

Performance Audit



Aviation Security in Australia

Department of Transport and Regional Services



The Auditor-General

Audit Report No.16 Performance Audit

Aviation Security in Australia

Department of Transport and Regional Services

Australian National Audit Office

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Canberra ACT 23 November 1998

Dear Madam President Dear Mr Speaker

The Australian National Audit Office has undertaken a performance audit of the Department of Transport and Regional Services in accordance with the authority contained in the *Auditor-General Act 1997*. I present this report of this audit, and the accompanying brochure, to the Parliament. The report is titled *Aviation Security in Australia*.

Following its tabling in Parliament, the report will be placed on the Australian National Audit Office's Homepage — http://www.anao.gov.au.

Yours sincerely

June

P. J. Barrett Auditor-General

The Honourable the President of the Senate The Honourable the Speaker of the House of Representatives Parliament House Canberra ACT

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Abbreviations

ABCI	Australian Bureau of Criminal Intelligence
ASM	Additional Security Measure
ASIO	Australian Security Intelligence Organisation
ASIST	Airport Security Incident Support Team
	Also used to describe the exercise of such a team and the station control (or equivalent) of an airline participating in a simulated security incident.
ASP	Airline Security Program
ASRG	Aviation Security Response Group
CTFR	Counter Terrorism First Response
СТО	Cargo Terminal Operator
DoTRS	Department of Transport and Regional Services
DoTRD	Department of Transport and Regional Development at the time of the audit. The Department was renamed the Department of Transport and Regional Services from 21 October 1998
FAA	(United States) Federal Aviation Administration
FAC	Federal Airports Corporation
ICAO	International Civil Aviation Organisation
NASP	National Aviation Security Program
PMV	Politically Motivated Violence
PSCC	Protective Security Coordination Centre
REACT	An exercise of elements of the ASRG and the ASIST (team) and station control centre (or equivalent) of a participating airline in response to a simulated aviation security incident
RPT	Regular Public Transport
SAC-PAV	Standing Advisory Committee on Commonwealth/State Cooperation Against Violence
SARP	(ICAO) Standards and Recommended Practices
SIDC-PAV	Special Interdepartmental Committee on Protection Against Violence

Summary and Recommendations



Aviation security is structured around a layered defence system, some of which is visible to the public. Here aircraft at Brisbane airport are parked in a security restricted area (SRA) accessible only to pass holders of Aviation Security Identification Cards (ASIC's). Photo: DoTRD

Summary

Introduction

1. Aviation is the world's fastest growing transport industry with the Asia-Pacific region having seen the fastest growth in recent years. It is vulnerable to unlawful acts of interference such as hijackings, bombings or sabotage. To deal with the emergence of such threats in the early 1970s, the International Civil Aviation Organisation (ICAO), which was established by the Chicago Convention in 1944, developed Annex 17 to the convention. This Annex sets out the broad parameters of the world aviation security regime with which more than 180 contracting states to the Chicago Convention must comply. As a founding member of ICAO, Australia takes pride in implementing the Annexes to the Chicago Convention. Although contracting states are only required to implement Annex 17 in regard to international air passenger traffic, Australia has chosen to apply many of the measures called for in Annex 17 to domestic travel on aircraft carrying more than 38 passengers.

2. The newly created Commonwealth Department of Transport and Regional Services (DoTRS) has primary responsibility for setting up the necessary legal structures in Australia to implement Annex 17. These structures are both complex and multi-layered, requiring airline and airport operators to adopt various security procedures developed by the former Department of Transport and Regional Development (DoTRD)¹. The Department monitors compliance by industry with these requirements. Government agencies, individual aviation organisations and the aviation industry as a whole must be able to prevent, or respond effectively to, any threat to Australia's aviation security. DoTRD further contributes to an effective security regime by promoting an awareness of required preventative and response measures and by testing associated plans and procedures.

3. DoTRD's Aviation Security Branch ensures regulatory compliance by 58 security-categorised airports,² about 60 international and domestic

¹ The Department has been renamed the Department of Transport and Regional Services from 21 October 1998 to reflect new responsibilities in relation to the provision of rural and regional services. Throughout this report the Department will be referred to as DoTRD — its title at the time of the audit.

² Airports are categorised by the size of the aircraft they handle and the total domestic and international airline passenger movements (Appendix 1 refers). Appendix 2 lists Australian airports by category. DoTRD has put forward a proposal to recategorise these airports.

airlines, and almost 600 freight forwarders under the regulated agents scheme. As at 30 June 1998, it employed approximately 30 officers and had total running costs of some \$2.4 million per annum.

Audit objectives & approach

4. The primary objective of the audit was to assess the economy, efficiency and effectiveness of DoTRD's implementation of Annex 17 in the Australian aviation environment. The ANAO also assessed DoTRD's development of an appropriate risk management strategy; implementation of measures to ensure industry compliance with Annex 17; dissemination and coordination of relevant intelligence; and the implementation of suitable response arrangements, supported by appropriate training programs. The audit was limited to the aviation security function carried out by DoTRD and did not address the responsibilities of other agencies, airports, airlines or regulated agents (freight forwarders).

5. The ANAO undertook this audit in 1997-98. The audit involved interviewing departmental officers; reviewing files and documentation; observing DoTRD airline and airport audits; and visiting three regional offices and five airports. Major stakeholders, including airline and airport operators, unions and industry associations, were consulted. To benchmark Australia's aviation security regime, as an element of performance assessment, the ANAO commissioned an international security consulting firm to compare the Australian regime with those in New Zealand and Canada.

ANAO overall conclusion

6. The ANAO concluded that DoTRD has established a regulatory regime which ensures Australia's compliance with the standards embodied in Annex 17. However, there are areas where Australia's aviation security regime can be strengthened even further.

7. The major areas where priority might be given to pursuing improvements to DoTRD's aviation security regulatory regime include:

- developing a more robust approach to risk management for managing Australia's aviation security, based on a wide breadth of relevant intelligence sources which would include Australia's aviation industry, so as to ensure that DoTRD is identifying, assessing and treating the more critical risks with the most effective strategies;
- completing within the proposed time frame DoTRD's current review of its aviation legislative structure and its role as the aviation security regulator;

- developing a longer-term perspective to DoTRD's planning structure and the use of performance information to help ensure management is well informed of actual progress towards planned achievement and implementation of risk treatment strategies;
- the development of proactive alliances with aviation regulators in neighbouring countries in the Asia-Pacific region, in order to work towards the common achievement of compliance with Annex 17 by international airports and airlines in the region;
- the development of a rigorous systems- and risk-based approach to both the approval of airline security programs and the conduct of airline audits to ensure that not only have airlines evidenced their capacity to comply with Australia's requirements from the start of their operations in Australia but that their subsequent compliance is regularly tested in an efficient and appropriate manner;
- further improvement of the airport audit process and development and implementation of a risk-based approach to regulated agent audits;
- development and implementation of an evaluation strategy for the regular review and analysis of airport, airline and regulated agent audit outcomes; and
- the development of a formal transparent approach to enforcement which would provide not only clear guidance to DoTRD staff on the most critical facets of how best to ensure the industry complies with relevant legislation but also a clear message to non-compliant sectors of the industry of the consequences of non-compliance.

Recommendations

8. The ANAO has made 14 recommendations to improve DoTRD's regulation of aviation security in Australia.

Departmental response

9. Overall the Department agrees with 13 of the 14 recommendations and agrees with the other one subject to qualification. DoTRD has already commenced the process of implementing many of the recommendations.

Acknowledgments

10. The ANAO would like to express its appreciation to DoTRD management and staff for their assistance with the conduct of this audit. The ANAO would also like to thank the members of the Australian aviation industry for their input and assistance.

Key Findings

Risk management

11. Aviation-security risk management in Australia tends to be based on traditional politically motivated violence (PMV) threat-assessment processes linked with specific national-security approaches, rather than Australia's actual experience to date. While PMV counter measures may cover criminal and other risks, the current approach does not take adequate account of the wider range of risks faced in today's aviation environment, such as significant attempts at criminal extortion, acts of domestic violence, increasing levels of reported assaults on crews and passengers, the prevalence of hijack attempts by asylum-seekers and underlying related factors such as changes in airport ownership and usage.

12. The ANAO found that, although DoTRD has not developed a riskassessment strategy/model that could be seen to accord with best practice, it is well placed to produce such a model using information readily available. After developing a comprehensive risk assessment, DoTRD should also review existing risk treatments. Given its expertise, the ANAO suggests that the aviation industry should be invited to participate in the development of DoTRD's risk-management strategy. Intelligence coverage, too, should be extended by means of proactive alliances with other aviation regulators.

Planning

13. The Aviation Security Branch's planning processes form part of a comprehensive departmental planning hierarchy. Branch activities are planned in extensive detail and in consultation with the aviation industry. However, this is undertaken with an annual work-cycle perspective and does not define what an effective aviation-security regulatory regime should offer the travelling public or industry. The approach does not accord with best practice, particularly in relation to strategic planning; risk, environmental and other relevant analyses; prioritisation of resources and estimation of potential costs; identification and expression of relative security priorities; and development of performance information.

Legislation, policy and standards

Development and implementation of ICAO standards

14. DoTRD has adopted all ICAO standards outlined in Annex 17 and is moving to implement all ICAO recommended practices in the Australian aviation environment. Appropriate policy and legislation have been developed in consultation with industry and other stakeholders. However, some parts of the industry expressed concern during the audit about the lack of justification and the practicability of some of the legislative amendments being considered. DoTRD has advised the ANAO that any future legislative amendments will be subject to industry consultation before finalisation.

15. The ANAO found that at the time of the audit, DoTRD did not have Australia's compliance with Annex 17 detailed in one single document so that it could be readily demonstrated to ICAO if required. Since the audit fieldwork was conducted, DoTRD has advised that it has set out Australia's compliance with Annex 17 in a single consolidated document. DoTRD proposes also to rewrite the National Aviation Security Program (NASP), which will contain a transparent description of Australia's compliance with Annex 17.

Legislative issues

Powers of DoTRD inspectors

16. The ANAO considers that DoTRD has extensive powers which it can use to ensure industry compliance with the legislative requirements of the Air Navigation Act and associated Regulations.

Lack of a clear approach to enforcement of legislation

17. The ANAO considers that the Aviation Security Branch is not well prepared in its approach to legal precedents and enforcement. Although DoTRD would adopt the overall prosecution policy of the Commonwealth, it has not identified or utilised all resources necessary for developing and implementing a well understood prosecution strategy specific to aviation security. DoTRD advised the ANAO during the audit that it intended developing a clear statement of its approach to enforcement.

Requirements of airlines at last port of call flying to Australia

18. The vast majority of aviation-security measures for international flights occur before take-off. Other than screening passengers arriving on flights transiting Australia and inspecting the aircraft carrying them, there is little in practical terms that Australia can do to minimise the risk of acts

of unlawful interference with incoming flights other than place full reliance on the efficacy of the aviation-security regimes in neighbouring contracting states. The ANAO considers that DoTRD could best reduce the risks of unlawful interference on incoming flights by entering into proactive alliances with the aviation-industry regulators in neighbouring countries in the Asia-Pacific region. This approach would be similar to that adopted by Canada. These alliances could use as a starting point existing bilateral agreements with these countries. Such a series of alliances would reflect a respect for national sovereignty yet embrace the spirit of ICAO proposals to align national legislation implementing ICAO standards and recommended practices (SARPs) across the region.

Auditing and compliance

19. The ANAO found that DoTRD endeavours to ensure maximum value is obtained from travel outlays and undertakes its compliance function in an economical manner by developing detailed work plans and combining activities during airport visits.

Airport audits

20. Airport audits indicate how airports comply with security requirements at a particular point in time. DoTRD has developed and implemented economical and efficient processes for planning, undertaking, reporting and following-up action required from airport audits. However, the ANAO considers that the audit and compliance process could be strengthened and improved to ensure that DoTRD is in a better position to assess the security of the airports and improve the targeting of airports and compliance issues for future audits. In particular, there is no systematic analysis of the results of airport audits which would help to identify higher risk airports and systemic issues that require attention.

Screening of passengers

21. DoTRD has acknowledged the importance of passenger screening and has recently revised the regulatory standards and procedures in place to improve screening effectiveness.

Airline audits

22. The ANAO found DoTRD's compliance audits of airlines were neither systems- nor risk-based and consequently did not take account of the varying risk profile of individual airlines. The primary focus of DoTRD airline audits is on examining individual airline flights in isolation. The ANAO found that the manner in which airline audits are planned and undertaken could be significantly improved and considers that a systems-and risk-based approach would be more effective. This report contains

extensive guidance in support of the recommendation to implement such an approach to improve the efficiency and effectiveness of these audits and enable resources to be concentrated on areas of greatest risk.

Regulated agents

23. The ANAO considers that the regulated agents scheme, which commenced in 1996 to regulate airfreight to overseas destinations by freight forwarders, has been developed in a comprehensive and efficient manner given its limited resources and the size and geographic spread of Australia's freight-forwarding industry. The management of the scheme is still evolving from its early stage of development and the lack of overseas precedent for guidance. DoTRD has sought to enlist the voluntary support and interest of the industry to the maximum extent possible. Following research, DoTRD has developed and implemented a two-tiered approach to audits. This approach is supported by a database to track the registration of individual regulated agents, subsequent changes in their details, and their audit coverage to date.

24. As of May 1998, DoTRD had undertaken advisory audits of 50 per cent of the registered regulated agents' sites. Based on past progress and current resourcing, the ANAO considers that it will be the year 2000 before DoTRD has conducted an initial advisory audit of nearly all registered regulated agents' sites in Australia. The ANAO also found that resource constraints have prevented the conduct of systems audits which focus on the key role played by the airport based cargo terminal operators (CTOs). As CTOs play a critical role in ensuring compliance within their region, this factor has compounded the problems of achieving a wider audit coverage.

Evaluation of audits

25. DoTRD does not systematically evaluate either the results of individual audits or the audit function as a whole. Analysing the results of individual audits will permit not only an assessment of the risks posed by a specific airport, airline operator or regulated agent but will also contribute to an Australia-wide perspective on systemic risks and changes in the effectiveness of aviation security over time. As well, such analyses will help ensure that resources are allocated to areas of high risk and be a useful input into planning audits and advising other sections of the Branch such as Intelligence and Training and Policy and Standards, that can then reflect these analyses in, for example, their training programs, intelligence assessments and policy development.

Intelligence

26. The ANAO found that DoTRD disseminates intelligence information and coordinates requests for threat assessments and VIP-movement advices in a timely way. DoTRD's coordination of intelligence data primarily focuses on PMV with a strong domestic focus which has, to date, been a relatively low-level threat in Australia. It does not include information on criminal or other law-and-order threats, which have been identified as representing a potentially greater threat to aviation security. To counter this latter risk, the ANAO considers that DoTRD should broaden its current data collection to include criminal intelligence relating to potential criminal activity that could pose a threat to aviation security.

27. As the primary coordinator of aviation-industry intelligence, DoTRD has not been entirely successful in satisfying the needs of some industry participants. Concerns have been raised by the airlines about the lack of intelligence information relating to offshore terrorism and civil unrest in destination countries and countries over which Australian scheduled airlines regularly fly. DoTRD is addressing these concerns in the revised 1998 Statement of Intelligence Interest.

National training and exercise program

Program planning

28. DoTRD follows the three-year planning cycle for aviation-related training exercises conducted by the Standing Advisory Committee on Commonwealth/State Cooperation for Protection against Violence (SAC-PAV). However, it undertakes limited long-term planning of its own exercise and training program. Adopting a similar three-year planning cycle would align with the existing SAC-PAV arrangements and allow the aviation industry to adopt a similar cycle when identifying and planning its own training requirements.

Security-awareness training

29. In consultation with industry, DoTRD has developed a flexible security-awareness training program designed to satisfy the needs of the aviation industry. It is being implemented at all Category 1 and 2 airports. Category 3 and 4 airports may be included in the program if it is cost-effective to do so. However, the number of seminars undertaken and participation rates suggest that training coverage of industry staff has been limited. If DoTRD intends to continue conducting these training activities, the ANAO suggests that the Department consider increasing their frequency.

Departmental training exercises

30. DoTRD's training exercise program is well-planned, coordinated, and conducted in a professional manner. The exercises are an effective means of testing the response by all participants involved in an aviation-security incident, training staff and reviewing procedures. However, exercises have generally been conducted at the highest risk airports at only 2 to 4 year intervals. Each Category 2 airport has had only one exercise in the last eight-year period. The ANAO considers that, if a high level of response to aviation security incidents is to be maintained at major airports, the frequency of departmental training exercises should be increased at Category 1 and 2 airports. The ANAO recognises that this may have cost implications which will have to be resolved, but which could be offset by a change in DoTRD's training delivery role.

31. The briefings and debriefings incorporated into the exercise program provide excellent forums for communicating problems and lessons learned. The reports to participants in the program reinforce these discussions and where applicable, are distributed to the wider aviation community. However, there is no formal process for ensuring that issues identified during exercises as requiring action are followed up. Exercise participants should be required to respond to the relevant regional office within a specified time frame advising action taken to address issues arising from the exercises.

Program evaluation

32. There are no formal mechanisms for eliciting feedback from participants of the training and exercise program. Feedback is obtained only via informal discussions with regional offices and industry. The ANAO considers that the program could be improved by developing and implementing a performance-monitoring strategy that includes feedback from other sections in the Branch and industry participants on the content and presentation of activities.

33. DoTRD has undertaken a number of reviews of the training and exercise program and each has prompted improvements to the program. However, a significant recommendation of one of these, the 1997 Quigley Review, relating to the progressive evaluation of various elements of the program has not been implemented.

Program delivery

34. Primary responsibility for training airport and airline staff in security and response measures rests with the aviation industry. In accordance with the NASP and security programs, training is provided by the airline and airport operators and supplemented by the training provided by DoTRD. The ANAO considers that DoTRD should review its training role and, as part of that review, should examine the training being provided by the industry. Although the Department needs to be assured that adequate training is being provided by the airline and airport operators, particularly given the recent increase in the number of airport operators, DoTRD does not necessarily have to be involved in the delivery of this training. Instead a more appropriate and cost effective role may be the setting of training standards and accrediting courses for others to conduct.

Recommendations

Set out below are the ANAO's recommendations. The ANAO considers that DoTRD should give priority to Recommendations 1, 2, 3, 4, 5, 6, 7, 8, 9 and 12.

No.1 Para 2.24

Recommendation The ANAO recommends that DoTRD adopt a riskmanagement aviation security strategy based on a systematic, data-driven approach to identifying, assessing, ranking and treating risks. This should include:

- (a) developing in consultation with the aviation industry, a formal policy relating to aviationsecurity risk management in which strategies are clearly outlined and roles and responsibilities defined succinctly;
- (b) use of relevant available sources of intelligence such as threat assessments, recent actual experience in Australia and overseas. Australian Protective Service (APS) reports, police and industry intelligence and airport, airline and regulated agent audit findings;
- (c) being the primary source of aviation-security advice and maintaining a comprehensive database of security incidents to permit, for example, trend analysis of threat levels and criminal activity; and
- (d) developing and promulgating industry specific guidelines for risk management.

