




**Australian Government**  
**Department of Infrastructure  
and Regional Development**

# Strengthening Airside Security at Major Australian Airports

## Regulation Impact Statement

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# Executive Summary

## Strengthening Airside Security at Major Australian Airports

Table 1.1 Overview of regulatory costs

Regulatory costs	\$96,984,736 over 10 years (including \$7,200,000 that falls within the regulatory burden framework).
Have offsets been provided?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not required

The security arrangements put in place by Australian airports and air carriers are prescribed by the *Aviation Transport Security Act 2004* (the Act) and *Aviation Transport Security Regulations 2005* (the Regulations). The Act and Regulations establish the regulatory framework to safeguard against unlawful interference with aviation and implement Australia's obligations under the International Civil Aviation Organization's (ICAO's) Convention on International Civil Aviation (also known as the Chicago Convention). Annex 17 (Security) to the Chicago Convention establishes the international civil aviation security standards that signatory countries agree to implement. Compliance with the Chicago Convention is a prerequisite for participation in international aviation markets. Member States require ICAO Standards to be consistently applied to ensure safe and secure international air transport operations.

Annex 17 Standards 4.2.6 (non-passenger screening and security controls) and 4.2.7 (vehicle screening and security controls) address the threat of unlawful interference with aviation posed by people who regularly work in airside areas, the area of the airport where large passenger aircraft operate. These Standards exist because airside workers, by necessity, have relatively free access to high capacity passenger aircraft and could exploit that access to unlawfully interfere with aviation operations (for example, by placing an explosive onto a passenger aircraft). This is known as the insider threat.

The existing methods Australia has implemented to comply with Annex 17 Standards 4.2.6 and 4.2.7 do not adequately address these requirements.

Further, a risk assessment conducted by the Department of Infrastructure and Regional Development (the Department), in consultation with other government departments and aviation industry participants, found that the existing arrangements do not adequately reduce the risk of an insider-mounted attack occurring.

This Regulation Impact Statement (RIS) addresses three policy options, the first being the status quo and two remaining options which propose measures for implementing strengthened airside security arrangements at Australia's major airports that will better mitigate the risks posed by aviation insiders and bring Australia into compliance with Annex 17 Standards 4.2.6 and 4.2.7.



The three options are:

- **Option 1** – Maintain Australia’s current approach of conducting face to Aviation Security Identification Card (ASIC) checks and a visual inspection of all persons, their belongings and any vehicles on entry to the airside zone;
- **Option 2** – Screening upon entry to security restricted areas (SRAs) at Australia’s nine major airports applied randomly and unpredictably; identification checks to verify a person’s identity and authority to be in the SRA; and security awareness training for airport and airline workers who conduct regular duties within the SRA; and
- **Option 3** – A combination of screening upon entry to SRAs at Australia’s nine major airports coupled with in-zone screening both applied randomly and unpredictably; identification checks to verify a person’s identity and authority to be in the SRA; and security awareness training for airport and airline workers who conduct regular duties within the SRA.

Option 1, as the status quo, would not result in any additional costs to industry. Options 2 and 3 propose an increase in regulation, with consequent costs to major Australian airport operators and their tenants, much of which will be passed on to air passengers. Option 2 or 3 is necessary to ensure a regulatory framework that meets Annex 17 Standards 4.2.6 and 4.2.7 and adequately addresses the insider threat.

The Department recommends Option 3 as the most flexible and effective arrangement to comply with international standards and reduce the risk of unlawful interference from insiders. It would deliver the following benefits:


- Australia’s full compliance with Annex 17 Standards 4.2.6 and 4.2.7;
- Flexibility for airports to conduct screening of the full range of people working around passenger aircraft, without the need to establish multiple screening points across airside tenancies;
- Improved security outcomes because airports will be able to vary security measures within the SRA in such a way that it would be very difficult to predict and reliably circumvent; and
- Greater adaptability to changes in the external threat environment without necessitating further major capital programs (for example, the percentages of persons, vehicles and goods screened can be increased or decreased, or the mix of static and mobile screening can be modified to reflect changing risk profiles).

The Department has conducted extensive stakeholder consultation since 2015 that has shaped the development of the strengthened airside security model.

The primary mechanism used for industry consultation was the Airside Security Group – a sub-group of the Aviation Security Advisory Forum. The group includes the nine major international airports, the Australian Airports Association (AAA), Qantas Airways, Virgin Airlines and the Board of Airline Representatives Australia (BARA), as well as key cargo operators and government agencies. This group has met regularly since July 2015.

The group was closely involved in the development of the proposed options, providing regular feedback on detailed policy proposals from the Department. By providing feedback on these





options participants were able to shape them to ensure they are practical, feasible, and minimise the overall regulatory impact while still meeting policy objectives.

Full details of consultation can be found at [Appendix A](#).

