

Chapter 4

'Hardening' the environment

Introduction

4.1 While the previous chapter dealt with the law enforcement response to serious and organised crime, this chapter deals with specific security measures within the aviation and maritime sectors. This includes physical security and other measures which reduce the vulnerability of the sectors to exploitation by serious and organised crime.

4.2 The process by which a particular environment is secured against criminal exploitation is referred to as 'hardening'. In essence, these measures make it harder for criminals to operate, in this case, within the aviation and maritime sectors.

4.3 In addition to the public evidence provided to the committee through submissions and at public hearings, the committee has also visited airports and seaports around Australia. These visits, including discussion with government officials and private employees, have allowed the committee to make comparisons between the security regimes of each facility.

4.4 The committee's findings are split between the aviation and maritime sectors. Issues relating to the aviation sector include passenger identification and screening, the commercialisation of airports, and security outside of the major airports. Issues in the maritime sector include uneven security arrangements between ports, container inspection and access to the port precinct. The potential to further improve CCTV is relevant to both the aviation and maritime sectors and is discussed in the context of both.

Issues in the aviation sector

Securing the aviation passenger stream

4.5 A range of issues were raised with committee with regards the security of the aviation passenger stream. These issues particularly related to the verification of identity of passengers, which could facilitate the appropriate monitoring of persons of interest, the matching of appropriate security measures to individual passenger risk and the treatment of access to sterile areas in airports. These issues are addressed below.

Passenger identity

4.6 Currently, domestic air passengers are not required to show photo identification in order to check-in and board an aircraft. Specifically, there is no legal requirement to do so.¹

4.7 The Western Australia Police presented evidence to the committee that individuals involved in serious and organised crime were regularly travelling under assumed identities in order to evade police detection.

4.8 Ms Maggie Plumb presented research using WA Police information that documented a number of such cases. Ms Plumb's research identified four separate cases, involving 13 offenders who were known to have used false travel names to facilitate criminal activity.² These cases involved the distribution of significant quantities of illicit drugs and money laundering. Ms Plumb noted that the ability to travel under a false identity created a significant loophole undermining other airport security measures:

Screening is a really important issue at airports. It is taken very seriously at international airports, but we seem to have a practice at domestic airports of being very trusting and believing that everybody is doing the right thing. However, we know that is not the case. Screening at the airport entails security staff and CCTV networks; airport staff are screened and display their ASIC; there are other metal detectors and bomb residue screening of passengers; there are canine patrols who search for food, explosives, drugs and currency; but nobody is screening for passenger identity.³

4.9 Ms Plumb also identified as a problem the difficulty the use of false identities caused investigators, stating:

With regard to policing—and this affects not just WA police—passengers who fly on domestic aircraft under false names create barriers to many investigations, including serious and organised crime, gang crime, major fraud, major crime, missing persons and disaster victim identification.⁴

4.10 These concerns were shared by Mr Michael Carmody, who had previously served as the Head of Security at the former Federal Airports Corporation, who observed:

The other crazy thing we have is that not only within our regional airports but even within our domestic airports we allow people to enter the sterile area who are not passengers. It creates a significant concern. Do you realise you can board a domestic aircraft today and never show your identification to anyone? You can put yourself on an aircraft this afternoon, a 767,

1 Qantas, *Submission 5 (Supplementary)*, p. 5.

2 Ms Maggie Plumb, *Committee Hansard*, 10 November 2010, p. 5.

3 Ms Maggie Plumb, *Committee Hansard*, 10 November 2010, p. 4.

4 Ms Maggie Plumb, *Committee Hansard*, 10 November 2010, p. 4.

capable of flying anywhere, and no-one verifies either your identification or verifies you to the ticket to the bag. And when you enter the sterile area, because there are non-flying persons in that sterile area, you can swap your ticket with anyone and that person could then board the aircraft.⁵

4.11 Western Australia Police informed the committee that the ability to travel under a false identity, combined with the lack of a formal passenger alert system as exists in the international setting, made it difficult to adequately investigate the movement of persons of interest. Detective Superintendent Charles Carver stated:

With investigations in relation to serious and organised crime, with international flights you have the ability to put PACE alerts on. Basically you are advising that these people are at the airport or are flying on this particular plane. There are provisions there for it to be checked off as they come through; they check in and they are on the manifest. We do not have a domestic PACE alert, so in a serious and organised crime investigation it is very difficult for us and the states and territories to get in front of the play. Firstly, if they are using false identification, they could still use false identification even under a new regime, but the thing is that, if we have PACE alerts and we know they are using those false names and we have access to those manifests, it makes it very much easier to get in front of the play as far as investigations are concerned.⁶

4.12 Det. Supt Carver expressed concerns that the ease with which domestic air travel could be used to distribute drugs to WA contributed to that state's drug problem, stating:

Because of our vibrant economy in Western Australia we are a target for these organised criminal syndicates, gangs and groups to traffic their drugs across to this state, and we pay top dollar for it. The reason we are so concerned about the aviation industry is that those drugs are coming through on the domestic side. That is why we are here today—to bring our concerns to the table and to say that that is fuelling the drug problem in this state.⁷

4.13 As a result of her research, Ms Plumb recommended the introduction of Commonwealth legislation that would require domestic airline passengers to authenticate their identity.⁸

4.14 The Australian Federal Police Federation was also in favour of the creation of such an offence, stating:

We can understand the commercial imperatives that may be there with regard to the airlines saying they want to use the automatic ticketing system

5 Mr Michael Carmody, *Committee Hansard*, 18 February 2010, p. 6.

6 Det. Supt Charles Carver, WA Police, *Committee Hansard*, 10 November 2010, p. 9.

7 Det. Supt Charles Carver, WA Police, *Committee Hansard*, 10 November 2010, p. 13.

8 Ms Maggie Plumb, *Committee Hansard*, 10 November 2010, p. 8.

or, indeed, online booking. But what we would like to see is that there is a specific offence in play for the situation where someone travels on false identification. This becomes very important in relation to future investigations by law enforcement agencies, including the Australian Federal Police, where we may identify criminals who have travelled on false bookings—and, of course, there is no defence for that—and that might be part of an investigation of proving continuity in an offence et cetera. It is beneficial to have an offence.⁹

4.15 The AFPA noted that such a measure may have to include certain provisions to ensure that it did not result in unintended consequences. This included the need for a 'reasonable excuse' clause. Mr Jonathan Hunt-Sharman explained that in their proposal:

Importantly, we have reasonable excuse built in. This is not about people making an error or people trying to avoid—where, for personal circumstances, they are trying to get on a flight to leave a state without someone knowing. If there is a reasonable excuse for the behaviour, then it would be looked at...¹⁰

4.16 The committee agrees that the ability to travel under a false identity is significant enough to warrant the creation of a new offence. The committee therefore recommends that it be made an offence to deliberately travel under a false name on a domestic aircraft.