DoTRD response: Agreed

Recommendation No.2 Para 3.19	The ANAO recommends that DoTRD, in planning for its aviation-security function:
	(a) clarify its overall objectives in relation to this function;
	(b) complement its short-term planning with longer- term strategic planning that takes account of risk and other assessments such as changes in the aviation environment and organisational strengths and weaknesses;

	 (c) revise its overall planning process to ensure that matters such as resources and relative priorities are directly addressed;
	(d) ensure that all plans concerning aviation security are properly integrated to minimise overlap and duplication; and
	(e) incorporate performance information for monitoring, measuring, assessing and reviewing program achievement.
	DoTRD response: Agreed
Recommendation No.3 Para 4.51	The ANAO recommends that, in order to work towards a common level of aviation security by international airports and airlines in the region, DoTRD consider entering into formal proactive alliances with the aviation-industry regulators of neighbouring countries in the Asia-Pacific region, under the aegis of existing bilateral agreements.
	DoTRD response: Agreed with qualification
Recommendation No.4 Para 5.23	The ANAO recommends that DoTRD incorporate into its airport-auditing process:
	 (a) an assessment of inspections carried out and action taken between audits to resolve security issues, as part of audit planning, so that high-risk airports may be appropriately targeted;
	(b) strategies to ensure that documentary evidence of observations made in the course of inspections and audits is retained for planning purposes or any possible non-compliance prosecutions;
	(c) prioritising compliance issues identified during the audit as part of the reporting process; and
	(d) specific time frames for airport and/or terminal operators to initiate or complete action to rectify deficiencies identified by the audits.
	DoTRD response: Agreed

Recommendation No.5 Para 5.71	The ANAO recommends that DoTRD adopt a systems- and risk-based approach to support the process of both approving airline-security programs and monitoring airline operators' compliance with those programs.
	DoTRD response: Agreed
Recommendation No.6 Para 5.88	The ANAO recommends that, given the resource levels available, DoTRD prioritise the selection of regulated agents for auditing using a risk-based approach. DoTRD response: Agreed
Recommendation No.7 Para 5.93	The ANAO recommends that DoTRD develop and implement a strategy for evaluating the results of individual audits in order to:
	(a) assess compliance at the regional and national levels by airports, airlines and regulated agents;
	(b) prioritise resources, target high risk areas or functions and feed back to future planning; and
	(c) assess the economy, efficiency and effectiveness of Australia's aviation security regime.
	DoTRD response: Agreed
Recommendation No.8 Para 5.100	The ANAO recommends that DoTRD:
	(a) implement a training and development program to ensure that staff undertaking audits have formal training in security inspection and assessment techniques, negotiation and interpersonal skills;
	(b) develop operational guidelines outlining the policies, procedures and standards to be adopted by all aviation security staff; and
	(c) develop and implement strategies for continually reviewing and updating these guidelines.
	DoTRD response: Agreed

Recommendation No.9 Para 6.22	The ANAO recommends that DoTRD:
	(a) explore the opportunities available to broaden its intelligence-data collection to include criminal intelligence and institute formal long-term relationships with the Australian Bureau of Criminal Intelligence and the state and/or territory police services; and
	(b) if requested, facilitate more frequent briefings or, where more appropriate, subject-specific briefings for industry intelligence analysts.
	DoTRD response: Agreed
Recommendation No.10 Para 7.15	The ANAO recommends that DoTRD develop and implement a three-year planning cycle for its training and exercise program. <i>DoTRD response:</i> Agreed
Recommendation No.11 Para 7.29	The ANAO recommends that DoTRD improve the effectiveness of the exercise component of its National Training and Exercise Program and thereby increase the overall effectiveness of its incident-management strategy by:
	(a) examining the costs and benefits of increasing the frequency of training exercises and activating the Aviation Security Response Centre biannually; and
	(b) developing and implementing a systematic follow- up process to address issues identified as requiring attention during training exercises.
	DoTRD response: Agreed

Recommendation No.12 Para 7.38	The ANAO recommends that DoTRD:
	 (a) develop and implement a performance-monitoring strategy for its training and exercise program that includes feedback from industry participants and input by other sections of the Aviation Security Branch; and
	(b) implement the Quigley Review recommendations that relate to the progressive evaluation of the various elements of the training and exercise program.
	DoTRD response: Agreed
Recommendation No.13 Para 7.45	The ANAO recommends that, as primary responsibility for training airport and airline staff in security and response measures rests with the aviation industry, DoTRD review the nature of its role in delivering security-awareness training to the aviation industry. DoTRD response: Agreed
Recommendation No.14 Para 7.55	The ANAO recommends that DoTRD:
	(a) ensure that relevant <u>airport</u> contingency plans and operating procedures are developed, assessed and reviewed to ensure they are adequate and remain current; and
	(b) assess, as part of the <u>airline</u> -security program approval process, whether procedures for responding to in-flight bomb threats are contained in company operating-procedures and whether the contingency plans of the aircraft operator or its handling agent to evacuate passengers from an aircraft are adequate.
	DoTDD manager A groad

DoTRD response: Agreed

Audit Findings and Conclusions



Passenger screening is that part of aviation security with which most passengers are familiar. In the above photo, screening equipment operators stand next to a machine used to screen cabin baggage for possible weapons, explosives or other prohibited objects. Next to the machine are several typical airport warning signs erected to give guidance to the public on complying with ICAO requirements. In the photo below, the equipment operators are screening passenger cabin baggage. Photo: DoTRD



1. Introduction

This chapter explains the origins and importance of Annex 17 to the 1944 Chicago Convention and the world's international aviation security regime. It also briefly explains DoTRD's aviation security role and the objectives, scope and methodology of the audit.

1.1 Aviation is the world's fastest-growing transport industry, and in recent years, nowhere more than in the Asia-Pacific region. Australia's international aviation traffic has one of the largest growth rates in the world. Scheduled international passenger traffic to and from Australia has increased by almost 9 per cent a year for the last ten years, during which the world growth rate has been 6.4 per cent a year.³ In the year to June 1997, 14.1 million passengers and 649 371 tonnes of freight were flown to and from Australia.

1.2 Threats or serious incidents involving aviation security, particularly the destruction of aircraft in flight or on the ground, are of major concern to governments and the international community. In the last two decades there have been many cases of unlawful seizure, attempted seizures, bombings, acts of sabotage and people killed or injured.⁴

1.3 The cost of these acts in the context of human lives, disruption of air services and adverse economic impact can be immense. For example, the loss of PAN AM Flight 103 in 1988 at Lockerbie in Scotland has, to date, cost \$4.3 billion in damages and other costs.⁵ All such acts and threats of them diminish the civil aviation industry's capability. Australia is not immune from these and there have been serious security incidents in our aviation industry involving hijackings and bomb threats as well as demands to fly hijacked aircraft to Australia.

1.4 An effective and efficient system of security must be implemented, maintained and monitored if Australia is to have a safe environment for civil-aviation operations, including the travelling public and those employed in the industry. Related industries too, such as tourism, suffer if a secure aviation environment is not maintained.

1.5 Australia is a founding member and contracting state to the 1944 Chicago Convention, one of several international conventions governing

³ DoTRD Corporate Statement *Linking Australia*, May 1997.

⁴ Australian Centre for Security Research, 1996, *Accredited Courses in Security*, University of Western Sydney, p. 20.

⁵ As advised by the former Federal Airports Corporation (FAC).

aviation. Annex 17 to that Convention sets out the security requirements to be observed by contracting states to safeguard international civil aviation against acts of unlawful interference. Australia takes pride in supporting this Convention and seeks to attain full compliance by its aviation industry. The audit examined aspects of Australia's compliance with Annex 17 and the regulation of aviation security by DoTRD. In undertaking this audit, the ANAO recognised the challenges and difficulties facing the Department and considers that the recommendations put forward in this report will assist in protecting and building on a secure aviation environment.

Role of Department of Transport and Regional Development

1.6 The Department has overall responsibility for aviation security and for regulating national aviation-security requirements. The objective of Australia's aviation-security system is to protect the safety, regularity and efficiency of Australian civil aviation by providing, in the *Air Navigation Act 1920* and the *Air Navigation Regulations*, for practices and procedures designed to safeguard civil aviation against acts of unlawful interference. DoTRD's security objectives are:

- in consultation with Australia's aviation industry and other relevant organisations, to contribute to the achievement of a secure environment for civil-aviation operations from, to and within Australia by:
 - initiating, developing, promulgating and reviewing aviation-security policy, legislation, standards and procedures;
 - auditing, and pursuing compliance with, aviation-security policy, standards and procedures;
 - developing, and reviewing the implementation of, programs of aviation-security training, and conducting exercises to enhance the response to acts of unlawful interference with aircraft; and
 - identifying the requirement for, and coordinating the provision of, intelligence and information on threats to civil aviation.
- to provide advice on aviation security to government, the aviation industry and the public as appropriate; and
- to provide assistance where practicable to developing countries in the Asia-Pacific region in the development and implementation of uniform aviation-security standards and practices.

1.7 Although DoTRD has primary carriage of the Commonwealth's regulatory responsibility for aviation security, other state and Commonwealth agencies—as well as industry—are responsible for

implementing and maintaining specific security functions. The Department's monitoring of that implementation is crucial in ensuring that Australia's aviation-security regime is effective. DoTRD's Aviation Security Branch ensures regulatory compliance by 58 security-categorised airports (refer Appendices 1 and 2), about 60 international and domestic airlines and almost 600 freight forwarders under the Regulated Agents scheme. As at 30 June 1998, it employed approximately 30 officers and had total running costs of some \$2.4 million per annum.

Audit scope and methodology

Audit scope

1.8 The audit assessed the economy, efficiency and effectiveness of DoTRD's:

- risk-management strategy and the communication to industry of its longer-term strategic planning;
- implementation and documentation of ICAO standards and recommended practices in the Australian environment;
- auditing and pursuing compliance by Australia's aviation industry with security policy, standards and procedures;
- identification of requirements for, and dissemination of, intelligence and information on threats to civil aviation; and
- development, implementation and review of training and exercise programs.

1.9 As the audit scope was limited to reviewing the aviation-security function carried out by DoTRD under the *Air Navigation Act 1920* and supporting regulations, the responsibilities of other agencies have not been audited. Nor did the audit examine preparation for the Year 2000 Olympic Games; assess the adequacy of international standards; the role of Australian Protective Service (APS); or the Department of Defence's counter-terrorism role.

Audit methodology

1.10 During this audit, the ANAO interviewed departmental officers and reviewed relevant files and documentation. The audit team attended a Sydney Airport Security Committee meeting and observed airport and airline audits at Category 1 airports in New South Wales, Victoria and the Australian Capital Territory. It participated in DoTRD training courses, observed an Airport Security Incident Support Team (ASIST) exercise at Brisbane airport and visited Maroochydore, a Category 3 airport in Queensland. There was extensive consultation with industry stakeholders,

other Commonwealth and state government agencies and overseas aviation regulators. The following airport and airline audit reports were analysed:

- 51 airport audit reports for the period 1995-1997. The sample covered 10 airports and included all security categories and all regions; and
- 90 airline audit reports for the period 1995 to early 1998. The sample was drawn from all regions and included 15 foreign airlines and Australia's two major airline groups.

Engagement of consultants

1.11 Control Risks Pacific Pty Ltd, international security-risk specialists, were commissioned by the ANAO to assess DoTRD's aviation-security regime and benchmark it against comparable regimes in Canada and New Zealand. These two countries were selected as having similar aviation-security environments and levels of risk.

Audit conduct

1.12 The audit was conducted in accordance with ANAO Auditing Standards and field work was completed in June 1998. The total cost was \$425 000.

Structure of report

1.13 This report has been structured to address the objectives of the audit and includes chapters on risk management, planning, legislation, compliance, intelligence and training.

2. Risk Management in Aviation Security

This chapter describes DoTRD's current risk management approach which focuses on PMV rather than the much broader range of risks Australia and other nations have actually faced in recent years. The breadth of intelligence resources that DoTRD can access, the impact of relevant recent major environmental changes and some options for a new approach are then discussed.

Introduction

2.1 Annex 17 was developed in the 1970s after a sustained outbreak of violent, politically motivated hijacks and bombings by various terrorist groups in the Middle East. Since then, PMV has diminished as a threat to aviation security. World-wide, however, other threats have come into prominence, such as hijack attempts by refugees and mentally unstable persons, and major criminal extortion attempts against airlines.

2.2 Aviation has become an even more dynamic industry. Airlines are forming new alliances and code-sharing arrangements continually, testing new markets and withdrawing from old ones. Airports have become major hubs in national and international transport networks, have expanded into major retailing activities and have seen ownership patterns change.

2.3 Managing security risks in this rapidly changing environment is an ongoing challenge of striving to reduce the chances of something going wrong and failing that, to minimise the consequences of something having gone wrong. In an aviation-security context this involves continually working to ensure that Australian aviation's exposure to risk is kept to the lowest possible level at an acceptable cost. This may mean working beyond minimal compliance with Annex 17.

2.4 Risk management is a systematic process involving an integrated, structured and formal approach to identifying, analysing, assessing, treating and monitoring risk. Key concepts include the probability of an event's occurrence, its consequences and alternative treatments to either reduce or mitigate the consequences.

Current risk-management practice

2.5 In managing the risk of PMV to the aviation industry, DoTRD takes into account the annual threat assessment provided by the Australian Security Intelligence Organisation (ASIO), updating it with information obtained at regular forums convened to deal with national-security issues, usually with a PMV focus. To cope with specific threats DoTRD, the industry, airlines and overseas regulators employ additional security measures (ASMs).

PMV focus

2.6 The ANAO has found that the Aviation Security Branch's securityrisk approach in Australia tends to be based on traditional threatassessment processes with a narrow emphasis on national-security issues such as VIP protection or protection of national institutions. The ANAO appreciates that there could be an increased risk of PMV to Australia through being an ally of other major 'at risk' countries that have airline operations in Australia. However, the ANAO considers that, while PMV counter measures may cover criminal and other risks, it does not take adequate account of the wider range of risks to be found in the aviation environment.

Most threats not PMV-based

2.7 DoTRD records show that of the 12 publicly reported Australian incidents involving hijacking or serious bomb threats on passenger-carrying aircraft in Australia since 1960, none could be described as being strongly PMV-related. Rather, most involved criminal extortion, family-law matters, domestic-violence-related issues or errant behaviour by persons needing psychiatric treatment. The last reported Australian hijacking or extortion attempt occurred in 1992. Of the 12 reported incidents, three involved flights to or from neighbouring countries-New Zealand, Papua New Guinea and Hong Kong. The airlines involved were based in Australia, Melanesia and North America. In addition to these 12 incidents there have been at least two known incidents, one in 1991 and the other in 1996, of refugees' trying unsuccessfully to hijack foreign airliners offshore to be flown to Australia.

2.8 Summary reports by ICAO and the United States⁶ show a decline in security-related incidents world-wide from 98 in 1992 to 35 in 1996. Of the 89 hijackings in that period, all but a few were accounted for by persons seeking asylum and most of those occurred in Africa or Asia, again reflecting the decline in the prevalence of PMV. The ANAO is concerned

⁶ United States Federal Aeronautics Administration, 1996, *Criminal Acts Against Civil Aviation* Report, p. 49.

that DoTRD has not reflected these important changes in the risk profile in its risk-management strategies.

2.9 The Australian aviation industry has also to manage a number of lesser threats to its operations, including bomb hoaxes; assaults by passengers on airline crews⁷ and ground staff; intruders or trespassers; interference with aircraft, airport property or navigation aids; theft of critical parts from parked aircraft; and sabotage. Normally these incidents are dealt with by airline security units, helped by the APS and state/ territory police services. DoTRD requires industry to report these as security incidents as they have possible implications for aviation security. However, this does not always happen. The Department has advised that it has recently reaffirmed with industry the need to provide prompt incident reports.

Need for alliances and wider intelligence base

With industry

2.10 The ANAO understands that both airline and airport operators acquire a substantial amount of intelligence material of both domestic and international significance. The ANAO considers that, if industry were asked to contribute to DoTRD's risk-management strategy:

- this valuable resource would be used;
- a mechanism would be created for continued improvement; and
- the costs of intelligence-gathering and risk identification would be minimised.

2.11 The ANAO considers that DoTRD is in an ideal position to take a leading role in introducing a cohesive and comprehensive risk-management strategy to Australian aviation.

2.12 In doing so, DoTRD should:

- ensure that the strategy defines adequately all aspects of the Australian aviation security-risk profile;
- see that it specifies properly how sources of threat and the currency, nature and extent of any threat will be identified; and
- develop a broad-ranging approach to defining what is at risk and where and to what extent it is at risk.

2.13 Such a process should lead to a comprehensive evaluation of threat and appropriately graded security measures. It would also minimise the

⁷ Civil Aviation Safety Authority *Flight Safety Australia*, July 1998, pp. 36-37.
inappropriate deployment of scarce resources to ineffective roles and measures, optimise the use of resources and allow them to produce more tangible results in areas where they can be more effective.

With offshore regulators

2.14 As DoTRD's management of the aviation-security environment is largely domestic, its ability to project Australia's security to offshore ports is limited. However Australia, because of its geographical location and routings, is heavily involved in Asian commercial aviation. As discussed in Chapter 4 of this report, DoTRD has no control over what happens in airlines and airports outside Australia.

2.15 Where inappropriate security measures are applied in offshore ports, various forms of threat can be imported unwittingly into Australian ports by foreign airlines or on Australian-registered aircraft. This exposure to imported threats can have ramifications for Australia's aviation industry and the travelling public. The ANAO considers that DoTRD should extend its information base, by means of alliances with other aviation-security regulators, into the ports of Asia. New Zealand has extended its coverage into the South West Pacific; the United States and Canada have extended their coverage into all of the Americas; and the European Union throughout Europe, the Arab States and Africa.

Risk-management strategy

2.16 The ANAO found that, at the time of the audit, DoTRD had not yet produced a formal, comprehensive risk analysis or risk management strategy that could be seen to accord with either the relevant Australian/ New Zealand Standard (AS/NZS 4360:1995) or the MAB/MIAC Best Practice Statement dealing with risk management.⁸

2.17 The ANAO considers that the introduction of a comprehensive risk analysis as a cornerstone for developing Australia's aviation-security regime is likely to be well received by industry. Once it exists, industry can have confidence in DoTRD assertions of the need for enhanced or new security measures and take steps to minimise the inappropriate deployment of scarce resources. Industry has advised DoTRD in the past that new or enhanced security measures would have been accepted more readily if the need had been established in an overall context. Such confidence and acceptance is particularly important when the industry considers major new measures that require large capital expenditure, such as checked-bag screening.

⁸ Management Advisory Board and Management Improvement Advisory Committee, Report No.22, *Guidelines for Managing Risk in the Australian Public Service*, October, 1996.

Environment changes

2.18 Before developing a risk analysis and associated risk-treatment strategy, DoTRD should review recent changes in the aviation industry's environment which will affect the process of identifying risks. These changes might include:

- privatisation of the airports in 1997 and 1998 whereby one major airport operator, the former Federal Airports Corporation (FAC), was replaced by multiple airport operators, and the consequences of this change, including possible changes in airport terminal usage, such as the substantial planned increases in retailing space and the advent of transport interchanges at airports;
- the effect of the privatisation of the airports on the Department's regulatory role, working arrangements and consultative processes;
- industry changes such as code-sharing arrangements and major airline alliances;
- flight patterns, entry and withdrawal of overseas airlines from routes to or from Australia; and
- the broad nature of any changes in the Australian aviation industry's risk/threat profile, against a background of changes in the world industry's risk profile.