## Regulatory costs and offsets

This RIS presents a baseline analysis of the qualitative costs and benefits of the three policy options considered, including an estimation of regulatory costs as set out in the Regulatory Burden Measurement Framework. The costs for Option 1 provide baseline information based on existing practices, and Options 2 and 3 are assessed in comparison to the baseline costs established for Option 1.

## Regulatory burden measurement analysis and offsets

The costs of international obligations imposed as a prerequisite for participation in international markets, such as the ICAO Standards that Australia is obliged to meet, are excluded from the Regulatory Burden Measurement Framework.

This exclusion applies only to the cost of performing the obligated activity. It does not exclude compliance reporting to the Department. The total cost of compliance reporting for Options 2 and 3 is \$7,200,000 over ten years or an average \$720,000 per annum.

# Glossary

Table 1.2 Glossary of common terms and their definitions

Terms	Definitions
<b>Airside Area</b>	Part of a security controlled airport where aircraft and supporting vehicles normally move about, together with the adjacent terrain and buildings or portions thereof, access to which is controlled.
<b>Airport tenant</b>	Tenants and lessees of airports who have access to or operate within the security restricted area at a designated airport.
<b>Annex 17</b>	The Security Annex to the Chicago Convention, which sets out Standards and Recommended Practices for Contracting States to follow.
<b>Chicago Convention</b>	The Convention on International Civil Aviation, which came into force in 1947. The Convention established certain principles and arrangements so international civil aviation can develop in a safe and orderly manner, and that international air transport services be established on the basis of equality of opportunity and operated soundly and economically.
<b>Designated airport</b>	An airport defined as a designated airport in the Aviation Transport Security Regulations 2005.
<b>ICAO Standard</b>	A specification by ICAO which is recognised as necessary for the safety or regularity of international air navigation and to which Member States will conform to in accordance with the Chicago Convention.
<b>Insider threat</b>	Persons (non-passengers), including baggage handlers, caterers, cleaners, aircraft engineers, airport and airline staff and certain government employees who could wittingly or unwittingly exploit their access to high capacity passenger aircraft to unlawfully interfere with aviation operations.
<b>In-zone screening</b>	Security screening conducted within a security restricted area at a designated airport for detecting unauthorised weapons or explosives.
<b>Non-passengers</b>	Persons other than passengers, such as engineers, maintenance crew, baggage handlers, caterers, cleaners.
<b>Screening</b>	The application of technical or other means intended to detect weapons, including explosives, which may be used to commit an act of unlawful interference.



<b>Terms</b>	<b>Definitions</b>
<b>Security restricted area</b>	Zones within the airside area of a security controlled airport that are subject to stricter or more specialised controls than those applying generally to the airside area.



## Background

Australia's major airports are required to have a range of security measures in place to control access to the airside area. These requirements include:

1. Physical delineation of the airside area or signage to inform people of the existence of security restrictions and penalties for unauthorised access;
2. Effective access control points to ensure that the airside area can be entered only by an authorised person;
3. Measures to deter and detect unauthorised access to the airside area such as patrolling, electronic surveillance or other suitable methods.

The above requirements, prescribed in Part 3 of the Aviation Transport Security Regulations 2005 (the Regulations), in part reflect Australia's obligations under Standards 4.2.6 and 4.2.7 of Annex 17 (Security) to the International Convention on Civil Aviation (the Chicago Convention). These Standards relate to aviation workers with special access to airside areas. However, contrary to Annex 17 Standards 4.2.6 and 4.2.7, the *Aviation Transport Security Act 2004* (the Act) and Regulations do not currently require airports to screen vehicles and non-passengers in the airside area.

Standard 4.2.6 requires non-passengers, together with any items they carry to be subject to a mix of screening and security controls before entering airport airside areas. Standard 4.2.7 requires that vehicles, and the items located within them, entering security-restricted areas (SRAs) be subject to a mix of screening and other appropriate security controls in accordance with a risk assessment carried out by the relevant national authorities.

In the absence of any statutory airside screening obligations to align with Annex 17 Standards, Australia's major airports have voluntarily agreed to implement visual inspection of people and vehicles entering their airside area. The visual inspection requires a security guard to visually assess the person, determine if anything is obviously untoward, and ask for all bags and containers to be opened for inspection. Similarly, with vehicles, the guard inspects visible areas inside the cabin of the vehicle (but does not open any compartments) to check for explosives and/or unauthorised weapons.

This practice is not sufficient to comply with Annex 17 Standards 4.2.6 and 4.2.7 and was found to be non-compliant by the International Civil Aviation Organization (ICAO).

# Overview of the policy problem

RIS Questions:

- What is the problem the Government is trying to solve?
- Why is government action needed?

