ⇒ many airside workers at airports did not have ASICs after the Australian Security Intelligence Organisation (ASIO) was ordered to re-screen all ASIC holders;¹⁴
 - ⇒ that as many as 20 percent of security screeners at Sydney Airport were bypassing background security checks by using day passes;¹⁵
 - ⇒ that a man who was investigated by the Australian Security Intelligence Organisation (ASIO) over involvement in a suspected terror training camp was involved in the construction of major infrastructure at Sydney Airport;¹⁶
- revelations that a convicted cocaine dealer was given full security clearance to work as a Qantas baggage handler and did so for four years.¹⁷

11 AAP, 'Cameras at Sydney Airport Baggage Area Sabotaged: MP', 6 April, 2006.

12 AAP, 'Qantas Flight Attendant Charged with Trafficking Drugs' 12 April 2006.

13 'Review to Determine Grounding', *Australian*, 9 July 2004, p. 26.

14 'Jet Hoax Exposes Lapse in Security', *Age*, 24 September 2004, p. 1.

15 'Security Sidestepped by Airport Day Passes', *Australian*, 2 June 2005, p. 5.

16 'Terror Net Closing In: Trap Ready to Spring on Terror Suspects', *Daily Telegraph*, 8 November 2005.

17 AAP, 'Security Breach Highlights Need for Government to Act: TWU', 7 April 2006.

Committee comment

1.26 The Committee is in no way suggesting that either the detection of criminal activity at airports or an aviation security incident constitutes a breakdown in aviation security systems.

1.27 To this end, the operator of Perth International Airport, Westralia Airports Corporation (WAC), expressed frustration at presentations of successful policing and security operations as failures:

We have had the example of the motorbike rider who got into the terminal building and there was media perception that airport security had failed ... it had not failed; in fact, it had worked very well, because the person was apprehended and taken into custody and he did not get anywhere.¹⁸

1.28 However, exposure of criminal activity in the aviation industry, particularly involving personnel who are embedded in the system, reveals areas of potential vulnerability in security. As noted by the Wheeler review:

Terrorism and crime are distinct, but potentially overlap. At its most basic, a culture of lax security or petty criminality can provide opportunities for terrorists to exploit weaknesses in airport security. Staff can be bribed to ignore criminality or paid large sums to assist in drug trafficking or theft. Once compromised, such employees may be unable to stand up to terrorists. Any airport staff who are not thoroughly background checked and routinely searched are potential weak links.¹⁹

1.29 The Committee was particularly concerned at the regular reports of alleged criminal activity at Sydney International Airport that occurred over the course of the inquiry. While criminal activity does not – of itself – amount to a danger to the travelling public, ongoing negative press associated with security at Australia’s major airport must have some effect on public confidence in aviation security.

18 WAC, *Transcript*, 22 September 2006, p. 15.

19 Rt Hon Sir John Wheeler, *An Independent Review of Airport Security and Policing for the Government of Australia*, 21 September 2005, p. ix.

Recommendation 1

- 1.30 **That the Department of Transport and Regional Services report to the Committee, within three months, on the number of unannounced audits conducted at each Counter Terrorism First Response airport for 2006 and provide the results of these audits, in confidence if required. Sydney Airport, as Australia's largest airport, should in the future be subject to regular unannounced audits.**

Major developments in aviation security in Australia

- 1.31 Actions taken by DoTaRS in response to the *Committee's Report 400* are noted at paragraph 1.6 above. Other significant developments have occurred to combat criminality at airports and to increase the aviation security threshold in Australia driven by Commonwealth and state and territory governments and by aviation industry participants.
- 1.32 Major developments in aviation security have included:
- \$21 million of funding to enhance security at designated regional airports through the Strengthening Australia's Transport Security in the May 2004 budget added to the \$14 million for regional aviation announced under the Enhanced Aviation Security Package (EASP) of December 2003;²⁰
 - the Australian Government's launch of the Securing Our Regional Skies program that provided a \$48 million package to improve security at 146 regional airports;²¹
 - in response to an attack on the Australian embassy in Jakarta, DoTaRS advised that it would implement additional transport security measures, including ensuring security personnel impose stringent time limits on vehicles dropping passengers and a greater visibility of uniformed AFP-PS officers in public areas of airports;²²

20 DoTaRS, *Correspondence*, 9 March 2006.

21 Deputy Prime Minister and Minister for Justice and Customs, 'Regional Aviation Targeted with \$48 Million Boost', 23 August 2004.