Other inputs

2.19 The ANAO considers that DoTRD is well placed to produce such a formal risk analysis, and inputs could include:

- the annual ASIO threat assessment and updates;
- analysis of recent overseas experience as advised by ICAO, which should indicate broad trends, complemented by contributions sought from overseas regulatory agencies, including those in neighbouring countries in Asia and the South Pacific;
- continuing analysis of Australian actual experience since 1960 of hijackings and bombings;
- analysis of Australian actual experience of lower-level security-related incidents such as unwanted intruders, incidence of telephone threats and failure of security procedures to resist intrusion;
- consideration of emerging threats such gas attacks and germ warfare;
- monthly regional APS reports to DoTRD;
- contributions by Australian state and federal law-enforcement agencies, relating to trends in criminal activity, such as extortion, and other law-and-order fields;

- contributions by airline and airport operators' security units, which could include advice on problems in overseas ports, assaults on airline crews and passengers, aspects of recent criminal extortion attempts and weapon seizures by screening teams; and
- DoTRD inspection and audit findings from airline, airport and regulated agent audits, combined with screening-systems test results.

Risk analysis and treatment

2.20 Often a single set of response measures will be adequate to treat a range of risks. However, a comprehensive risk analysis can establish whether risks not previously identified can be treated by existing, revised or new measures. In developing a set of risk-treatment strategies, DoTRD will have to take into account existing risk-treatment approaches and resource constraints, which might include:

- changes in the availability of Aviation Security Branch resources;
- the Branch's current prioritisation of its aviation-security activities;
- ICAO regulatory requirements, implementation strategy, training and monitoring to ensure compliance when new standards and practices such as the regulated agents scheme are introduced; and
- changes in industry responsibilities for passenger and hand-luggage screening.

Future DoTRD strategies

2.21 DoTRD has advised that it is examining its risk-assessment processes to concentrate on the present environment and likely changes in it in the medium to longer-term. DoTRD intends reviewing its risk assessments at least annually and to continue to respond, as appropriate, to specific high-risk events.

Conclusions

2.22 Aviation-security risk management in Australia tends to be based on traditional PMV threat-assessment processes linked with specific national-security approaches, rather than Australia's actual experience to date. While PMV counter measures may cover criminal and other risks, the current approach does not take adequate account of the wider range of risks faced in today's aviation environment, such as significant attempts at criminal extortion, increasing levels of reported assaults on crews and passengers, the prevalence of hijack attempts by asylum-seekers and underlying factors such as changes in airport ownership and usage.

2.23 The ANAO found that, although DoTRD has not developed a risk-assessment strategy/model that could be seen to accord with best practice, it is well placed to produce such a model using information already available. After developing a comprehensive risk analysis, it can also review existing risk treatments. Importantly the ANAO suggests that, given its expertise, the aviation industry should be invited to participate in the development of DoTRD's risk-management strategy. Intelligence coverage, too, should be extended by means of proactive alliances with other aviation regulators.

Recommendation No.1

2.24 The ANAO recommends that DoTRD adopt a risk-management aviation security strategy based on a systematic, data-driven approach to identifying, assessing, ranking and treating risks. This should include:

- (a) developing in consultation with the aviation industry, a formal policy relating to aviation-security risk management in which strategies are clearly outlined and roles and responsibilities defined succinctly;
- (b) use of relevant available sources of intelligence such as threat assessments, recent actual experience in Australia and overseas, Australian Protective Service (APS) reports, police and industry intelligence and airport, airline and regulated agent audit findings;
- (c) being the primary source of aviation-security advice and maintaining a comprehensive database of security incidents to permit, for example, trend analysis of threat levels and criminal activity; and
- (d) developing and promulgating industry specific guidelines for risk management.

Agency response

2.25 Agreed.

3. Planning

This chapter discusses the planning strategies adopted by DoTRD and explains how improved performance measurement and longer-term goal setting can improve them.

Introduction

3.1 Good planning is a cornerstone of program delivery. Importantly, the planning process provides the basis for achieving a program's operational objectives economically, efficiently and effectively. These objectives need to be compatible with the agency's strategic objectives. Planning sets out the direction, necessary steps and processes, and specifies what resources will be needed and how they will be used. It can also specify appropriate milestones and other targets to enable the program manager to assess and report on the extent to which objectives are being achieved.

DoTRD's planning structure

3.2 The Aviation Security Branch is responsible for the management of aviation security within the Department. In 1997-98, it operated as a discrete element of the Aviation Operations Sub-Program within the Aviation Program. The sub-program's stated objectives included the 'development and maintenance of an effective aviation security regulatory regime'.⁹

3.3 The Branch's planning processes form part of a comprehensive departmental planning hierarchy. In 1997-98 it took guidance at a departmental level from DoTRD's *Corporate Statement* and the *Program Outlines*, which formed the corporate plan. As a part of the Aviation Operations Division, the Branch was also guided by the *Aviation Operations Business Plan*. At the next planning level, the Branch normally develops several very detailed annual work plans at both sectional and regional level. As another ongoing dimension in this planning structure, it is responsible for developing and maintaining the *National Aviation Security Program* (NASP), and associated industry-sector model security programs. These security programs are statements of legal responsibilities flowing from Annex 17. The Aviation Security Branch is intending to make the NASP its central planning document.

⁹ Portfolio Budget Statements 1997-1998, p. 37.

Corporate plan

3.4 DoTRD's *Corporate Statement*, the theme of which is 'Linking Australia' was launched in May 1997 after extensive consultation with staff, government, industry and community groups. The statement, underpinned by divisional business plans, identified the key strategic issues of the next few years, stated core business and set a vision for the future. It touched on Aviation Security Branch responsibilities. The associated *Program Outlines*, called for a continuing vigilance over safety and security, which industry and government must maintain on behalf of consumers.¹⁰ The *Program Outlines* also required progress against business plans to be reviewed each month.¹¹

Business plan

3.5 The Aviation Operations Business Plan 1997-98 set out the proposed activities of the Aviation Security Branch, section by section. For each section, the specific goals to be achieved were outlined along with the outputs, key dates and the officer responsible. The outputs related to the sections' usual continuing activities, such as airport and airline audits. The human and financial resources to be allocated for these activities, and the relevant performance indicators and measures, were included.

Annual work programs

3.6 The Branch coordinates annual audits of all category 1-3 airports and some category 4-5 airports, about 60 international airlines at each Australian port of call, Australia's domestic airline groups and regulated agent audits across Australia. This involves about 40 Category 1-3 airport audits, 20 Category 4-5 airport audits, 150 airline audits, and audits of 200 regulated agents' sites, each year. The Branch also organises training and coordinates additional exercises for airport and airline staff across Australia each year.

3.7 To this end, each section develops detailed annual work programs such as the International Airline Security Audit Schedule, the Airport Audit Program, the Regulated Agents Audit Program and the National Training and Exercise Program. The Branch's regional offices also provide work plans specifying, by calendar month, the airport and airline audits, airport visits, security-committee meetings, testing associated with the passenger-screening regime, and associated cost estimates.

¹⁰ DoTRD Corporate Statement May 1997, *Program Outlines, Aviation in Context*, p. 4.

¹¹ DoTRD Annual Report 1996-97, p. 3.

Quality of planning

3.8 The Branch ensures, through its various security programs, that all parties involved in aviation security are aware of and understand the nature of their roles and responsibilities. However, the ANAO found that the business plan and annual work programs did not include:

- measurable sub-program objectives, as reflected in the lack of any definition of what an effective aviation-security regulatory regime should offer the industry or the travelling public. There was no specification of the level of security effectiveness Australia should pursue. For example, should it be as close to an absolute level of security as existing methodologies and technologies permit, or should more 'affordable security' be pursued? The ANAO notes that some objectives will lend themselves only to qualitative assessments but these should be described as concisely as possible and be well understood by the stakeholders;
- 'measurable' performance indicators and measures, intended to quantify goal achievement—such as reductions in reported non-wearing of Aviation Security Identification Cards (ASICs) at airports; improving screening regime results; reducing the incidence of non-compliance by airlines (as reported after airline audits); and increased levels of awareness by freight forwarders of their responsibilities. The ANAO concluded that a number of such measures and indicators cited in the Business Plan were more like subgoals that the Branch or its sections could pursue, and were often unmeasurable. Of those that were measurable, some more closely resembled workload indicators; and
- any risk analysis, resource and costing considerations, expression of security priorities, statement of strategic considerations, summary of environmental changes or alternatively a strengths and weaknesses analysis which could have formed part of the plans or the underlying process which produced the plans.

Performance information

3.9 When considering the utility of the Business Plan, the ANAO took into account the concept that performance information should be developed within a framework that includes the objectives and strategies of programs. Objectives should be concise, realistic, outcome-oriented statements of what the sub-program is intended to achieve, and specify the means by which they are to be achieved. Performance information should then permit a judgment on whether the strategies are working and the objectives are being

achieved.¹² It should also allow managers to determine whether resources are being directed toward the achievement of the desired outcomes in the most efficient and effective way.

3.10 In a recent report, the ANAO found that performance reporting could be improved by introducing greater consistency in presentation and developing performance indicators that give attention to all aspects of time, cost and quality of service-delivery.¹³ It noted that closer consultation with clients and stakeholders could help to ensure that performance indicators reflected their needs and expectations. It also concluded that performance measures should be linked with a few key measures that link in turn with corporate objectives, and that their achievement should represent a challenge to those responsible.

3.11 The ANAO found that DoTRD, and particularly the Aviation Security Branch, had an extensive array of planning documents. The ANAO considers that a greater extent of goal convergence could be pursued at branch level between the NASP, its portion of the Business Plan and the various annual work plans. Were this to be achieved, the development of a few key common performance measures could be developed and implemented so that the extent of goal achievement could be monitored regularly in a cost-effective manner. The ANAO does not underestimate the difficulty in developing such measures particularly when assessing the deterrent effect of aviation security.

3.12 Evaluation and performance monitoring are complementary tools for program management. It is important to establish performance information first so that subsequent evaluations can be used to refine existing program arrangements including performance measures.¹⁴ Although performance indicators are included in the Business Plan, the Branch has no systematic process for collecting, analysing or reporting on performance indicators to ensure objectives are being achieved. Nor does it benchmark itself with other regulatory bodies. The Branch management's efficacy is therefore impaired by lack of awareness of the extent of goal achievement and necessary corrective action might be untimely or not take place at all.

¹² DoFA/ANAO Performance Information Principles Better Practice Guide, 1996, pp. 6-8.

¹³ ANAO Audit report No 4 1997 - 98, Service Delivery in Radio and Telecommunications, p. 45.

¹⁴ ANAO Audit Report No.3 1997-98, Program Evaluation in the Australian Public Service, p. 21.

Other precedents in portfolio

3.13 The ANAO notes that other programs in the Transport Portfolio involved in regulating safety in the transport environment have some degree of comparability with regulating security. They also offer some precedents for the Aviation Security Branch although it is recognised that safety incidents such as motor vehicles or general aviation accidents tend to occur more frequently than do security incidents in Australia's low threat environment. A fundamental difference is that safety regulation seeks to reduce risk and therefore the associated consequences, (poor aircraft maintenance leading to engine failure, is a good example). An outcome of this is that performance measures in the safety environment are both extensive and well understood. By contrast, security regulation is somewhat more complex in that an adverse consequence will be incurred only when a combination of risk exposure and threat emergence occur simultaneously. For example a screening-equipment failure may or may not coincide with a planned hijacking attempt.

Program evaluation

3.14 The Branch has been subjected to at least four DoTRD program evaluations since 1993. One evaluation, conducted in 1994, concentrated on the conduct of airport audits. The other three reviewed DoTRD's training and exercise program which seeks to develop and sustain a capability to respond to security incidents such as hijackings. Several of these evaluations included extensive surveys of external stakeholders, however, none involved benchmarking with other comparable regulatory bodies. The ANAO considers that this extent of coverage readily complies with the DoFA good performance management practice principles which suggest that program performance be monitored on an ongoing basis and complemented by periodic program evaluation, generally within at least a five year cycle.

Strategic focus

3.15 The Branch's work programs outline the specific activities to be undertaken annually. However, it was not evident that the planning process looked beyond a 12 month cycle. Industry representatives, too, raised concerns in discussions with the ANAO, about the lack of strategic direction provided by the Branch and the fact that such direction was not covered in the NASP. The ANAO considers that the Branch's planning process needs to address longer-term issues as well.

Future planning strategies

3.16 The Aviation Security Branch advised in the course of this audit that it:

- accepts that it needs to establish formal, documented and structured risk-analysis systems;
- has begun work on identifying and delineating its regulatory outputs and outcomes and establishing an information-handling system, including a systematic process of collecting, analysing and reporting risk and performance indicators;
- is preparing advice to the Government proposing an aviation-security regulatory framework that will identify those sectors of the industry and travelling public who will be covered by the safety-net of security measures; and
- will rewrite Australia's NASP as the central departmental aviationsecurity planning document to ensure consistency with international guidelines and to give the industry an overall guide to aviation-security regulation, given that it is the primary medium for informing the industry of its aims and performance indicators as well as other strategic planning measures.

Conclusion

3.17 The Aviation Security Branch's planning processes form part of a comprehensive departmental planning hierarchy. Activities are planned in extensive detail and in consultation with the industry. However, this is undertaken with an annual work-cycle perspective and does not define what an effective aviation-security regulatory regime should offer the travelling public or industry. The approach does not accord with best practice, particularly in relation to strategic planning; risk, environmental and other relevant analyses; prioritisation of resources and estimation of potential costs; identification and expression of relative security priorities; and performance information.

3.18 The ANAO considers that the Branch should develop a more strategic focus for its planning which could be reflected at an appropriate level in the DoTRD planning hierarchy. The Branch advised that it is developing processes that would improve its long-term planning strategies and proposes rewriting Australia's NASP.

Recommendation No.2

3.19 The ANAO recommends that DoTRD, in planning for its aviation-security function:

- (a) clarify its overall objectives in relation to this function;
- (b) complement its short-term planning with longer-term strategic planning that takes account of risk and other assessments such as changes in the aviation environment and organisational strengths and weaknesses;
- (c) revise its overall planning process to ensure that matters such as resources and relative priorities are directly addressed;
- (d) ensure that all plans concerning aviation security are properly integrated to minimise overlap and duplication; and
- (e) incorporate performance information for monitoring, measuring, assessing and reviewing program achievement.

Agency response

3.20 Agreed.

4. Legislation, Policy & Standards

This chapter outlines Australia's legislative responsibilities and compares them with Canada's and New Zealand's. DoTRD's development, implementation and enforcement of ICAO standards and other legislative issues are considered also.

Introduction

4.1 Aviation security in Australia operates in a complex international, national and state legal framework. The bases of national legislation are the international conventions of Chicago, Montreal, Tokyo and The Hague. However, the major reference point for operational aviation security is Annex 17 to the Chicago Convention on international civil aviation. As a contracting state to Annex 17, Australia is obliged to set mandatory standards. To do so it must develop the necessary government policy, legislation and supporting legislative infrastructure and, under DoTRD's leadership, Australia's aviation industry must implement appropriate security measures.

4.2 The most critical component of each contracting state's supporting legal infrastructure is its national aviation-security program. This program sets out aims and objectives, assigns responsibilities and the means of coordinating the activities of the organisations involved. Airline and airport operators are also required to develop security programs which must align with the national aviation-security program.

4.3 As the audit scope was limited to reviewing the aviation-security function carried out by DoTRD under the *Air Navigation Act 1920* and supporting regulations, the responsibilities of other agencies have not been addressed.

International comparison of legislative structures

4.4 The ANAO commissioned a study by Control Risks Pacific Pty Ltd which compared aspects of the Australian aviation-security regime with those of New Zealand and Canada. Their comparison of legal structures is included in the following section of this chapter.

Legislation

Australia

4.5 The principal legislation which addresses Australia's obligations under Annex 17 are the *Air Navigation Act 1920*, its supporting regulations,

and the Crimes Aviation Act 1991. DoTRD administers the aviation-security provisions of the Air Navigation Act 1920 and Air Navigation Regulations, which includes protective security measures, threat-notification requirements and response arrangements to deal with any acts of unlawful interference.

4.6 Responsibility for the *Crimes Aviation Act 1991*, which deals with offences and penalties for acts against civil aviation, rests with the Attorney-General's Department. That Act prescribes matters giving effect to the:

- Tokyo Convention 1963, which deals with offences and other acts committed on aircraft;
- Hague Convention 1970, for the suppression of unlawful seizure of aircraft;
- Montreal Convention 1971, for the suppression of unlawful acts against the safety of civil aviation; and
- Protocol for the Suppression of Unlawful Acts of Violence at Airports, supplementary to the Montreal Convention.

New Zealand

4.7 The provisions of New Zealand's *Civil Aviation Act* empower the responsible minister to make rules to meet New Zealand's obligations under the Chicago Convention, its Annex 17 and other security conventions. The New Zealand Department of Civil Aviation (DCA) has produced a national aviation-security program which replicates the ICAO model for national programs. It is similar to Australia's documented program. To reduce further the need for lengthy research and development, New Zealand has adopted the rule-making process used by the United States. A proposed rule, or amendment thereof, is published for information and comment by end users. When the consultative process is complete, the agreed rule or amendment is issued as a new or replacement rule and takes on the legislative image of an instrument under the Regulations of the Australian Air Navigation Act.

Canada

4.8 The Canadian *Aeronautics Act* is the legislation from which Canadian aviation security arrangements devolve. Attached to the Act are Aerodrome Security Regulations and Carrier Security Regulations. The latter are the legal bases of two documents, 'Aerodrome Security Measures' and 'Airline Security Measures', each of which is simple in its composition and defines the requirements for compliance with Annex 17 of the Chicago Convention. Both documents are similar to the 'rules' of New Zealand and the 'instruments' of Australia.

4.9 It is worth noting that the two Canadian documents are consolidated into one easy-to-read manual, which forms the Canadian National Security Program. There are no individual airport or airline security programs. As in Great Britain, the Canadian Department of Transport serves on airports and airlines the portions of the National Security Program associated with their specific operations and requires acknowledgment of their compliance.

National aviation-security programs

4.10 Control Risks Pacific concluded that the national aviation security programs of all three countries meet the requirements of Annex 17, albeit in different formats. New Zealand has chosen a low-cost, somewhat 'packaged' solution; Australia has produced its own very extensive documents with provision for airport and airline operators to provide their own individual programs; and Canada has satisfied its obligations by incorporating the necessary documents under one cover, setting out in an easy-to-read form not only what is required for compliance by all operators but the specific measures to achieve it.

4.11 Given the lack of jurisdiction, none of the three countries extends the regulatory influence of its national security program outside its own geographic borders, although New Zealand provides an advisory service to South Pacific Island States within its political sphere of influence.

Airline-security programs

Australia

4.12 DoTRD has produced a model airline-security program to satisfy the provisions of the NASP. Use of the model is not, however, mandatory; airlines can develop their own airline-security programs, which must be approved by DoTRD.

New Zealand

4.13 New Zealand's airline program is similar to Australia's model program. It deals with both domestic and international security requirements for commercial passenger flights. New Zealand's deployment of a statutory body, the Aviation Security Service, at airports, minimises airlines' security responsibilities and activities. All remaining responsibilities of airlines follow closely the requirements of Annex 17. All foreign international airlines are required to submit copies of their airline-security programs to the New Zealand Civil Aviation Authority. They are not required, however, to explain how they will implement the programs. Methods to be adopted by airlines are to be found in the various rules. Factors in the New Zealand aviation environment that differ from that of

Australia include the absence of a requirement for screening of domestic passengers and the lack of a counter-terrorist first response (CTFR) capability on site at major airports.