Recommendation 6

4.17 The committee recommends that the *Crimes (Aviation) Act 1991* be amended so as to create a new offence of deliberately travelling under a false identity.

4.18 Ms Plumb also recommended that passengers be required to verify their identity at the point of check-in to further ensure that individuals could not travel under a false identity.¹¹

4.19 The Australian Service Union expressed a similar sentiment, noting the importance of interaction between customer service staff and passengers to security, stating:

In an effort to cut labour costs airlines have increasingly been replacing staff with electronic check in machines which allow passengers to simply enter a reservation or frequent flyer number and receive their boarding pass. They are not required to show identification and need have no contact with a Customer Service Agent. This removes an important layer of security

9 Mr Jonathan Hunt-Sharman, Australian Federal Police Association, *Committee Hansard*, 17 February 2011, p. 29.

10 Mr Jonathan Hunt-Sharman, AFPA, *Committee Hansard*, 17 February 2011, p. 29.

11 Ms Maggie Plumb, *Committee Hansard*, 10 November 2010, p. 10.

where Customer Service Agents at check in assess the demeanour of the passenger and most critically check their identity.¹²

4.20 Such a move would potentially affect the ability to use electronic check-in processes.

4.21 Qantas did not support the introduction of identity checks for domestic airline passengers. It was against such a measure given the difficulties of establishing a sufficiently robust system of identification assessment, stating:

As the Committee is aware, there is currently no Commonwealth legislation that requires verification of passenger identity prior to uplifting a passenger on domestic airline services. Nor is there any common form of identity document available to Australian nationals that could be used to meet any such requirement, presenting problems for particular categories of persons including unaccompanied minors, infants, people without driver's licenses, passports or any other form of photographic identification.¹³

4.22 According to Mr Stephen Jackson, Qantas, this last category included many elderly passengers who had never held identity documents. Mr Jackson also argued against the introduction of identity checks on the basis that airline employees were not trained to recognise fraudulent documents.¹⁴

4.23 Finally, Qantas also opposed the introduction of identity checks on the basis of the cost of introducing a sufficiently robust system estimating the cost to be 'many millions of dollars, not including data storage and transmission costs.'¹⁵

4.24 From the evidence provided, including the committee's own observations during inspection tours at major Australian airports, the committee is concerned that that the e-ticketing process introduces further vulnerabilities, increasing the opportunity for organised criminal networks to exploit the sector for illicit gain.

4.25 The committee is therefore recommends that the passenger's identity be checked at the point of embarkation, at the gate lounge. This would require passengers to display valid photo-identification that matched the name printed on their boarding pass immediately prior to boarding the plane.

4.26 The committee is of the view that this identity check should be undertaken by a government official, ideally a government security officer as provided for in recommendation 2. Such a scheme would also require a mechanism by which passengers that do not have identification can still travel on an aircraft. This could be

12 Australian Services Union, *Submission 7*, p. 8.

13 Qantas, *Submission 5 (Supplementary)*, pp 5–6.

14 Mr Stephen Jackson, Qantas, *Committee Hansard*, 18 February 2011, p. 27.

15 Qantas, *Submission 5 (Supplementary)*, p. 6.

facilitated through the ability to provide a signed, statutory declaration confirming a passenger's identity.

Recommendation 7

4.27 The committee recommends that it be made a legal requirement to provide photo identification confirming passenger identity immediately prior to boarding an aircraft.

4.28 The committee recognises that there are a number of issues associated with identity and proof of identification. These include the forgery of photo identification and the ability of screening officers to properly assess identification documents.

4.29 A further issue relates to the ability of an individual to officially change their name. This practice can cause problems for the administration of criminal histories. As Det. Supt. Carver noted in relation to the process by which names are changed:

Different regimes, different states, different territories, different ways of doing things. Again, it comes down to the states and territories getting their act together to look at the serious effect these offences have right across Australia—in fact, around the world.¹⁶

4.30 Change of name procedures are managed by the states and territories. This has led to a diversity of approaches by jurisdictions to change of name processes and the exchange of change of name information with law enforcement agencies.¹⁷

4.31 Attorneys-General around Australia have agreed to develop best practice change of name processes through a Standing Committee of Attorneys-General (SCAG) working group, led by NSW, which is intended to have concluded its work by the end of 2011.¹⁸

4.32 The committee considers that this and other issues relating to identity and identification are of serious concern. As a result, the committee may conduct an inquiry into issues of identity and law enforcement.

Passenger profiling

4.33 An issue closely related to the accurate verification of identity is the ability to build individual risk assessments around passenger information. Mr Michael Carmody argued in favour of the use of passenger profiling, stating:

It is not the point of the aviation protective measure to stop the chap in the eleventh hour of the process. You have to start the issue of aviation security

16 Det. Supt Charles Carver, WA Police, *Committee Hansard*, 10 November 2010, p. 22.

17 Senator the Hon. Joe Ludwig, Minister for Agriculture, Fisheries and Forestry, Questions without notice: additional answers, *Senate Hansard*, 12 May 2011, p. 54.

