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25 July, 2005

Mr Russell Chafer  
Committee Secretary  
Joint Committee of Public Accounts and Audit  
Parliament House  
**CANBERRA ACT 2600**

Dear Mr Chafer

**INQUIRY: REVIEW OF AVIATION SECURITY IN AUSTRALIA**

I refer to your letter to Geoff Dixon dated 3 June 2005, inviting Qantas to make a written public submission to the above inquiry.

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

Qantas will be happy to assist the Committee and provide any further relevant information.

As per previous correspondence, Qantas would also be pleased to appear before the Committee when appropriate.

Yours sincerely,

< signed >

**Geoffrey D Askew**  
Head of Group Security

**Attachment:**

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

**July 2005**

**Qantas Airways Limited**

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## 1 EXECUTIVE SUMMARY

The security of commercial aviation is a critical element in Australia's national security infrastructure and policy. In the prevailing threat environment there are substantial security risks requiring a range of complementary measures to be applied, by Governments and the aviation industry, to ensure the safe operation of aircraft, airports and associated infrastructure. Measures mandated by regulation, and other measures taken by the Qantas Group and other industry participants, have significantly strengthened Australia's capacity to prevent and detect acts of unlawful interference with aviation. The security environment is not static, and there is a need to keep under constant review the efficacy of existing arrangements and the possible need for amended or new measures.

The Qantas Group operates an extensive network of services within Australia and overseas, including in parts of the world where the security threats are greater, and the regulated and other protective security measures are less robust, than in Australia. Qantas takes very seriously its responsibilities to its customers, staff and the community, to comply with Australian and overseas security regulatory requirements, and to apply additional measures commensurate with assessed risks.

This submission includes a detailed description of the security capability developed and maintained by the Qantas Group. That capability is driven by a strategy based on rigorous risk analysis, designed to anticipate and address security risks before incidents occur. The examples provided throughout the submission (in particular Sections 3 and 7) demonstrate that Qantas is self-starting in its approach to identifying security challenges and seeking solutions. Qantas is by no means complacent but, while there is no 'right' level of security and no panacea is available that will eliminate all risks, we are confident that our security infrastructure and outcomes bear comparison with any in the aviation industry world-wide.

Qantas has made extensive contributions, in bilateral contact with the Department of Transport and Regional Services (DOTARS) and in conjunction with other aviation industry stakeholders, to developing a regulatory framework that delivers optimal security outcomes. The *Aviation Transport Security Act 2004* (ATSA) and *Aviation Transport Security Regulations 2005* (ATSRs) have significantly broadened and deepened the scope of aviation security regulation in Australia. There is a two-year period of transition, from March 2005 to 2007, in which to develop new Transport Security Programs. DOTARS has been receptive to suggestions about what works and what does not, but there remain a number of new regulatory requirements with no demonstrable security outcome, and a number of regulations which are ambiguous as to their intent and application. Effort is required by DOTARS and the industry to resolve these anomalies as quickly as possible. Qantas supports the DOTARS approach and operating principles, which vest responsibility in the industry to apply a risk-based methodology to selecting appropriate security measures.

Regulation plays a most important part in setting standards and verifying compliance by the aviation industry, but it should not be the sole determinant of measures needed to manage risks. Qantas regards Australian and overseas regulatory requirements as a minimum framework around which to build an appropriate mix of security measures tailored to the operating environment.

Aviation security is concerned principally with the threat of terrorist attack or other unlawful interference against aircraft or aviation facilities. Qantas believes that criminal activity posing no threat to life should remain a secondary priority. Recent events (some of which are discussed in Section 6.3) have brought pressure to extend the reach of aviation security measures in order to deal with criminal activity at airports. Qantas makes a full contribution to preventing and detecting criminal activity within its area of responsibility – as evidenced by Sections 3.3.7, 3.3.8, 3.4 and 6 of the submission – but Qantas is not a law enforcement agency. There are plainly deficiencies in arrangements to manage airport-related crime, but action rests mainly with Commonwealth, State and Territory Government agencies to resolve issues of demarcation and resourcing. If there are systemic vulnerabilities at airports that could facilitate terrorism as well as crime, then Qantas will support corrective measures via regulation; but we view with concern the further blurring of regulatory distinction between aviation security and crime management.

The immediate measures required as a result of the Government's announcement of 7 June 2005 have the potential to enhance aviation security, and Qantas supports them. However, the measures appear to have been prompted by a public expectation of action to address perceived levels of criminal activity. Decisions on appropriate measures could have awaited proper scrutiny of the actual extent of the suggested problem, via the Committee's review, the review being led by Sir John Wheeler, and various agencies' assessments urgently being undertaken of crime at Australian airports. Qantas will actively participate in all these reviews and assessments.

Airside Access Inspections (AAI) will probably cost Qantas around \$12m in capital expenditure and \$30m in annual operating costs. Full financial implications of the other measures – particularly a more demanding 'fit and proper person' test to qualify for an Aviation Security Identification Card (ASIC) and expanded CCTV coverage at airports – are not possible to gauge accurately pending decisions about the nature and extent of their application. Qantas believes that the cost of these measures should not be borne wholly by the industry and hence passed on ultimately as an increase in ticket prices.

There has been some misinformed and misleading commentary about the facts, and implications for aviation security, of a small number of unrelated incidents that have occurred since October 2004. This submission provides an opportunity to present a more accurate account of those incidents (to the extent that Qantas has relevant knowledge) and of the action taken by Qantas. Section 6.3 provides a chronology of events in the matter of Schapelle Corby, and shorter summaries of the 'camel costume' investigation and of Qantas assistance to the NSW Crime Commission investigation into cocaine importation through Sydney Airport. In relation to Ms Corby, Qantas can demonstrate that it has made every effort to provide assistance on request and has taken steps at its own initiative and cost. Qantas is not aware of any evidence that suggests the involvement of any employee.

The risks of interference with checked baggage have been widely perceived to be higher than they are, leading to unjustified loss of public confidence in the current measures in place. Qantas regularly monitors and analyses the incidence of interference with baggage, and implements measures to reduce vulnerability and opportunity. Section 6.2.1 discusses that analysis, which demonstrates that the risk is low in relative terms, and that Qantas customers experience much lower rates of reported theft from baggage at Australian airports (where, in general, Qantas has more responsibility for and control over baggage handling) than at overseas airports.

Systems for processing checked in baggage at airports are complex, and some technical knowledge of those systems is necessary in order to understand what is possible, what is not possible, and what the community may reasonably expect of carriers and airport operators to whom their baggage is entrusted. Annex B to the submission provides a basic explanation of procedures and terminology.

Qantas shares the Committee's interest in exploring and exploiting the opportunities for enhanced aviation security presented by current and emerging technologies. Section 7 provides a snapshot of projects presently being pursued by Qantas, and some comments about the future. New technology has particular relevance for aviation security in the areas of screening, access control and verification of identity. The submission then discusses (in Section 8) privacy considerations, mostly associated with new technology, where Qantas is striving to find an appropriate balance between the security imperative and the proper consideration of individual privacy.

The costs to the aviation industry of providing security measures, particularly those mandated by the Government, continue to rise. The Qantas Group spent in the region of \$260m on security in 2004/05, more than the budgets of a number of Commonwealth and State security and law enforcement agencies. Qantas is concerned by the Government's decision to require the industry to bear the costs of measures which should be the responsibility, partly or entirely, of the Government. A more appropriate alignment should be introduced between responsibility for outcomes and responsibility for funding. Qantas remains of the view that that the Commonwealth Government should be responsible for the provision and funding of national and border security, including Counter Terrorist First Response (CTFR) arrangements at airports; State and Territory Governments should be responsible for the provision and funding of airport-related crime management and community policing; and the aviation industry should be responsible for the provision and funding of protective security measures for aviation.

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## 2 QANTAS GROUP

### 2.1 Qantas Group Operations

The Qantas Group operates an extensive air transportation network serving Australia and 40 countries in Asia, the Pacific, the Americas, Europe and southern Africa. The Qantas Group of companies provides scheduled passenger and freight transport services, using a combination of its own aircraft and codeshare arrangements with other airlines, to a total of 150 destinations, 60 in Australia and 90 overseas; in addition Qantas operates passenger and freight charter services to a further 40 foreign destinations.

Each week, the Qantas Group operates more than 5,000 domestic Regular Public Transport (RPT) flights serving all States and mainland Territories of Australia. Qantas also operates around 310 domestic flights a week serving five airports in New Zealand. Qantas and Australian Airlines aircraft operate 420 international flights each week serving 26 airports in 13 countries. Although often referred to as the 'national' carrier, the Qantas Group carried only 32.4% of the air passengers to and from Australia during the twelve months ending March 2005. In addition, Qantas Freight operates 20 regular charter flights serving 15 airports in eight countries.

The Qantas Group operates more than 200 aircraft of many types, which make over 300,000 flights and carry more than 32 million passengers and 900,000 tonnes of freight annually. The Qantas Group employs 37,000 permanent and part-time staff based at over 900 corporate, commercial and operational facilities located across the globe. Of these, more than 2,100 staff are based overseas permanently and a further 1,700 aircrew and casual staff are deployed to or operate overseas each day.

The scope and diversity of the business creates multiple security challenges:

- flight routes, refuelling and alternate/diversion ports for all Qantas Group aircraft;
- operation of passenger and freight terminals, crew accommodation and ground transport, maintenance facilities and on-airport facilities at RPT, freight, charter and codeshare airports;
- delivery of facilities and services by third party providers, airport owners and airport terminal operators over which Qantas has limited or no control;
- operation of corporate premises and shared off-airport commercial facilities;
- Qantas Holidays and Qantas staff duty travel destinations.

### 2.2 Qantas Group Structure

The Qantas Group operates a range of flying businesses and a diverse portfolio of airline-related businesses. The International and Domestic Flying Businesses are:

- Qantas International;
- Qantas Domestic;
- Australian Airlines;
- QantasLink;
- Jetstar; and
- Qantas Freight.

The Flying Services Businesses are:

- Airports and Catering; and
- Engineering Technical Operations and Maintenance Services (ETOMS).

The principal Associated Businesses are:

- Qantas Holidays; and
- Qantas Defence Services.

### **2.3 Qantas Partner and Investment Businesses**

While technically not part of the Group, it should be noted that Qantas also holds significant investments in several domestic and foreign transportation businesses:

- Australian air Express (AaE) – jointly owned by Australia Post and Qantas;
- Star Track Express – jointly owned by Australia Post and Qantas;
- Jetstar Asia (49%) – based in Singapore;
- Air Pacific (46%) – based in Fiji; and
- Thai Air Cargo (49%) – based in Thailand.

## 3 QANTAS GROUP SECURITY

### 3.1 Security Strategy

Aviation security is concerned principally with the threat of terrorist attack or other unlawful interference against aircraft or aviation facilities, affecting passengers, aviation staff and other members of the community. While the Qantas security function deals also with other threats of a non-terrorist nature, and recent events have brought pressure to extend the scope of security measures, criminal activity posing no threat to life is and should remain a secondary priority.

Historically, security has concerned itself with the implementation of measures after an event in order to prevent future incidents from occurring, with the level of protection generally being proportional to the extent of industry regulation. Reliance on this approach has been insufficient for some time, with both Government and industry questioning the effectiveness of their security expenditure and raising the bar of expectations for security outcomes.

Qantas security strategy places an emphasis on prevention. Enhancement of the Qantas security function, notably in the period since September 2001, has extended well beyond the protective security measures mandated by legislation, to equip us to identify, assess and manage security risks in a timely manner and on a daily basis. That risk management capability has been, and will continue to be, the key element informing and influencing a range of decisions affecting Qantas Group operations. Mandatory security measures are regarded by Qantas as a baseline minimum, to be supplemented and strengthened commensurate with our own judgements about matching controls to assessed risks. Qantas receives valuable information and advice from various Government agencies, but is also pro-active in gathering information independently, conducting its own assessments, and taking appropriate action without awaiting Government advice or direction.

In common with the Australian aviation security regulator, Qantas is committed to an intelligence-led, risk-based and outcome-focused security strategy. Qantas believes that the regulator's adherence to this model has faltered from time to time, but these are the principles which continue to drive Qantas security practice.

Qantas has made a substantial investment in security capability – staff, skills, training and equipment – so as to be able to minimise the risk from current and future security threats. Benchmarked against other carriers in Australia and overseas, Qantas has a large, sophisticated and effective security capability. Our goal is to continue to lead the aviation industry, and in particular other carriers, in developing and maintaining the highest security standards.

#### 3.1.1 Qantas Group Risk Management Processes

Qantas has established structural and procedural solutions that have significantly increased the effectiveness of its overall risk management processes. Security risk management takes place within an overarching enterprise-wide framework, within which risks are identified, assessed and managed using a consistent methodology.

Qantas has recognised for some time that it is operating in an era where national regulatory frameworks are continuing to become more intrusive and prescriptive; the global environment is increasingly complex and uncertain; the circumstances under

which decisions are made are more ambiguous; and there are constant tensions between what is essential and what is desirable. Equally, Qantas recognises that risk management is as much about identifying opportunities as it is about avoiding or mitigating losses.

Few aspects of corporate governance are as crucial today to the success of a company as its capacity to identify and manage operating risks from an enterprise-wide and integrated perspective. By definition, successful organisations are good at managing their key risks. Qantas has adopted a risk management approach for two principal reasons. Firstly, it employs risk management with the key objective of ensuring that, as an absolute minimum, it conforms to corporate governance requirements and remains compliant with all regulatory regimes within which it operates. In this regard, it should be noted that risk management to meet conformance objectives essentially focuses on, and drives, the internal control framework of an organisation. Secondly, Qantas employs its integrated risk management structures and processes to enhance its performance across the range of its commercial and other supporting business activities. In the case of security, it assists where there are a number of assets operating in a varied landscape of threats, and it supports better decision-making by offering greater insight into risks and their impacts.

A variety of specialist risk and assurance groups support the business in the management of its risks. Several of these groups, including Group Security, undertake audit and compliance activities to manage risks, to satisfy internal requirements and to comply with external regulations.

### 3.1.2 Qantas Aviation Security Risk Assessment & Management Processes

Like the process employed across Qantas, the process implemented within Group Security seeks to fully integrate the range of capabilities resident in the Division in order to produce multi-disciplinary risk assessments. This multi-dimensional and integrated approach to performing security risk assessments not only assists in developing a baseline security risk profile for the Qantas Group as a whole, but also enhances our ability to make rigorous decisions regarding the range of threats and risks faced, the most effective treatments, and the priorities for resource allocation.

In order to respond to the wide range of security-related risks that affect the aviation industry in general, and the Qantas Group in particular, Qantas Group Security participates in various Qantas Group risk and governance activities, as well as undertaking specific security risk management activities. While the Group Security Intelligence and Risk Department manages and monitors these activities, the whole Group Security Division is involved in developing and implementing security strategies designed to mitigate security risks. Amongst the other general security activities undertaken by Qantas Group Security, it has the following risk-related responsibilities:

- Provision of cost effective and professional advice and services that ensure the protection of Qantas Group operations (customers, employees, the brand), assets and items entrusted to the Qantas Group's care;
- Management of a risk assessment process and supporting methodology that is consistent with the AS/NZS 4360:2004 standard, enterprise practices and Qantas policy, and tailored to Group Security's specific requirements;
- Systematic conduct of risk assessments on the security of Qantas Group operations and assets, and the maintenance of a Security Risk Register to manage these assessments;

- Testing of Qantas Group security systems and activities to ensure compliance with the Qantas Group Security Policies, Qantas Transport Security Program and the regulatory framework, and the reporting of results into the corporate risk management system; and
- Identification and implementation of appropriate risk mitigation strategies to ensure the security of Qantas Group operations and activities.