Canada

4.14 Canada's 'Airline Security Measures' is a document with which airlines operating into Canada must comply. It explains comprehensively what is required to satisfy the provisions of Annex 17, and all other elements of security that constitute an acceptable program. All parties involved in airline operations have a ready and explainable reference to what is required and on what they will be audited. Airlines are responsible for contracting security personnel to screen persons entering the sterile area of an airport. All personnel employed on screening duties must be certified by the responsible minister. A series of schedules attached to the airline-security measures set out, *inter alia*, mandatory elements of crew training, security attendance at screening points, security of aircraft and threat assessment guidelines. The Canadian program takes into consideration, and makes provision for, extraordinary events in flight. Appended to the program are manuscript certificates indicating compliance with mandated standards and any exemptions therefrom, thereby creating acknowledgment of responsibility on the part of signatories.

4.15 Control Risks Pacific considers that the Canadian model of airlinesecurity measures is far in advance of the Australian and New Zealand models. It captures policy, standards and applications in one unequivocal document. Control Risks Pacific noted that a country that has experienced a serious aviation incident with international ramifications has been noticeably more effective in constructing its airline-security program.

Airport-security programs

Australia

4.16 The National Standard Airport Security Program is in a completely different format from the NASP and the model Airline Security Program. Control Risks Pacific observed that it is inclined toward general statements and offers little in the way of assistance to an airport owner/operator in the implementation of the program's requirements. Until recently passenger screening has been the legislated responsibility of the airlines. It has been normal practice for one or both of Australia's two major airline groups to provide screening facilities at airports at which screening is required and for foreign airlines to rely on those facilities. This has been changed recently to put the responsibility on terminal operators. Chapter 5 explains this in more detail.

New Zealand

4.17 The New Zealand National Aviation Security Program contains airport-security provisions. The requirements for security at airports are covered in the *Aviation Security Service Policies and Procedures Manual*. The Aviation Security Service is the government instrumentality responsible for all security measures at international airports. Airport managers and operators have little or no involvement.

4.18 Control Risks Pacific saw the New Zealand Aviation Security Service as being generally recognised by industry as an excellent body to meet the requirements of New Zealand's aviation security needs at airports.

Canada

4.19 The *Aerodrome Security Measures* is a rule-making document from which airport owners and operators derive their security procedures. It explains comprehensively what is required to meet the provisions of Annex 17 and all other elements of security that define Canada's Airport Security Program. It forms a ready reference to what is required and what will be audited against. Clearly Canada has in place an Airport Security Program that is both regulatory and procedural. Control Risks Pacific concluded that it appears to be superior to the Australian regime.

Regulated-agents programs

4.20 The regulated-agent provision was raised by ICAO from a recommended practice to a standard in March 1997 to take into account the differing levels of security controls applied to originating cargo and those entities that consolidate cargo for carriage by airlines. Australia has gone further than either New Zealand or Canada in satisfying the provisions of Annex 17 in respect of cargo agents. Control Risks Pacific has concluded that doing so for most western nations is an enormous task taking into account the number of firms in this industry.

Australia

4.21 Australia's regime is described in detail in Chapter 5. Control Risks Pacific observed that auditing of the procedures applicable to regulated agents is, in itself, a daunting task because of the number and geographic spread of freight forwarders operating in Australia. Control Risks Pacific saw problems also with the criteria for registration of agents and the training of those receiving consignments at the point of acceptance.

New Zealand

4.22 New Zealand does not have a contingency rule which allows them to regulate the activities of freight forwarders.

Canada

4.23 Canada has not provided for the licensing and inspection of regulated agents. It has satisfied the requirements of the 'Known Shipper' principle, called for in an earlier edition of Annex 17, requiring a written verification of inspection of cargo before delivery to an airline.

Development and implementation of ICAO standards

Development of ICAO standards

4.24 The development of policy and legislation is an important part of the Aviation Security Branch's activities and includes initiating, developing, promulgating and reviewing aviation-security policy, legislation and supporting regulations that give effect to ICAO standards and recommended practices (SARPs). In brief, the process of developing SARPs is as follows:

- an ICAO Annex 17 expert panel meets and puts forward a proposed SARP to a subcommittee of the ICAO Council. Australia attends as an observer and actively participates in the discussions.
- when the ICAO subcommittee supports the proposed SARP, the ICAO Council usually endorses the proposal after a detailed process of consideration which may take 1 to 2 years. Normally, such meetings are held every three years (it should be noted that, because of a lack of resources, many developing nation-states are unable to either attend all the meetings or implement the SARPs).
- when a new standard is adopted a contracting state can either accept and implement it, move to file a 'difference' (ie, reject it wholly or partly), or advise that it is moving to implement it within an unspecified or defined time. ICAO has a limited capacity to assist developing states with resources for implementation.

4.25 A new SARP does not normally specify how a stated outcome is to be achieved; rather, it nominates only the broad outcome. To help contracting states to comply with the standard, a manual known as the *Security Manual* is produced which sets out in detail possible avenues by which a SARP might be implemented. Copies are held by DoTRD.

Australian adoption and implementation

4.26 The development of Australian policy and legislation giving effect to the ICAO SARPs is important because of Australia's legal responsibility under international conventions. Other factors to be considered include the potential economic risks to the Australian aviation industry and related industries, such as tourism, and potential embarrassment to Australia were

our industry to perform poorly in preventing hijackings, bombings, extortion attempts and other forms of unlawful interference.

Conclusion

4.27 DoTRD has adopted all ICAO standards and is moving to implement all ICAO recommended practices in the Australian aviation environment. Appropriate policy and legislation have been developed in consultation with industry and other stakeholders. However, some parts of the industry expressed concern during the audit about the lack of justification and the practicability of some of the legislative amendments being considered. DoTRD has advised the ANAO that any future legislative amendments will be subject to industry consultation before finalisation.

4.28 The adequacy, relevance or effectiveness of the ICAO standards and recommended practices to or for the Australian environment have not been assessed by the ANAO in this audit.

Evidencing implementation of all ICAO standards

4.29 ICAO has decided recently to institute an inspectorate to audit compliance by contracting states over a three-year rolling cycle.¹⁵ Whether the inspections comprise a physical inspection by an ICAO team, or some alternative arrangement is put in place, is yet to be decided. The resources that ICAO can allocate to diagnosing the extent of individual contracting states' non-compliance and remedying their problems are limited. Despite this, a large majority of the contracting states have made formal requests for assistance with resources to help them move toward implementing all mandatory ICAO standards.¹⁶ In the light of ICAO's recent decision, the ANAO sought to establish whether all existing ICAO standards had been reflected in Australian legislation and/or practices.

Conclusion

4.30 The ANAO found that at the time of the audit, DoTRD did not have Australia's compliance with Annex 17 detailed in one single document so that it could be readily demonstrated to ICAO if required. Since the audit fieldwork was conducted, DoTRD has advised that it has set out Australia's compliance with Annex 17 in a single consolidated document. DoTRD proposes also to rewrite the NASP, which will contain a transparent description of Australia's compliance with Annex 17.

¹⁵ Civil Aviation Safety Authority, *Flight Safety Australia*, March 1998, p. 9.

¹⁶ DoTRD minutes of ICAO Panel Meeting, Montreal, Canada, 8-12 September 1997.

Legislative issues

4.31 As the Commonwealth agency responsible for aviation security, DoTRD has a responsibility to ensure that policy and supporting legislation remain relevant in the face of change. The Aviation Security Branch has decided recently to devise a new regulatory framework and a revised role for DoTRD as the regulator, and outline appropriate and realistic regulatory outputs for industry. DoTRD plans to achieve this in time for the Sydney 2000 Olympics.

4.32 The ANAO found that DoTRD had reviewed elements of the regulatory framework on a needs basis. Some of the elements involved had taken many years to resolve and others have yet to be resolved. The ANAO examined a number that had legislative import, including:

- the powers of the Aviation Security Branch staff;
- the non-existence of a formal approach to enforcement that is understood by DoTRD staff and the aviation industry when confronted by significant breaches of Australian legislation; and
- the legal responsibilities of DoTRD for ensuring compliance by airlines with Annex 17 from their last port of call prior to and during their flight into Australia from foreign airports.

Powers of DoTRD inspectors

4.33 DoTRD inspectors have the power of access for the purpose of determining compliance by a person or a corporation, to:

- enter and inspect an airport or an aircraft;
- inspect equipment in an airport or aircraft;
- observe operating procedures in an airport or aircraft;
- discuss the procedures with airport or airline staff or aircraft crews; and
- inspect and copy documents related to an aircraft or airport.

4.34 In addition to the above, the Assistant Secretary, Aviation Security Branch has the delegation from the Secretary to:

- issue a direction under the *Air Navigation Act 1920*, in the face of a threat to an airport or airline operator, asking it to institute additional security measures; and
- issue directions under the Air Navigation Regulations, in relation to any airport, to ensure compliance with the Annex 17 Standards.

4.35 The Air Navigation Regulations also allow the Secretary to detain any aircraft if the flight involves an offence against the Act or Regulations or causes danger to persons in the aircraft and to persons or property on

the ground. Where the aircraft has been detained under that sub-regulation, it shall not be used until the Secretary is satisfied that the Act or Regulations are being complied with.

Conclusion

4.36 The ANAO considers that DoTRD has extensive powers which it can use to ensure industry compliance with the legislative requirements of the Air Navigation Act and associated Regulations.

Lack of a clear approach to enforcement of legislation

4.37 The Parliament has provided DoTRD with considerable powers to implement and enforce its aviation security legislation. It is normal Commonwealth practice to undertake prosecutions only as a last resort and where it is in the public interest to do so. In addition to the enforcement role of legal action, there is also a preventive effect, that is a precedent is set to other members of industry. Case results from important judicial interpretations of legislation will clarify agency powers, identify any anomalies or problems and highlight any necessary changes in investigative powers and procedures of regulatory agencies as well as confirming, or otherwise, the admissibility of different forms of evidence. Decisions of the courts that show with some degree of certainty how specific legislation works in practice, help to promote that legislation to industry, as well as the public and are strong indicators that the Parliament's original objectives for legislation have been met. This in turn reinforces considerations for future policy directions.

4.38 During the audit the ANAO found that, although DoTRD has advised that it would adopt the overall prosecution policy of the Commonwealth:

- no prosecutions had been launched by DoTRD which could provide legal precedents;
- DoTRD lacked a clearly delineated approach to enforcement which is understood by its staff and the industry and which escalates with the severity of the circumstances, so that, when serious deficiencies are not corrected in a timely way, prosecution results; and
- although some Branch staff have had extensive training and experience in investigating and prosecuting criminal offenders, there have been no initiatives to co-ordinate and develop this resource with a view to enabling the Branch to readily mount prosecutions where necessary.

4.39 DoTRD drew the ANAO's attention also to recent developments in the United States which has given that country's approach to enforcement a clearer criteria for selecting, for prosecution, cases of aviation industry non-compliance with legislation. In particular the Gore Commission¹⁷ recommended that:

Regulatory and enforcement agencies ... have put new emphasis on partnerships with industries, and are achieving tremendous results. ... The premise behind these partnerships is that government can set goals, and then work with industry in the most effective way to achieve them. Partnership does not mean that government gives up its authorities or responsibilities. Not all industry members are willing to be partners. In those cases, government must use its full authority to enforce the law. But, through partnerships, government works with industry to find better ways to achieve its goals, seeking to replace confrontation with cooperation. Such partnerships hold tremendous promise for improving aviation safety and security.

4.40 The ANAO is supportive of such an approach and is aware that other Commonwealth regulatory agencies have developed substantial experience in pursuing the prosecution of non-compliant corporations or individuals and could offer guidance to DoTRD in developing a cost-effective approach to enforcement.

Conclusion

4.41 The ANAO considers that the Aviation Security Branch is not well prepared in its approach to legal precedents and enforcement. Although DoTRD has advised that it would adopt the overall prosecution policy of the Commonwealth, it has not identified or utilised all resources necessary for developing and implementing a well understood prosecution strategy specific to aviation security. DoTRD advised the ANAO during the audit that it intended developing a clear statement of its approach to enforcement. The ANAO suggests such an approach be developed in consultation with the Minister and include, in DoTRD's internal operational guidelines, guidance which takes into account the:

- collection and documentation of findings as part of the normal inspection and audit process;
- collection of admissible evidence;
- prioritisation of compliance issues;

¹⁷ White House Commission on Aviation Safety & Security, Final Report, Feb 1997, Key Recommendations, p.1.

- escalating process of written notification for non-compliance;
- consideration of resource implications;
- preparation of legal briefs;
- relevant case law and legal precedents;
- requirements of the Prosecution Policy of the Commonwealth; and
- process involved in withdrawing security programs, when extreme circumstances dictate that be done.

Requirements of airlines at last port of call flying to Australia

4.42 In consultations with the aviation industry, the ANAO was made aware of a number of industry concerns with aviation security at offshore ports at which there might be a high probability of PMV or other threats occurring but where security measures might not be in accordance with those required by Annex 17. Control Risks Pacific, in its report to the ANAO, drew attention to this also.

Role of contracting states

4.43 Under Annex 17, contracting states have an obligation to regulate the passage of international flights while they are passing through their airspace. This involves incoming international flights that have either originated from or transited other contracting states and flights departing from or transiting contracting states. The vast majority of aviation-security measures for international flights occur before take-off. Other than screening passengers arriving on flights transiting Australia and inspecting the aircraft carrying them, there is little in practical terms that Australia can do to minimise the risk of acts of unlawful interference with incoming flights other than place full reliance on the efficacy of the aviation-security regimes in neighbouring contracting states.

Australia's powers

4.44 DoTRD advises that, as a contracting state, Australia can regulate the activities of all airlines only within Australian airspace. In addition, DoTRD has the power to give directions to Australian-based airlines in regard to their international airline services. In the face of any increased level of threat offshore to the international operations of Australian-based airlines, DoTRD or the airlines may institute additional security measures. Because it has no power to undertake audits offshore, DoTRD does not inspect ports from which aircraft depart for Australia unless it is requested by either the nation itself or an Australian airline or as a part of Australia's assistance to ICAO.

Airlines' obligations

4.45 For airlines to fly to, within or from Australia they must agree to adopt an airline-security program that can be approved by DoTRD. The Air Navigation Act obliges each airline to conform with its security program. Airlines agree voluntarily in good faith to ensure that Annex 17 is implemented anywhere in the world when they endorse the model airline-security program for their use.

ICAO's concerns

4.46 As noted earlier, ICAO is aware that a large majority of the contracting states have sought assistance to move to full implementation of Annex 17. As the responsible international body, ICAO¹⁸ has found increasing evidence that contracting states neither find it practicable to comply with ICAO SARPs, nor comply with their obligations under the Chicago Convention. ICAO has noted also that a large number of contracting states have not notified ICAO of their compliance with, or 'differences' from, the standards in the annexes to the Convention for some considerable time. ICAO has concluded that it would be incorrect to assume that all the non-compliant or non-responding states have incorporated the standards of the relevant annexes in their national legislation or that they have implemented the relevant standards fully.

Bilateral agreements

4.47 Australia enters into bilateral agreements with other countries for the provision of international air services. Under the standard ICAO-recommended provisions for these agreements, the obligations by the contracting parties are to agree to:

- act in conformity with the aviation-security provisions of Annex 17, and to require that airlines and international airports within their boundaries act in conformity with the provisions of Annex 17;
- ensure that security measures are applied effectively within their territory, such as protecting aircraft or screening passengers;
- recognise that airlines will be required to observe the national regulations of the other contracting party on aviation security while they are in the other party's territory;
- provide formal consultative mechanisms; and
- look favourably upon any request from the other contracting party for reasonable special security measures.

¹⁸ ICAO working paper from 151st Session, June 1997, C-WP/10612.

4.48 Canadian aviation-security authorities have taken the position that bilateral security partnerships should go further, and have built upon the ICAO model security clause to include additional provisions concerning mutual overseas audit rights of airlines serving both countries.¹⁹ They see this as an important element in the partnership because it does not suggest a lack of trust in the security arrangements of other countries. Rather, it is an acknowledgment that different countries have different requirements, predicated on their legal structures and assessments of threat, and that it is not always possible for the country from which flights originate to ensure that the requirements of the receiving countries are met. Canada itself has always been willing to permit audit teams from other countries to assess from these external reviews.

Conclusion

4.49 The ANAO concluded that DoTRD's primary focus is currently on regulating international and domestic air travel within Australian airspace. The ANAO recognises that DoTRD has few legal powers upon which it can rely to go beyond this. However the ANAO also considers that the major source of aviation security risk to Australian aviation lies in the Asia-Pacific region. It is from this region that most of Australia's incoming international flights either originate or make their last port of call before arrival in Australia.

4.50 The ANAO considers, after taking into account industry concerns with aviation security at offshore ports, that DoTRD could best reduce the risks of unlawful interference on incoming flights by entering into proactive alliances with the aviation-industry regulators in neighbouring countries in the Asia-Pacific region. This approach would be similar to that adopted by Canada. These alliances could use as a starting point existing bilateral agreements with these countries. Such a series of alliances would reflect a respect for national sovereignty yet embrace the spirit of ICAO proposals to align national legislation implementing ICAO SARPs across the region.

Recommendation No.3

4.51 The ANAO recommends, that in order to work towards a common level of aviation security by international airports and airlines in the region, DoTRD consider entering into formal proactive alliances with the aviation-industry regulators of neighbouring countries in the Asia-Pacific region, under the aegis of existing bilateral agreements.

¹⁹ Transport Canada Paper *Partnerships across the Atlantic*, ECAC Symposium on Civil Aviation Security, London May 1996.

Agency response

4.52 Agreed with qualification. The Department sees that its first and overriding priority must be on compliance with Australian security regulatory requirements in Australia by airport and airline operators. As well, it must continue to respect and use the security provisions already in existing bilateral agreements. The Department will continue to use ICAO to seek improvements in regional and international aviation security having regard to the risk environments in which countries operate.

5. Auditing and Compliance

This chapter discusses DoTRD's regulatory role in ensuring that the aviation industry complies with Annex 17 and Australian legislation. The specific audit processes that deal with compliance by airport and airline operators as well as freight forwarders are examined separately.

Introduction

5.1 DoTRD audits security-categorised airports, airlines and regulated agents to ensure compliance with aviation-security regulatory requirements and to assure the Australian travelling public that its aviation environment is secure.

5.2 The Department monitors regulatory compliance by 58 securitycategorised airports, about 60 international airlines at each Australian port of call, domestic airlines and almost 600 regulated agents (freight forwarders) at 1000 sites. Airport and airline audits are undertaken by the Operations Section and regulated agents by the Cargo and Mail Section. The Operations Section's staffing level, workloads and allocated administrative expenses have been relatively constant for the last five years and the Cargo and Mail Section's since 1996. There are no specific costs of individual audits because they form part of several activities carried out by inspectors visiting airports.

5.3 To ensure a cost-effective and efficient program, it is important that the audit program:

- pay particular attention to high-risk airports and airlines;
- concentrate on the potential for major systemic failures;
- ensure that serious deficiencies are rectified quickly; and
- ensure that audit results are analysed and considered in the review of regulations, audit programs, training courses and exercises.



Examination of airport fencing is but one of many facets of DoTRD airport audits. The photos above and below depict different standards of fencing at Australian airports. The erection and maintenance of fencing is a substantial task of airport operators given the large land area required by airports. Photo: DoTRD



Airport audits

Regulatory framework

5.4 Annex 17 requires each contracting state to ensure that an airportsecurity program adequate for the needs of international traffic is developed for each airport serving international civil aviation.²⁰ To facilitate the implementation of airport-security measures, division 5 of the *Air Navigation Act 1920* outlines the security requirements of Category 1-5 airports. Appropriate security measures to be taken at these airports are specified in the Regulations and in aviation-security programs approved under the Act. Airport audits are undertaken to ensure compliance with these legislative requirements and the individual airport-security programs. Screening-equipment tests and screening-point tests are also carried out. Together these provide the basis of an assessment of the security of an individual airport and Australia's airports overall.