18 Senator the Hon. Joe Ludwig, Minister for Agriculture, Fisheries and Forestry, Questions without notice: additional answers, *Senate Hansard*, 12 May 2011, p. 54.

and the application of protective measures right from the point of ticket purchase. You do this by applying what is loosely termed ‘passenger profiling’.¹⁹

4.34 Customs already adopts a profiling approach to incoming international passengers and aircrew, as outlined in its submission:

Customs and Border Protection contributes to delivering aviation security, including the identification of criminal activity, through the profiling of passengers and crew. A number of systems are used to analyse flights to Australia and assess passengers and crew prior to their arrival. This analysis enables the deployment of our intelligence, targeting, inspection, examination, detection and investigation capabilities to reduce and target the movement of persons or goods of terrorist or criminal concern.²⁰

4.35 Mr Carmody outlined the potential of passenger profiling by reference to the use of software within Israel. Passenger information, including the manner in which a ticket is booked through to personal details are assessed using software right from the point of ticket sale onwards. The information is used to build a risk profile for each individual, which can then affect the level of security applied to that individual upon arrival at the airport, such as further questioning at check-in.²¹

This process of analysing the profile continues all the way through, inclusive of [check-in]. At [check-in], once you put your bag on that counter the screen lights up, the name is there and the check-in assistant already understands where you sit in the profiling technique. There is a series of Q and A to confirm certain aspects of that if appropriate, and if you fail the profiling point at that stage there is normally someone who will ask you to go with them. Your identification and verification of flight details will be checked. The point of the exercise in profiling is, in a risk management sense, to highlight and identify your most serious risk before they hit the screening point, let alone the aircraft. We tend to engineer it in reverse; we tend to hope that at the eleventh hour we catch someone walking through a screening point or, better still, stumble across something as they mount the aircraft and sit in a seat.²²

4.36 Mr Carmody informed the committee that the primary consideration in the establishment of such a scheme was the ability to share information. He noted:

Yes, airlines, particularly, do maintain connections with other airlines and, in some cases, other governments with regard to high-profile threat so that, if someone is identified boarding a Qantas aircraft in London, that name may trigger if those connections are in place. Fundamentally, though, we have no framework in place to react to this. It really is reliant at the lower

19 Mr Michael Carmody, *Committee Hansard*, 18 February 2010, p. 3.

20 Customs, *Submission 13*, p. 8.

21 Mr Michael Carmody, *Committee Hansard*, 18 February 2010, p. 3.

22 Mr Michael Carmody, *Committee Hansard*, 18 February 2010, p. 3.

level on the airline network to plug in mate-to-mate, for want of a better term, to try to access certain data and pull it in. It is a very rough system when you consider that one mistake at that screening point could cause the deaths of 400 people.²³

4.37 Mr Kim Langton, Chameleon Associates (Australia) also supported the introduction of domestic passenger profiling, emphasising the importance of the human side of security, stating:

You have to remember with technology—and I think our reliance on technology is far too great; we ought to bring back the human element—if there is an X-ray machine that they are using at the airports and you are dealing with state sponsored terrorists who have a lot of money, what is to stop them from buying that same machine, pulling it apart, working out what works and what does not work and then setting their plan to it? The only thing they cannot count on is a security guard coming up to them and asking them a question, because they do not know what they are going to get asked. That is where profiling and questioning come into it.²⁴

4.38 Qantas agreed that in a layered approach to aviation security, passenger profiling had merit, but that it had not been tested within the Australian domestic aviation environment. Qantas did note that any passenger profiling would necessarily be the responsibility of suitably trained government authorities.²⁵

4.39 As a secondary consideration to passenger profiling, Qantas did note that it supported the presence of officers from government agencies at check-in or screening points. Qantas argued that this would considerably enhance the deterrence factor against those engaging in criminal (and terrorist) activity, while providing opportunity to conduct behavioural analysis of passengers.²⁶

4.40 The committee agrees that passenger profiling would significantly enhance aviation security from both a counterterrorism and organised crime perspective. However, it is mindful of some of the difficulties inherent in sharing information between private and public entities. As Qantas noted in its supplementary submission:

In relation to the release of passenger information, Qantas is bound not only by Commonwealth Privacy legislation, but by European Union Privacy legislation. Passenger information is collected and stored in the Amadeus Reservation System which is "warehoused" in Europe – as such Qantas is obligated to comply with European Union legislative requirements.²⁷

23 Mr Michael Carmody, *Committee Hansard*, 18 February 2010, p. 4.

24 Mr Kim Langton, Chameleon Associates (Australia), *Committee Hansard*, 18 February 2011, p. 59.

25 Qantas, *Submission 5 (Supplementary)*, p. 6.

26 Qantas, *Submission 5 (Supplementary)*, p. 6.

27 Qantas, *Submission 5 (Supplementary)*, p. 9.

4.41 In addition, Qantas also noted the difficulties posed by airline reservation systems, which are not intelligence databases and therefore do not have a name matching capability, making name searches time consuming and resource intensive.²⁸

4.42 The committee therefore recommends that the Commonwealth Government conducts further research into developing a system for the sharing of information held by airlines and air cargo agents with law enforcement agencies, and particularly the ACC Fusion Centre. The committee considers that the information would be most benefit if provided to the Fusion Centre, given its multi-agency approach to intelligence collection and analysis.

4.43 This research should include technical solutions that would enable 'live' access to data, the likely costs of such a system and the implications for statutory or other barriers to the sharing of such information. This research could possibly be conducted together with the broader review of public and private sector cooperation recommended in Chapter 3.

Recommendation 8

4.44 The committee recommends that the Commonwealth Government review the technical and administrative requirements necessary to facilitate the effective sharing of information between airlines and air cargo agents and law enforcement agencies and the Australian Crime Commission Fusion Centre for the purpose of enhancing aviation security and law enforcement activities. The review should include research into technical requirements for such a scheme, the costs involved and any relevant statutory or other barrier to the sharing of such information. The findings of the review should be reported to the Australian Parliament.

Restricting access to the sterile area

4.45 During inspection tours at airports, the committee was able to closely examine the screening mechanism in place between the public access area of the airport and the 'sterile' area, within which all individuals are expected to have been screened for weapons and other dangerous items. In general, the integrity of these screening measures and the sterile area is enhanced by reducing the number of people entering the area.