These activities are undertaken within a purpose-designed framework called the Qantas Aviation Security Risk Assessment Process (QASRAP). The QASRAP describes in detail the process by which Qantas assets are identified, the security risks to the assets are assessed and security responses constructed. The QASRAP was designed to accommodate the risk context in which Qantas operates and to be compliant with both AS/NZS 4360:2004 and the DOTARS Transport Security Assessment Guidance Paper. It was developed using the Australian Security Intelligence Organisation (ASIO) Risk Assessment Guide, the US National Infrastructure Protection Center (NIPC) Guide to Critical Infrastructure Protection, and a range of other reference material. These various sources have been used to devise a risk assessment methodology that is customised to meet the Qantas Group's requirements.

Qantas Group Security undertakes a wide range of security risk assessments on all Qantas assets and activities, including flight operations, airports, catering, logistics, engineering, commercial offices, crew hotels and security procedures. Security risk assessments are undertaken on all new ports, flight paths or operations, whenever there is any significant change to assets, and when variations might be required in the Transport Security Program.

## **3.2 Security Infrastructure and Capability**

### **3.2.1 Staff and Structure**

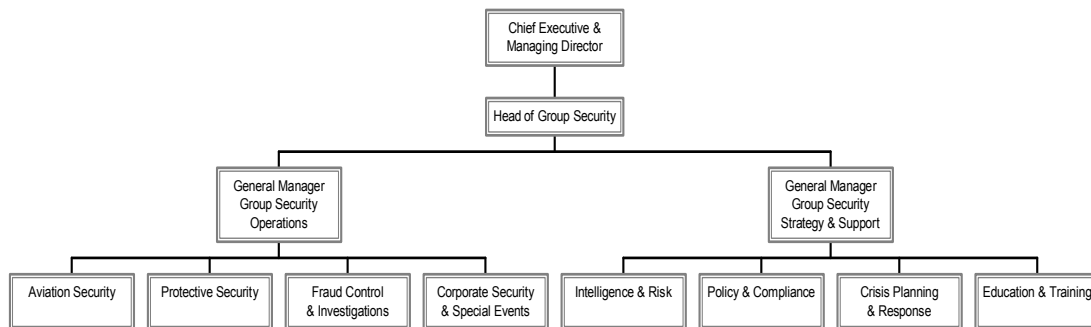
Qantas has one of the largest centralised corporate security divisions of any airline. It employs 87 (up from 56 in 2003) staff and utilises approximately 3,000 contractors dedicated to the provision of security services for Qantas.

Currently, three of Australia's largest and most experienced security companies provide personnel and security services under contract to Qantas throughout Australia. Qantas spends approximately \$52m per year on contracted personnel security services. This expenditure is expected to increase to \$82m as the new Airside Access Inspection (AAI) requirements are fully implemented (refer to Section 3.4.1). The majority of these services take the form of resources for passenger and baggage screening duties at the various terminals where Qantas is the screening authority. Additionally, these companies provide resources under contract to Qantas for security duties at Engineering, Freight and Catering facilities, alarm monitoring and response, tarmac patrols, traffic management, reception services and general patrols.

"Security is everyone's business" is the ethos adopted for Qantas. Notwithstanding the large and functionally diverse security structure Qantas has in place, significant effort is invested in developing strategies that inculcate this ethos in all staff. By making line managers responsible for the delivery of security outcomes, as well as staff within Group Security, more effective security outcomes are realised throughout the Qantas Group.

An external review of Qantas Group Security was commissioned in 2003 and completed in early 2004. A consultancy with widely acknowledged security expertise examined Group Security's skills and structure, with a view to meeting future requirements. The review found that Group Security had an admirable track record, and had met the challenges of the post-September 2001 aviation security environment most effectively. However, the review made a number of recommendations to assist further capability development, notably in relation to reinforcement of the senior management structure. All recommendations were fully implemented during 2004. Further structural adjustments have since taken place, and will be required in response to future external change. Qantas believes it has in place a security capability to compare favourably with any in the aviation industry and beyond.

### 3.2.2 Qantas Group Security Organisational Structure



### 3.2.3 Security Functions

The Group Security Division comprises eight functional Departments, divided into two portfolios of four, reporting to the Head of Group Security. Some tasks are handled within a single Department, but there is an emphasis on collaborative multi-functional approaches, bringing to bear the appropriate mix of skills and resources. The functions and skills of each of the eight Departments are briefly summarised below.

#### **Aviation Security**

The Aviation Security Department has lead responsibility for operational implementation of all security measures, notably passenger, baggage and freight screening, and for incident management. It includes a security manager assigned to each of four geographic regions within Australia, and one for international operations. These regional security managers are responsible for all Qantas Group security outcomes and relationship/stakeholder management within their regions, and are supported by two other management positions. There is also a 24 hour Operations Centre, staffed by Duty Security Controllers who provide the principal internal and external conduit for providing advice and assistance and for managing security incidents.

Mitigation of the risks that exist or are discovered during the Qantas security audit and inspection program is addressed on several levels. A number of risks are equipment-based and can be mitigated by the targeted use of technology; others stem from human and organisational factors, and call for process adjustment or other targeted solutions. Support and training are the factors that require the most investment in time and these areas are the basis of many mitigation strategies, especially at overseas airports where the differences in culture influence the way risks can be mitigated.

## **Protective Security**

The Protective Security Department provides a range of services to the Qantas Group of companies, including personnel security assessments, identification badge management; access control; alarm monitoring and response; protective security projects; and protective security strategic technical support and advice:

- ***Security Assessments***

Qantas has submitted approximately 43,000 names for background checking since the introduction of enhanced counter-terrorist checks in November 2003. Of these, about 23,000 related to renewals for incumbent employees and about 20,000 were either for Qantas contractors or new applicants for Qantas employment. Section 3.4.2 contains detailed discussion of background checking.

- ***Identification Badge Management***

Approximately 30,000 photographic identification passes are issued every year to Qantas Group staff and contractors. The current card population includes 27,000 Aviation Security Identification Cards (ASIC), 9,500 corporate identity cards, and 11,500 contractor cards. Corporate cards are re-issued every two years in line with the ASIC standard, whereas contractor cards are issued for up to one year, depending on the length of the engagement period with Qantas.

- ***Access Control and Alarm Monitoring***

The Qantas security network supports some 2,100 access-controlled doors and 10,000 alarm points of various types across 120 properties globally. These include intrusion, duress and critical door alarms. All alarms are monitored continuously from an Alarm Monitoring Centre in Mascot. There are presently some 1,000 CCTV cameras in the network, with all product recorded and retained for one month.

- ***Protective Security Project Services***

Projects range from minor security works such as the installation of simple alarms, access controls or physical security measures through to complex projects requiring risk assessments and major system installations. In 2004/5 some 200 projects were initiated, involving over \$10 million worth of security works.

- ***Protective Security Technical Support***

Technical support includes management and maintenance of systems that control and monitor doors, alarms and cameras. Critical equipment is located in secure and robust data centres or control rooms and communications are duplicated to ensure redundancy.

## **Fraud Control and Investigations**

The Fraud Control & Investigations Department is responsible for the pro-active management of the Qantas Group's fraud and crime prevention strategies implemented to protect customers, staff, assets and revenue from injury, damage, theft, loss or other criminal activity, and the investigation of offences/incidents committed within or against the Qantas Group.

The Department has a staff of ten, generally with law enforcement backgrounds in combination with professional qualifications and commercial experience. They work closely with all business units within the Qantas Group and maintain an effective liaison and working relationship with law enforcement agencies and other appropriate

organisations. An important related function is the provision of assistance to law enforcement agencies by providing, under the authority of legal process, information and intelligence to assist both airline and non-airline related criminal investigations.

Pro-active strategies are conducted in accordance with the methodology prescribed in Australian Standard 8001-2003: Fraud and Corruption Control. Extensive work is being undertaken to align the Qantas Group with the best practice structural, operational and maintenance elements outlined in that Standard. The objectives of the strategy are to mitigate internally and externally instigated crime, fraud and corruption against Qantas; to detect all instances of crime, fraud and corruption against Qantas in the event that preventative strategies fail; to recover all property dishonestly appropriated or to secure compensation equivalent to any loss suffered as a result of criminal, fraudulent or corrupt conduct; and to suppress crime, fraud and corruption by Qantas staff against other entities.

Specific strategies to protect customers' property include the use of overt and covert CCTV surveillance, integrity testing, and the inspection of employees and their possessions entering and leaving the workplace. Extensive use is also made of intelligence gathered from reported incidents to target criminality detected in Australia and at overseas airports.

### **Corporate Security and Special Events**

The Corporate Security & Special Events Department's core functions are to provide:

- 24 hour security services for the Qantas Corporate Campus in Mascot and car parks, as well as other corporate offices in Sydney and Melbourne;
- Executive protection for the Qantas Board of Directors and Senior Executive Management;
- Security support for all Qantas Special Events;
- Security arrangements for all Qantas facilities affected by Industrial action.

### **Intelligence and Risk**

The Intelligence & Risk Department performs the following principal functions:

- Management of the Qantas Group security intelligence and risk strategy and all supporting processes;
- Identification, assessment, reporting on and monitoring of security threats and risks to the Qantas Group including those from terrorism, civil disorder and military action;
- Collection of security, crime and risk-related intelligence and information from the Qantas Group, Government agencies and other sources;
- Analysis of patterns of security, crime and related incidents and recommendation of strategies to reduce the risk of potential losses;
- Continuous liaison with Government intelligence, security and law enforcement agencies.

While the emerging security environment presents higher levels of risk to overseas operations in particular, formal government advice about threats will almost always be, by its nature, incomplete and imprecise, requiring in the end that judgements are made by Qantas about the degree of risk involved in continuing its operations in certain circumstances. The Intelligence and Risk Department, in place since mid-2004, has become an important ingredient in daily operational and long term security planning and decision making.



### **Crisis Planning and Response**

The core functions of the Group Crisis Planning & Response Department are to provide:

- 24 hour consequence assessment capabilities, including bomb threat assessment, aviation incident assessment, business interruption assessment, supply interruption assessment, and operational impact assessment;
- Development, implementation and testing of the Group Crisis Management Plan;
- Business Continuity Planning;
- Crisis planning for aviation-related incidents e.g. aircraft accident, hijack;
- Specific contingencies e.g. Iraq War, SARS, Influenza;
- Critical incident management;
- Exercise and rehearsal of responses to critical incidents;
- Management of Qantas support to aviation-related Counter Terrorist training for Government agencies;
- Management of the Qantas Crisis Command Team (Sydney based);
- Management of the Qantas Rapid Response Group (deployed globally).

This function was responsible for coordination of Qantas Group responses to a number of major incidents in recent years including the terrorist attacks of 11 September 2001, the Bali bombing, the bombing of the Australian Embassy in Indonesia, the attempted hijack of Flight QF1737, Severe Acute Respiratory Syndrome (SARS) and the 2004 Boxing Day Tsunami.

### **Policy and Compliance**

The primary functions of the Policy & Compliance Department of Group Security are to work with Government regulators worldwide in order to develop and maintain the required individual Transport Security Programs (TSP) or equivalent for each country in which the Qantas Group operates; to develop, maintain and manage in-house Qantas Group security policies and procedures; to provide legislative interpretation services within the Qantas Group; and to undertake compliance inspections and audits of all Qantas Group operations, as well as alliance and codeshare partner operations worldwide.

During 2004/05, across the Qantas Group network, Group Security inspectors undertook:

- 366 audits of Qantas Group operations;
- 481 international screening point systems tests;
- 387 domestic screening point systems tests;
- 1061 access penetration tests;
- 255 catering systems tests;
- 105 overnight aircraft access penetration tests; and
- 12 alliance/codeshare audits.

## **Education and Training**

The Group Security Education & Training Department is responsible for the development and delivery of all security-related training to the Qantas Group. Specifically, this function is responsible for the management of the mandatory security training program relating to all Qantas Group aircrew and ground staff. In addition to this, the Department delivers recurrent performance improvement training to all contracted security screeners who perform duties at Qantas-controlled screening points.

### **3.3 Security Activities and Initiatives**

Since its last submission to the Committee in 2003, the Qantas Group has successfully introduced a range of further security measures, some in response to increased regulatory requirements and others because of a Qantas judgement about the need to implement security controls commensurate with assessed risks. Examples of notable activity and initiatives are listed below, though this is by no means an exhaustive list. Other initiatives are discussed in Sections 3.4 and 7.1.

#### **3.3.1 Security Equipment**

Explosive Trace Detection (ETD) equipment was introduced for use at all Qantas-managed passenger screening points in October 2003. During 2003/04 Qantas upgraded its screening technology at a cost of over \$15m.

Training of Qantas-employed x-ray operators was enhanced by the introduction of Threat Image Protection System software on all x-ray machines around Australia in March 2004. This system allows Qantas to safely and continuously test the competency of all operators while they are performing screening duties.

To ensure the integrity of all flight decks, all Qantas jet aircraft were fitted with enhanced flight deck doors by 1 November 2003, and installation for the turboprop fleet was completed by 15 January 2005.

#### **3.3.2 Passenger Screening**

Qantas' passenger screening standards have been developed to produce a security outcome at a standard higher than that required under the relevant legislation. The standards that Qantas has set in all areas are consistently applied at all Qantas screening points and have become the de facto industry standard.

#### **3.3.3 Checked Baggage Screening (CBS)**

Qantas has played a leading role within the industry in the development of CBS systems and processes that ensure baggage does not contain Improvised Explosive Devices (IEDs). The evolution of expertise has been gradual but continued over the last two years and has involved design simulation and analysis, technology research, systems component testing and trial, and a rigorous market search to determine the best combination of platform and process. Other airlines and airports are now seeking the advice of Qantas project managers on this issue.

### 3.3.4 Freight Security

Australian Air Express (AaE) currently conducts Random and Continuous screening of domestic cargo that is carried from all ports within Australia at which Qantas is required to conduct CBS. The system utilises a combination of ETD equipment, x-ray and physical search of cargo items.

In 2002 Qantas and AaE implemented a program to screen all export shipments of freight being carried on Qantas Group aircraft within Australia. The 100% screening of international freight shipments places Qantas above legislated requirements.

The Australian Government does not yet mandate any screening for freight and relies on a 'known shipper' and regulated agent regime. Qantas regards dependence on a 'known-shipper' regime alone as insufficient to provide adequate security on Regular Public Transport (RPT) operations.

### 3.3.5 Air Security Officers

Qantas was involved in the development of the Australian Air Security Officer (ASO) capability from its announcement on 2 October 2001. The first Australian ASO mission was carried aboard a Qantas aircraft on 31 December 2001, from Sydney to Melbourne. Since that time, ASO operations have expanded to cover a significant number of sectors flown by the domestic operations of Qantas and Jetstar and the international operations of Qantas and Australian Airlines. A good deal of effort has been invested by Qantas into assisting the establishment of the ASO Program.

The operational cost of the program is met by the Commonwealth Government, with the carriers providing the seats free of charge. Revenue losses are significant.