Programming of audits

Annual audits

5.5 All Category 1-3 airports are audited at least annually and some Category 4-5 airports are inspected annually. Audits of Category 1 and 2 airports are usually undertaken by two inspectors (a regional officer accompanied by a Central Office inspector) and lower-category airports by a regional officer only. The degree of detail examined in an audit is related to the airport's security category. At higher-category airports (Categories 1-3), greater attention is paid to a larger number of security provisions at both international and domestic terminals, including:

- air side/land side perimeters;
- Aviation Security Identification Cards (ASICs);
- access control;
- infrastructure standards;
- baggage control; and
- security patrolling and response.

Supplementary audits

5.6 Category 1 and 2 airports receive a supplementary audit about six months after the annual audit to monitor progress in addressing issues identified in the previous audit. Category 3 airports may have supplementary audits, depending on the annual audit's findings. Category

²⁰ Annex 17 to the Contention on International Civil Aviation, 6th Edition, March 1997 Standard 3.1.8, p. 3.

4 and 5 airports have supplementary audits as required. These formal audits are complemented by inspections of both airlines and airports whenever regional officers are visiting them. For Category 1 airports, this is usually weekly.

5.7 Although categorisation has been a de-facto risk rating for airports, there has been no detailed risk assessment or well targeted compliance process applied to the airport audit program. The program is based on the requirement for an annual audit or inspection and, when necessary, a supplementary audit.

Audit coverage

5.8 In compliance with Annex 17 and the NASP, all 12 Category 1 and 2 airports have received an annual and supplementary audit in the last four years. Annual audits have been undertaken at the eight Category 3 airports and supplementary audits at six of them. Category 4 and 5 airports were inspected annually until 1995. Since then, pending the recategorisation of airports, DoTRD has left to the discretion of the regions whether they inspect these lower-priority airports. Thirteen of the 17 Category 4 airports and four of the 21 Category 5 airports have been inspected annually in this period. DoTRD's audit coverage pays particular attention to the higher category airports. The ANAO considers that the audits are an effective means of ensuring compliance by airport operators with Annex 17 requirements.

Audit process

5.9 Although it recognises that each airport will have unique features, DoTRD has developed a process for auditing airport security systems and procedures. To assist staff, the Department has produced an *Airport Audit Guidance* document, outlining this process. It includes:

- audit planning and preparation;
- entry interview with airport management;
- conduct of the audit and the approach to be adopted for each component;
- debriefing the airport management on completion; and
- reporting and follow-up process.

5.10 Planning is undertaken by the audit team prior to the audit because issues found during the previous audit, progress in resolving them and any subsequent issues are discussed in the entry interview with airport management. This process also enables DoTRD to target any possible systemic failures in compliance. Following the entry interview, a physical

inspection of the airport, including domestic terminals, the apron, sterile²¹ and restricted areas and perimeters is carried out. The audit technical report proforma used by inspectors comprehensively addresses all compliance areas and legislative requirements.

5.11 Matters observed that are not in accordance with legislation or departmental policy, and considered potential security weaknesses, must be brought to the attention of the operator, accompanied by an assessment of the risks inherent in leaving them unaltered. Observations made in the course of the audit must be recorded. However, the ANAO found that written observation notes are not retained as documentary evidence for possible prosecutions once the audit technical report is finalised and forwarded to Central Office.

5.12 A comprehensive debriefing of the airport management is undertaken at the completion of the audit. This is considered an essential element of the audit process. Problems noted in the course of the audit, and proposed solutions, are outlined and discussed.

Reporting process

5.13 Formal advice outlining the audit's findings and departmental requirements is sent to the airport operator within ten working days by Central Office for Category 1 and 2 airports and regional offices for lower category airports. DoTRD does not apply risk weightings to compliance issues. Prioritisation of compliance issues noted in the course of the audit is therefore at the discretion of the audit team. Although DoTRD requires a formal response within 28 days, there are no specified time frames within which compliance must occur.

5.14 The audit technical report pro-forma, detailing all matters given attention in the audit, together with the inspecting officers' findings, additional comments and recommendations, is produced by the audit team within 21 days of the audit and forwarded to Central Office. The ANAO considers the technical report should be provided to the Branch Head prior to the report being finalised. This will enable quality control of the audit findings and the audit report.

Follow-up process

5.15 Airport authorities are given 28 days to respond formally to the audit report. The ANAO found that, when no response was received, follow-up action was initiated by Central Office for Category 1 and 2

²¹ 'Sterile' is the term used to denote areas in which security-screened persons are kept segregated from unscreened persons before they board aircraft.

airports and by regional offices for lower-category airports. Central Office has a follow-up system that records:

- issues identified during the audit;
- responses received from airport and/or terminal operators;
- action taken to rectify deficiencies;
- progress reports from the regions; and
- outstanding audit matters.

Follow-up of audit findings

5.16 The ANAO analysed a sample of 51 airport audit reports, covering ten airports, including all airport categories and all regions, in a three-year period. The purpose of the analysis was to determine whether issues identified by audits had been rectified or steps taken toward rectification. This could only be confirmed by the results of the next audit, although it was appreciated that issues could have been resolved in less than the six months between audits. Follow-up action by DoTRD was also examined.²²

5.17 In 76 per cent of audits reviewed, it was confirmed that action had been taken within 6-12 months to rectify compliance issues identified by the audit. In a further 14 per cent of audits, corrective action was confirmed within 18 months to two years. In the remaining 10 per cent no conclusive data will be available until the next audit. Follow-up action was initiated by DoTRD in all cases and progress monitored by the regional offices. Compliance action involving major building projects such as extensive fencing or replacement of alarm systems might span several audits if they are part of programmed budgetary processes.

5.18 Audits take one to three days, depending on the size of the airport and provide simply a 'snapshot in time' of the security performance of the airport. However, they are supplemented by continual visits and inspections (particularly Category 1 airports) by regional staff. The observations made in the course of these inspections are not always documented, although the ANAO found that non-compliance with security requirements was brought to the immediate attention of the airport operators. The action taken by the airport operator or the time taken to resolve the matter is also unlikely to be documented.

²² No comment could be made about the resolution of the findings of the last audit for nine airports as there was no confirmation that issues identified had been actioned because no follow up audit had been conducted. Operators have advised action has been or is being taken and DoTRD regional offices are monitoring progress.

Analysis and feedback

5.19 DoTRD does not systematically analyse the results of audits either individually or from an Australia-wide perspective. It is therefore unable to ensure that resources are directed to high risk areas, that the potential for systemic failures is always detected or that results are considered in the review of regulations, audit programming, training courses and exercises. Evaluation of audits is discussed in paragraph 5.91.

Conclusion

5.20 Audits indicate how airports comply with security requirements at a particular point in time. DoTRD has developed and implemented economical and efficient processes for planning, undertaking, reporting and following-up airport audits. However, observations made by inspectors during the audits are not retained once reports are finalised. Outstanding matters are followed up and monitored by DoTRD and the subsequent audits confirm that action has been taken to rectify deficiencies identified by previous audits. Compliance issues are not always prioritised in reports and there is no specific time frame in which corrective action is to be initiated or completed by the operator. Audits are supplemented by continual visits and inspections (particularly of Category 1 airports) by regional staff. However, observations made during these visits and inspections are not always documented and the action taken or time involved in addressing issues is also unlikely to be recorded.

5.21 The ANAO considers that the audit and compliance process could be strengthened and improved by DoTRD adopting the following strategies:

- including in the audit-planning process the observations made by regional inspectors in the course of regular visits to and inspections of the airports and the action taken between audits to resolve security issues identified;
- ensuring that observations made in the course of inspections and audits are documented and retained for planning purposes and any possible non-compliance prosecutions; and
- prioritising compliance issues (eg, high or low risk, urgent or less-urgent) and specifying time frames in which some form of corrective action should be initiated and/or completed by the operator.

5.22 The implementation of these strategies would ensure also that DoTRD was in a better position to assess the security of the airports over a longer period and improve the targeting of airports and compliance issues for future audits.

Recommendation No.4

5.23 The ANAO recommends that DoTRD incorporate into its airport-auditing process:

- (a) an assessment of inspections carried out and action taken between audits to resolve security issues, as part of audit planning, so that high-risk airports may be appropriately targeted;
- (b) strategies to ensure that documentary evidence of observations made in the course of inspections and audits is retained for planning purposes or any possible non-compliance prosecutions;
- (c) prioritising compliance issues identified during the audit as part of the reporting process; and
- (d) specific time frames for airport and/or terminal operators to initiate or complete action to rectify deficiencies identified by the audits.

Agency response

5.24 Agreed.

Coverage of Counter Terrorist First Response (CTFR) function

5.25 Annex 17 requires all contracting states to:

ensure that duly authorised and suitably trained officers are readily available for deployment at their airports serving international civil aviation to assist with dealing with suspected or actual cases of unlawful interference with civil aviation.²³

5.26 The requirements of the uniformed security force are outlined in the airport security program and are assessed as part of the audit process and during regular inspections by regional staff. Security deficiencies are brought to the immediate attention of the airport operator.

Screening of passengers

Legislative requirements

5.27 Pursuant to the *Air Navigation Act 1920,* aircraft operators are responsible for passenger screening for all regular public transport (RPT)

²³ Annex 17 to the Convention on International Civil Aviation, 6th Edition, March 1997, Standard 3.1.13, p. 3.



Both screening and searching the cabin baggage of large volumes of passengers have been the subject of new training requirements recently. This is in recognition of the need for more than 'on the job training' if operators are to be relied upon to detect and remove prohibited objects quickly, effectively and courteously from passenger cabin baggage. Photo: DoTRD



international operations, international charter operations fitted to carry 38 or more passengers and domestic operations (RPT or charter) fitted to carry 100 or more passengers. Passenger screening is one of the primary measures for implementing Annex 17 standards to:

- prevent weapons, explosives or any other dangerous devices from being taken on board aircraft;
- control transfer and transit passengers and their cabin baggage to prevent unauthorised articles from being taken on board aircraft; and
- ensure that there is no possibility of mixing or contact between passengers subject to security control and other persons not subject to such control after the security-screening points have been passed.

5.28 The responsibility for segregating passengers who have been screened from those who have not also rests with the airlines. In larger terminals the method of segregating screened persons before they board an aircraft is to screen into 'sterile' areas. Access to sterile areas, other than through the screening point, is controlled by the terminal operator. Recent amendments to the legislation will allow passenger screening to be undertaken by both airport and aircraft operators.

Screening regime

Screening equipment

5.29 Testing of screening equipment was introduced by DoTRD in June 1992 for walk-through metal detectors and extended to x-ray equipment and hand-held metal detectors in 1994.²⁴ Operators were required to undertake specific calibration tests daily and record results in a register. Walk-through metal detectors were also assessed quarterly. DoTRD carried out quarterly assessments. Current arrangements came into effect in December 1997, with minimum levels of acceptable performance being specified for:

- walk-through metal detectors;
- hand-held metal detectors; and
- x-ray equipment.

5.30 The existing testing regime was retained and DoTRD continues to undertake quarterly assessments of screening equipment. Copies of the results of these tests are given to the airline operators and retained by

²⁴ Instrument No. S19/92 dated 19 June 1992 related to screening via a walk through metal detector. Instrument No. S11/94 dated 19 Jan 1994 included hand-held metal detectors and x-ray equipment also.

regional offices. Test results are evaluated by regional offices and the Director, Operations advised of any recurring equipment failure. Operators are to withdraw equipment if it fails to meet acceptable standards and DoTRD has the option to prosecute if necessary.

Screening-point testing

5.31 Screening-point testing began in June 1996 with a three-phase implementation program. A program of testing has existed since 1 July 1997 to assess the overall effectiveness of the screening system, including the competence and vigilance of screening-point staff, who are not warned of the imminence of tests. Results of the tests are communicated to the airline operators and entered into a database maintained by Central Office. The Director, Operations reviews these test results and decides what action, if any, is necessary.

Development of a more effective process

5.32 After evaluating the tests undertaken in the implementation phase, DoTRD recognised the need to enhance overall screening effectiveness and took action to address the three main areas of concern:

- the way screening is conducted;
- training of screeners; and
- equipment used.

5.33 Instruments have been issued outlining how screening is to be carried out and the equipment to be used. In addition to the unannounced screening-point tests, quarterly assessments of equipment and screener performance are carried out. An instrument specifying screener-training requirements has also been drafted. DoTRD and the aviation industry are developing competency-based accredited courses for screener training and this instrument will be finalised when the process is completed.

Conclusion

5.34 DoTRD has acknowledged the importance of passenger screening and has recently revised the regulatory standards and procedures in place to improve screening effectiveness.


Australia's international airports must service flights by many airline operators from many different countries. The photo above shows aircraft from the US, Australia, Japan and Korea. Photo: DoTRD

Airline audits

Background

5.35 The world airline industry is very dynamic. New airlines continue to enter the market and existing ones merge or enter into various different types of alliances. Routes or services can open just as quickly as they disappear or are withdrawn. Computer systems, such as seat-reservation systems, which underlie the industry, can be massive and change continually. Regulating in this environment, therefore, poses significant challenges.

Regulatory framework

5.36 As a contracting state to the ICAO²⁵ conventions, Australia must ensure that airline operators providing a service to, from or within Australia implement an airline security program (ASP) appropriate to the requirements of Australia's NASP. Although ICAO requirements need be satisfied only for all international services to, from or within Australia, Australia has chosen to impose similar but not identical requirements on

²⁵ Annex 17 to the Convention on International Civil Aviation, 6th Edition, March 1997 para 3.1.6, p.3.

all domestic services using aircraft configured to carry 38 or more passengers.²⁶

5.37 The model DoTRD ASP requires operators of air services to, from or within Australia to be responsible for the security of their aircraft, including screening of passengers and their carry-on baggage, and security control of cargo and catering. It includes a formal requirement that station staff and crew members undertake sufficient training to enable them to understand and carry out their security responsibilities. Refresher training is required every two years and records of training undertaken by each station staff member and staff engaged in receiving and handling consignments of international cargo should be retained for five years.

Programming of airline audits

5.38 Under DoTRD's annual airline-audit program all international regular and charter airlines operating to, from or within Australia will be scheduled to undergo an annual audit at each Australian port of call. In addition, both of Australia's major domestic airlines are subject to annual audits at as many Australian ports as resources permit. As of early 1997, more than 60 airlines operated within or into Australia, with two airline groups accounting for the bulk of the Australian airlines. Table 1 shows the international airlines that were serving Australia at that time.

Table 1

Home Region	Number of Airlines	% of all airlines
Asia	20	41
South Pacific	10	21
Europe	7	12
Australia ²⁸	6	11
Middle East	3	5
Africa	3	5
Americas	3	5
Total	52	100%

International Airlines²⁷ Serving Australia

Source: DoTRD 1997 International Airline Audit Program

²⁶ DoTRD, *National Aviation Security Program*, April 1998, Section 4 para 4.22, pp.18-19.

²⁷ Does not include the international cargo carriers and some charter operators may also be omitted.

²⁸ Australia figure includes several small airlines flying to adjoining countries.

5.39 The two major Australian airline groups operate services into almost all of Australia's 58 Category 1 to 5 airports. Few of the overseas airlines operate into more than five Australian airports. If DoTRD chose to audit every port serviced by every airline, some 250 audits²⁹ a year would need to be programmed. DoTRD estimated that it actually undertakes about 150 airline audits each year. This is achieved with existing resource levels by planning to audit all international services, usually in the same month for any given foreign airline, but also allowing DoTRD regional staff the discretion of programming audits of domestic airlines' operations in their regions if, as and when time and resources permit.

5.40 The ANAO noted that the 1997 airline-audit program did not include coverage of any international cargo-aircraft loading and movements. The Aviation Security Branch staff have advised the ANAO that they believe this decision was made when the program was drawn up, to give priority to the audits of passenger services. DoTRD has now advised that these audits have recommenced.

Audit process

5.41 Airline audits concentrate on matters relating to specific flights, including preflight security checks, passenger screening, passenger segregation, passenger/baggage reconciliation, crew training, boarding procedures and crew procedures in response to threats or acts of unlawful interference with a flight. When an audit reveals shortcomings in an airline's operations, it may be subject to a follow-up audit.

5.42 Each airline is audited against its approved ASP. To ensure standardisation of audits, a 13-page airline-audit technical report or proforma is used by DoTRD inspectors to record audit results. Based on the two airline audits observed by the ANAO, the inspection phase is challenging in that an auditor might have between 45 minutes and three hours to work through the pro-forma, which calls for a large number of the airline's procedures to be observed or tested without delaying a flight.

5.43 The audit process current at the time of this audit had been developed over a number of years by DoTRD. The ANAO could find no evidence of external contributions to its development or of its comparison with those used by similar regulatory bodies in Australia or overseas.

²⁹ Assuming 58 each for each Australian major and three ports for each of the 46 foreign airlines.

Planning of airline audits

5.44 The ANAO found that when planning airline audits, DoTRD:

- treated all airlines equally;
- had no written evidence of planning preparation; and
- had no written evidence of having considered previous compliance issues.

Use of standard audit technical reports/pro-formas

5.45 The use of a standard pro-forma presumes that each airline has taken up the model ASP, which is the case for most foreign airlines. The ANAO saw no evidence of special considerations being given to reviewing individual ASPs and earmarking extra or different audit procedures to be pursued in the light of specific differences or the results of previous audits. As a result, the ANAO considers the planning of audits is not recognised as a key component within the formal audit process.

5.46 The pro-forma lacks any accompanying guidelines, result-analysis component or formal link with the report prepared for airline management. This means that inspectors do not receive guidance on how to deal with different audit findings, are not encouraged to provide a formal analysis to support the audit report to the airline station manager or to make input to Central Office analysis of an airline's performance across Australia.

Auditing foreign airlines

5.47 About 60 per cent of the foreign airlines that fly into Australia are domiciled in Asia or the South Pacific. In most instances, their crews' and station staff's first languages are not English. Although some staff might have some fluency in English and other languages common in the Asia-Pacific region, care is necessary in assessing such airlines' compliance with Australia's aviation-security requirements. The ANAO noted instances where language was a problem, and found that DoTRD audit teams did not employ interpreters to assist with audits of Asian airlines whose staff were not fluent in English. Situations in which problems in this area may occur include those where:

- cabin crews with a low level of English fluency are interviewed;
- non-English speaking passengers are asked check-in questions by airline staff in their own language which DoTRD inspectors must accept in good faith as being true to the requirements of the airline-security program;
- airline representatives provide documentation of their airline's securitytraining programs in their own language; or

• foreign airlines either submit airline-security programs in foreign languages which, at present, DoTRD staff cannot translate, or sign DoTRD model airline security programs in English, which they do not understand.

5.48 DoTRD advises that many airlines from the Asia-Pacific region rely heavily on their handling agents to attend to the loading of their aircraft in Australian ports. Normally, Australia's two major airline groups fulfil this role. The repeated failure of these agents to ask the baggage check-in questions as per individual foreign-airline ASPs suggests that the interface between the two is less than perfect. This suggests a need to examine the systems integration between Australian handling agents and the international airlines from an aviation-security perspective. The Department needs to make sure that there is no misunderstanding over who is responsible for ensuring the desired security outcome is delivered.