4.46 The committee heard from a number of witnesses that the growth in commercial outlets within the sterile area, had inflated the number of people passing through screening points, to the possible detriment of security outcomes.

4.47 Combined with the free access of non-travelling members of the public, this put excessive pressure on screening point. This is contrast to international air travel or domestic travel in certain other countries, where access is restricted to passengers and

28 Qantas, *Submission 5 (Supplementary)*, p. 9.

those with a business reason to enter the area (for example employees and government officials). For example, the United States of America does not permit non-flying members of the public to enter the sterile area, reducing the number of people passing through screening points.²⁹

4.48 The development of airports as commercial hubs has increased the natural tension between commerce and security in that sector. The advent of airport shopping centres and other new commercial interests has increased the number of people on site both as employees and customers. Airports, with a focus on the movement of passengers, also must contend with far greater public access to facilities as compared to ports that are primarily concerned with cargo. Mr Michael Carmody, former Head of Security for the Federal Airports Corporation, was of the opinion that airport design focused on commercial interests first and security issues second.³⁰

4.49 Ms Linda White, ASU, commented on the increasing focus on retail within the sterile airport environment, stating:

The more people that you have that you have to screen, the more pressure it puts on the system, the more people have to be watched, the greater the turnover there may well be—and, to us, this is an airport, where the primary focus is flying and the transport of cargo and passengers. It is not about retail. The passenger experience—while we understand this—is where airports make their money. But, if you are focusing on the people who work for airlines and airports because they have this access, we say: why don't you limit the number of people who can be there?³¹

4.50 The committee notes that in addition to more people in the screening area, the stocking of retail outlets would also result in a high flow of goods into the restricted area, with a commensurate potential for smuggling.

4.51 The ACC also commented on the challenge to security posed by the increasing commercial development of secure areas within the airport. Mrs Kathleen Florian informed the committee that:

I think that poses significant challenges from a number of points of view. I suppose some of the issues that it raises are the increasing commercialisation of shopping precincts within airport infrastructure; the moving of international flights from CTFR airports into some regional airports has created issues. The nature of some flights that go from those airports to key destinations, particularly in South-East Asia, may be significant from an illicit commodity sourcing point of view. Some of those commercial issues certainly do raise questions about serious and organised

29 Unites States Department of Homeland Security, Transport Security Administration, 'ID Requirements for Airport Checkpoints', http://www.tsa.gov/travelers/airtravel/acceptable_documents.shtml (accessed 17 May 2011).

30 Mr Michael Carmody, *Committee Hansard*, 18 February 2010, p. 5.

31 Ms Linda White, ASU, *Committee Hansard*, 17 February 2010, p. 12.

crime within the airport and how to most effectively harden that environment.³²

4.52 Mr Richard Janeczko was of a similar opinion, stating:

On the other question, the more people you have in an airport and the more traffic you have coming and going the more risk there has to be anyway because you have a larger number of people coming in and a larger number of people to check. There are legitimate goods that have to be in an airport. There are only a small percentage of those things you can target. The advantage of duty-free is probably a thing. We had a major success a year or two ago in uncovering and prosecuting people who ended up with five or six years in jail because they were getting around the duty-free laws. So greater commercialisation, in the sense that if you get a concession by buying at an airport that you could not get if you were not buying at an airport, has brought greater risks. Where there is a vulnerability you will find crime. I think the fact that it is a shopping centre where planes land has created a lot of opportunity.³³

4.53 Finally, Mr Michael Carmody observed much the same point, stating:

That is all it is; everything is a cost issue. You have the airlines who are trying to drive passenger facilitation. From the time you pull into the carport to the time you put yourself on the seat, they want to get you through that process as quickly as they possibly can. Things like security and the checking and screening et cetera are limitations of that facilitation process. Airlines have a vested interest to get you on that aircraft and moving as quickly as they possibly can, so anything that gets in the way of that process is money. Over the years airport operators have turned an airport essentially into a shopping centre in which you park cars.³⁴

4.54 Mr John McArdle, Australian Airport Association, did not see the existence of commercial outlets within the sterile areas as being cause for concern, stating:

The community that is travelling particularly in Australia expects certain 'pleasures' to detract them from the onerous task of waiting for aircraft or waiting for the processing that goes on. Retail is one of those measures that detract from the boredom of travel. I find it difficult to comprehend why anyone would say that retail is a threat within a terminal; be it in the Customs [area] or in the public area.³⁵

32 Mrs Kathleen Florian, ACC, *Committee Hansard*, 17 February 2011, p. 11.

33 Mr Richard Janeczko, *Committee Hansard*, 17 February 2011, p. 19.

34 Mr Michael Carmody, *Committee Hansard*, 18 February 2010, pp 4–5.

35 Mr John McArdle, Australian Airports Association, *Committee Hansard*, 17 February 2010, p. 1.

Airport design

4.55 Another issue is the difficulty inherent in retrofitting older airports with new security measures. Most of Australia's airports are decades old and as a result, are not designed to incorporate modern security concerns and technology. Sydney Airport Corporation Limited noted that newer airports overseas, such as Beijing, were built from green-field sites and hence were designed to take into account modern security concerns.³⁶

4.56 This point was echoed by Mr Michael Carmody, who stated:

If you take Sydney airport as an example, we started off in the very old Qantas terminal here 35 years ago, when you used to have that outdoor ground surveillance exercise and you walked to the aircraft et cetera. We then migrated across to what is now known as the international terminal—one pier. It has now generated the two pier and they are trying to build a third. Everything is fundamentally tacked on. Apart from providing adequate space to park an aircraft and the appropriate logistics to connect that aircraft, the rest is essentially around building a shopping centre. Anything that gets in the way of that process, particularly security, is an afterthought—‘We will bang it in here.’ If you have a look at any screening point, it is always at the narrowest neck, poorly laid out and poorly defined. Because the equipment is mobile, they set up a few barriers and dump the equipment in. And yet, conversely, with respect to Customs and AQIS, it tends to be built around those functions.³⁷

4.57 The older design of most Australian airports is therefore a potential vulnerability. Based on the committee's inspection of various airports, newer terminals appear to incorporate modern security requirements effectively. In the absence of redevelopment of existing terminals, to the extent possible, retrofitting appears to be the only viable solution.