### 3.3.6 Enhanced Protective Security Measures

#### **Access Control**

Qantas is currently introducing enhancements to access control and alarm systems to ensure the reliability and integrity of monitoring and response arrangements to incidents and restricted access breaches. We are also investigating technologies for enhancement of identity verification and access management (refer Section 7.1.2). Another initiative undertaken as part of the ASIC reissue has been to migrate Qantas' electronic access control credential technology to a MIFARE smart card platform (see Section 7.1.6).

#### **Closed Circuit Television (CCTV)**

A risk-based process was used in 2004 to undertake a comprehensive review of Qantas CCTV requirements. A CCTV strategic plan was then developed to realign existing Qantas infrastructure with these requirements. The plan will deliver a new integrated CCTV system architecture to facilitate enhanced monitoring of all facilities and activities, including those associated with baggage handling at Qantas-operated airport terminals. Provision of video footage to law enforcement and other aviation industry participants will be simpler and quicker. The plan also provides for installation of video motion-based alarm monitoring systems to protect aircraft parked overnight in remote locations at Regional airports. The plan has been further developed in response to the Government announcement on 7 June 2005: refer Section 3.4.3.

### 3.3.7 Criminal Investigative Initiatives

Investigations have been conducted into alleged procurement fraud, credit card fraud, frequent flyer fraud, improper release of personal information, baggage pilferage, theft at screening points, freight theft, in-flight violence, crew incidents, theft of aircraft stores and duty free goods, and theft of cash and gift vouchers. A number of these incidents have led to criminal and/or disciplinary charges against passengers, contractors and staff.

### 3.3.8 Loss Prevention Exercises (LPEs)

The existing strategy of conducting LPEs has recently been significantly enhanced across the network. The LPEs involve random patrols and the inspection of employees' bags and/or vehicles as they leave the workplace. Although the majority of these exercises are conducted at Australian facilities, some LPEs are and will continue to be conducted overseas.

The objectives are to protect customers, staff, assets and revenue from injury, damage, loss or other criminal activity by conducting regular LPEs across all business segments throughout the Qantas Group. Outcomes are intended to include reduction of the incidence and quantity of property stolen or otherwise removed from the workplace without authority, and to provide a deterrent to criminal behaviour.

Dedicated contractors have recently been engaged to support Group Security staff and to reinforce the existing program on a full time basis. In May 2005, 895 employees were subjected to such an inspection with a further 2,524 inspected in June. Since the commencement of the enhanced LPE program two employees and one contractor have been detected improperly removing company property of low value from the workplace. The individuals concerned are undergoing internal disciplinary procedures.

### 3.3.9 Intelligence and Risk Framework

The newly formed Intelligence and Risk function has in its first year:

- Developed an aviation security risk assessment process that addresses the underlying components of threat, vulnerability and consequences, and forms part of the Qantas Group enterprise-wide risk assessment process;
- Developed an aviation security risk prioritisation and management register that contributes entries to the Qantas Group enterprise-wide risk register;
- Developed and distributed a 'statement of intelligence interests' to our key information and intelligence providers in Government and the private sector.

Other current and future projects include:

- Development of an aviation security threat control register that reflects the requirement to apply both regulatory and discretionary security measures under certain circumstances;
- Development of a global aviation security incident database that will increase the fidelity of risk assessments and enhance the rigour of risk management decisions;
- Liaison with the New South Wales Police Anti-Theft Squad (and similar sections in other police services) regarding the monitoring of sales of suspected stolen goods, in order to identify patterns indicating a Qantas connection.

### 3.3.10 Flight Deck Security Initiatives

Qantas applies its own additional security measures where warranted, beyond those mandated by Government. Security of the flight deck of aircraft has been a particular focus of attention. Qantas made a decision in 2003, without being mandated by Government, to fit hardened flight deck doors to its turboprop fleet as well as to all jet aircraft as initially required by the Government.

As a result of Qantas assessments of the risk arising from unlawful seizure, two additional security measures have been identified and are being implemented, both of which exceed the current domestic and international regulatory requirements. Firstly, Qantas decided to apply additional access control procedures that prohibit or minimise access to the flight deck during certain phases of flight and depending on the type of aircraft being operated. Secondly, Qantas is progressively installing Cockpit Door Surveillance Systems (CDSS) across the Qantas Group fleet. The capital cost to date of fitting CDSS to Airbus and Boeing jet aircraft has been around US\$1m and will exceed US\$4.5m once all Qantas jet aircraft are fitted with the capability by the end of 2008.

### 3.3.11 Security Training

The Qantas Group has enhanced the training provided to both aircrew and ground staff on security procedures. The training is not only provided for new staff but is conducted annually as a part of crew and staff currency regimes, and is designed to be compliant with the *Australian Transport Security Act 2004* (ATSA), the *Australian Transport Security Regulations 2005* (ATSRs), and International Civil Aviation Organisation (ICAO) Annex 6: Chapter 13.

The number of Qantas Group aircrew who receive this training is approximately 11,500 per annum. Qantas also annually trains about 13,200 Australia-based ground staff and 530 Qantas staff based overseas.

Since 2001 Qantas has also conducted annual performance improvement training for all of its contracted security staff employed on passenger screening duties throughout Australia. This initiative is unmatched by other screening authorities and there is no legislative requirement for it.

Prior to commencement of the ATSRs on 10 March 2005, and in the period since, Qantas Group Security has attached particular importance to staff security education and awareness in relation to their ATSR-derived obligations. Initiatives include bulletins to staff, an Intranet site containing explanatory material, and detailed briefings to line managers.

## **3.4 Action Related to Government Statement of 7 June 2005**

On 7 June 2005, the Australian Government announced that it would act immediately to further tighten security at Australia's major airports. The text of the media release is reproduced at Annex A.

Qantas has already deployed significant resources to implement measures to achieve the policy intent of the Government's announcement, including immediate steps taken in respect of three of the Government's requirements, as described below. We have also contributed data and analysis to criminal intelligence assessments being

conducted by the Australian Crime Commission and Australian Federal Police. In a further initiative, pre-dating the Government announcement, Qantas is reviewing and redesigning business processes over which we have control at the Sydney Airport International Terminal.

### 3.4.1 Airside / Landside Access Points and Inspections

Qantas has led the way in the establishment of a regime of inspecting staff who enter the airside areas in the normal course of their employment. Qantas has reduced the number of its managed points at which the airside can be accessed by more than half, and developed Standard Operating Procedures for Airside Access Inspection (AAI) of staff entering and leaving the airside through these Qantas-controlled and managed points.

The establishment of an interim solution for the five major airports of Sydney, Melbourne, Brisbane, Perth and Adelaide was achieved at extremely short notice, within about 10 days. By comparison, introduction of airside screening in European countries is taking place progressively over a period of five years.

Prior to the Government's announcement on 7 June 2005, bilateral discussions had already commenced with Sydney Airport Corporation Limited (SACL) to minimise non-essential access to the Gazetted airside area at Sydney Airport, with emphasis by Qantas on Terminal 3 and the Jet Base. We have also conducted assessments at Melbourne, Brisbane, Perth, Adelaide, Darwin, Hobart, Canberra, Cairns, Alice Springs, Coolangatta and Avalon airports. As a result of these assessments, non-essential Qantas-controlled airside/landside access points at these airports have also been closed.

Access points that remain open are staffed by security contractors. Inspections of all persons, vehicles and goods entering or leaving these points are now being conducted, pending the implementation of a full inspection regime for which planning is under way. This regime will consist of a combination of x-ray, walk through metal detection (WTMD), explosive trace detection (ETD), bag and vehicle searches at these airports.

In addition it is also proposed to conduct assessments at all regional airports where Qantas operates jet Regular Public Transport (RPT) aircraft.<sup>1</sup> Qantas is in discussion with the Federal Government and airport operators at these regional airports in relation to the scope of measures to be undertaken. To date, Qantas has not received clear direction from the Government about the outcomes and measures it expects to see implemented at regional airports.

Interim solutions for AAI have been heavily manpower-intensive and costly. Permanent AAI solutions are expected to cost Qantas in the vicinity of \$12m in capital expenditure and about \$30m in annual operating costs. These figures do not include the costs that will be incurred by airport operators, to implement these same measures, and that will be passed on to airlines.

Notwithstanding the resource intensity and expense of establishing these new measures, Qantas is committed to their implementation and, to date, Qantas employees and unions have embraced the changes.

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<sup>1</sup> Ayers Rock, Ballina, Broome, Coffs Harbour, Gove, Hervey Bay, Hamilton Island, Mount Isa, Kalgoorlie, Karratha, Kununurra, Launceston, Maroochydore, Newman, Mackay, Newcastle, Paraburdoo, Port Hedland, Proserpine, Rockhampton and Townsville.

In a complementary initiative, additional mobile high visibility foot patrols of ramp and baggage areas by contracted security staff at Sydney, Melbourne, Brisbane, Adelaide and Perth have recently been introduced.

While there is a benefit from additional scrutiny of staff entering airside areas, Qantas believes that care must be taken not to dilute the ability of industry to sustain standards for existing aviation security measures. Given the extremely short notice and implementation period, there is a risk that interim solutions will be achieved only at the expense of other priority areas. In the absence of any urgent or identifiable increase in the domestic threat environment, it may be more appropriate to take a staged approach, with a mutually agreed timeline that progressively allows for a considered approach to recruitment and training, and the establishment of appropriate inspection point infrastructure.

### 3.4.2 Aviation Security Identification Cards (ASICs)

#### **Outcomes of Background Checks**

In accordance with mandated requirements in 2003 for increased background checking and enhanced credential anti-counterfeiting technology, Qantas completed the first issue of new ASICs within the timeframe allocated by the Government. A process of background checking for all staff and contractors, to a level equivalent to ASIC eligibility, was introduced by Qantas before 2001.

Qantas has requested background checks on approximately 43,000 names since November 2003. Renewals for existing employees comprised about 23,000 of the checks, and the remaining 20,000 were for applicants for Qantas employment and contractors. Of the incumbents, eight failed to meet the minimum standard for an ASIC but were 'grandfathered' under the provisions of Regulation 6.28 (three cases) or were the subject of approval granted by the Secretary of DOTARS under the provisions of Regulation 6.29 (five cases). Of the 20,000 checks for applicants for employment and contractors, 41 (or 0.21%) were rejected on the basis of unsatisfactory backgrounds.

Criminal history checks for applicants for employment and contractors typically yield about 7% with some form of disclosable record. The most common offences are driving and/or alcohol-related. Many offences are minor and commonly relate to adolescent or young adult behaviour.

#### **Control of ASICs Issued**

Qantas does not currently require a bond to be deposited on issue of ASICs. However, a financial penalty is imposed on staff if they misplace their cards. Staff are required to furnish a police report if they claim their card has been stolen or a statutory declaration if it has been lost. Additionally, in the event that a departing staff member fails to return an issued card, their termination payment is withheld until the card is returned. Qantas has also commenced measures to include penalty clauses in contracts for failure to return cards on contract expiry, and consideration is being given to the use of a bond to encourage return of cards from contractors.

Because most Qantas ASICs are issued to employees, Qantas is in a strong position to control return of cards and for this reason our 'unaccounted-for' card numbers have historically been lower than for other Issuing Bodies. The current rate of 'unaccounted-for' ASICs is 0.94% of the total issued.

Qantas has been developing further means to ensure that ASIC holders are fully aware of their obligations. Reference material outlining the rights and obligations of ASIC holders is distributed, and Qantas has provided every ASIC holder with updated advice highlighting the changes as a result of the new ATSRs. We have also investigated the potential to develop a comprehensive knowledge test at the time of issue, via the introduction of self-paced learning courses to all employees and contractors.

Qantas information systems are currently being upgraded to provide centralised oversight and control over the issue of Visitor Identification Cards and Temporary ASICs. Qantas policy is that Visitor Passes may not be used on an ongoing basis for staff or contractors with a continuing role in a restricted area. Visitor Passes may not be issued to the same person for more than ten consecutive days without the approval of Group Security, and an individual may not be issued with Visitor Passes for more than 30 days in any year. These requirements are more stringent than those mandated by the ATSRs.

#### **Fit and Proper Person Test: Qantas Action Since 7 June 2005**

Since the Government's announcement, and pending decisions about the nature of any new 'fit and proper person' test, Qantas has moved to introduce a more rigorous background checking standard than the minimum required under the ATSRs. The new standard is being applied to applicants for new positions in the Qantas Group as well as service providers in aviation security-sensitive areas. In order to give effect to this tighter standard, Qantas is establishing a management-level Applicant Suitability Review Committee, to review backgrounds of applicants having disclosable police records. The following factors are taken into account:

- The nature of offences recorded, with particular reference to drug use (particularly hard drugs), violence or dishonesty;
- The number and frequency of offences recorded;
- The currency of the offences i.e. number of years since the last offence was committed;
- The age of the offender at the time of the offence;
- Whether the applicant admitted to the convictions in his/her application for employment;
- The nature of the duties in the job for which the applicant is being considered.

Qantas has begun to take advantage of its authority under the ATSRs to apply conditions to the issue of an ASIC. For example, where an applicant has repeated driving offences recorded, it may be appropriate to issue the ASIC only for duties that do not involve the control of a vehicle in the workplace. Similarly, evidence of a history of repeated similar offences is being given particular attention.

Qantas is examining ways of ensuring more rigorous background checking for its overseas-hired staff. In these cases the Australian ASIC check may be meaningless because it only searches Australian law enforcement records. The difficulty in obtaining police checks in some countries, and the value of the resulting data, are factors which must be considered in this process.

In addition, Qantas is contemplating a special and more demanding standard for certain categories of staff, such as those employed in dedicated security functions (for some of which a national security clearance is already required).



Qantas has contributed suggestions to DOTARS about the nature and extent of any 'fit and proper person' test proposed to strengthen the current ASIC eligibility criteria. We acknowledge that consultation and proper consideration will be important to design a system that strikes the right balance. However, difficulties may arise if different Issuing Bodies apply different criteria and standards in the period before a new national standard is settled. Qantas is therefore cautious about independently implementing further measures until there is clarification from the Government about the design of any 'fit and proper person' test.

### **Deficiencies of Current ASIC Background Checking**

The present ASIC regime is a compromise between security outcomes and commercial viability. It is important that background checking does not make the timely hiring of staff unnecessarily burdensome, as inordinate delays will have a significant detrimental impact on the industry. Conversely, the threshold needs to be changed so as to exclude more applicants with histories that may render them an unacceptable risk in a secure environment. There are several shortcomings in the current arrangements that need to be addressed, namely:

- The issue of fraudulent identity is not addressed;
- The test does not exclude issue of an ASIC when there is a history of low level criminal activity which might suggest a person is not "fit and proper";
- There is no scope for police intelligence records to be taken into account;
- The once only consent for background checking makes renewals for existing employees laborious;
- There is no single register of ASIC holders, which makes it difficult for Issuing Bodies to coordinate the issue and revocation of ASICs, and for agencies which may need to use the data for investigative purposes;
- There is no background check for foreign crews of overseas airlines.

### **Qantas Recommendations**

Qantas wishes to make the following observations and recommendations about options for enhancing current arrangements:

- An industry/Government working party should be established to develop (a) an identity checking test (for ASIC issue) which would include, at least, cross-checking against Department of Immigration (DIMIA) passport records, driver's licence or other Government records, including some photographic or other biometric form of identity confirmation wherever possible; and (b) a set of rules for a 'fit and proper person' test that would be manageable for industry and acceptable to the Government and the community.
- A single centralised service for assessing the suitability of ASIC applicants, while leaving Issuing Bodies to attend to the physical issue of cards, may be workable provided it can meet appropriate standards of timeliness and transparency. The alternative, of leaving the assessment responsibility with Issuing Bodies, is also feasible provided all potentially relevant information from Government databases is made available.
- A National ASIC Register should be established. This would be accessible to Issuing Bodies so that an ASIC issue is still performed and coordinated by them, but the Register would be accessible to Government agencies and Issuing Bodies for intelligence and compliance monitoring purposes.