Reporting process

5.49 On completing an audit, regional staff generally conduct an exit interview with the airline station manager of the port concerned but this is not normally documented. In addition, a written report is sent to the manager, outlining the major issues identified during the audit. A copy is sent to Central Office, along with copies of the summary pages from the completed pro-forma.

5.50 The ANAO observed that it was only rarely that the letter sent to an airline station manager exceeded one page, although it was based on the use of a 13-page pro-forma that might reflect many negative findings. Furthermore, only some letters to station managers result in a written response from the station manager. The airline station manager may respond to the audit report by telephone, but that response is often not recorded on file.

Follow-up process

5.51 When the audit results clearly indicate unsatisfactory performance, a follow-up 'audit' can be programmed. This would take the form of an observation of the procedures deemed inadequate. Unfortunately, such observations are not usually documented, with the consequence that monitoring, by either regional or Central Office staff, of action taken to rectify defects is impeded. There is no formalised procedure to ensure that the findings will be addressed by audits conducted in successive years.

5.52 The ANAO analysis of the individual airline files maintained by DoTRD regional offices for the period 1995-1998 revealed:

- no prioritisation of compliance issues identified in an audit;
- no focus on detection and rectification of major systemic failures;
- no rationale as to why issues that produced negative findings were either ignored or taken up; and
- no formal process of following up unresolved issues.

5.53 The ANAO also found that in terms of pursuing audit findings, no airline has ever been prosecuted by DoTRD or had its airline security program revoked when it was flying services to, from or within Australia.

Analysis and feedback

5.54 The copies of the summary pages of the technical reports on each audit, along with copies of correspondence to the airlines, are filed in Central Office once they have been examined on a case-by-case basis. The ANAO found no documented analyses of airline audit results. For example, it might have been expected that, as a minimum, an analysis would have been prepared on an all-ports-by-airline basis. In addition, systemic defects could have been identified by analysing audit results across all airlines, including compliance with a specific group of elements such as 'Boarding and Failing to Board', 'Cargo' or 'Contingency Procedures & Training'. The output from such analysis could also:

- be fed back to other sections of the Branch or of elsewhere in DoTRD;
- be provided to airline corporate-security managers;
- underpin substantive submissions to industry forums in Australia, or of ICAO; and
- support a business case for changes in legislation.

5.55 The ANAO considers that without this critical element in its audit process, DoTRD is unable to draw properly based inferences as to the levels of effectiveness of the airline audit program. DoTRD should have been able to discern improving or declining levels of compliance by airlines and as a consequence vary its monitoring programs.

ANAO analysis of airline audits

5.56 The ANAO undertook an analysis of the principal findings contained in the airline technical reports for 90 airline audits undertaken during the period 1995 to early 1998. The sample was drawn from all regions. It was comprised of audits of 15 foreign airlines as well as both the domestic and international arms of Australia's two major airline groups. The foreign airline group represented a broad mix of European, US, Asian

and Pacific international airlines. It included airlines both small and large, new and established as well as global and regional. Details of the analysis have been provided to DoTRD. The conclusions that the ANAO drew from the analysis have been reflected in the ANAO's assessment of the airline audits.

Industry views

5.57 The ANAO interviewed members of the security departments of Australia's two major airline groups. The airlines believe that:

- DoTRD policy is not being communicated to regional staff by Central Office, resulting in inconsistencies in interpretation of regulations and standards by regional inspectors across Australia;
- DoTRD airline audits lack any systems approach. At least one of the two major Australian airline groups has instituted its own systems-based approach to internal audits;
- the objectives of DoTRD's airline-audit program are not clear from a national perspective, and
- DoTRD should develop a national approach to enforcement with comprehensive reporting at a corporate level in addition to reporting to station managers.

Risk- and systems-based approach needed

5.58 The ANAO concluded that there was neither a systems- nor riskbased approach to DoTRD's audits with all airlines treated equally irrespective of the varying risk profile of individual airlines. The primary concern of DoTRD airline audits is examining individual airline flights in isolation. The ANAO understands that an airline-flight-based approach might have been appropriate in earlier years, when many airline systems were manual. For example, airlines once reconciled passengers and baggage by such means as conducting passenger head counts before take-off. In contrast, today's airlines not only have electronic ticketing but their computerised passenger and baggage reconciliation systems can accept boarding passes issued by other airlines engaged in global code-sharing arrangements.

5.59 Despite the importance of computer systems and their interrelationship to modern airline operations, such as baggage-reconciliation systems, seat-reservation, and training systems and procedures, the ANAO found that airline passenger-management systems were not assessed by DoTRD. They are considered neither at ASP-approval stage nor during annual airline audits. As mentioned earlier, the results of audits of an airline across all Australian ports are not aggregated by DoTRD and analysed with a view to diagnosing systemic problems. **5.60** By way of example, in the case of an airline that trains flight and cabin crews but not ground staff, there is little to be gained by inspectors testing the latter's training. By contrast, when an airline trains all its staff there is merit in testing both station staff and crews in the field. In this latter example DoTRD should be able to have a high level of confidence in an airline's compliance with its ASP in regard to provision and delivery of training.

5.61 The ANAO considers that such analyses should be the starting point for the design and planning of audits with inspections being conducted to confirm the claims being made by an airline's head office as well as to examine manual systems at individual ports. A systems approach would offer more in-depth substantiation of individual airlines' compliance without increasing demand on resources.

Airline security program approval

5.62 The ANAO considers that DoTRD should move to a systems approach to support the approval of airline security programs. This approach would require DoTRD to:

- develop a good appreciation of airline systems;
- examine airline company manuals and other materials; and
- visit the airlines' Australian head offices.

5.63 In the case of foreign airlines, input from foreign regulators might be necessary. This would require the development of relationships with other aviation-security regulators in the region as a part of the partnership-building process. In the case of Europe and the Americas, the cooperation of regulators in those regions could be sought by drawing on existing relationships. In Australasia and the South Pacific, this might involve cooperation with the New Zealand regulatory body, Civil Aviation Safety Authority and the Australian aviation industry.

5.64 For both Australian and foreign airlines, the results of audits undertaken against previous security programs could also be considered.

Risk rating

5.65 Having developed an understanding of each airline's systems, DoTRD would be able to attach a risk rating to each airline, drawing on the systems-evaluation result, contributions by other regulators and, in the case of existing airlines, previous audit results. Based on that assessment, new airlines could be advised if issues need to be addressed before their ASPs are approved and existing airlines would be subject to audit programs modified in the light of their risk assessments. Ultimately, airlines with higher risk ratings would be subject to closer scrutiny than

those with a lower rating. The risk rating would require continual adjustment in the light of annual audit results and major systems changes, new handling-agent arrangements, revised threat assessments and other changes.

New approach in summary

5.66 In summary a new combined systems- and risk-based approach to airline audits could include the following:

- an initial assessment of the airline operator's company procedures and management-information systems, including code-sharing arrangements, aircrew and ground-staff training programs, passengerand-baggage reconciliation systems, seat-reservation systems, contingency procedures, cargo-handling policies and procedures and handling agents, as part of the ASP approval process;
- a risk assessment of the airline based on management-information systems, past audit experience and information from other aviation regulators;
- developing an audit approach whereby high-risk airlines required more coverage than lower-risk airlines;
- the frequency of audits and/or inspections of international and domestic airlines based on risk assessments to be review annually; and
- reviewing each airline's procedures and management-information systems periodically, say every three years or whenever major changes occurred.

Future auditing of code-sharing arrangements

5.67 The advent of widespread code-sharing and other such changes in ticketing arrangements has implications that are still being worked through by the world aviation industry. The ANAO considers that a systems-based approach is required to develop an appreciation of this increasingly common form of booking arrangement, which might involve two or more airlines in transporting a passenger. In Australia's case this would usually take the form of an Australian airline transporting a passenger to the nearest convenient hub on behalf of a second airline. Code-sharing makes it possible that an individual flight might be carrying passengers whose tickets have been issued by the Australian airline operator as well as several foreign airlines. Each airline concerned will have scheduled the flight as nominally a flight offered by itself, so the same service might actually have several different flight numbers allocated to it.

5.68 The ANAO concluded that auditing of the handling of such passengers might be done best using a systems approach, with inspectors

working through the systems of the two or more airlines involved to assess compliance with security requirements for passengers booked to travel on a code-sharing basis, taking into account any differing security-program requirements. Until a systems approach is developed to audit code-sharing arrangements, in the ANAO's view a security gap exists in regard to codesharing particularly in relation to domestic airlines checking in and carrying international passengers on a code-sharing basis at domestic airports. This may mean that the domestic airline does not ask the baggage clearance questions of an international passenger at a domestic airport even though the domestic airline is accepting the baggage on behalf of an international code-share partner airline.

5.69 DoTRD considers that the regulatory focus is clear; it is firmly on the aircraft operator complying with their security program (not the code-share airline) irrespective of how many code-share partners might have passengers on the flight. DoTRD also advise that where a specific threat against a code-share airline was sufficient to suggest that it could be transferred to the operating airline, the Department would require the operating airline to put in place appropriate additional security measures.

Conclusion

5.70 The ANAO noted the extent of the effort undertaken to ensure that airline services across Australia, both domestic and foreign, were subjected to at least one audit a year at each Australian port of call. The ANAO concluded that the manner in which audits are planned, undertaken, documented, resourced, analysed and reported on at regional level, and directed and evaluated by Central Office, could be significantly improved.

Recommendation No.5

5.71 The ANAO recommends that DoTRD adopt a systems- and riskbased approach to support the process of both approving airline-security programs and monitoring airline operators' compliance with those programs.

Agency response5.72Agreed.

International air freight and parcels regulation

Background

5.73 In 1994, ICAO amended Annex 17 to include a set of new standards that required contracting states to establish measures to ensure that cargo, courier and express parcels and mail intended for carriage on passenger flights are subject to appropriate security controls and that operators do not accept consignments of cargo, courier and express parcels or mail for carriage on passenger flights unless the security of such consignments is accounted for by a regulated agent or such consignments are subjected to other security controls.³⁰

5.74 The scheme set up in Australia in 1995-96 to regulate aviation security in the carriage of international airfreight is known as the 'regulated agent' scheme. Australia is one of a few contracting states that have actually implemented these measures.

Some definitions

5.75 A regulated agent is typically a freight forwarder, often a small business, engaging in dispatching freight overseas by air on behalf of others. As well as the freight forwarder involved directly with the client, a number of other firms can be involved. These include 'consolidators' who consolidate shipments into container loads; 'couriers', who move goods between freight forwarders and consolidators; and 'cargo terminal operators' (CTOs). CTOs are located normally at airports and often form part of airline company groups. Their prime role is to accept shipments from freight forwarders (often the consolidators) and load them on to the aircraft. Details of the registered population of regulated agents appear in Table 2:

Table 2

Regulated agents statistics

Registered Population	Total Agents ³¹	Audited	Total Sites ³²	Audited
May 1998	567	365 ³³	952	473 ³⁴
mid 1997	519	226	846	260
Feb 1996	470	Nil	830	Nil

Source: ANAO analysis of DoTRD statistics.

³⁰ Annex 17 to the Contention on International Civil Aviation, 6th Edition, March 1997, p. 6.

³¹ Since February 1996, 51 registered regulated agents have been delisted following cessation of trading.

³² Many agents have more than one site and these will often be located in several States.

³³ Does not include audits undertaken in regions in May 1998 but not yet reported to Central Office.

³⁴ Does not include audits undertaken in regions in May 1998 but not yet reported to Central Office. The majority of audits undertaken were advisory audits. Five systems audits undertaken during this period.

Development of the scheme

5.76 The first regulated agents were registered by DoTRD in February 1996 and the first audits undertaken in May that year. The scheme has similarities to that used for regulating airports and airlines in that regulated agents must agree to either develop and comply with their own security program, or use and comply with a model provided by DoTRD. Subsequent audits concentrate on agents' compliance with their security programs.

Audit process

5.77 The first audit of a regulated agent is known as an advisory audit. Such audits are brief and normally involve a visit to the agent of less than two hours. In that time the manager will normally be interviewed, the premises inspected, sample documentation examined and a brief discussion held with the manager and staff about their responsibilities. The visit is intended to complement the training, by a DoTRD approved training provider, that regulated agents are expected to give to at least one staff member at each of the agent's sites. After the visit a brief report, setting out the audit findings, is sent to the site manager for future reference.

5.78 The second audit is known as a systems audit, of which only five had occurred as at May 1998. It is intended that in future these will be primarily of CTOs. A prime objective of systems audits is to ensure that CTOs are not accepting cargo from non-regulated agents in their geographic region and that the standard of security-clearance documentation being accepted by a CTO complies with the scheme. This should ensure also that regulated agents within the CTO's region comply with the legislative requirements.

5.79 In systems audits of CTOs, regulated agents who have lodged airways bills with the CTOs will be checked to ensure that cargo listed on the bills has been cleared properly. Generally, such audits last up to two days and are more comprehensive. In these audits, DoTRD inspectors will concentrate more on evidence-collection than giving advice and examine documentation to ensure that cargo has been cleared, peruse the regular customer list to ensure that it satisfies the scheme's requirements and ensure that there is evidence that identification of unknown shippers has been sought.

Frequency and coverage

5.80 As of May 1998, DoTRD had undertaken advisory audits of 50 per cent of the registered regulated agents' sites. Based on past progress and current resourcing, the ANAO considers that it will be the year 2000 before DoTRD has conducted an initial advisory audit of nearly all registered regulated agents' sites in Australia. In the same time, all Australian category 1 to 3 airports will have been audited twice a year and

each international airline and major domestic airline will have been audited at least once a year at each Australian port of call.

5.81 The ANAO noted that resource constraints have prevented the conduct of systems audits of at least one CTO and several consolidators in every state. At the time of the ANAO audit this had only happened in one region in Queensland. This has compounded the problem of a lack of reach to the whole population to date. Resource levels have inhibited an advisory-audit program that would have permitted all regulated agents to be visited in the first year of their registration thereby increasing their awareness of the requirements of the regulated agents scheme.

5.82 In the light of the above, DoTRD advised that, as at May 1998, it has changed to a process of using Central Office staff to concentrate on undertaking systems audits, including CTOs, as well as managing the scheme overall, and that regional staff will undertake advisory audits with planning assistance by Central Office.

ANAO analysis

5.83 The ANAO noted that:

- to date, DoTRD has not revoked the security program of any regulated agent or initiated a prosecution for a breach of the Air Navigation Act;
- DoTRD had developed specific audit packages for both advisory and systems audits of regulated agents;
- advisory-audit results indicated that they had a crucial role in giving regulated agents a first-hand understanding of their responsibilities which, considering the large number of small businesses involved, not all may have understood fully;
- the database was not used to categorise or prioritise potential audits of regulated agents by a process of risk profiling;
- past advisory-audit pro-formas had not been completed beyond a simple accept/reject analysis, as opposed to detailing the nature and extent of individual audit findings; and
- the process of preparing post-audit reports to regulated agents, using a standard menu of potential error conditions, was a good concept. However, use should be made of the error conditions flagged in each report to allow database profiling of identified deficiencies, across the whole of the population audited to date.

Analysis and feedback

5.84 There had been no systematic analysis of the deficiencies raised by individual advisory audits. The ANAO considers that without the crucial element of audit evaluation, DoTRD is unable to draw properly based inferences as to the levels of effectiveness of the regulated-agent audit

program. It should be able to discern improving or declining levels of compliance by regulated agents and, as a consequence, vary its monitoring program in the light of those conclusions.

Conclusion

5.85 Ensuring that Australia's substantial freight-forwarding industry complies with the regulated agents scheme is a difficult challenge which involves a much greater population than airports or airlines. Given its limited resources, DoTRD has adopted an approach of seeking to enlist the voluntary support and interest of the industry to the maximum extent possible. Based on past progress and current resourcing, the ANAO considers that it will be the year 2000 before DoTRD will have conducted an initial advisory audit of nearly all registered regulated agents' sites in Australia.³⁵ By comparison, airlines and airports receive at least one audit a year each. The ANAO recognises the management of the scheme is still evolving from its early stage of development and the lack of overseas precedent for guidance.

5.86 The ANAO found that, overall, the regulated agents scheme has been developed in a comprehensive manner. In particular, the database used to track the registration of regulated agents, subsequent changes in their details and the audit coverage plays a pivotal role in the scheme. Without it, DoTRD would be unable to follow-up and manage the continuing emergence of new agents, takeovers and mergers of existing agents and the withdrawal of agents from the industry. The ANAO also found that the two-tiered approach of advisory and systems audits seems to have benefited from external research.

5.87 The ANAO proposes that DoTRD consider implementing the following strategies to ensure that the regulated agents scheme achieves its objectives:

- use its database to profile the regulated agents and permit a prioritisation, based on risk, of agents for audit;
- capture the results of the audits on its database to permit continuing analysis of matters related to regulated agents;
- ensure that at least one CTO and, if possible, several consolidators in each state, be systems-audited by 30 June 1999; and
- in cases in which agents have been delisted or prosecuted, an information campaign be conducted to ensure industry-wide awareness of the fact.

³⁵ This assumes that past levels of completion of audits are continued.

Recommendation No.6

5.88 The ANAO recommends that, given the resource levels available, DoTRD prioritise the selection of regulated agents for auditing using a risk-based approach.

Agency response 5.89 Agreed.

Cost of audits

5.90 There are no specific costs for individual airport, airline or regulated agent audits because each is only one of several activities carried out by a regional inspector visiting an airport. In addition to these audits, other activities might include attending the airport security committee meeting, undertaking systems tests and conducting training activities. By developing detailed work plans and combining activities during airport visits, DoTRD endeavours to ensure that maximum value is obtained from travel outlays and undertakes its compliance function in an economical manner.

Evaluation of audits

5.91 DoTRD does not evaluate the results of its audits systematically. As a consequence there is no:

- overall risk analyses, whether of individual populations, such as airlines or airports, or of the whole Australian aviation-security regime;
- feedback strategies for audit planning and involvement of other sections within the Aviation Security Branch;
- prioritisation of resources to high-risk areas;
- analysis of trends or emerging security problems; and
- overall evaluation of the economy, efficiency and effectiveness of the compliance function.

Conclusion

5.92 DoTRD does not systematically evaluate either the results of individual audits or the audit function as a whole. Analysing the results of audits will permit not only an assessment of the risks posed by a specific airport, airline operator or regulated agent but will also contribute to an Australia-wide perspective on systemic risks and changes in the effectiveness of aviation security over time. As well, such analyses will help ensure that resources are allocated to areas of high risk and be a useful input into planning audits and advising other sections of the Branch such as Intelligence and Training and Policy and Standards, that can then reflect these analyses in, for example, their training programs, intelligence

assessments and policy development. The audit function should be reviewed to ensure that it is being undertaken in the most efficient and effective manner. Information for this evaluation process can be provided only by means of an effective performance-information strategy which is discussed in Chapter 3.

Recommendation No.7

5.93 The ANAO recommends that DoTRD develop and implement a strategy for evaluating the results of individual audits in order to:

- (a) assess compliance at the regional and national levels by airports, airlines and regulated agents;
- (b) prioritise resources, target high risk areas or functions and feed back to future planning; and
- (c) assess the economy, efficiency and effectiveness of Australia's aviation security regime.

Agency response

5.94 Agreed.

Aviation security regional offices

5.95 DoTRD's aviation security regional offices are not located at the major Category 1 airport in their regions where much of their work is done. The ANAO considers that there would be advantages in relocating regional staff to these airports, such as reduced travel time and costs, a continual visible presence at the airports and immediate responses to incidents during working hours. DoTRD has identified a number of disadvantages relating to this proposal such as the potential for over regulation, inadvertent industry capture or complacency. Ultimately, this is a matter for DoTRD to determine.