The use of sniffer dogs to deter drug smuggling and money laundering

4.58 During visits to airports and ports, the committee had the opportunity to assess the effectiveness of sniffer dog squads. The AFP trains and maintains an extensive detector dog capability, including the training of handlers and dogs that operate at Australian major airports. Firearms and Explosives Detector dogs are located at 10 major airports around Australia.³⁸

4.59 Additionally, AFP sniffer dogs can also be trained to detect currency and illicit drugs. The Western Australia Police expressed a preference for more canine

36 Mr Grant Woods, Sydney Airport Corporation Ltd., *Committee Hansard*, 18 February 2010, p. 16.

37 Mr Michael Carmody, *Committee Hansard*, 18 February 2010, p. 6.

38 AFP, 'National Canine Capability' <http://www.afp.gov.au/policing/aviation/canine-capability.aspx> (accessed 10 May 2011).

squads at airports, with a view to detecting both drug trafficking and money laundering. Det. Supt Carver informed the committee that:

I have put in submissions to put some operations in place and target specifically planes coming from Sydney and Melbourne, and leaving Perth to go to those particular locations, with drug dogs and also money dogs so that we can randomly intercept and basically distract and dismantle some of the activities that are going through the airports.³⁹

4.60 Ms Maggie Plumb noted the use of sniffer dogs could serve two purposes. If unadvertised and randomised, the potential for actual interception was increased. Alternately, high profile, advertised searches would be unlikely to catch forewarned criminals, but might have a greater deterrent effect by virtue of the publicity.⁴⁰

4.61 The committee supports the increased use of canine detection squads and is encouraged by the Commonwealth Government's decision to fund an additional 17 teams to operate at Australian airports by June 2011.⁴¹

4.62 The committee considers that the randomised and unadvertised use of currency and illicit drug detection dogs is of particular importance to combating serious and organised crime at airports. It therefore supports a further investment in these squads.

Recommendation 9

4.63 The committee recommends that the Australian Government provide further resources to support an increased presence for currency and illicit drug detection canine units at Australian airports.

Small aircraft movement

4.64 In addition to visiting major domestic airports in capital cities, the committee also visited General Aviation airports, including Jandakot Airport in Perth. The use of small non-commercial aircraft to facilitate the domestic distribution of drugs and other illicit goods has been publically documented. For example, in 2008, police intercepted 22 kilograms of methylamphetamine and 35 000 ecstasy tablets that had been brought to Jandakot Airport by light plane.⁴²

4.65 The committee was therefore interested to examine the monitoring of small aircraft, which could potentially be used to import illicit substances from nearby countries including Indonesia and Papua New Guinea.

39 Det. Supt Charles Carver, WA Police, *Committee Hansard*, 10 November 2010, p. 19.

40 Ms Maggie Plumb, *Committee Hansard*, 10 November 2010, p. 19.

41 AFP, 'National Canine Capability' <http://www.afp.gov.au/policing/aviation/canine-capability.aspx> (accessed 10 May 2011).

42 ABC News, 'Amphetamine seizure a 'major blow' for illicit drug market', 7 March 2008, <http://abc.com.au/news/stories/2008/03/07/2182754.htm> (accessed 18 April 2011).

4.66 The Civil Aviation Safety Authority informed the committee that commercial aircraft require permission from CASA to enter Australia to ensure the regulation of safe aircraft. This did not apply to private aircraft.⁴³ Aircraft entering controlled airspace are required to file a flight plan with Airservices. In practice, this applied to most aircraft in general aviation.⁴⁴

4.67 Airservices Australia noted that, from a civil aviation perspective, it was possible that small aircraft movement across Northern borders and internally were not monitored, due to the technology used. As Mr Dawson described:

The trouble with what the committee is looking at with small aircraft and our ability to detect or to stop is that the surveillance that civil aviation has is different to what defence has—it is a different kettle of fish. Civil aviation surveillance is primarily based on transponders of an aircraft, which send out a signal and we pick that up. That is what we call secondary surveillance technology. If an aircraft wants to come into Australia from, say, PNG or somewhere in the north, and they turn that transponder off, do not file a flight plan and land in an airport where we do not have a facility, such as a town or something like that, I suspect we would never know about it.⁴⁵

4.68 Customs informed the committee that light aircraft entering the country could be classified as either 'reported flights' or unreported/black flights'. Customs intervention on reported flights was determined by the identified level of risk associated with that flight.⁴⁶

4.69 Customs also places resources into the Community Participation Program, through which Customs has established a network of contacts in coastal and remote areas. This network, which provides information in relation to suspect or unusual activity, is partially drawn from individuals and organisations associated with aviation, including airport operators, aviation service providers and remote area property owners.⁴⁷

4.70 In addition, Customs relies on information provided by external agencies responsible for monitoring Australian airspace. For regulated airspace, this included Airservices Australia.⁴⁸ Airservices Australia noted that its tower controllers in small

43 Mr Adam Anastasi, Civil Aviation Safety Authority, *Committee Hansard*, 18 February 2011, p. 19.

44 Mr Paul Dawson, Airservices Australia, *Committee Hansard*, 18 February 2011, p. 22.

45 Mr Paul Dawson, Airservices Australia, *Committee Hansard*, 18 February 2011, p. 22.

46 Customs, answer to written question on notice (received 25 May 2011).

47 Customs, answer to written question on notice (received 25 May 2011).

48 Customs, answer to written question on notice (received 25 May 2011).

and regional airfields did provide information about suspicious activity to the Australian Federal Police.⁴⁹

4.71 Finally, Customs noted that Defence had the primary responsibility for identifying unauthorised aircraft movements.⁵⁰

Issues in the maritime sector

4.72 The committee heard of a number of vulnerabilities that currently exist in port and maritime security arrangements. These vulnerabilities need to be addressed in order to inhibit and disrupt organised criminal activity in the maritime sector. Successfully hardening the maritime environment will complement the joint agency law enforcement response recommended in the previous chapter.