- Consideration could be given to provisional clearances on the basis of a regime, perhaps tighter than the present one but still based on the same checks, where the Government can revoke the clearance should relevant intelligence be forthcoming. Delays to the issue of clearances whilst intelligence checks are undertaken would not be viable unless they could be completed within 24 hours of a request.
- Review of ASIC suitability should be a continuous process, factoring in relevant new information as it comes to notice during each ASIC holder's employment. In particular, Government databases need to be configured to 'flag' ASIC holders so that new data is immediately brought to the attention of the body responsible for assessing individuals' ASIC eligibility, and to the Issuing Body (if different).
- Legislative/regulatory support should be provided to enable a background check consent to be ongoing for the duration of an individual's employment in the industry.
- The current regulated standard for return of an ASIC<sup>2</sup> should be tightened to require holders to return cancelled or expired ASICs immediately on request by the Issuing Body.
- Australia should recommend the establishment of an international working group to examine the feasibility of international standards for background checking and mutual recognition of security cards for international aircrew.

### 3.4.3 Enhanced CCTV Coverage at Airports

As an immediate response to recent baggage security concerns, Qantas has embarked on a CCTV augmentation project to provide coverage of its managed baggage make-up / break-down areas, aircraft loading operations, driveways, ramp areas, over-size baggage and staff access points. This will be achieved using predominantly fixed cameras, supplemented by Pan Tilt and Zoom (PTZ) cameras that will allow operators to inspect particular areas in detail and track events of interest. The system operators will be located in Sydney and will have remote access to all Qantas CCTV systems.

This augmentation project is being undertaken in the context of the Qantas Group Security CCTV Strategic Plan, which will also see the introduction of cameras into selected aircraft holds, improved coverage within terminal sterile areas, and significant modification and enhancement of CCTV systems utilised at screening points. The CCTV Strategic Plan also encompasses the migration of Qantas' existing CCTV infrastructure onto a new fully digital Video Remote Access and Management System (VRAMS).

CCTV coverage at airports has been used historically for aviation security-related purposes, such as sterile and restricted area management, investigations support, duress response, aircraft protection and operational management. Risks associated with baggage interference in the criminal sense had been previously assessed as low. Using prevailing technology, it has not until now been feasible to use CCTV to achieve comprehensive surveillance of baggage areas for the purpose of preventing and detecting crime.

New technology has the potential to enhance aviation security and may also be helpful in achieving crime reduction objectives. Developments in video content analysis (refer Section 7.1.4) could assist in detection of suspect packages, suspicious patterns of behaviour and possibly even suspect individuals.

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<sup>2</sup> Regulation 6.45 allows one month for return of a cancelled or expired ASIC.

There appears to be consensus between DOTARS and the aviation industry that solutions need to be tailored to desired outcomes at each airport. Qantas has suggested that a working group should be established to develop coverage and interoperability guidelines, based on a risk-driven assessment model.

#### 3.4.4 Review of Business Processes – Sydney International Terminal

A company has been contracted to undertake a review of business processes and associated security vulnerabilities. The initial focus of this review is on the Qantas ramp and baggage facilities at the Sydney International Terminal, including rostering arrangements, taskings, time and attendance, assignments and baggage accountability.

A series of recent incidents – particularly the Schapelle Corby investigation and trial, the ‘Camel Head’ matter, and the police investigation into the cocaine importation syndicate allegedly involving baggage handlers at Sydney Airport – have adversely affected perceptions of the integrity of Qantas (and industry) baggage security arrangements.

A number of strategies have been considered in an attempt to address issues arising from these cases. This review will identify systemic vulnerabilities that may create opportunity for the commission of criminal offences and for procedural/policy breaches; it will evaluate the effectiveness of current controls and the need for enhanced controls; identify and eliminate dysfunctional workplace behaviour; and support a program to ensure long term behavioural change.

The review is to examine all operational and administrative aspects of baggage handling and ramp processes, work place environment and cultural issues at Sydney Airport. The review will include an examination of extant organisational structures to address issues including, but not limited to:

- How rostering occurs and analysis of formal / informal dynamics which influence the rostering process;
- Management structures operating within the baggage handling environments and a review of the effectiveness of those structures. The review will focus on operational efficiencies and their effect on the integrity of Qantas processes and corporate image;
- Lines of communication operating within the baggage handling process to allow reporting of issues and concerns to be received by senior management and then acted upon;
- Cultural aspects that may have been inherited from previous workplaces that are impacting on the delivery of effective, efficient and ethical services; and
- Views and opinions of workers, particularly in the context of recent integrity concerns with respect to opportunities, strengths and weaknesses.

## **4 AVIATION SECURITY ENVIRONMENT**

### **4.1 Aviation Security Threats and Priorities**

Like all commercial enterprises, Qantas is required to have an appreciation of the security environment in which it operates. The aviation industry in particular is subject to a wide range of security threats, both routine commercial threats as well as those that arise from terrorism. The terrorist threat is generally higher in the aviation industry due to its attractiveness to terrorist groups, the history of previous successful terrorist attacks against it, and the importance of aviation to both developed and developing nations.

The principal terrorist threat to Australia and its interests emanates from al-Qaeda and associated Islamist extremist groups in the South East Asian region, particularly Jemaah Islamiyah. Since November 2001, Australia has been named as a target for al-Qaeda in five public statements by Usama bin Laden and in two from his deputy Ayman al-Zawahari. The most recent statement made on 21 May 2003 called for, among other things, attacks on Australian interests worldwide. On that basis, it is clear that Australia and Australians are seen as targets for terrorism and it is apparent that the threat from al-Qaeda and associated groups will exist for the foreseeable future.

Aviation remains a focus for al-Qaeda and other terrorist groups. While the 11 September 2001 attacks were its most dramatic use of aircraft for terrorist purposes to date, al-Qaeda's interest in attacking the airline industry continues. Recent indications of that interest include the failed missile attack on an Israeli aircraft departing Mombasa in 2002, the plot to target aircraft at Riyadh in 2003, and the periodically reported concept of hijacking aircraft in Australia, Italy and the United Kingdom for use in attacks on the United States and United Kingdom.

While the threat from terrorism is assessed by the Australian Government to be Medium, there is no information of a current specific threat to Australian aviation, in Australia or overseas. Additionally, there is no information of a specific threat to the Qantas Group domestically or internationally. However, the Australian Government has, since late 2001, raised the assessed level of threat to Australian interests in several of the countries to which Qantas operates.

On that basis it remains a matter of continuing concern that Qantas is required by regulation to commit increasing resources to aviation security measures within Australia, an area of relatively lower threat, effectively at the expense of overseas locations, particularly in South East Asia, that are of greater concern. Qantas remains committed to working with the Australian Government to ensure aviation security measures benefit both the industry and the public. However, it is essential that existing and proposed security measures provide effective outcomes in response to genuine security risks and threats, and are not applied in response to perceived risks, media commentary or political concerns.

### **4.2 Qantas Group Exposure – South East Asia**

The Australian Government continues to advise that there is a heightened threat to Australians and Australian interests throughout much of South East Asia, including at airports utilised by Qantas and/or Australian Airlines RPT and charter operations. The basis for the threat levels is the demonstrated capability and intent of groups such as al

Qaeda, Jemaah Islamiyah and Abu Sayyaf to plan and undertake major terrorist attacks in the region, including against Western interests.

While all of South East Asia will remain of particular concern for the foreseeable future, Indonesia and the Philippines currently represent the most significant sources of potential threat to Qantas Group operations and continue to be closely monitored.

Qantas continuously monitors security in its South East Asian ports and corresponds with key authorities when notable issues are detected. Two elements of security that are particularly important to Qantas in South East Asia are passenger screening and checked baggage screening.

Qantas has formed strategic partnerships with the screening authorities of Jakarta, Denpasar and Manila airports to share information about passenger screening. Although in their formative stages, these arrangements in the longer term will provide local authorities with a source of information and constructive advice so as to enhance the performance of passenger screening at their airports. The possibility exists for Qantas to extend this program also to the screening authorities of other airports in South East Asia.

Regardless of the success of any strategic initiative, tactical security measures are employed to manage specific risks as they are identified. For example, Qantas has introduced CBS using explosive trace detection (ETD) at several ports in the region because of perceived deficiencies in the existing, airport-supplied systems. Additional measures to address perceived weaknesses in passenger screening at one port are also being considered.

Assessments undertaken by Qantas of its Indonesian airports have identified weaknesses that potentially could be exploited by terrorists to target aviation operations. To mitigate the risk of this occurring, Qantas has deployed security personnel to address these weaknesses and continues to engage with Government and airport authorities as to how best these weaknesses can be corrected. Many foreign carriers are looking to Qantas in Indonesia as the benchmark and there is keen interest in many of the measures that Qantas has introduced.

Hotel accommodation for crews throughout South East Asia has been chosen that offers the best available security. These choices are constantly reviewed to ensure that the security being offered by hotels is consistent with the prevailing security situation. From time to time, changes to crew hotels are necessary. When this occurs, extensive consultation and field review takes place to ensure that the best security outcome is achieved.

Regardless of the commercial imperative, Qantas will not compromise on the security of its crew. Evidence of this is the fact that when the prevailing security situation reaches a critical point, Qantas will terminate slipping<sup>3</sup> in any given port. Qantas has made the decision to discontinue slipping in Indonesia twice in the last six months.

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<sup>3</sup> 'Slipping' means accommodating crew overnight at a port of destination.

Qantas reviews of security in South East Asian ports are accomplished by formal on-site inspections and regular visits to ports by security management. In Manila, for example, despite substantial improvements in the quality of passenger screening observed over the last twelve months, Qantas continues to re-screen all of its passengers at the departure gate. A raft of security measures is in place at all of Qantas' South East Asian ports. These measures may differ from port to port as they are tailored to address specific issues that have been identified as a result of inspections and port visits. Qantas' airport managers and duty managers are also encouraged to exercise initiative and address problems as they arise.

Such measures have been applied not only in South East Asia. In 2003, to overcome a design deficiency that permitted the mixing of arriving and departing passengers at Auckland's International Terminal, Qantas introduced Gate Lounge Screening until infrastructure changes were completed. While the measure proved inconvenient for our passengers, and added some costs to the operation, it ensured that there was no increase in the threat to Qantas operations or passengers.

There are a number of issues in the region that have the capacity to impact on the security of Qantas operations in the near future and, as a result, will be carefully monitored. They include:

- The impending move to the new international terminal at Manila;
- The imminent relocation of the international airport at Bangkok;
- The opening of Terminal 3 at Singapore;
- The possible liberalisation of aviation security services in India.

## 5 REGULATORY FRAMEWORKS

### 5.1 Australian Regulatory Framework

#### 5.1.1 Evolution of Australian Transport Security Regulations

The period since the terrorist attacks in the United States on 11 September 2001 can be divided, in broad terms, into three overlapping phases of regulatory change in Australia. The second of those phases has nearly two years to go before full implementation is achieved, and the scope and duration of the third is not yet clear, but Australia will shortly have in place a regulatory regime for aviation security that exceeds world standards. Australia's standards are arguably already at or beyond global best practice, and therefore it is questionable whether further measures will be either necessary or effective in addressing current and future potential security risks.

In the first phase, a series of emergency amendments known as Additional Security Measures (ASMs) were issued, beginning on 13 September 2001, to align the aviation security framework with the new and continuing threats of unlawful interference with civil aviation. Those ASMs represented the Australian Government's judgement of appropriate immediate measures and, in some cases, measures required to comply with measures introduced by foreign (particularly US) governments. Since that time, Qantas has issued 80 ASM amendments, estimated to be over one million pages of documentation, to comply with those requirements.

In the second phase, following revisions to Annex 17 of the Convention on International Civil Aviation (Amendment 10), amendments to Australian legislation were required. The *Australian Transport Security Act 2004* (ATSA) and *Australian Transport Security Regulations 2005* (ATSRs) were the result. The new framework came into force on 10 March 2005. It introduced far-reaching change, bringing additional airports, carriers and other industry participants under the regulated security umbrella. So extensive is its impact that the legislation has a two-year transition period, to 10 March 2007, to enable industry and the regulator to fully implement all aspects. By contrast with the ASMs, the ATSA and ATSRs aim to provide for a longer term aviation security infrastructure. In introducing the ATSRs, the Office of Transport Security (OTS) in DOTARS committed itself to an enforcement philosophy which would be 'intelligence-led, risk-based and outcome-focused': in part, the stated intention is to move away from the former standards-based, prescriptive approach, and to expect industry to take responsibility for identifying and managing security risks. Qantas welcomes this stance, which is consistent with Qantas' own approach and security operating philosophy.

The third phase commenced on 7 June 2005 with the Government's announcement of a number of further measures focused on airport security, with particular reference to perceptions of the risk of criminal involvement by aviation industry staff. The intent and extent of those measures have yet to be fully clarified. There may also be other regulatory changes arising from this Committee's review and the review being led by Sir John Wheeler.

#### 5.1.2 Qantas Experience of the Australian Regulatory Environment

Qantas worked assiduously with DOTARS for a lengthy period prior to introduction of the ATSRs in March 2005, to ensure that the regulations would achieve the best security outcomes, and that the impact on the industry had been properly considered.

Many of the suggestions made by Qantas and other industry participants were factored into the Government's consideration of the legislation. Unfortunately, however, consultation was rushed during the period immediately preceding commencement of the ATSRs, and therefore DOTARS was unable to attend to a number of anomalies and ambiguities identified by the industry.

The period from 10 March 2005 to 10 March 2007 is one of regulatory transition. While newly regulated entities were required to have an approved Transport Security Program (TSP) in place on 10 March 2005, consistent with the ATSRs, existing participants, including Qantas, have until 10 March 2006 to submit a draft TSP and until 10 March 2007 to have a new TSP approved. In the meantime, Qantas relies on its existing TSP which was approved by DOTARS as a 'transitioned' document on 9 March 2005. This arrangement seemed satisfactory to industry, given that the final text of the ATSRs was made available only in February 2005, and the work involved in developing and implementing a new TSP will be substantial. However, despite having formally approved existing TSPs as sufficiently compliant, the Office of Transport Security (OTS) has subsequently informed<sup>4</sup> industry participants, that:

- In case of discrepancy between a TSP and the ATSRs, the ATSRs will apply;
- It is the responsibility of industry to identify and remedy such discrepancies;
- It is not permissible to amend existing TSPs pending submission and approval of a new TSP;
- DOTARS will audit industry compliance with the ATSRs and existing TSPs during the transition period.

This approach unfortunately places industry in an invidious position.

Early experience of the new regulatory regime is that the OTS adherence to 'intelligence-led, risk-based and outcome-focused' implementation is not always consistent. Qantas has sought from DOTARS an explanation regarding the desired security outcome of each new regulation. This would assist the industry and Qantas to determine what measure, procedure or practice could be best introduced to achieve that outcome most effectively. It is difficult for the industry when there is insufficient clarity about the purpose of many of the regulations, in particular where detailed information is required to be included in a TSP but which serves no discernible security purpose. Although the requested information has not yet been forthcoming, a most promising recent development has been agreement by the OTS to provide answers to a long list of industry questions which relate directly to preparation of TSPs. Qantas also acknowledges that DOTARS has been receptive to suggestions by industry about aspects of the ATSRs which require amendment.