Qualifications of audit staff and operational guidelines

5.96 The effectiveness of the audit process is tied to the quality, training and interpersonal skills of the staff involved. The audit function, by its very nature, can be adversarial and considerable skill is required to achieve effective and continuing cooperation. The quality of the auditing skills of the Operations staff was discussed in a departmental internal evaluation in 1994. The evaluation report recommended training of security audit staff in professional audit practices. To date this has not occurred and the ANAO was advised by DoTRD staff and aviation-industry representatives that they think more attention should be given to the training and development of staff who undertake the audit and compliance function.

5.97 There are 17 Operations and two Cargo & Mail staff who undertake aviation-security audits. Although the majority (79 per cent) have either a security background or have undertaken security courses, only one inspector has auditing skills and seven (37 per cent) have completed negotiation courses. There is no formal training for staff conducting audits other than on-the-job training by understudying more experienced staff. The *Airport Audit Guidance* document provides information on undertaking an airport audit. Airline audit guidelines were last modified in January 1996 and require updating. There are no comparable guidelines for regulated-agent audits.

5.98 DoTRD does not have operational guidelines that set out policy directions, standard procedures or information on the significance to be assigned to specific compliance issues. The benefits to be gained by publishing and continually reviewing this type of document are that it:

- provides a ready source of guidance and information for all staff:
- helps to ensure a national understanding and implementation of policies; and
- standardises procedures and practices.

Conclusion

5.99 It is important that staff have the necessary skills to undertake security inspections and assessments in a professional manner. While the ANAO supports the need for practical on-the-job training, formal training courses should also be provided. The ANAO considers that there is also a need for up to date operational guidelines that set out departmental policies and the standard procedures and practices to be adopted by staff when undertaking their duties as aviation-security regulators.

Recommendation No.8

- **5.100** The ANAO recommends that DoTRD:
 - (a) implement a training and development program to ensure that staff undertaking audits have formal training in security inspection and assessment techniques, negotiation and interpersonal skills;
 - (b) develop operational guidelines outlining the policies, procedures and standards to be adopted by all aviation security staff; and
 - (c) develop and implement strategies for continually reviewing and updating these guidelines.

Agency response

5.101 Agreed.

6. Intelligence

This chapter deals with DoTRD's role in disseminating and coordinating intelligence information, and the quality of the intelligence provided to the aviation industry.

Introduction

6.1 Intelligence is one of the primary tools available to the aviation industry for the prevention and management of security incidents. It is the basis of national threat assessments and aviation security-risk analysis. These assessments provide the basis for subsequent decisions about the allocation of security resources and the need for additional security measures. DoTRD is the primary provider of intelligence to the aviation industry, but it is not an intelligence-collection agency; rather, it receives intelligence and information relating to aviation security and disseminates it to the industry and coordinates the industry's requests for threat assessments. It is important that the intelligence material provided to the industry is accurate, relevant and made available quickly.

Coordination and dissemination of intelligence data

6.2 DoTRD coordinates, through the Protective Security Coordination Centre (PSCC), the dissemination of intelligence and information on threats to civil aviation. Intelligence requirements are identified in a Statement of Intelligence Interest—prepared by DoTRD in consultation with airline intelligence analysts. This Statement becomes the central reference for the collection of aviation-security-related intelligence and is issued to the intelligence community annually.

6.3 DoTRD advises that, because there is a perception that the threat is greater for the airlines, airport operators are not involved in formulating this statement. They do get all intelligence relevant to them that flows from it, provided that they have the appropriate security clearance.

6.4 ASIO communicates aviation-intelligence requirements to all agencies in the national intelligence community. It is the Commonwealth agency responsible for coordinating the collection and analysis of national-security information and for making assessments of security threats. To ensure that aviation-security arrangements are effective, it reviews the level of threat continually and the results are provided in a fortnightly report to the Government's Special Interdepartmental Committee on Protection Against Violence (SIDC-PAV), of which DoTRD is a member.

6.5 Aviation-security intelligence and information is disseminated to the industry in one of the following forms:

- Aviation security threat assessment;
- ASIO reports to SIDC-PAV;
- Aviation security information advices;
- Specific threat-assessment advices; and
- VIP movements.³⁶

Aviation security threat assessment

6.6 This general assessment is prepared by ASIO and describes the current and predicted PMV-related aviation-security environment in Australia for 12 months, and indicates which airports and airlines are most threatened. It sets the scene and background for determining any changes in the level of security measures implemented by airport and airline operators.

ASIO reports to SIDC-PAV

6.7 These reports are made frequently by ASIO to SIDC-PAV and update the intelligence advice in the aviation security threat assessment. In addition they constitute the basis for determining the level of counter-terrorist alert. DoTRD disseminates them to the appropriate security-cleared industry organisations.

Aviation security information advices

6.8 These advices may be generated by industry organisations or government departments or agencies to pass on aviation-security-related information. This information may also originate from overseas sources such as the United States Federal Aviation Administration (FAA). DoTRD coordinates such advices and seeks confirmation and/or comment from the intelligence community.

Specific-threat assessments and VIP movements

6.9 Coordination of aviation-security intelligence requirements is undertaken at two levels—by ASIO at the national level, particularly for threat assessments involving PMV; and by DoTRD for the aviation industry. Requests for specific-threat assessments can be made by:

- the Department;
- PSCC for Australian and visiting VIPs and major national events; and
- airport and airline operators, through DoTRD.

³⁶ DoTRD, National Aviation Security Program, 1998, pp. 28-29.

Timeliness of intelligence coordination and dissemination

6.10 The ANAO analysed a sample of 13 specific-threat-assessment requests and 10 responses for the period October 1997 to March 1998. VIP movements for a monthly period were examined also. All responses were forwarded to the industry representatives and 12 requests to PSCC within 24 hours of receipt by DoTRD. Further information was required for the remaining assessment request and was forwarded to PSCC when received. VIP movements were provided to the aviation industry in a timely manner in the form of a consolidated list, updated on receipt of information from PSCC. Other intelligence information was also disseminated by DoTRD within 24 hours of receipt. Industry representatives interviewed during the audit acknowledged that DoTRD disseminates intelligence in a timely manner.

Quality of intelligence data

Intelligence database

6.11 DoTRD maintains an aviation-security intelligence database of details of major aviation-security incidents world-wide and anniversaries of significant incidents and events. It is used to research exercise scenarios and provide statistical information.

Criminal intelligence

6.12 The Australian Bureau of Criminal Intelligence (ABCI) is willing to supply DoTRD with criminal-intelligence data under an appropriate memorandum of understanding (MOU). Other primary sources of this type of intelligence are the state and territory police services, each of which would also require a formal service agreement.

6.13 An analysis of DoTRD's intelligence database disclosed that to date Australia had not experienced any unlawful acts involving PMV to its aviation services. All aircraft hijackings, extortion (usually involving bomb threats) and other acts of unlawful interference with Australian aviation to date have involved persons of unsound mind, emotionally disturbed persons, often involving family-law matters and the criminal element. Representatives of the aviation industry agree that such incidents represent a greater threat to aviation security than PMV. However, the Department does not collect or disseminate criminal intelligence data relating to potential criminal activity that could pose a threat to aviation security.

Industry concerns

6.14 DoTRD sponsors quarterly liaison visits by airline-intelligence analysts to agencies in the intelligence community for two reasons:

- so that they can be briefed on current events in Australia and overseas that might affect civil-aviation security; and
- to foster communication between the aviation industry and the intelligence community.

6.15 Australian airline-industry representatives have expressed concern about the lack of intelligence data being supplied by DoTRD in relation to offshore terrorism and civil unrest in destination ports and countries they overfly. Generally speaking the Department is meeting the industry's needs but there is a perceived lack of appreciation that air routes and foreign destination ports are as important to Australia's interest as domestic ports. Threat assessments are not provided routinely for air routes. DoTRD considers that intelligence advice should not supplant industry's own risk assessment processes.

6.16 To address the airlines' concerns, DoTRD has revised the 1998 Statement of Intelligence Interest to include information on civil unrest and/or terrorism in:

- countries served by Australian scheduled airlines or countries from which foreign airlines operate direct services to Australia; and
- countries over which Australian scheduled airlines regularly fly.

6.17 DoTRD is now proposing that the airlines' intelligence analysts present the revised intelligence requirements to ASIO and other intelligence organisations. It is also putting forward the proposal that the intelligence community would obtain a better understanding of the industry's requirements through a program of secondments of ASIO officers to the industry. The ANAO supports these proposals because they will help to ensure that there is a clear understanding of what information is required from the intelligence community and whether the information provided will meet the expectations of the industry.

6.18 Airport operators do not participate in liaison visits to intelligence agencies. However, they are aware of these visits through the Industry Consultative Committee meetings, but to date have not expressed a desire to attend. The intelligence community and Department of Foreign Affairs and Trade have indicated to the ANAO that they are willing to provide more frequent briefings and, as appropriate, subject-specific briefings to industry intelligence analysts.

Accuracy of intelligence

6.19 In recent years, intelligence information disseminated by DoTRD relating to possible threats to aviation security has been accurate. It has helped determine the level-of-threat rating applied to airlines, airports and VIPs and has supported the decisions to implement additional security measures.

Conclusion

6.20 DoTRD disseminates intelligence information and coordinates requests for threat assessments and VIP-movement advices in a timely way. This was acknowledged in discussions with aviation-industry representatives. DoTRD's coordination of intelligence data primarily focuses on PMV with a strong domestic focus which has, to date, been a relatively low-level threat in Australia. It does not include information on criminal or other law-and-order threats, which have been identified as representing a potentially greater threat to aviation security. To counter this latter risk, DoTRD should broaden its current data collection to include criminal intelligence relating to potential criminal activity that could pose a threat to aviation security.

6.21 As the primary coordinator of aviation-industry intelligence, DoTRD has not been entirely successful in satisfying the needs of some industry participants. Concerns have been raised by the airlines about the lack of intelligence information relating to offshore terrorism and civil unrest in destination countries and countries over which Australian scheduled airlines regularly fly. Those concerns are being addressed in the revised 1998 Statement of Intelligence Interest. The proposed initiatives to have the airlines present their requirements to ASIO and other intelligence agencies and the possible secondment of ASIO officers to the industry will also help to bridge any information gap.

Recommendation No.9

- **6.22** The ANAO recommends that DoTRD:
 - (a) explore the opportunities available to broaden its intelligencedata collection to include criminal intelligence and institute formal long-term relationships with the Australian Bureau of Criminal Intelligence and the state and/or territory police services; and
 - (b) if requested, facilitate more frequent briefings or, where more appropriate, subject-specific briefings for industry intelligence analysts.

Agency response

6.23 Agreed.

7. National Training and Exercise Program

This chapter discusses DoTRD's training and exercise program and outlines its purpose, development, implementation and evaluation. The aviation industry's involvement in training and the program's impact on the industry are also covered.

Introduction

7.1 It is crucial that government agencies, individual organisations and the aviation industry as a whole be able to prevent, or respond effectively to, a threat to Australia's aviation security. DoTRD contributes to an effective security regime by developing an awareness of required preventive and response measures and by testing associated plans and procedures. Primary responsibility for training airport and airline staff in security and response measures rests with the aviation industry. Training and exercises should be frequent, address high risks issues, include relevant scenarios, target high-risk areas and/or locations and identify lessons which are followed up and rectified.

Intelligence and training section

7.2 DoTRD's Intelligence and Training Section is responsible for conducting training and exercises at Category 1 and 2 airports. Regional offices undertake training at the lower-category airports. However, to ensure maximum use of resources and create greater security awareness, Category 3 and 4 airports may be included in the program if it is cost-effective to do so (eg, a training team's visit to Brisbane could also include Maroochydore).

7.3 The Section, comprising three officers at present, is also responsible for aviation-security planning for the Olympic Games. The Department chairs the Aviation Security Olympic Working Group of the Olympic Security Working Committee. Staff levels have been fairly constant for the last four years. Costs of individual seminars or exercises will vary, depending on the facilities provided by the airport or airline operator.

Regulatory requirements

7.4 Annex 17 outlines the requirements for training and for managing responses to acts of unlawful interference with aviation. Contingency plans are to be developed also and resources made available to safeguard airports and ground facilities used in international civil aviation.³⁷

Training requirements

7.5 The NASP outlines DoTRD's training initiatives and the airportsecurity program requires operators to provide details of their securitytraining regimes when submitting programs for approval. The airlinesecurity program includes a formal requirement that station staff and crew members undertake sufficient training to enable them to understand and carry out their security responsibilities. DoTRD includes, as part of its audits, a limited assessment of the training and exercises conducted by airport and airline and operators.

Response arrangements

7.6 The *Air Navigation Act 1920* requires the development of response arrangements at an airport and by aircraft operators. Response infrastructure requirements are outlined in the NASP. Specific details relating to the Emergency Operations Centre (EOC) and the locations of the bomb-search area and isolated parking position are contained in the airport-security program. Although there is no requirement in the program to advise the specific location of the Police Forward Command Post, media centre and response team holding area, these are to be decided in consultation with the state or territory police and will depend on the nature and extent of the incident at the time.

Development of program

7.7 An external evaluation of the training and exercise program (the Quigley Review) was completed in March 1997 after extensive consultation with representatives of the aviation industry. The report noted widespread support for the program by the aviation industry and a strong desire for it to continue. Industry expressed the view also that:

- there should be greater local participation in the planning and conduct of training activities;
- the scope of exercises offered should be extended;
- foreign carriers should be specifically targeted; and
- activities of varying duration should be offered.

³⁷ Annex 17 to the Convention on International Civil Aviation, 6th Edition, March 1997, p. 3.

7.8 Subsequent to this review, a revised exercise and training program was developed and implemented in October 1997. Figure 1 outlines the components of this new training compendium.

Figure 1 Components of training compendium

Exercises:	
REACT	To exercise elements of the Aviation Security Response Group (ASRG), and in particular the Airport Security Incident Support Team (ASIST) and station control centre (or equivalent) of the participating airline, in response to a simulated act of unlawful interference against civil aviation.
ASIST	To exercise the operation of the ASIST and the station control (or equivalent) of the participating airline to a simulated incident.
Training Courses:	
Hypotheticals	To practice the arrangements for responding to incidents and develop an understanding of the national crisis-management structure. Discussion is either in open forum or syndicates.
Awareness seminar	To promote an awareness of security measures developed to safeguard civil aviation against acts of unlawful interference and arrangements in place to respond to such acts. Group discussion and exercises.
ICARUS	Implementation of Carrier and Airport Requirements that Underpin Security. To discuss with those elements of the airport community who implement the ICAO Standards and Recommended Practices. Group discussion.
Defusing the threat	To raise participants' awareness of bomb-security considerations and help them prepare for the potential threat. Discussion and participants encouraged to ensure that adequate plans and procedures are developed.

Program planning

7.9 Program planning is undertaken by DoTRD at both strategic and operational levels. Existing planning processes nominate, 9-12 months in advance, the airports at which training will be undertaken. In keeping with the approach recommended by the Quigley Review DoTRD, rather than determining the types of activities that should be undertaken at each airport, seeks advice from the respective airport-security committees as to the activities they believe would most benefit their airports. Should the requests exceed the Department's capabilities, it will negotiate with the specific committee(s). Similarly, the Department might need to adopt the role of arbiter if it considers that certain training needs are not being satisfied over time. Presentations are directed to specific topics and audience.

7.10 The Department and the industry also participate, when appropriate, in the SAC-PAV training exercises. These exercises involve the activation of the national crisis management response arrangements and may include an aviation component. Planning for these exercises follows the SAC-PAV three-year training cycle.

7.11 The ANAO considers that there would be benefits in extending DoTRD's current 9-12-month planning cycle to cover a three-year period similar to that adopted by SAC-PAV. This process could then flow through to the existing annual program, which details specific activities, locations and allocated resources for the year. This would also assist airport-security committees to plan their training needs over both the short and longer-term. The Department would then be in the position to assess whether:

- the training activities being requested or undertaken meet the objectives of the program and needs of the industry in both the short and longerterm;
- adequate resources are available or training activities need to be reprioritised;
- sufficient coverage is being provided across activities, airports and airlines;
- the proposed program dovetails with any training initiatives being undertaken by SAC-PAV; and
- the level and type of activities accord with current intelligence information and threat levels.

7.12 This planning process will support the decision taken by the Department that the exercise and training program for the next three years will give particular attention to the needs of airport operators and other airport users in preparing for the Olympic Games in the year 2000. The Department recognises that its program must be coordinated with the SAC-PAV exercise program to ensure the most effective outcome and efficient use of resources.

7.13 At the operational level, extensive planning and consultation is undertaken with the industry participants and other organisations involved in the Department's training exercises.

Conclusion

7.14 Although the Department follows the three-year SAC-PAV planning cycle for aviation-related exercises, it undertakes limited long-term planning of its own exercise and training program. Adopting a similar three-year planning cycle would align with the existing SAC-PAV arrangements and allow the aviation industry to adopt a similar cycle when identifying

and planning its own training requirements. This should be supported by the existing annual work program.

Recommendation No.10

7.15 The ANAO recommends that DoTRD develop and implement a three-year planning cycle for its training and exercise program.

Agency response

7.16 Agreed.

Implementation of program

Participation in and frequency of training programs

7.17 Training and exercises are undertaken by the airport and airline operators and supplemented by training provided by DoTRD. Participation in the DoTRD exercise and training programs is voluntary. Appendix 3 outlines the training activities undertaken at specific airports for the period October 1989 to April 1998. Participants in security-awareness courses generally include staff of the airport operators, domestic and foreign airlines, Airservices Australia and members of the APS, state and territory police, Australian Customs Service and the Department of Defence.

Security awareness training

7.18 DoTRD conducted 60 seminars for 1722 participants between October 1989 and February 1998. Appendix 4 details the number of training seminars conducted annually, participation rates and exercises carried out during this period. Twenty-two airports were included in the program covering all Category 1 and 2 and most Category 3 airports. Seminars have been conducted also at three Category 4 airports. The interval between activities at Category 1 airports is usually two years and varies between two and three years for Category 2 airports. It is appreciated that these training courses supplement the training undertaken by the airport and airline operators and that the new program has been designed to allow a greater number of activities and more participation by industry staff. However, the number of seminars undertaken and participation rates suggest that training coverage of industry staff has been somewhat limited.

Departmental training exercises

7.19 It is important that training exercises be conducted regularly because they represent a valuable mechanism for training staff, testing the response of all participants involved in an aviation-security incident and reviewing procedures. Since the exercise program began in June 1990, DoTRD has conducted 25 exercises (six Communication (renamed REACT) exercises, eight REACT and 11 ASIST) up to April 1998. Table 3 shows the Category 1 airports at which they were conducted.

Table 3 Exercises undertaken at Category 1 airports³⁸

Airport	ASIST Exercise	REACT Exercise
Sydney	March 1994	October 1990
		February 1996
Melbourne	Nil	October 1991
		March 1995
Perth	June 1997	June 1990
		June 1994
Brisbane	June 1996	September 1994
	April 1998	October 1996
Canberra	Nil	October 1997
Cairns	August 1996	October 1992
Adelaide	May 1996	April 1993

Source: ANAO analysis of DoTRD data

Category 1 airports

7.20 With the exception of Canberra airport, which has had only one departmental exercise in the eight-year period, exercises have generally been conducted at Category 1 airports at 2 to 4 year intervals. The ANAO considers that, if a high level of response is to be maintained at major airports, the frequency of training exercises should be increased at Category 1 airports. As the above table shows, there have been no exercises at Sydney, Cairns or Adelaide airports for two years and at Melbourne airport for three years.