Varied security levels between ports

4.73 The committee visited port and associated facilities in most states and territories over the course of this inquiry. The most easily observable issue was the different level of security applied at each port. As a general rule, security was tighter at larger ports, which probably a natural consequence of the greater flow of goods through those ports.

4.74 The committee was informed that the Sydney and Melbourne container ports are the highest risk ports in Australia in terms of illicit drug importations. As Mr Jeff Buckpitt, Customs, explained:

...Sydney and Melbourne are the key ports of highest risk in terms of drugs entering by sea cargo. All ports are a risk, but historically if you look at where the detections have occurred the vast majority of them has been in Sydney followed then by the ports of Melbourne and Brisbane.⁵¹

4.75 The ACC informed the committee that the higher level of criminality assessed to exist at the major Sydney and Melbourne container ports reflected the range of vulnerabilities presented by large cargo volume, workforce size, the local criminal environment and the proximity of these ports to the major illicit commodity markets.⁵² These observations support a view that organised criminal networks are likely to continue to target the major container terminals.

4.76 However, the committee is concerned that Australia's overall effort to resist the importation of harmful, illicit drugs may suffer from a 'weakest link' effect as a result of the disparate approach to port security. For this reason, the committee is keen

49 Mr Michael Miller, Airservices Australia, *Committee Hansard*, 18 February 2011, p. 22.

50 Customs, answer to written question on notice, 9 May 2011 (received 25 May 2011).

51 Mr Jeff Buckpitt, Customs, *Committee Hansard*, 17 February 2011, p. 5.

52 ACC, *Submission 8*, p. 7.

to see a harmonised approach to port security, including upgraded minimum standards in a number of areas canvassed below.

Access to the port precinct

4.77 The main area of difference that the committee observed during inspection visits was the security of port access points. Major ports had manned gates who verified the identity of incoming individuals, including checking for an MSIC. However, some smaller ports simply required a valid swipe card, with no assessment of whether the card, often integrated with an MSIC, belonged to the individual using it.

4.78 The difference in access security was observed by a number of witnesses, including Mr Dean Summers, MUA, who stated:

But if the first question was about whether the gates, locks and guard security consistent right around the coast in every single port in Australia my answer is that I do not think it is. I think there is consideration given to large container terminals—to support your case that that is where the majority of illicit goods including drugs may come through. These are only my observations.⁵³

4.79 The committee was particularly impressed with the solution adopted by the Fremantle Inner Harbour. Gates into the port security area included a video camera that enabled security guards in a central security office to verify the identity of the cardholder.

4.80 The committee is of the view that all seaports around Australia that feature a port security zone as required by MTOFSA should establish perimeter gates with facial recognition capability, either through a human operator, link to a human operator via Closed Circuit Television (CCTV) or a software-based solution.

Recommendation 10

4.81 The committee recommends that access to port security areas prescribed under the *Maritime Transport and Offshore Facilities Security Act 2003* should require verification that the Maritime Security Identification Card belongs to the individual seeking access, either through human gate operators, verification by Closed Circuit Television or any other appropriate solution.

4.82 In the next chapter, the committee recommends the incorporation of biometric information into the ASIC and MSIC, which may present opportunities for more sophisticated access control in the future.

53 Mr Dean Summers, MUA, *Committee Hansard*, 18 February 2011, p. 5.

Container inspection

4.83 The inspection of incoming shipping containers, through x-ray screening and physical examination, is an important deterrent against the importation of illicit goods. However, the sheer scale of containerised shipping means that the universal inspection of every container would be incredibly costly.

4.84 In 2007–08, 2.5 million containers (twenty-foot equivalent) were imported into Australia.⁵⁴ Of these, Customs inspected 138 000, and physically examined 15 500.⁵⁵ In other words, in 2007–08, 5.6 per cent of containers were inspected, and 0.6 per cent were physically examined. The percentage inspected or examined is therefore low relative to overall volume.

4.85 In order to increase the impact of inspection and screening, Customs selects containers through a cargo profiling system. All cargo entering and leaving Australia is required to be reported to Customs through the Integrated Cargo System (ICS). This information is used to assess against known and suspected indicators of border risk, including drug importation.⁵⁶

4.86 Cargo profiles that are flagged through Customs' Cargo Risk Assessment (CRA) system are referred to cargo targeting officers for further analysis. In particular, cargo with a high or medium risk is referred for inspection or examination. A sample of low risk cargo is included for sampling and compliance purposes. Customs outlined a number of inspection and examination patterns that were adopted. These strategies balance the need to screen high risk cargo with the need to ensure that new risk patterns are identified and criminal networks cannot escape scrutiny through avoiding known risk profiles.⁵⁷

4.87 The inspection and examination capability is also used in cases where law enforcement agencies have received specific intelligence. As noted by Mr Phelan, AFP:

Customs and Border Protection have their own great intelligence system for selecting containers and so on. Sometimes things come cold, but in the vast majority of instances things are based on intelligence. We would know either specifically what was going to happen or in a more roundabout way that leads us to a picture to help target particular containers or vessels.⁵⁸

54 Bureau of Infrastructure, Transport and Regional Economics, DITRDLG, Australia Maritime Activity to 2029–30, Statistical Report, p. 36

55 Customs, Annual Report 2007–08, p. 38.

56 Customs, *Submission 13*, p. 13.

57 Customs, *Submission 13*, p. 14.

58 Mr Michael Phelan, Deputy Commissioner, AFP, *Committee Hansard*, 17 February 2011, p.44.

4.88 The committee considers that the approach taken by Customs is intelligent, though higher rates of inspection and examination would be desirable in an ideal world.

The need for a confidential inspection mechanism

4.89 Though the committee does not wish to recommend higher rates of inspection and examination, the current system could benefit from improvement. In particular, the committee has identified the need for a confidential container inspection capability.

4.90 Currently, containers are taken to a Customs Container Examination Facility (CEF), typically located near the port precinct, for inspection and physical examination. Unfortunately, the act of moving a container in order to do so is generally recorded within port logistical databases. Trusted insiders or other corrupt employees may be in a position to access these databases and become aware of law enforcement interest in particular containers. Operational integrity cannot be maintained in this circumstance.