The Department's new approach of giving 'guidance but not advice' is also creating some difficulty for the industry. In principle, this stance is consistent with the commitment to risk management decisions being made by industry, with the regulator then auditing the efficacy of industry measures against the desired security outcome. In practice, however, the 'guidance not advice' approach has on occasion led to confusion about the intended meaning of the ATSRs and inconsistency in response. This approach is unhelpful when there are many new industry participants (airports and airlines) who are striving to comply with an extensive new regulatory framework to which they have not been exposed before.

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<sup>4</sup> Formal notification was provided principally via a letter to Qantas and other industry participants dated 4 May 2005, based on legal advice obtained by DOTARS.



Qantas has previously expressed concern, in its 2003 submission to the Committee, about an apparent wish by the Australian Government to redefine aviation security to have a broader application than that provided by ICAO. An unintended consequence has been to dilute the application of resources to those risks which bear directly on the security of aircraft, passengers and staff. There was evidence of this phenomenon, prior to commencement of the ATSA and ATSRs, in a number of ASMs which were non-aviation specific, and the same theme is still detectable in the ATSA and ATSRs. Moreover, DOTARS continues to justify some regulations, on the basis of 'community expectations' rather than any stated security outcome. The Government's announcements on 7 June 2005 of immediate measures, prior to completion of the reviews by this Committee and by Sir John Wheeler, seem to be in the same vein despite their genuine potential to benefit aviation security. Qantas regards this approach with a degree of concern. We remain committed to comply with and to exceed as appropriate all regulated requirements concerning aviation security.

Another concern is that there has been little notable progress in harmonising Australian legislation with international practice, so as to reduce the inconsistencies and additional burden which necessarily resulted from the short term measures instituted unilaterally by different countries immediately after 11 September 2001. Most other countries have, like Australia, amended their legislation and sought to harmonise it with guidelines issued by ICAO. However, the ATSA and ATSRs deviate from ICAO in a number of important areas, most significantly in relation to definitions of 'unlawful interference with aviation' and of prohibited items. While a judgement about Australian aviation security requirements is a matter ultimately for the Australian Government, irrespective of international practice, the result is that Australia maintains a regulatory regime inconsistent with most countries and more restrictive in some ways than even the US and UK.

An effective aviation security strategy depends on application of an integrated suite of complementary measures. None is wholly effective alone and the usefulness of each is affected by other new or amended measures. Other countries, including the US and UK, have recognised this by reviewing and amending measures whose security value is diminished by the introduction of subsequent regulations better suited to achievement of the desired outcome. Australia's aviation security policy has not followed this approach. Measures once introduced seem to remain permanent. Qantas has written to DOTARS about one such issue, drawing attention to the recent pragmatic and risk-based decision adopted by another country to revise a particular regulation: the answer did not address any of the security outcome arguments advanced by Qantas, and made it clear that perceptions were the overriding consideration in rejecting change.

Qantas is committed to working closely and cooperatively with the Government to achieve and maintain an appropriate balance between assessed security risks, an appropriate regulatory framework and a viable commercial aviation industry. The Government had already imposed a heavy compliance burden on industry to implement the ATSRs that commenced on 10 March 2005. Three months later, extensive additional measures were announced; reviews by this Committee and Sir John Wheeler's team have begun; an interdepartmental committee is examining aviation security; and several law enforcement agencies are urgently assessing the threat posed by crime at Australian airports. The burden on industry of compliance with new requirements and responding to Government reviews is onerous. It is also difficult for industry to establish where the regulator sees the appropriate limits of aviation security regulation. It is simply not feasible to eliminate all risks, however

desirable it may be to do so. Qantas is concerned that further measures will continue to be contemplated because of an expectation that every event must be followed by a Government response.

## **5.2 International Regulatory Requirements**

Qantas operates in both the domestic and international aviation environment. From a security aspect, Qantas is regulated domestically by DOTARS as well as by 14 other regulators overseas.

Internationally, aviation regulators for the most part follow the International Civil Aviation Organisation's (ICAO) many standards and recommended practices (e.g. ICAO Annex 17, ICAO Annex 6) by importing these standards and recommended practices into their respective domestic legislative environments. ICAO is not binding on any individual aviation participant such as Qantas, but rather on those nations that are signatories to the various protocols and conventions. An advantage of conforming to ICAO recommendations is that much of the international regulatory environment is similar in nature or harmonised. However, there are still areas where jurisdictions do not harmonise security measures (e.g. prohibited items lists) or where heightened threat environments require additional measures.

Qantas is required in most jurisdictions to submit a TSP (most of which follow the ICAO recommended format), which is then approved by the security regulator. Since 11 September 2001, most security regulators worldwide have either permanently amended their base legislation or issued emergency and/or temporary amendments requiring Qantas to amend its policies and procedures. Qantas has also re-issued seven overseas TSPs and made a substantial number of other TSP amendments.

As highlighted under Section 5.1, inconsistencies between the Australian and international regulatory frameworks present major challenges to Qantas and other international carriers. The problem of complying simultaneously with competing and conflicting legislation is exacerbated by the extra-territorial application of the ATSA and ATSRs.

Other regulators, notably the US Transportation Security Administration (TSA), impose stringent requirements on all carriers providing services to US ports, including measures not required by any other country such as a 'no fly list' of excluded persons. The TSA performs a dual role as regulator and provider of a range of aviation security services, though there is some prospect of responsibility for US security screening returning to private service providers. The TSA allows limited flexibility in complying with US regulations, but the security costs of operating into the US are and probably will remain very high.

## 6 CRIME AT AUSTRALIAN AIRPORTS

### 6.1 Responsibility for Crime Management at Airports

Modern technology and globalisation have made contemporary criminal behaviour more common, more lucrative, easier to commit and more difficult to prevent. To combat this, there must be a greater emphasis placed by Governments, law enforcement agencies and others involved in the aviation security context on the timely gathering, collation, analysis and dissemination of accurate intelligence on the activities of those involved in terrorism and organised crime.

The concept of public and private sectors sharing information and intelligence in a timely manner is still in its infancy and it will take some time to develop true partnerships. To do this as effectively and rapidly as possible, all aviation security constituents must strive harder to work cooperatively.

Qantas enjoys an excellent relationship with many other corporate bodies, law enforcement and security agencies. The recent drug investigation at Sydney Airport (see Section 6.3.2) which still involves intensive collaboration with the NSW Crime Commission, the Australian Federal Police (AFP) and the NSW Police, is a very good example of the Qantas Group's willingness to engage with law enforcement partners, exchange information and co-operate to achieve mutually advantageous outcomes.

#### 6.1.1 Police Presence at Airports

Of the top 100 airports in the world, there are three that do not have a permanent community policing presence. Included in the airports without a permanent community policing presence are two major Australian airports, Sydney and Brisbane. From a Qantas perspective, this is highly undesirable.

Qantas welcomes the announcement of the appointment of dedicated AFP Aviation Security Controllers at Australia's major airports. Recognising that this strategy is in its early stages, it is important for the AFP to elucidate to airport security stakeholders the objectives for these positions and the outcomes being sought. Any outcome that will see a reduction in artificial lines of separation between agencies based on protection of 'patch' will be welcomed. Qantas hopes that this initiative will lead, not only to better cohesion between law enforcement agencies and other bodies working at airports, but will also prompt resolution of disagreements about agency responsibilities for resourcing community policing at airports.

Any model of law enforcement and industry involvement in the aviation security context must be predicated on the requirement to share information if it is to be successful in its fight against organised and transnational crime. As such, Qantas will commit to the concept of sharing information and intelligence where appropriate as long as there are necessary controls and measures in place to protect the integrity of that information.

#### 6.1.2 Counter Terrorist First Response (CTFR)

The AFP Protective Service (AFPPS) provides a CTFR capability at eleven airports around Australia (Sydney, Melbourne, Brisbane, Adelaide, Perth, Darwin, Cairns, Alice Springs, Hobart, Coolangatta and Canberra). The Government contracts with individual airport authorities for the CTFR services. Where those services are not

Government-funded, airports pass on the costs to airlines which, in turn, recoup the cost via a charge on passenger tickets.

Terrorism is directed against the State, rather than commercial interests. The CTFR function is aimed at protecting national security and, accordingly, the funding responsibility should be wholly borne by the Commonwealth Government, not the travelling public. The deployment of AFPPS officers should be as a result of ongoing risk management, not because of contractual requirements.

The current resource deployment arrangement contributes to sub-optimal security outcomes, notwithstanding a recent review of CTFR operational methodologies and the implementation of a new model. Qantas is not convinced that the 'new' model of CTFR as implemented by the AFP has been as successful as it could have been. There does not appear to be a major difference between the current resource deployment methodology under the new model compared with the pre-existing model. Qantas accepts that there have been new initiatives implemented during the past twelve months such as bicycle patrols, but Qantas would like to see more evidence of innovative and pro-active deployment including patrols covering baggage and ramp areas.

An effective CTFR model will not be complete without the deployment of a permanent law enforcement presence at the passenger screening point. Despite numerous requests by Qantas for the AFPPS to do so, this has not occurred. It has long been a Qantas contention that prevention of unlawful interference of an aircraft mid-flight by a passenger will be enhanced if this measure was introduced. Everyone travelling on an aircraft must pass through an airport screening point. It is arguable that the positioning of an armed uniformed law enforcement presence at a screening point would have a positive deterrent effect in the mind of those who may have an intent to cause harm to an aircraft and its passengers, and would provide an immediate response to any incident occurring at the screening point. The AFPPS's new model of CTFR is predicated on being pro-active and intelligence-driven. By positioning a resource such as this at screening points, even rudimentary analysis of passenger behaviour could contribute to profiling and assist direction of security attention (refer Section 8.3).

## **6.2 Baggage Integrity**

Handling of baggage at airports involves a number of complex processes, with multiple variables depending on circumstances. Valid conclusions about vulnerabilities, risks and responses require some technical knowledge of the airport baggage systems. Annex B of this submission therefore provides an explanation of procedures and terminology.

### **6.2.1 Baggage Theft**

The Qantas Group carried over 32 million passengers and approximately 45 million items of checked baggage on its aircraft in financial year 2004/05, which is about 2.67 million passengers and 3.75 million checked bags per month. Those figures do not include Qantas passengers and bags carried on codeshare flights. To date, there have been no substantiated reports of property being placed into a Qantas Group passenger's checked bag at any location throughout the network.

Excluding codeshare flights, the Qantas Group operates its own RPT flights from a total of 100 terminals located in 86 airports (60 domestic and 26 foreign).<sup>5</sup> Qantas only handles checked baggage at 23 terminals in Australia, 15 of which are domestic and eight are international:

- Australia (Qantas Group RPT) 60 airports 70 terminals
- Overseas (Qantas Group RPT) 26 airports 30 terminals

In the period from July 2002 to June 2005 (36 months) there were 1,293 reports of alleged theft from checked baggage handled at domestic and international terminals in the Qantas Group RPT network. Of those reports, 57% related to checked baggage that was handled at an Australian domestic terminal or passed through an Australian domestic or international terminal, while 43% related to baggage that originated from, or was handled through, an overseas airport.

Broadly, on the basis of the Qantas Group figures alone, this indicates:

- an average of 36 alleged thefts from checked baggage per month over three years;
- a possible theft rate over three years in the order of 9.6 bags per million;
- a one in 104,408 chance that any particular bag would be subject to pilferage.

These figures represent the number of reports only, not the number of proven incidents of theft. They include a proportion of claims which turn out to be fraudulent or related to damage to bags caused by baggage sortation systems.

Qantas actively analyses trends to identify ports where pilferage is alleged to have occurred and to take measures to reduce vulnerability and opportunity. From an average total of about 40 reported incidents per month in 2002/2003, baggage pilferage has fallen to around 36 per month in 2004/05, with a slight increase over the last three months.

PORT	Total baggage pilferage reports (July 02 to June 05)	Total QF & AO passengers in/out port over 36 month reporting period	Average QF & AO passenger flow per month	1 reported incident per "n" passengers
1	51	418,284	11,619	1 : 8,202
2	16	192,528	5,348	1 : 12,033
3	20	340,812	9,467	1 : 17,041
4	206	4,084,920	113,470	1 : 19,830
5	76	1,516,572	42,127	1 : 19,955
6	83	2,252,736	62,576	1 : 27,141
7	7	291,672	8,102	1 : 41,667
8	34	1,952,964	54,249	1 : 57,440
9	85	7,356,456	204,346	1 : 86,547
10	423	46,502,748	1,291,743	1 : 109,936
11	171	24,453,216	679,256	1 : 143,001
12	53	8,245,152	229,032	1 : 155,569
13	58	9,413,136	261,476	1 : 162,295
14	80	11,787,696	327,436	1 : 147,346
15	188	30,911,904	858,664	1 : 164,425
16	9	1,916,100	53,225	1 : 212,900
17	37	9,557,208	265,478	1 : 258,303
18	18	5,415,372	150,427	1 : 300,854

<sup>5</sup> These figures do not include overseas passenger codeshare, and passenger and freight charter operations.

*The above table does not contain names of airports. Numbers 1, 2, 3, 4, 5, 6, 7, 8, 9, 12, 16 and 17 are overseas airports, and Numbers 10, 11, 13, 14, 15 and 18 are Australian airports. Qantas would be able to provide the Committee with identifying particulars of the airports referred to, on an in-confidence basis.*

Analysis shows that nine airports (Sydney, Melbourne, Brisbane, Perth and Adelaide, and four overseas ports) account for over 80% of alleged baggage pilferage incidents. Australian airports feature prominently in these statistics because of the volume of Qantas traffic, but the highest incidence of baggage theft per Qantas passenger occurred at nine overseas ports, with the worst figure being a rate of one incident per 8,202 passengers. In contrast, the incidence of reported pilferage from Qantas baggage at Australian domestic airports, including Sydney and Brisbane, is low.

Key findings from the Qantas analysis include:

- Points of vulnerability in baggage handling are during storage for pre-loading, preparation for transport and loading on the ramp;
- There is more opportunity to interfere with baggage at departure and transit ports than at destination ports;
- Bags found to be the target of most pilferage are the zippered type (80%).

Where Qantas has control of baggage sortation systems, we have been able to take steps to reduce the risk of theft from baggage. Some impact on theft has been achieved by containerising passenger baggage. Other measures (both to reduce opportunity and to improve detection) are being actively explored by Qantas, other carriers and airport operators.

Qantas is one of only a few carriers that continuously collects and analyses data on checked baggage pilferage, and then acts on the findings to address the issue. While some foreign carriers have periodically reviewed their rates of theft from checked baggage, Qantas is unaware of any comparable continuing effort to scope and address the issue. While the media focus has been on Qantas it is likely that other carriers, both domestic and particularly international, experience similar and possibly greater levels of theft from checked baggage. According to recent overseas media reporting, 166 staff at a major airport in the South East Asian region have been shown to be involved in 3037 cases of baggage theft over the past four years. That is a higher rate than the Qantas Group has experienced across its whole network, and certainly much higher than at any Australian airport. Qantas is currently contributing to a study of baggage theft rates, and effective counter-measures, being conducted by the Association of Asia-Pacific Airlines.