Category 2 and 3 airports

7.21 Each Category 2 airport has had one exercise (either ASIST or REACT) in the eight-year period. Category 3 airports are not generally included in the exercise program, although DoTRD will try to include them if they are close to higher-category airports. An ASIST exercise was conducted at Maroochydore in 1997 and a REACT exercise at Norfolk Island in 1995. (Appendix 3 refers).

Aviation Security Response Centre

7.22 The Aviation Security Response Centre (ASRC) is located at the Department's office complex in Canberra and staffed by members of the Aviation Security Branch. The Centre undertakes a coordination and policy

³⁸ Appendix 3 outlines the training activities undertaken at all airports.

advising role³⁹ and is activated during an incident or REACT exercise. As the Centre is an important component of DoTRD's response strategy, the ANAO considers that the ASRC should be activated biannually to ensure that staff are familiar with response procedures.

Exercise briefing and reporting process

7.23 Participants are given a briefing before a REACT exercise and a debriefing and discussion follow its conclusion. Participants are also briefed before an ASIST exercise. In the course of and at the conclusion of the ASIST exercise, additional time is allocated to allow discussion of the participants' actions. This discussion is led by the Exercise Director and is conducted in a constructive way. It is not an evaluation or assessment of the individual performance of the participants. REACT exercise reports and letters outlining the observations made during an ASIST exercise are prepared and forwarded to the airport operator for dissemination and discussion at the airport-security committee meeting. The participating airline, the Director Operations, the regional office concerned and other exercise participants are advised also. Issues identified during the exercises as requiring attention are noted but no formal response is required by the exercise participants or specific time frame set for deficiencies to be rectified.

Lessons learned

7.24 If there are lessons to be learned from the training exercises or courses that have applicability to the wider aviation community, the exercise report and issues raised in training courses are disseminated to the industry and all regional offices for discussion at the airport-security committee meetings. Lessons learned are taken into consideration also when planning exercises and developing exercise scenarios. Representatives of the next exercising airport are encouraged to participate as exercise observers, allowing them to carry over any lessons learned to their own exercise.

Follow-up process

7.25 Responsibility for following-up issues identified in exercises rests generally with the regional offices or the Operations Section in Central Office. However, there is no system for ensuring that follow-up action has actually been initiated or that the airports and/or airlines have taken action to address issues. The ANAO has been advised that, when action is taken by regional offices, it is rarely documented and there is no formal advice on the outcome.

³⁹ Officers of the Branch may also be delegated to either the Protective Security Coordination Centre (PSCC) or to the Minister's office during an incident.

Conclusion

Security-awareness training

7.26 In consultation with industry, DoTRD has developed a flexible security-awareness training program designed to satisfy the needs of the aviation industry. It is being implemented at all Category 1 and 2 airports. Category 3 and 4 airports may be included in the program if it is cost-effective to do. The program format allows industry participants to discuss problems and lessons learned. If the lessons learned have applicability to the wider aviation community, the Section will advise regional offices so they may be discussed at airport-security committee meetings. If DoTRD intends to continue conducting these training activities, the ANAO considers that their frequency should be increased to make them represent a more effective mechanism for raising the security awareness of aviation-industry staff.

Departmental training exercises

7.27 The ANAO considers that DoTRD's training exercise program is well-planned, coordinated, and conducted in a professional manner. The exercises are an effective means of testing the response by all participants involved in an aviation-security incident, training staff and reviewing procedures. However, the ANAO considers that, to ensure a consistently high level of response, these exercises should be conducted more frequently at Category 1 and 2 airports. It is considered, for example, that:

- one REACT exercise could be conducted annually (at a Category 1 airport);
- one ASIST exercise could be conducted at all Category 1 airports annually;
- one ASIST exercise could be conducted at all Category 2 airports biennially; and
- the ASRC could be activated biannually, once as part of the REACT exercise and once for an ASIST exercise.

The ANAO recognises that this may have cost implications which will have to be resolved, but which could be offset by a change in DoTRD's training delivery role.

7.28 This exercise program should be supported by audits and/or inspections to confirm that response infrastructure and associated contingency plans and operating procedures are adequate. Category 3 airports might be included in the program if assessed as falling into a risk category. The briefings and debriefings incorporated into the exercise program provide excellent forums for communicating problems and lessons

learned. The reports to participants in the program reinforce these discussions and are distributed to the wider aviation community if lessons learned are applicable. However, there is no formal process for ensuring that issues identified in exercises as requiring action are followed up. Exercise participants should be required to respond to the relevant regional office within a specified time frame advising action taken to address issues arising from the exercises.

Recommendation No.11

7.29 The ANAO recommends that DoTRD improve the effectiveness of the exercise component of its National Training and Exercise Program and thereby increase the overall effectiveness of its incident-management strategy by:

- (a) examining the costs and benefits of increasing the frequency of training exercises and activating the Aviation Security Response Centre biannually; and
- (b) developing and implementing a systematic follow-up process to address issues identified as requiring attention during training exercises.

Agency response

7.30 Agreed.

Evaluation

Industry feedback and review of training courses and exercises

7.31 The course content and scenarios used in the training and exercise program are reviewed continually to ensure that they remain relevant and current. This process incorporates lessons learned in the presentation of courses and exercises as well as feedback from informal discussions with industry participants. There are no formal mechanisms for eliciting feedback from participants on the content and presentation of the training courses and exercises. The ANAO considers that there are advantages in implementing a formal process, because information collected could be used as input into any review process and performance-monitoring strategy. Such a process could require participants to provide a critique of courses, including content, presentation techniques, usefulness, lessons learned and possible improvements. Feedback from the other sections in the Branch, relating to issues or concerns raised in regular audits and inspections of airports and airlines, should be included in this review process.

Performance information

7.32 There is no systematic process for collecting, analysing or reporting performance information relating to the awareness training or exercise program. The only information collected relates to participation rates, and reporting is limited to advising the number of exercises undertaken and assistance provided to ICAO as part of the Department's annual report.

7.33 Lack of performance information will make it difficult for the Department to meet its commitment to the Industry Consultative Committee that continuing evaluation of the various activities offered will be undertaken.

Program evaluation

7.34 Three major reviews of the exercise and training program were undertaken in July 1993, August 1995 and March 1997. There was significant industry consultation and involvement in these reviews, which have resulted in a number of improvements to the program, including:

- changing the structure of the courses to allow more discussion, interaction and use of case studies;
- the introduction of the ASIST training exercise;
- greater industry participation in the planning and conduct of training activities; and
- the development of training activities of varying duration to encourage industry participation.

7.35 However, a significant recommendation of one of these, the 1997 Quigley Review, relating to the progressive evaluation of various elements of the program to provide the basis of an overall evaluation of the program, has not been implemented.

Conclusion

7.36 There are no formal mechanisms for eliciting feedback from participants of the training and exercise program. Feedback is obtained only via informal discussions with regional offices and industry. The ANAO considers that the program could be improved by developing and implementing a performance-monitoring strategy that includes feedback from other sections in the Branch and industry participants on the content and presentation of activities.

7.37 DoTRD has undertaken a number of reviews of the program and each has prompted significant improvements to the program. The ANAO considers also that the recommendations put forward by the Quigley Review, to undertake progressive evaluations of the various elements of the program, should be implemented.

Recommendation No.12

7.38 The ANAO recommends that DoTRD:

- (a) develop and implement a performance-monitoring strategy for its training and exercise program that includes feedback from industry participants and input by other sections of the Aviation Security Branch; and
- (b) implement the Quigley Review recommendations that relate to the progressive evaluation of the various elements of the training and exercise program.

Agency response

7.39 Agreed.

Program delivery

Security awareness training content and standard

DoTRD is not sufficiently familiar with the content of training 7.40 courses run by airlines and airport operators for their staff; nor does it provide any accreditation process. It was aware of the training courses provided by the former Federal Airports Corporation (FAC), which either undertook, or provided material for, training at all Category 1 and 2 airports and some lower-category airports, ensuring a common standard. During audits, DoTRD requests information about the security training being provided by airport operators in their security programs and recent training courses and exercises, and airline staff are questioned about emergency procedures. However, this does not provide a detailed assessment of the training being provided by operators. DoTRD should be assured that adequate training standards are being implemented and maintained by airport and airline operators. The ANAO considers that the nature of DoTRD's role in delivering and monitoring training should be reviewed, particularly given the change in airport ownership.

7.41 The Department and the industry do adopt a cooperative approach in producing security-awareness training material and DoTRD updates *A Compendium of Training Materials*, which outlines the material held by all organisations.

Training exercises

7.42 Monthly exercises are generally conducted by the airport and domestic airline operators. These are designed to work through the initial response to an incident. This incident may be either security- or safety-related or both.

7.43 ASIST and REACT training exercises have been developed by DoTRD to test aviation-security response arrangements. The aim of these exercises is to test elements of the Aviation Security Response Group,⁴⁰ and in particular the ASIST and station control centre (or equivalent) of the participating airline.

Conclusion

7.44 Training is provided by DoTRD, the airline and airport operators. The ANAO considers that DoTRD should review the nature of its training role and, as part of this review, should examine the training being provided by the industry. Although the Department needs to be assured that adequate training is being provided by the airline and airport operators, particularly given the recent increase in the number of airport operators, DoTRD does not have to be involved in the delivery of such training. Instead a more appropriate and cost effective role may be the setting of training standards and accrediting courses for others to conduct. The Department does play an important role in conducting and coordinating training exercises to test the response by the industry and Commonwealth and State government agencies to aviation-security incidents.

⁴⁰ The purpose of the ASRG is to coordinate and manage all aviation aspects of a response to a security incident. It provides aviation support to the State police, Commonwealth Ministers and agencies and includes the ASIST, the Aviation Security Response Centre located in Canberra, the airport operator corporate office and the airline operator corporate office.

Recommendation No.13

7.45 The ANAO recommends that, as primary responsibility for training airport and airline staff in security and response measures rests with the aviation industry, DoTRD review the nature of its role in delivering security-awareness training for the aviation industry.

Agency response 7.46 Agreed.

Contingency plans

Airport security program

7.47 Although response requirements and procedures are incorporated in the airport security program approved by DoTRD, there is no provision in the program for including details of written airport contingency plans, which underlie such response arrangements. DoTRD has advised that as a minimum these plans should include:

- Emergency Operations Centre (EOC) and alternative location;
- rendezvous point on the airport for all emergency services, and alternative;
- overview of resource and information requirements for specific incidents such as bomb threats or hijacks;
- identification of potential Police Forward Command Post, response team holding area, bomb-search area and possible alternatives;
- consideration of handling passengers involved in the incident;
- consideration of handling relatives and friends of passengers involved in the incident; and
- procedures for evacuating the airport.

7.48 Such contingency plans may be included in the Airport Emergency Plan, which forms part of the Aerodrome Operations Manual. These documents may address both security- and safety-related issues. However, neither airport emergency plans nor contingency plans are assessed by DoTRD as part of the airport-security program approval process or in formal audits. In the past they have been reviewed only at the time of departmental training exercises.

7.49 The ANAO analysed all exercises (nine ASIST and four REACT) conducted between July 1995 and November 1997. Concerns were raised about the adequacy of the contingency plans and operating procedures for the EOC in nine (69 per cent) of the exercise reports. In two reports the location of the EOC was of significance.
Airline security program

7.50 The airline-security program requires in-flight bomb-threat response procedures to be contained in airline-company operational procedures. Airline operators, too, should have contingency plans detailing how passengers and crew are to be evacuated from aircraft subject to genuine threat. Additional measures required by the Department are to be incorporated into these plans.

7.51 DoTRD has advised that Australian airlines are generally the primary handling agents of most international airlines. In the event of an incident in which evacuation of passengers and crew is necessary, the evacuation will be undertaken by the handling agent, who would normally adopt their own evacuation procedures. DoTRD should be assured that the evacuation plans of the handling agent are adequate.

7.52 DoTRD does not assess company procedures or contingency plans as part of the airline-security program approval process. Although, as part of an airline audit, aircrew and ground staff are questioned to assess whether aircraft-security, and contingency and training procedures comply with the airline-security program, regulatory requirements and DoTRD policies.

Conclusion

7.53 The ANAO considers that, if airport contingency plans are not being assessed, DoTRD has no assurance that they are adequate. These plans should be included in the airport-security program, assessed as part of the program approval process and reviewed during audits and departmental training exercises to ensure they remain current.

7.54 Prior to a formal airline audit being conducted, which may be up to 12 months after the airline-security program has been approved, DoTRD has no assurance that airline-company procedures contain in-flight bomb-threat response procedures or that the aircraft operator's or handling agent's contingency plans for evacuating passengers and crew from an aircraft are adequate. These should be assessed as part of the airline security program approval process.

Recommendation No.14

- 7.55 The ANAO recommends that DoTRD:
 - (a) ensure that relevant <u>airport</u> contingency plans and operating procedures are developed, assessed and reviewed to ensure they are adequate and remain current; and
 - (b) assess, as part of the **airline**-security program approval process, whether procedures for responding to in-flight bomb threats are contained in company operating-procedures and whether the contingency plans of the aircraft operator or its handling agent to evacuate passengers from an aircraft are adequate.

Agency response

7.56 Agreed.

Howet

Canberra ACT 23 November 1988

P.J. Barrett Auditor-General

Appendices

Categorisation of airports

To facilitate implementation of airport security measures, Division 5 of the *Air Navigation Act 1920* prescribes the requirements for Category 1-5 airports. Appropriate security measures to be taken at these aerodromes are specified in the Regulations and aviation security programs approved under the Act for each category. The basis of categorisation is as follows:

- <u>Category 1</u> airports which frequently handle aircraft seating 300 or more passengers and which have total domestic and international airline traffic in excess of 1 000 000 passenger movements annually;
- <u>Category 2</u> airports which frequently handle aircraft actually configured to seat 100 or more passengers and which have total domestic and international airline traffic in excess of 250 000 passenger movements annually;
- <u>Category 3</u> airports which frequently handle aircraft actually configured to seat 100 or more passengers and which have total domestic and international airline traffic in excess of 50 000 passenger movements annually or airports not categorised above and which receive regular scheduled international services;
- <u>Category 4</u> airports which frequently handle aircraft seating 38 or more passengers and which have total domestic airline traffic in excess of 25 000 passenger movements annually; and
- <u>Category 5</u> airports which frequently handle aircraft seating 38 or more passengers and which have total domestic airline traffic in excess of 10,000 passenger movements annually or airports not categorised above which have total commuter traffic (ie handled by aircraft seating less than 38 passengers) in excess of 25 000 passenger movements annually.

Categorised airports⁴¹

Category 1

Adelaide	Brisbane	Cairns	
Canberra	Melbourne	Perth	
Sydney			
Category 2			
Alice Springs	Coolangatta	Darwin	
Hobart	Townsville		
Category 3			
Ayers Rock	Broome	Christmas Island	
Hamilton Island	Launceston	Maroochydore	
Norfolk Island	Port Hedland		
Category 4			
Albury	Ballina	Coffs Harbour	
Devonport	Geraldton	Gove	
Kalgoorlie	Karratha	Kununurra	
Mackay	Mount Isa	Newman	
Paraburdoo	Proserpine	Rockhampton	
Tamworth	Wagga Wagga		
Category 5			
Armidale	Bundaberg	Burnie	
Carnarvon	Derby	Dubbo	
Dunk Island	Gladstone	Groote Eylandt	
King Island	Kingscote	Learmonth	
Mildura	Moorabbin	Mount Gambier	
Newcastle (Belmont)	Newcastle (Williamtown)	Port Lincoln	
Port Macquarie	Weipa	Whyalla	

⁴¹ DoTRD has put forward a proposal to recategorise these airports.

Frequency of exercise and training activities

AIRPORT	TYPE OF ACTIVITY	DATE	
Category 1:			
Sydney	Discussion (Awareness) Communication (React) Discussion (Awareness) ASIST Awareness REACT Hypotheticals; and Defusing the Threat	May 1990 October 1990 April 1992 March 1994 August 1995 February 1996 October 1997	
Melbourne	Discussion (Awareness) Discussion (Awareness) Communication (React) Discussion (Awareness) REACT Awareness	October 1989 June 1991 October 1991 March 1993 March 1995 September 1996	
Perth	Discussion (Awareness) Communication (React) Discussion (Awareness) Discussion (Awareness) REACT Awareness ASIST	February 1990 June 1990 November 1991 June 1993 June 1994 June 1995 June 1997	
Canberra	Discussion (Awareness) Discussion (Awareness) Awareness Awareness REACT	June 1990 June 1992 March 1994 April 1996 October 1997	

AIRPORT	TYPE OF ACTIVITY	DATE	
Category 1 cont'd			
Brisbane	Discussion (Awareness) Discussion (Awareness) Awareness REACT ASIST REACT ASIST	May 1990 March 1992 July 1994 September 1994 June 1996 October 1996 April 1998	
Cairns	Discussion (Awareness) Discussion (Awareness) Communication (React) Awareness Awareness ASIST ICARUS	August 1990 July 1991 October 1992 September 1993 October 1995 August 1996 February 1998	
Adelaide	Discussion (Awareness) Discussion (Awareness) Communication (React) Awareness ASIST Hypotheticals; and Defusing the Threat	June 1990 May 1992 April 1993 May 1994 May 1996 February 1998	
Category 2			
Alice Springs	Discussion (Awareness) Discussion (Awareness) Awareness ASIST	December 1990 November 1992 November 1994 November 1995	
Coolangatta	Discussion (Awareness) Discussion (Awareness) Awareness ASIST	December 1990 February 1993 May 1995 May 1997	

AIRPORT	TYPE OF ACTIVITY	DATE	
Category 2 cont'd			
Darwin	Discussion (Awareness) Discussion (Awareness) Communication (React) Awareness Awareness ASIST	June 1990 August 1991 April 1992 October 1993 November 1995 March 1997	
Hobart	Discussion (Awareness) Discussion(Awareness) REACT Awareness	April 1990 May 1992 October 1993 February 1996	
Townsville	Discussion (Awareness) Discussion (Awareness) Awareness ASIST	August 1990 October 1992 August 1994 August 1996	
Category 3:			
Ayers Rock	Awareness	February 1997	
Broome	Discussion (Awareness) Awareness	June 1993 June 1997	
Christmas Island			
Hamilton Island	Awareness	August 1994	
Launceston	Discussion (Awareness) Awareness	June 1991 February 1994	
Maroochydore	Discussion (Awareness) Awareness ASIST	October 1992 May 1995 May 1997	
Norfolk Island	REACT	July 1995	
Port Hedland	Discussion (Awareness)	November 1991	

AIRPORT	TYPE OF ACTIVITY	DATE
Category 4:		
Mackay	Discussion (Awareness)	April 1991
Rockhampton	Discussion (Awareness) Awareness	April 1991 March 1996
Karratha	Awareness	June 1995

Year	Seminars Conducted	Seminar Participants	Other Exercises during period	
	-		REACT	ASIST
1989/90*	8	230	1	
1990/91	8	165	1	
1991/92	9	238	2	
1992/93	7	165	2	
1993/94	5	125	2	1
1994/95	8	279	2	
1995/96	6	247	2	3
1996/97	3	67	1	6
1997/98*	6	206	1	1
Total	60	1722	14	11

Participation rates of training seminars and exercises

*Period is from February 1989 to February 1998.

Participation rates are not recorded for training exercises but DoTRD advise that the average attendance would be between 20–25 depending on the category of the airport.

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