4.91 Specifically, the Integrated Cargo System (ICS) provides live information about the status of cargo. The ICS was developed by Customs as a single system for the management of imports and exports. The ICS features information provided by importers and exporters and transport and logistics service providers. In addition, it provides Customs and other government agency authority for cargo movement and clearance.⁵⁹

4.92 The committee understands through its inspection visits that the ICS is accessible to an extremely wide group of people. While this meets 'emerging industry and government needs for more effective and efficient management [of] Australia's import and exports',⁶⁰ it also informs criminal elements of government interest in particular cargo.

4.93 For this reason, the committee is of the opinion that a new mechanism is required by which containers can be manipulated or taken for examination at a Container Examination Facility without alerting potential trusted insiders or criminal facilitators to the action.

59 Customs, 'The Integrated Cargo System (ICS) Context', http://www.cargosupport.gov.au/webdata/minisites/sdg/overview/the_ics_context.htm (accessed 20 May 2011).

60 Customs, 'The Integrated Cargo System (ICS) Context', http://www.cargosupport.gov.au/webdata/minisites/sdg/overview/the_ics_context.htm (accessed 20 May 2011).

Recommendation 11

4.94 The committee recommends the development of a system that enables the confidential movement and examination of containers that increases the likelihood that trusted insiders involved in serious or organised crime are not alerted to law enforcement agency interest in a container.

Empty containers

4.95 The committee was also alerted to the vulnerability of the empty container trade to criminal exploitation. Where the demand for containerised imports exceeds the demand for containerised exports at a particular port, the unwanted containers must be shipped to other ports empty. The Maritime Union of Australia informed the committee that this empty container trade was subject to far less scrutiny than standard container trade, with the potential for exploitation.

With the low level of container inspections, particularly in the trans-shipment of what should be empty containers, there is no scrutiny. If a container seems light enough and is labelled as an empty container, it will come in and out, trans-shipped through different ports in the world, including Australian ports, with absolutely no visual checks.⁶¹

4.96 The committee was concerned by this allegation and sought more information from Customs. Customs informed the committee that all empty containers arriving in Australia are required to be reported through the ICS. Reported containers are assessed against available information to determine potential risk. Where a risk is identified, containers are referred for inspection or examination.⁶² This is similar to the approach taken to loaded containers, including occasional random sampling.⁶³

4.97 Export containers are not subject to the same requirements and reporting for these is limited to the number of empty containers loaded on a vessel.⁶⁴

4.98 Customs noted that there were few contemporary examples of instances where an empty container had been identified with undeclared contents:

Of note is that discovery has most often been associated with an additional occurrence such as a rail accident or crane failure, and not through intelligence or anomalies in reported information. The only significant find in an empty container was 640 kilograms of cannabis in June 2004. All other operations involving empty containers since 2004 have resulted in no significant finds.⁶⁵

61 Mr Dean Summers, MUA, *Committee Hansard*, 18 February 2011, p. 3.

62 Customs, answer to written question on notice, 9 May 2011 (received 25 May 2011).

63 Customs, answer to written question on notice, 9 May 2011 (received 25 May 2011).

64 Customs, answer to written question on notice, 9 May 2011 (received 25 May 2011).

65 Customs, answer to written question on notice, 9 May 2011 (received 25 May 2011).

4.99 The committee notes that Customs appears to treat imported empty containers in a similar fashion to imported loaded containers. As such, they are most likely no more vulnerable than a standard container, at least from an importation perspective.

CCTV

4.100 The use of Closed Circuit Television (CCTV) is an effective tool in promoting security within both airports and seaports. The Wheeler Review, inquiring into the aviation sector in 2005, included a number of recommendations about the improvement and consolidation of cameras within the airport. The Review recommended that Customs take the lead role in monitoring the camera network, stating:

Access control at major airports should continue to be strengthened by the reduction of unnecessary access points and enhanced monitoring. Among the Australian Customs Service's excellent capabilities is particular expertise in closed-circuit television (CCTV), and Customs should be the lead agency to improve the technology, integration, sharing and retention of CCTV data at all international airports, including associated domestic terminals, to deter and investigate crime and terrorism. Use of CCTV would be oversighted by the Airport Police Commander. Customs should also provide advice on CCTV to domestic (including regional) airports, and this will require Commonwealth legislative enablement and financing.⁶⁶

4.101 The Wheeler Review further recommended that the CCTV system be expanded, with arrangements made to ensure CCTV standardisation, digital upgrading, storage and fully-coordinated used by Customs, police and security personnel.⁶⁷

4.102 The committee observed during visits to major airports that Customs controls an effective CCTV network. As at November 2009, Customs maintains CCTV infrastructure at eight international airports and 63 seaports, with over 2000 CCTV cameras in all. This network of cameras links to local Customs Houses, state monitoring centres and the National Monitoring Centre in Melbourne.⁶⁸

4.103 One important consideration is the need for all cameras to provide video footage of an evidentiary standard, to ensure that they can be used to facilitate successful prosecution following a criminal act. This was a point raised by AFPA, who stated:

One of the issues we have raised is that the cameras need to be upgraded so they are of evidentiary value. Really, there is no point in having them there if they cannot even do that. I think a very good example was Sydney domestic airport with the outlaw motorcycle gang violence there whereby

66 Wheeler Review, p. xiii.

67 Wheeler Review, p. xix.

68 Customs, *Submission 13*, p. 12.

they ended up having to rely on various privately owned footage and they did not cover the area where the incident happened.⁶⁹

4.104 The maintenance of separate CCTV networks remains an issue, despite recent improvement. The committee is of the opinion that Customs should continue its lead role with access to CCTV networks maintained by both private and public entities in the airport and seaport environments. As AFPA stated:

This is because we are relying on private systems—the one that belongs to Qantas and the ones that belong to various airlines—so you are putting a mish-mash together. We are saying that if you are talking about security at airports the focus has tended to be on Customs hauls and so forth but that the CCTV program needs to be covering the whole of the airport security area.⁷⁰