#### 6.2.2 Importation of Illicit Drugs by Air

Based on a comparative analysis of a range of publicly available data provided by the Australian Customs Service (ACS) it appears that, historically, aircrew members are very rarely involved in illegal drug detections.

Illegal drug detections involving international air passengers and aircrew arriving in Australia constituted only a small proportion of the overall number of detections made during the past seven financial years for which statistics are available, with passengers accounting for the overwhelming majority of such detections. Similarly, the weight of illegal drugs detected among international arriving air passengers and crew constituted only a small proportion of the total weight of detections from all sources, made over the same period.

Separately, the ACS has advised that since October 2003 there have been ten incidents where aircrew were involved in drug detections. Of these, nine required no further action as they related to importation of prescription medicines. Only one incident, involving a flight attendant employed by a foreign airline, was considered to be significant.

Other than the matter referred to in Section 6.3.2, no law enforcement or border control agency has approached Qantas in recent years with serious concerns regarding the likelihood or otherwise of illicit drug importations, or domestic movement of drugs, involving Qantas aircrew or ground staff. Qantas Group Security has had no reason to doubt that the published statistics provide a reasonable indication of the actual rather than perceived scope of the problem.

### 6.3 Recent Incidents

#### 6.3.1 Schapelle Corby

On 8 October 2004, Schapelle Leigh Corby travelled from Brisbane to Bali via Sydney. Ms Corby travelled on Qantas flight QF 501 between Brisbane and Sydney (departing Brisbane at 6am and arriving in Sydney at 7.30am), and then on Australian Airlines flight AO 7829 between Sydney and Denpasar (departing Sydney at 10.15am and arriving in Denpasar, Bali at 2.30pm local). Ms Corby travelled as part of a group of three with two female companions.

Ms Corby checked in at Counter 11 at the Brisbane Qantas Domestic Terminal at 5.33am. Four items of baggage were checked in under her name and were 'through checked' to Denpasar. Three of the four items were 'normal' sized bags; the fourth (a bag containing the body board) was over-size. Baggage tags were attached to each item. The over-sized body board bag was then carried from the check-in counter to the over-size baggage counter at the eastern end of the check-in hall, where it was handed to a member of Qantas check-in staff and inserted into the baggage system.

The four bags were weighed and the collective weight of 65kg was recorded. This is standard industry practice. There is no requirement for Qantas to record the weight of the individual bags. A collective weight is sufficient for each passenger for total aircraft weight calculations, loading considerations and balance calculations. Qantas has adopted the terms of the International Air Transport Association (IATA) Baggage Services Manual (effective 1 April 2003) into its own Baggage Policy in relation to weighing checked baggage. The Manual states, inter alia,

*"..when two or more passengers travelling together on the same flight and to the same destination, present themselves and their baggage at the same time at check-in, airlines will allow the total free baggage allowance, by weight or piece, equal to their combined free baggage allowance to be checked-in.."*

None of these bags was screened in Brisbane, as there was no domestic checked baggage screening (CBS) requirement in place at that time.

Upon arrival in Sydney, Ms Corby and her travel companions, transferred from the Qantas Domestic Terminal (T3) to the International Terminal (T1) to clear the Immigration and Customs process and to await the Australian Airlines flight to Denpasar. There was a two hour and forty-five minute difference between the time

Flight QF 501 arrived in Sydney at T3 and the time Flight AO 7829 departed from Sydney at T1.

The bags checked in at Brisbane under Ms Corby's name were unloaded from QF 501 and transferred by Qantas baggage handlers to the International Terminal (T1) on the basis that they were transfer bags (bags designated for a further flight, in this case the Australian Airlines flight from Sydney to Denpasar).

Qantas 'Account for and Authorise' (AAA) data shows that all four bags originally checked in by Ms Corby at Brisbane were loaded onto the Australian Airlines flight bound for Denpasar.

### **Actions undertaken by Qantas following Ms Corby's arrest**

Qantas' records indicate that the Qantas Airport Duty Manager in Denpasar was contacted on 13 October 2004 by Mr Vasu Rasiah, a member of Ms Corby's defence team based in Bali. On 14 October 2004, a Manager from Qantas Group Security travelled to Bali to meet with Mr Rasiah. An initial introductory meeting was held that afternoon.

On 15 October, the Qantas Group Security Manager met with Mr Rasiah as arranged and explained to him in detail the Qantas security procedures at Brisbane, Sydney and Denpasar Airports. During that time, Qantas facilitated a physical (visual) inspection of the arrivals area at Denpasar Airport by Ms Corby's defence team.

On 29 October Mr Rasiah requested, in an e-mail to the Qantas Security Manager, that Qantas assist in trying to obtain any x-ray images that may exist from the check-in process. Mr Rasiah was advised that Qantas did not possess any such images as no x-ray examination was conducted as part of the check-in process at Brisbane.

Mr Rasiah was advised to contact Sydney Airports Corporation Limited (SACL) on the basis that it was responsible for conducting baggage screening at the Sydney International Terminal and **may** have had an image of the body board bag derived from its routine baggage screening activities. The point was reinforced with Mr Rasiah that all such images are deleted after a certain period of time and that he should contact SACL as soon as possible. It was made clear to Mr Rasiah that Qantas could not provide specific information concerning data obtained from a process for which it was not responsible. Mr Rasiah acknowledged this, stating that he recognised much of what he was looking for was not under our control "*...but would appreciate very much if you could point us at the right 'direction' and give us some contacts in those 'directions'...*".

Qantas Group Security staff made a number of inquiries with SACL staff advising them of Mr Rasiah's expected approach. Every attempt was made to facilitate Mr Rasiah's contact with the appropriate people in SACL.

### **Closed Circuit Television (CCTV)**

The first request from Ms Corby's defence team for CCTV images came in a telephone call and a subsequent e-mail to Qantas Group Security on 4 November 2004 from Mr Rasiah. Following a number of inquiries with Qantas staff both in Sydney and at the Qantas Brisbane Domestic Terminal, Mr Rasiah was advised later that day that no images were available.



On 8 October 2004, Qantas had four CCTV cameras in the Qantas Domestic Terminal check-in hall. The purpose of these cameras is to provide a general overview of the check-in hall to assist with responding to and investigation of incidents such as duress alarms relating to incidents of violence or aggressive behaviour by customers, as well as to monitor queue lengths at the check-in counters.

The CCTV cameras and recording equipment are of high quality. However, in the majority of cases, recorded footage is of insufficient detail and clarity to positively identify individuals. It should be noted that positive identification of individuals was not an intended security outcome of installing these cameras.

*Refer to Annex C showing examples of recorded images from the CCTV camera system at the Qantas Brisbane Domestic terminal check-in hall.*

Qantas practice is to design sufficient recording capacity in digital video systems to maintain security CCTV records for up to thirty-one days. This meets and, in some cases, exceeds the retention time commonly used by airport operators. Once the capacity limit of the hard drive of the digital video recorder is reached, the oldest recordings are over-written.

At the time of Ms Corby's travel, Qantas had no dedicated CCTV camera coverage of the baggage handling areas at either the Qantas Brisbane Domestic Terminal or the Qantas Sydney Domestic Terminal. There are, however, CCTV cameras installed which cover the apron areas where aircraft are parked. The purpose of these cameras is to cover aircraft operations and movements to and from the aerobridges, and they do not provide coverage of baggage handling, loading or unloading activities.

The CCTV recording equipment in the check-in hall at the Qantas Brisbane Domestic Terminal had been suffering from repeated intermittent faults which necessitated numerous maintenance calls since the hardware had been initially installed in 2003. Qantas records show that in the month immediately preceding Ms Corby's travel, a contractor had attended the Qantas Brisbane Domestic Terminal and undertaken corrective maintenance work on the digital video recorder on three separate occasions (15 September, 30 September and 6 October 2004).

Additional maintenance calls were made on 14 October and 19 October 2004 with an entry in the service log book for 19 October reading "...hard drive no 4 failed.." As a consequence the unit underwent substantial repairs which resulted in the loss of all previously recorded data, including data for 8 October 2004.

Following Mr Rasiah's request on 4 November 2004 for CCTV footage, numerous inquiries were conducted by Qantas Group Security staff as to the possibility of images being retrieved from the CCTV computer hard drive. Qantas, at its own cost, engaged the services of KPMG to undertake a forensic analysis of the CCTV computer hard drive to establish if any images could be recovered. This analysis was not requested by Mr Rasiah or any other member of Ms Corby's defence team but was initiated by Qantas.

After several days of intensive review of the recorded imagery, KPMG forensic experts were only able to retrieve a limited number of images that may or may not have been taken during October 2004. The index files to those images (that detail the time, date and location of the images) were also lost. This meant that the forensic experts were

not able to verify the date and time of the images retrieved. Without this information from the index files, the recovered images alone were of little, if any, evidentiary value.

In a letter to Mr Rasiah, dated 24 December 2004, Qantas offered Ms Corby's legal team an opportunity to discuss the recovered images (even without the index files showing dates and times) and the further investigations that could be undertaken. To date, Qantas has not received a response to this offer.

#### **Additional assistance and advice provided to Ms Corby's defence team**

Since being first made aware of Ms Corby's arrest, Qantas has co-operated fully with Ms Corby's legal representatives.

On 1 December 2004, a letter was forwarded to Mr Rasiah providing information concerning: the weighing of checked baggage and reasons why individual bag weights are not recorded (Mr Rasiah had previously been advised of this on 19 November 2004); the check-in process; an explanation as to why baggage was not x-rayed in Brisbane; why CCTV images were not available from cameras in the check-in hall at Brisbane; an outline of the baggage screening responsibilities at Sydney International Airport; baggage handling procedures, including transfer of domestic baggage to international flights; and categories (functions) of various groups of people who are involved in the airport/airline process from Brisbane to Sydney to Denpasar.

In March 2005, meetings were facilitated between representatives of Ms Corby's defence team and Qantas staff who checked-in Ms Corby on 8 October 2004. Following those interviews an offer was made to the defence team to take them on a tour of the airport to show the baggage handling and aircraft loading process in both Brisbane and Sydney. This offer was not accepted.

Qantas has continually provided undertakings to Ms Corby's legal team to make staff available, where necessary for interview and also to be called as witnesses during Court proceedings in Bali. Although the correct procedure for calling witnesses is through the issue of a subpoena, every staff member who was working on 8 October 2004, and who has been contacted, has advised they are willing to help without any subpoena being issued.

In May 2005, Qantas wrote to Ms Corby's defence team advising that we were assisting law enforcement agencies in relation to allegations that Qantas baggage handlers were involved in the importation of cocaine through Sydney Airport on 8 October 2004 (see Section 6.3.2 'New South Wales Crime Commission Investigation'). In this letter, Qantas also advised Ms Corby's lawyers that we had been advised by senior officials from law enforcement agencies in Australia that there was no evidence of any connection between the allegations concerning those involved in the cocaine importation and the Corby investigation. Furthermore, Ms Corby's lawyers were advised that our internal investigations supported that proposition and that no evidence has been provided to Qantas by any law enforcement agency or employee to suggest that the baggage of unsuspecting passengers is being used to transport drugs on Qantas flights.

In July 2005, Qantas corresponded with Ms Corby's legal representatives in Jakarta reiterating our commitment and previous undertakings to assist where possible. While Qantas has not (and cannot on the basis of protecting employees' privacy) provided names and addresses of employees to Ms Corby's defence team, we made it quite

clear in that correspondence that, if her defence team nominated staff members they wished to speak with and interview, we would approach those staff on their behalf.

Following this correspondence with Ms Corby's lawyers, Qantas (without being requested to do so) issued an instruction to Qantas Airport Managers in Brisbane and Sydney that they should discuss with check-in staff (Brisbane only) and ramp/baggage staff in Brisbane and Sydney that, if they were on duty on 8 October 2004 and they wished to come forward with any information, they should do so. Staff have been advised that this is entirely voluntary.

Qantas continues to correspond regularly with Ms Corby's legal team in an effort to assist wherever possible.

### **Other inquiries undertaken by Qantas**

All relevant Qantas employees (check-in staff, baggage handlers and ramp workers) who were on duty at either Brisbane Domestic Terminal, Sydney Domestic Terminal or Sydney International Terminal on the morning of 8 October 2004 have been interviewed by Qantas. To date no one has come forward or volunteered any information of relevance to this matter.

Additionally, during April 2005, the Australian Federal Police (AFP) and Queensland Police interviewed Qantas baggage handlers and ramp workers who were on duty during the morning of 8 October 2004. No evidence or relevant information suggesting any involvement by a Qantas employee was forthcoming during any of those interviews.

#### **6.3.2 NSW Crime Commission Investigation**

Since October 2004, the New South Wales Crime Commission (NSWCC) has been conducting an investigation into an organised crime syndicate importing cocaine from South America into Australia through the Sydney International Terminal. It has been alleged that Qantas baggage handlers assisted in the importation by removing the bag containing the drugs from the airport, thus bypassing the Customs examination process.

Since January 2005, Qantas Group Security has been assisting the NSWCC in an attempt to identify the baggage handlers allegedly involved.

Two Qantas baggage handlers and a Security Manager have been dismissed in relation to associated (non-criminal) matters. No Qantas employees have been arrested to date in relation to the cocaine importation investigation.

#### **6.3.3 Inappropriate Interference with Baggage Containing Animal Costumes**

On 6 April 2005, a passenger checked-in for flight QF 425 (Sydney to Melbourne). Three bags were checked-in, two of which were labelled 'Animal Costumes' (valued at approximately \$5,000). The passenger subsequently sighted a Qantas employee riding on a tug on the tarmac wearing a camel head belonging to one of the costumes which he recognised as part of his checked baggage.

An internal investigation was commenced immediately which subsequently revealed, with the assistance of CCTV footage, that the passenger's baggage had been interfered with in the baggage make-up area. The CCTV camera which captured this

footage was not mounted within the baggage make-up area but above an adjacent roadway. The purpose of that camera was to monitor traffic along the adjacent roadway.

A Qantas employee was identified as the individual who removed the costumes from the passenger's baggage and he was subsequently dismissed. A number of other Qantas employees also involved were disciplined.

This incident and subsequent investigation did not reveal a systemic problem with baggage handlers unlawfully or inappropriately interfering with passengers' checked baggage.

## 6.4 Law Enforcement Reports

Qantas welcomes the commitment of Commonwealth, State and Territory Governments to assessing the actual nature and extent of serious and organised criminal activity affecting airport users. The assessments now being produced by the Australian Federal Police, Australian Crime Commission and by other agencies should help in raising the level of debate about airport-related crime, and in identifying appropriate operational and other responses. Until those reports are complete, there is no current, comprehensive and authoritative assessment available. Recent public debate has relied on media reporting of two internal documents produced by individual officers of the Australian Customs Service and New South Wales Police.

### 6.4.1 Australian Customs Service report

In early June 2005, an unauthorised release to the media of an Australian Customs Service (ACS) internal report occurred. Selective media reporting and commentary on that report painted an inaccurate and exaggerated picture of organised criminal activity allegedly taking place at airports, particularly Sydney Airport. Qantas has examined the report in question. Qantas found the report to be a poorly conceived list of unsubstantiated assertions that are superficially plausible, but which on closer examination are highly speculative and do not stand up to rigorous analysis. There are also significant gaps in the logic of the argument and the structure of the paper. The author's references to terrorism make it clear that he/she is not qualified to assess the threat from terrorism.