22 Prime Minister, *Press Conference*, Canberra, 10 September 2004.

- the entry into force of the, *Aviation Transport Security Act 2004* and *Aviation Transport Security Regulations 2005*, which require:
 - ⇒ increased regulation of approximately 180 airports and 170 airlines;
 - ⇒ regulation of over 900 domestic cargo agents;
 - ⇒ greater control of access to secure areas of regulated airports;
 - ⇒ background checking for pilots; and
 - ⇒ anti-theft measures for powered aircraft;²³
- the Australian Government's announcement of:
 - ⇒ the review of airport security and policing to be conducted by the Rt Hon Sir John Wheeler;
 - ⇒ a review of the backgrounds of all holders of ASICs;
 - ⇒ the appointment of an Australian Government Airport Security Controller at all Counter Terrorism First Response (CTFR) airports;
 - ⇒ required screening of all persons, vehicles and goods entering and leaving airside secure areas of major airports;
 - ⇒ the removal of legal obstacles of video surveillance of all areas of airports.²⁴
- the Australian Government's release of the Wheeler review and its response to its recommendations including:
 - ⇒ \$40 million for the establishment of five new Joint Airport Investigation Teams at Sydney, Melbourne, Brisbane, Adelaide and Perth to address serious and organised crime;
 - ⇒ \$48 million for increased Air-side Customs Border Patrols at Sydney, Melbourne, Brisbane, Adelaide, Perth, Darwin and Cairns airports to provide a more visible presence to deter and respond to criminal activity;
 - ⇒ \$20 million to further upgrade the Customs CCTV capabilities;
 - ⇒ \$38 million to strengthen air cargo security arrangements, including the introduction of improved technology for the detection of explosives;

23 The Act and Regulations entered into force on 10 March 2005. DoTaRS, *Submission No. 51*, p. 5.

24 Deputy Prime Minister, 'Securing and Policing Australia's Major Airports', *Media Release*, 7 June 2005.

- ⇒ \$44 million for improved security and crime information exchange arrangements for aviation; and
- ⇒ \$4 million to introduce a new national aviation security training framework to support the aviation industry;²⁵ and
- the Australian Government's announcement in the May 2006 Budget of:
 - ⇒ \$242 million over four years to fund a uniformed policing presence and Counter Terrorism First Response function at designated airports;²⁶
 - ⇒ \$48 million to expand the screening of international and domestic air cargo;²⁷ and
 - ⇒ \$4.7 million to tighten the conditions under which Aviation and Maritime Security Identification Cards are issued.²⁸

Committee comment

- 1.33 While acknowledging that the *Aviation Transport Security Regulations 2005* prescribe minimum required standards for operators of airports, the Committee is aware of variability of practice, both reported and witnessed during our inspections, across some CTFR airports.
- 1.34 This does not necessarily mean that airports are failing to meet their obligations under the Regulations. Best-practice airports may well be operating above the minimum required standards. However, differing practices may have some impact on public confidence as passengers move between the different airports.

Conduct of the inquiry

- 1.35 The Committee advertised for written submissions in the national press on 4 June 2005, and wrote to a range of organisations and individuals seeking submissions.

25 Prime Minister, *Press Release*, 21 September 2005.

26 Minister for Justice and Customs, 'Budget Includes Significant Boost to Airport Security', *Budget Media Release*, 9 May 2006.

27 Minister for Transport and Regional Services, 'Air Cargo Security Strengthened', *Budget Media Release*, 9 May 2006.

28 Minister for Transport and Regional Services, '\$4.7 Million Boost for Security Cards in Aviation and maritime Industries', *Budget Media Release*, 9 May 2006.

- 1.36 The inquiry received 81 submissions and 17 exhibits. Lists of submissions and exhibits received can be found at Appendices B and C respectively.
- 1.37 The Committee gathered first hand information of the levels of aviation security through an extensive on-ground inspection program of major and regional airports including Sydney, Brisbane, Cairns, Darwin, Adelaide, Perth, Geraldton, Kalbarri, Carnarvon, Newman, Derby and Broome. The Committee took formal evidence at all of these locations and also in Melbourne and Canberra. Lists of the Committee's public hearings and inspections can be found at Appendices D and E respectively.