4.105 In addition to the CCTV infrastructure itself, software-based solutions can significantly augment the ability of camera network. The AFPA noted the desirability of automated number plate recognition technology at gates, stating:

This is where we have also raised the use of automatic numberplate recognition. It is available and it is being used by nearly all state jurisdictions, who are trialling it. We would say entry points into airports and maritime ports would be significant in regard to what that data could provide to us either before, during or after a criminal or critical national security issue.⁷¹

4.106 CrimTrac made a similar point, noting it could be used for both preventative and investigative purposes. Mr Douglas Smith, CrimTrac, explained:

The purpose is twofold: to ensure that we know who has come in and out of the secure areas airside of the airport or at the port and, also, by extension it creates a capability that can be preventative and investigative. You have the ability to automatically record what vehicles have come in and that then gives you the possibility of having alerts for flagging at-risk vehicles or vehicles of interest.⁷²

4.107 Finally, CCTV is relatively inexpensive compared to other security infrastructure projects. The AFPA provide some cost estimates, stating:

CCTV is not very expensive in its total cost. It was estimated that \$20 million would be the cost of upgrading airport CCTV systems across the 11 designated airports, and the estimated costing is \$4 million to upgrade CCTV systems at two designated maritime general cargo ports. So, when

69 Mr Jonathan Hunt-Sharman, AFPA, *Committee Hansard*, 17 February 2011, p. 33.

70 Mr Jonathan Hunt-Sharman, AFPA, *Committee Hansard*, 17 February 2011, p. 34.

71 Mr Jonathan Hunt-Sharman, AFPA, *Committee Hansard*, 17 February 2011, p. 34.

72 Mr Douglas Smith, CrimTrac, *Committee Hansard*, 18 February 2011, p. 47.

you look at value for money, this is a relatively low capital outlay for a significant result.⁷³

4.108 The committee is therefore of the opinion that CCTV should remain a major part of the security effort at airports and seaports. The effectiveness of the network is best served through a Customs-led coordinated approach, with the potential use of imaging software.

Recommendation 12

4.109 The committee recommends that the Commonwealth government further invest in CCTV at airports and ports, with consideration of a number of ongoing improvements, including:

- **that CCTV cameras should be capable of producing footage of evidential quality;**
- **the continuing lead role of Customs in coordinating the monitoring of CCTV networks; and**
- **that CCTV networks should be complemented with automated number plate recognition, and/or facial recognition technology.**

Licensing of Customs Brokers, Depots and Warehouse Operators

4.110 Certain functions within the international import/export sector require the operator to hold a specific license under the *Customs Act 1901* (Customs Act). These include Customs Brokers and the operators of Depots and Warehouses.

Broker's License

4.111 Customs brokers play a key role in the maritime trade, with the potential for significant influence within the port environment. Customs provided information to the committee about the requirements to become a qualified customs broker. As Mrs Marion Grant explained:

To become a qualified customs broker there is a tertiary qualification, so study to be undertaken, examinations and assessment and if successful in passing that particular qualification then they may make application for a customs brokers licence. Within our legislation we then apply an improper person check to the applicant for a brokers licence which includes a criminal record check and a financial background check. Obviously, if those checks are not successful we would not issue the brokers licence. In cases where we have already issued licences and then some noncompliance with our requirements is identified, we can do everything from sanctioning or reprimanding the broker right through to suspending the brokers licence,

73 Mr Jonathan Hunt-Sharman, AFPA, *Committee Hansard*, 17 February 2011, p. 36.

cancelling it or not renewing it depending on the severity of the noncompliance with the requirements.⁷⁴

4.112 The committee understands that in conducting a 'person of integrity' check 'as part of the application process, Customs may have regard to:

- any conviction of the person for an offence under the Customs Act committed within the 10 years immediately preceding the making of the application;
- any conviction of an offence of any other Commonwealth, state or territory law, punishable by imprisonment of one year or longer; being an offence committed within the 10 years immediately preceding the making of the application;
- whether the person is an undischarged bankrupt;
- any misleading statements made in the application by or about the person; and
- where the statement by the person was false, whether the person knew it to be false.⁷⁵

Depot License

4.113 A depot, under the Customs Act, is a place used for the packing, holding or unpacking of exported or imported goods.⁷⁶ The requirements for the granting of a depot license to an individual include a 'fit and proper person' test which is substantially similar to the 'person of integrity' test applied to brokers.

Warehouse License

4.114 Goods can be warehoused, meaning they are held at a warehouse either without payment of any duties and taxes until the goods are entered for home consumption or until they are exported. Operators of such a warehouse must be licensed and are responsible for the safe custody and accounting of these goods.⁷⁷

4.115 Warehouse license applicants are also subject to a 'fit and proper person' test similar to those above.

4.116 The committee notes that none of these license requirements currently allow Customs to have regard to a person's known criminal associations or any other form of criminal intelligence. As will be discussed in the context of Aviation and Maritime Security Cards, this may leave the sector vulnerable to exploitation by trusted insiders and other criminal infiltration.

74 Mrs Marion Grant, Deputy CEO, Customs, *Committee Hansard*, 17 February 2011, p. 5.

75 Customs Act 1901, ss. 183CC(4).

76 Customs Act 1901, ss. 77G(1).

77 Customs, 'Warehouse & Depot', <http://www.customs.gov.au/site/page6091.asp> (accessed 20 May 2011).

4.117 The following chapter includes a possible model whereby a suitable law enforcement agency could make a determination that an ASIC or MSIC should be revoked on the basis of compelling criminal intelligence.

4.118 The committee recommends that a similar provision should apply in the case of licenses granted under the Customs Act. In this case, Customs would be given the power to revoke a broker's, warehouse or depot license based on its own determination that an individual or individuals were involved or strongly associated with significant criminal activity on the basis of compelling criminal intelligence. The determination could have regard to intelligence collected by Customs itself, and that provided by other law enforcement agencies.

Recommendation 13

4.119 The committee recommends that Customs be given the power to revoke a depot, warehouse or broker's license if it determines, on the strength of compelling criminal intelligence, that an individual or individuals are involved or strongly associated with significant criminal activity.