The paper purports to be a risk assessment; it is not. The report does not seem to be directed at a particular readership and it explicitly avoids recommending particular remedies for the risks identified. Specifically, the paper addresses vulnerabilities in airport security that may facilitate the importation of narcotics. Much of the assessment lists the possible methodologies that various airport workers from aircrew to engineers and toilet truck drivers could employ to import narcotics should they be so inclined. It does not, however, present evidence or even intelligence to indicate that this may be occurring. The author attributes to two other law enforcement agencies 'major concerns' about criminal activity at Sydney Airport, but offers no sources or corroborating reports from those agencies. Neither of the nominated agencies has raised such concerns with Qantas, nor has the ACS. Indeed, there is a striking contrast between the picture painted by this report and the statistics about illicit drug importation by various channels including commercial aviation, published in ACS' Annual Reports (refer Section 6.2.2).

The document makes some valid observations about the potential for corruption of employees at Sydney Airport and the difficulties in obtaining intelligence on this issue due to the prevailing culture and reluctance to inform. Some of those issues are being addressed in a current Qantas project (refer Section 3.4.4). However, the report links a cultural acceptance of petty theft with a willingness to smuggle drugs or commit an act of terrorism. That is not a sustainable conclusion: there is a quantum leap between stealing a bottle of duty-free alcohol and smuggling heroin or introducing an explosive device into an airport. The author also makes some unsubstantiated and value-laden judgements about employees of certain ethnic backgrounds.

#### 6.4.2 NSW Police report

A newspaper report<sup>6</sup> on 26 June 2005 referred to a research paper produced in 2003 by a NSW Police detective. According to the story, the research project concluded that organised crime had reached 'plague proportions' at Sydney airport and that the airport 'is susceptible to terrorist activity'. Although the Commissioner of the NSW Police has offered to brief Qantas on the research paper, a copy of the paper was not and still has not been provided to Qantas. Nor had the NSW Police – prior to the newspaper story – commented to Qantas on the report's findings and recommendations. We note, however, advice from the NSW Minister for Police, Carl Scully MP, that 'the present system of police patrols is considered by NSW Police to be appropriate given the level of general crime reported at the airport'.<sup>7</sup>

Qantas is committed to working closely with Federal and State law enforcement agencies to address any alleged criminal activity being committed by staff against Qantas customers and employees, and to reduce opportunities for such activity. We depend to a significant degree, however, on the willingness of law enforcement agencies to share intelligence with Qantas and other industry stakeholders.

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<sup>6</sup> *Sun Herald* dated 26 June 2005.

<sup>7</sup> Letter to the Head of Qantas Group Security dated 23 June 2005.

## 7 CURRENT AND EMERGING TECHNOLOGY

The importance of research and development in future security planning should not be underestimated. There are two options available to participants in the aviation security context – to adopt a reactive stance to situations or, alternatively, to invest in strategies which allow the best opportunities to leverage emerging and cutting edge technology. Qantas intends to do the latter.

A threshold issue in relation to attaining the best possible position is to engage in technology partnerships, particularly partnerships between government and industry. To achieve this, Qantas supports the Federal Government initiative of creating the Science, Equipment and Technology (SET) unit within the Department of the Prime Minister and Cabinet. Qantas is in the process of engaging with the SET unit to explore mutually advantageous strategies in the context of current and emerging technology. Qantas will also continue to engage with stakeholders overseas.

### 7.1 Current Qantas Projects

#### 7.1.1 Passenger, Baggage and Cargo Screening

To advance our engagement with overseas stakeholders, Qantas Group Security staff have recently visited the US Transportation Security Administration (TSA) future technology development laboratory in Atlantic City, New Jersey. Qantas is the only airline outside the United States to have received such an invitation. The visit yielded a rare opportunity to examine the direction new technology development is heading for the aviation security industry, particularly in the United States. It has been encouraging to discover that many of the Qantas projects to develop future capabilities align closely with those of the United States' top security technology development professionals.

A major outcome of the visit to the TSA facility has been to validate the strategic view held by Qantas that current and emerging technology needs to be convergent. New technologies need to be capable of adaptation to produce detection solutions for both current and future threats. For example, Qantas is pursuing a technical solution to combining passenger screening x-ray with an Explosive Detection System (EDS) capability, similar to the current functionality of CBS x-rays. The work done by Qantas to move in this direction will now be pursued with the help of current programs in the TSA laboratories.

Qantas has long term, outcomes-focused relationships with some of the world's leading technology companies. The relationships go beyond supplier and client and have evolved to become a strategic partnership arrangement that allows Qantas to influence the direction in which research and development work is steered. We have achieved some success in this area. Securing the use of prototype and beta models of equipment from suppliers has allowed early appreciation of the value of new platforms and has influenced process development in all applications of technology.

#### 7.1.2 Access Control

Various biometrics systems (for example, fingerprint, iris, hand geometry and face recognition) are now available and many are mature enough to provide some benefit for the aviation transport sector. The key issue, however is how to establish proof of identity before issuing a biometric "key" to an individual. Given the high potential cost of introducing a biometric identity system for use in the aviation industry, a review of

trends and plans, particularly those of related industries in those countries who are our major trading partners, should be undertaken before a decision is made.

Biometric applications could be used for routine access control in an airport environment, or they could be used to establish the identity of those who attend for work. While the former is potentially expensive, the latter is more practical and could easily be extended to 'time and attendance' applications.

### 7.1.3 Proof of Identity

With the preferred sales medium for carriers like Qantas being electronic on-line sales supported by telesales centres, the potential exists for fraudulent attacks through the use of credit cards where the identity of the person making the booking and the passenger cannot be verified. In the event of a fraud or security incident involving domestic passengers there is reduced scope to subsequently identify the traveller.

Technology exists and is being implemented in some countries to identify air travellers and assist with border protection. These biometric systems could be used at check-in counters and boarding gates to verify the identity of every traveller. The benefit of this would be to provide a barrier to the successful commission of credit card fraud, and to provide law enforcement and security agencies with accurate and reliable intelligence as to who is or was travelling.

With the exception of passport checks at the gate on international flights, there is no means for ensuring that the person presenting a boarding pass at an aerobridge gate is in fact the individual to whom the boarding pass is issued. Qantas has been investigating the potential for use of a biometric identifier to verify the identity of the boarding pass holder at this point. This could be implemented by capturing a biometric identifier at the time of check-in and linking it to the boarding pass. When the person presents their boarding pass at the gate, another biometric identifier would be captured and checked against the record obtained at check-in. Potential exists for regular travellers to have their biometric identifier stored on their Frequent Flyer or Qantas Club card, thereby obviating the need for biometric capture every time they check in.

Verification of identity documents is a risky operation for commercial entities that do not have expertise in detection of fraudulent documentation. Emerging technology permits the electronic scanning of documents and automated checking of key anti-fraud measures on commonly used documents such as passports, driver's licences and aviation security cards. The agreement of the document issuing authority is needed so that information about the measures used can be programmed into the system. An alternative would be for issuing authorities to have direct access to Government databases for on-line verification, but this presents privacy and technical issues for both industry and Government.

### 7.1.4 Video Content Analysis (VCA) System Trial

As part of the Security Exit Race (SER) project, Qantas is undertaking a comparative evaluation of two different VCA systems. The ultimate aim of the SER application is to enable secure fully automated sterile area egress without need for presence of a static guard. To this end, VCA systems are being used for forward pedestrian motion detection, reverse pedestrian motion detection, thrown object detection, object abandonment detection and people counting within the race-ways. As well as the SER application, VCA systems could potentially be utilised for a multitude of different

functions such as kerbside management, slip and fall detection, and detection of suspicious objects and suspicious behaviour. This technology is going through a period of rapid development and is already being utilised for protection of some critical infrastructure.

#### 7.1.5 Recording of X-Ray Images with Screening Point CCTV Footage

As part of a trial of revised CCTV arrangements at screening points, Qantas has taken a feed from the x-ray machine operator's monitor and recorded this alongside the video footage from the screening point cameras. It provides another tool for investigators examining claims of theft of or damage to items submitted for screening. It also provides a record of images displayed to the x-ray operator and could therefore be used for operator performance evaluation purposes and training.

#### 7.1.6 Establishment of a Credential Card Interoperability Standard

The adoption of MIFARE smart card technology by Qantas and a number of port operators such as Cairns Port Authority, Brisbane Airport Corporation Limited and Adelaide Airport Limited has enabled the potential for credential cards issued by one organisation to be encoded for use on the access control systems of other organisations.

This technology would obviate the need for cardholders to carry multiple credential cards. Not only is this more convenient for the cardholder, but security risks associated with lost or stolen cards are also reduced. Qantas has invested significant effort in developing an interoperability framework known as the MIFARE Participation Rules. Adherence to these rules will enable cards issued by an organisation to be encoded for use on the access control systems of multiple disparate organisations in a secure manner, so as to ensure that the integrity of each individual organisation's access control system is retained where appropriate.

#### 7.1.7 Establishment of a Central CCTV Monitoring Facility

As part of a package of works currently being implemented, Qantas has committed to establishment of a central CCTV monitoring facility. The operators of this facility will have the ability to access and control any of Qantas' CCTV cameras. This surveillance facility will be used primarily for pro-active intelligence-driven surveillance. The operators of the facility will also have the ability to direct live video feeds to other key business areas in the event of an incident.

#### 7.1.8 Foreign Object Damage (FOD) Detection System

When aircraft are left in hangars it is desirable to know if they have been interfered with during any time that they may spend unattended. Jet engines are by far the most critical aircraft element requiring protection, as the introduction of foreign objects can create a safety issue and cause multi-million dollar damage. Qantas has developed and trialled a sophisticated system that automatically identifies the aircraft type in order to position a Pan Tilt and Zoom (PTZ) camera on each engine. The system then uses Video Motion Detection (VMD) technology to identify when the area around the engines is encroached upon, and to generate an alarm.



### 7.1.9 CCTV Incident Management Systems

In order to improve the effectiveness of security operatives tasked with response to an incident, Qantas is trialling the use of technology that will allow a CCTV system operator to send video images to Personal Digital Assistants (PDAs) carried by the response personnel. In the future, it is intended that the PDAs will also be used for two-way voice conferencing so that the response personnel can be directed by the CCTV system operator via a single device.

### 7.1.10 Customer Self-Service and Paperless Ticketing

Qantas introduced 44 self-service kiosks as a check-in option in 2002 at domestic airports in two layouts – stand-alone kiosks for passengers without bags and kiosk units built into check-in counters for passengers with bags. Customer and staff feedback received to date is that stand-alone kiosks are highly effective and popular. To date no significant security issues have been identified which would serve to recommend against further introduction of this new technology. Its effectiveness is evident though the experiences of other carriers overseas: for example, Northwest and Continental are already achieving levels of 80% self-service.

In the coming years Internet check-in will become a key part of the check-in mix and will increase frequency of customers' use of the Qantas web-site. As usage of Internet check-in and 'home production' of boarding passes increases, due consideration will need to be given to consequential security issues such as denial of service attacks and fraudulent manipulation of the customer/airline interface.

### 7.1.11 Biometrics on Self-Service Kiosks

The present self-service kiosks do not robustly verify the identity of the person requesting a boarding pass. Instead, they rely on a credit card, frequent flyer card or booking reference number to identify the individual. Qantas is investigating the potential for using a biometric identifier as either an alternative or adjunct to the existing identity verification measures.

## **7.2 Future Developments**

Work is currently under way to identify how self-service and other technology can be leveraged to enhance "post check-in" customer service and labour efficiency. The focus of this project will include disruption management, post check-in changes (Frequent Flyer upgrades, seat changes etc), re-grade management and Lounge entry. There may be opportunities for security dimensions to be integrated into this future work, in the context of customer management, sterile area control, positive identification pre-boarding and evacuation management.

Future development will also include self-service implementation in the international terminal environment. From a security outcomes perspective, Qantas sees this as the best leverage point where customer self-service strategies will interface with border control requirements such as passport, visa and next of kin data collection and Immigration/Customs clearance procedures.

## 8 PRIVACY CONSIDERATIONS

There are four principal issues that Qantas wishes to mention with respect to its obligations under privacy legislation.

### 8.1 Identity Management

Verification of the identity of prospective passengers, and of staff, requires sufficient evidence to be sighted and authenticated. Qantas therefore has to collect and assess personal information, thus raising potential privacy issues. There are consequent tensions between privacy and identity. Having collected information to satisfy an identity requirement, in order to reduce both security risk and commercial risk, it is also necessary to expend resources to keep it secure. Government provides no single reliable conduit to industry to facilitate proof of identity – despite much of the requirement being mandated by regulation for national security purposes – but Qantas has to bear the risk of failing correctly to confirm an individual's identity. There remains a question of threshold and balance: how much information should the industry and Qantas be expected to collect in order to address security risk, without being perceived as infringing the privacy of passengers and staff?

Qantas acknowledges that Government is giving extensive policy attention to issues of identity verification and management, and is committed to partnership with industry. It is important that decisions made by Government about better identity management take proper account of the needs of the aviation industry to meet security and privacy requirements, and that decisions are translated into legislation enabling us to collect and (as appropriate) keep personal information. This matter is highly pertinent to the current scrutiny of existing aviation security measures and potential or actual crime within the aviation sector. Industry is dependent on Government to provide information to confirm that prospective ASIC holders are who they claim to be and do not have relevant security or criminal histories.

Qantas would support any moves by Government to strengthen the ability of Qantas and other aviation participants to require, collect and store personal information that will assist aviation participants in establishing the correct identity of individuals. Better identity management – whether that means limited industry access to Government databases for cross-referencing and data-matching purposes, or a service delivered by Government agencies – will be critical as emerging access control technology (including biometrics) develops and more reliance is placed upon it (refer to Section 7.1).

### 8.2 Screening Technology

Privacy issues have been raised in other forums with respect to the screening of passengers and airline or airport employees prior to boarding an aircraft or entering airport secure areas. Some of these security measures have implications for privacy, in terms of the imagery generated by some new screening technology.

Qantas is investigating newer technologies such as backscatter screening and millimetric wave radar, which can be likened to an x-ray scan of the body. Such a capability provides increased security effectiveness for airlines and airports (and ultimately passengers and the community) but on the other hand tests the boundaries of the privacy of individuals, particularly in relation to the images generated by backscatter systems.

Qantas suggests that the Government could be more pro-active in its identification of emerging technologies in order that any perceived privacy issues can be managed to secure a better security outcome for the industry and travelling public. Such issues should be considered now and not wait until the deployment of such equipment. Qantas is happy to assist DOTARS and other agencies in undertaking trials of such equipment on a shared cost basis.

### **8.3 Profiling**

In common with Government border security agencies, Qantas has considered the merits of developing profiles of the minority of passengers who might merit more detailed security attention. Profiling can be undertaken at several stages, using different processes: prior to check-in, on the basis of booking information and prior records; when passengers present themselves for check-in; and post check-in, at pre-flight screening and at the boarding gate. Behavioural pattern recognition techniques could be used to identify attributes and/or behaviours which, individually or collectively, would prompt more detailed security attention. The objective is to focus resources on the minority of prospective passengers who present a potential threat of unlawful interference, and away from the majority who do not. The US 'Trusted Traveller' scheme provides another approach with comparable aims.

However, assuming that it can be developed into an effective tool for aviation security purposes, profiling raises a number of issues about the privacy of the information provided by passengers and the use to which it would be put. Qantas wishes to maintain the confidence of its customers and has concerns about the privacy implications of profiling. It is essential that such measures – undertaken essentially for security purposes – have the support of the community and a sound legislative basis.

### **8.4 Workplace Surveillance**

Qantas Group Security has the responsibility to investigate criminal and disciplinary incidents which occur within the workplace. An important investigative and deterrent tool is closed circuit television (CCTV). A large proportion of Qantas staff and much of the Qantas infrastructure is in Sydney but, unlike other Australian jurisdictions, New South Wales workplace surveillance laws prohibit general covert video surveillance in the workplace. This has been a serious impediment to preventing criminality and security breaches in the workplace. Overt video surveillance is of little benefit as activities can be conducted in blind spots, or equipment can be damaged to avoid detection.

Recent events have highlighted the legislative constraints to deployment of covert CCTV, resulting in the Commonwealth Government commitment to removing the distinction between overt and covert CCTV, and permitting Qantas and other industry stakeholders to deploy cameras covertly in such locations as aircraft baggage holds. This change would not previously have been feasible on privacy grounds, and Qantas is conscious of its continuing obligation to its staff and to the community to use the proposed legislative provisions (and the resulting surveillance product) only for appropriate purposes. However, there remain some important aspects to clarify, including questions of sharing product between industry participants, and between industry and Government agencies.

## 9 AVIATION SECURITY COSTS

### 9.1 Qantas Group Expenditure on Security

Qantas spent approximately \$260m on security in 2004/05, not including all indirect costs. To put this into the context of Government expenditure, the Qantas security budget exceeds published 2004/05 expenditure figures for:

- The Australian Security Intelligence Organisation (ASIO) and Australian Secret Intelligence Service (ASIS) combined;
- The Tasmania Police and Australian Federal Police (ACT Policing) combined;
- The Northern Territory Police, Fire and Emergency Services.

Qantas continues to invest heavily in equipment and technology as a key component of its security infrastructure. The capital cost of security equipment to be acquired during the next three-year budget cycle is estimated at \$80.4m. This includes provision for additional CCTV installation in baggage make up areas and aircraft baggage holds, perimeter access control and screening 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.

### 9.2 Distribution of Costs between Government and Industry

The division of responsibilities between Government and industry for implementation of aviation security measures is not reflected in responsibility for meeting the associated costs. The present arrangements see the aviation industry funding virtually the entire security infrastructure at Australian airports, which are now acknowledged as a part of Australia's national critical infrastructure.

Airport operators recover their security costs from airlines. Airlines in turn recover some of their security costs from passengers through charges levied on air tickets, which has an associated negative effect on demand for air travel. Qantas fully recovers security charges incurred at Australian airports, in relation to measures that have been mandated by the Government, but does not fully recover its overall security costs.

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 continuing viability and growth of the Australian aviation industry. In addition to its importance as a component of critical infrastructure, a secure aviation environment brings broad economic benefits to the general community. It is not therefore appropriate to maintain that aviation security costs should be borne only by aviation users.

In keeping with Government policy, as demonstrated in other key areas of national security and critical infrastructure policy, the costs associated with each area of responsibility should be aligned with the desired strategic outcomes. It follows that responsibility for delivering the outcomes should be the primary factor determining how the associated measures should be funded.

There are a number of measures or functions currently funded by airlines for which Qantas believes the Government should assume partial or full responsibility, because

they primarily meet national security or political objectives. It is our view that the Commonwealth Government should be responsible for the provision and funding of national and border security, including Counter Terrorist First Response (CTFR) arrangements at airports; State and Territory Governments should be responsible for the provision and funding of airport-related crime management and community policing; and the aviation industry should be responsible for the provision and funding of protective security measures for aviation (for example passenger, baggage and freight screening).

In addition, the Commonwealth Government could exercise its discretion so as to provide financial incentives for the aviation industry to acquire and maintain a leading edge security capability, notably in relation to expensive specialised security equipment. As 100% of all tested and approved aviation security screening equipment can only be sourced overseas, Government could assist industry indirectly with tax and import incentives and/or exemptions. Such an initiative would be designed to prompt airlines and airports to invest in these significant assets, and to create an environment where the most current technologies available are deployed so as to facilitate achievement of optimal security outcomes.

## 10 CONCLUSION

Aviation security in Australia has attained a high standard according to any global comparison. The Government's new regulatory framework, introduced on 10 March 2005, provides a sound basis for DOTARS and the aviation industry to implement additional measures to strengthen existing security arrangements. The further measures announced on 7 June 2005, when tailored in consultation with aviation stakeholders, will also make a positive contribution.

It should be noted that the system is not broken. DOTARS and the industry have taken on a formidable task in implementing the *Aviation Transport Security Regulations 2005*, and although there have been some initial difficulties in a complex transition phase, Qantas believes that the new regulatory regime is beneficial for the security of the Australian civil aviation industry. However, this will depend on maintenance of a focus on risk management and security outcomes, in a partnership between the regulator and regulated bodies.

The issues of concern to the Qantas Group, in relation to the present direction in Australian aviation security policy, are:

- Difficulty in adhering consistently to a rigorous evidence-based risk management methodology, and in accepting that elimination of all aviation security risks (rather than mitigation of them) is not realistically achievable;
- A shift away from the internationally recognised definition of aviation security, to incorporate criminal activity that poses no threat to the safety of people and aircraft;
- A focus on security at Australian airports, where security is already achieving a high standard, and less attention to overseas airports where standards are not as robust;
- Extension of requirements placed on the aviation industry, to include responsibility for delivering measures (and funding them) that are properly the province of law enforcement agencies; and
- A tendency to give undue weight to perceived community expectations in requiring further security measures.

## 11 ANNEXES

### ANNEX A: Government Announcement of 7 June 2005

#### Joint Media Release - Securing and Policing Australia's Major Airports

*John Anderson, Deputy Prime Minister, Leader of the Nationals, Minister for Transport and Regional Services*

*Philip Ruddock, Attorney-General*

*Senator Chris Ellison, Minister for Justice and Customs*

The Australian Government will act immediately to further tighten security at Australia's major airports, with a package of measures to address the community's concerns about the level of crime at these critical international and domestic gateways.

An immediate review of security at Australian airports will be carried out, as foreshadowed by the Deputy Prime Minister last week. The review will be conducted by the Rt Hon Sir John Wheeler JP, DL, who established the United Kingdom's National Criminal Intelligence Service. Sir John has previously conducted a major review of security at the United Kingdom's major airports, with an emphasis on Heathrow. The review will examine the threat from serious and organised crime at airports, the integration of ground-based security and law enforcement arrangements, and the adequacy of the existing security requirements. Sir John Wheeler will report to the Government by early September 2005. He will be supported by the former Director-General of the UK National Criminal Intelligence Service, Mr John Abbott, and an Australian security expert, Mr Neil Fergus.

In addition, the Government will carry out a series of immediate measures:

1. The Government will require an immediate review of the backgrounds of all holders of Aviation Security Identification Cards (ASICs). Every ASIC holder will be reassessed, to make sure they are fit and proper persons to work in airport positions.
2. The Government has tasked the Commissioner of the Australian Federal Police with developing an intelligence assessment of criminal activity at major airports. His professional advice will be used to determine the appropriate mix of law enforcement resources deployed at our airports, including state police resources.
3. The Government will appoint an Australian Government Airport Security Controller at every major airport: Sydney, Melbourne, Brisbane, Darwin, Perth, Adelaide, Hobart, Canberra, Cairns, Alice Springs and Gold Coast. The controllers will be senior Australian Federal Police (AFP) officers and will co-ordinate the work of all the Australian Government law enforcement and border control agencies at each airport.
4. The Government will require major airports to increase scrutiny through intensifying the inspection of all persons, vehicles and goods entering and leaving the airside of our major airports. The increased scrutiny will include airline and airport staff, contractors and their possessions. The measure will involve additional costs for Australia's airports and airlines; however, it is essential in the interests of protecting the travelling public.
5. The Government will remove the legal obstacles to increasing the use of video surveillance in all areas of airports, including the baggage holds of aircraft.

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## ANNEX B: Baggage Handling Procedures

The manner in which checked baggage is handled at Australian airports will depend on the specific airport, the security measures in place, the infrastructure available at the airport and whether the passenger is travelling domestically<sup>8</sup> or internationally. The size of each bag will also determine whether it is handled using the standard checked baggage system or, for items outside the prescribed dimensions, is processed via a special handling/over-size procedure.

### Check-In Process

The check-in processes for international and domestic passengers are substantially the same. When making a booking for a flight, the passenger's details are kept in the airline's reservations system. Forty-eight hours before the flight, the passenger information is transferred from the reservations system into another system called Departure Control (DCS). At check-in, passengers present themselves and their baggage for carriage on an aircraft. At that time, a check-in record is created in DCS. Subsequently, DCS creates the boarding pass and relevant baggage tags. At the completion of this process, the airline accepts responsibility for the passenger's baggage, subject to the airline's conditions of carriage.

**International Check-In:** International check-in requires the agent to examine the passenger's passport and any relevant visas. The DCS system is available to the Australian Customs Service, to allow live access to passenger information.

Some destinations still require paper tickets. However, many now allow e-tickets. Passengers with e-tickets still require a hard copy of their booking confirmation.

Additional measures are mandated by the US Transportation Security Administration (TSA) for flights bound for US ports or for those flights which will overfly US-controlled air space. At the Last Port of Departure (LPOD – in Australia this is only Sydney, Brisbane and Melbourne) there are search stations in the check-in area. Customers on US flights are selected on a random and continuous basis to have their checked baggage physically searched for Improvised Explosive Devices (IEDs), in addition to any other checked baggage screening (CBS) system employed by the terminal operator. Flights to the US also require a gate lounge search of carry-on baggage on a random and continuous basis. Again, this is in addition to any screening conducted by the terminal's screening authority.

**Domestic Check-In:** Domestic passengers are not required to show a passport or otherwise establish positive identification for travel. Domestic passengers do not need paper tickets, although some are still used. Passengers using e-tickets must show proof of identity at a counter or enter a valid credit card (or similar) information at a self-service kiosk.

Passengers may choose to check-in at designated counters before the passenger screening point (which they must do so if they have checked baggage), at the Qantas Lounge or at the departure gate. It is important to stress that the latter two options are only available if the passenger does not have baggage to be checked-in, that is baggage other than carry-on baggage. Passengers may also use electronic self-service kiosks which are available before and after passenger screening (see Section 7.1.10 for further information about customer self-service check-in facilities).

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<sup>8</sup> Passengers may travel domestically to a major airport to join an international departing flight.



## Post Check-In

As a general rule, baggage is handled in very much the same way at each airport. However, there may be variances depending upon the configuration of infrastructure. Once a bag has been checked in, and a baggage tag attached (thermal bag tag) the bar code of the tag is read by the baggage handling system (BHS) using laser scanners<sup>9</sup>. The BHS uses the information from the scanners to route the bag to the correct belt within the baggage make-up area. When the bag tag is not electronically read (for example, there may be a problem with the tag or the scanner) the bag is sent to an area where the information can be manually entered into the BHS. The bag is then returned into the BHS.

Within the baggage make-up area of the terminal, there are baggage handlers assigned to the various laterals<sup>10</sup>. These workers are usually dedicated to this area. It is their responsibility to load bags into Unit Load Devices (ULDs) commonly known as 'cans'. Generally speaking, ULDs are used on wide-bodied aircraft. On narrow-bodied aircraft, baggage is sorted onto barrows and loose loaded into the hold.

ULDs are loaded into the aircraft by large pieces of lifting equipment called Freight Maindeck Carriers (FMCs). Late bags are loaded into the 'bulkhold', commonly referred to as the 'boot' of the aircraft. Baggage for narrow-bodied aircraft is loaded by conveyor belts into lockers or compartments of the aircraft.

Unloading operations are the reverse of loading - ULDs are unloaded from the aircraft by FMC and the bags from narrow-bodied aircraft are unloaded onto barrows. The ULDs/barrows are then taken to an area of the baggage room where they are placed onto carousels assigned for the flight. Passengers then collect their bags from the carousels in the Arrivals Hall of the terminal.

## Tranship Bags – Domestic to International

Where possible, when a passenger travels on a domestic sector before transfer to an international service, they are 'through checked' onto the international service. This means that the passenger checks-in their baggage at a domestic terminal and recovers it at their international port of destination. The bags of these passengers are known as Tranship Bags and are often loaded into a dedicated tranship container or dedicated part of the aircraft hold. At the transit port these bags are taken from the domestic terminal to the international terminal for injection into the international BHS.

## Over-size Bags

Most BHS are not straight conveyors and have a limited width, and consequently some baggage is too large or long for the BHS to handle. This baggage is known as 'Out-of-Gauge' (OOG) or 'over-size'. A passenger with OOG baggage checks-in normally and is issued with a boarding pass. The passenger then takes the OOG bag to a dedicated over-size drop-off counter where the person receiving the item checks the detail of the boarding pass against the baggage tag on the item. Assuming a match, it is accepted and sent to the baggage make-up area.

<sup>9</sup> At some airports such as Avalon airport, where the conveyors between check-in and the baggage room are about four metres long and straight, there is no need for the laser scanners.

<sup>10</sup> At larger airports the BHS operates as a 'racetrack', and laterals are short straight conveyors off the racetrack. Laterals allow ULDs to be placed next to and on either side of the conveyor to allow easier loading of each ULD. BHS vary with the size of airports: at medium sized airports the system may just consist of a carousel, and at small airports a single straight conveyor.

## Checked Baggage Screening (CBS)

Since 31 December 2004, it has been a regulatory requirement that all international baggage departing Australia is subjected to CBS, a procedure designed to ensure that a bag does not contain an explosive device. At its terminals, Qantas employs a sophisticated multi-layered process for in-line CBS, with five distinct levels of screening, designed to apply increasing scrutiny to bags which fail to be cleared at each level. Qantas has elected not to explain the procedure in this submission but would be happy to provide details to the Committee in camera, if required.

At airports that do not have in-line CBS equipment, CBS must be carried out by either x-ray observation or ETD sampling supplemented by physical search. Depending on the airport design and volume of bags processed, this equipment may be positioned away from the public areas of the airport<sup>11</sup> or at passenger check-in. Where x-ray observation is used, it must be to the same standard as that required for Level 3 screening of an in-line system.

## Mishandled Bags

A Mishandled Bag is simply a bag that has not arrived on the same flight as the customer. This could be for any of the following reasons:

- It has not been tagged to the passenger's final destination;
- It has not been received from the interline carrier in time for a scheduled departure;
- It has been short-shipped;
- It is a tagless bag;
- It has been tagged incorrectly;
- It has been loaded incorrectly;
- It has been delivered to the Arrivals area after all customers have cleared;
- It has been damaged or some items are reported missing;
- It has been mishandled due to airport congestion.

Qantas aims to return mishandled baggage to passengers as quickly as possible, depending on circumstances surrounding the mishandling of a passenger's baggage.

Mishandled bags are entered into a system called "WorldTracer" which is common to most IATA airlines. All reports are entered into WorldTracer within 24 hours of the customer advising that their baggage is missing. Once the owner is identified, a "Rush"<sup>12</sup> tag is attached to the bag which is sent to the destination port. On arrival at the destination port, the bag is couriered to the passenger. Internationally, the bag is subjected to Customs controls before being conveyed to its owner.

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<sup>11</sup> The location is usually within the Baggage Make-up Area.

<sup>12</sup> Mishandled bags are also known as "Rush" bags.

**ANNEX C: Examples of CCTV Images from the Qantas Brisbane Domestic Terminal Check-In Hall**