## Insider Threat

Australia relies heavily on its aviation sector to facilitate tourism, travel and trade. An effective security regime is vital to maintaining confidence in this critical sector. A successful attack on the sector has the potential to cause a devastating impact on the economy, a loss of public confidence in the Government, and damage to Australia's reputation as a safe and secure destination for international air travel. The Bureau of Infrastructure, Transport and Regional Economics (BITRE) analysis from 2012 suggests that a terrorism incident at a major Australian airport would cost a total of \$43.6 billion in gross revenue terms over a two-year period.<sup>1</sup>


Aviation security screening is used worldwide as a means of detecting and preventing weapons and other dangerous items from being used to conduct attacks against passenger aircraft. Comprehensive screening arrangements are in place for flights departing security controlled Australian airports with a maximum take-off weight of at least 20 000kg. These arrangements ensure all passengers and flight crew are screened prior to entering secure zones and boarding aircraft, but this is not the case for airport workers accessing passenger aircraft and surrounding areas via the tarmac. Airside workers, such as baggage handlers, caterers, cleaners, engineers and some government officials, have relatively free access to high capacity passenger aircraft and could exploit that access to unlawfully interfere with aviation (for example, by placing an explosive on a passenger aircraft).

In April 2015, the Department of Infrastructure and Regional Development (the Department) held a security risk assessment workshop to consider the most plausible risk scenarios for the airside areas of the nine major airports. The workshop involved security experts from the Australian Government and the aviation industry. The workshop identified that the greatest insider risk involves a worker at an airport exploiting their access privileges to facilitate an attack against a passenger aircraft, using either a person-borne or a placed improvised explosive device (IED). The Department concluded in its subsequent Security Risk Assessment that this risk was 'significant'. The workshop also identified that there was significant scope for improvement to the existing security arrangements to better reduce the likelihood of a successful insider attack.

Serious international security incidents targeting aviation, such as the bombing of Metrojet flight 9268 in Egypt on 31 October 2015 and the attempted bombing of Daallo Airlines Flight 159 in

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<sup>1</sup> Bureau of Infrastructure, Transport and Regional Economics, Internal Brief Economic impact of a terrorism incident at a major airport in Australia



Somalia on 2 February 2016, have highlighted the continuing threat to global aviation, in particular the insider threat.

In the case of the Metrojet incident, evidence suggests an IED was smuggled into the hold of the aircraft at Sharm el-Sheikh airport with the help of an insider/s. The incident claimed the lives of all 220 people on-board.

The Daallo Airlines incident involved the detonation of an IED concealed in a laptop computer. It is likely a Somali official working at Mogadishu International Airport helped the attacker smuggle the device on board the aircraft. The bomber was killed and at least two passengers were injured before the flight safely returned to Mogadishu International Airport.

While not as likely in the Australian context, an insider attack at a major airport remains a plausible scenario. The National Terrorism Threat Level remains at 'Probable' – individuals or groups continue to possess the intent and capability to conduct attacks in Australia. However, an insider attack against aviation would represent a complex and sophisticated attack that reflects a level of capability beyond what Australian extremists have recently demonstrated. While relatively unlikely, a successful attack would have severe negative impacts on industries reliant on international air travel and confidence in the safety of civil aviation.


Given the extreme consequences of a successful attack against a passenger aircraft, the risk warrants the introduction of security screening for airport workers that is more commensurate with that applied to passengers and crew.

## International Obligations

The Chicago Convention's Annex 17 Standards 4.2.6 and 4.2.7 set global requirements designed to mitigate the insider threat. These Standards require 191 ICAO Member States, including Australia, to apply a combination of aviation security screening and other security controls to vehicles, non-passengers (airside workers and visitors) and any items carried into the airside area. Additionally, Annex 17 requires governance structures to be in place that legally require aviation industry participants to implement measures and oversight mechanisms to ensure compliance with the Standards. There is consensus from all Member States that ICAO Standards are necessary to adequately mitigate the risk of acts of unlawful interference against civil aviation throughout the world.

Australia's existing airside security arrangements rely heavily on background checks required to obtain an Aviation Security Identification Card (ASIC). Only workers who have received this background check are allowed unescorted access into the airside area. This is supplemented by visual inspections of persons and vehicles entering the airside area at designated airports. These measures do not fully comply with the Annex 17 Standards 4.2.6 and 4.2.7, in particular because Australia's visual inspection arrangements do not qualify as screening.

ICAO regularly audits countries' compliance with Annex 17 and other relevant elements of the Chicago Convention. In a previous ICAO audit of Australia an adverse finding was recorded



because Australia did not have screening in place for non-passengers, vehicles and goods accessing airside areas.

The aviation security regulators of other countries that accept direct flights from Australia also frequently audit Australia's aviation security arrangements. For example, the United States Transportation Security Administration regularly audits the Australian airports that host direct flights to the United States. Multiple overseas regulators have noted that Australia is non-compliant with Annex 17 Standards 4.2.6 and 4.2.7 and have highlighted this as an area that Australia should address.

Compliance with international standards is important, as it will also enable Australia to maintain and strengthen its role as a global aviation security leader, particularly in the Asia-Pacific region. Non-compliance may also affect our ability to enter into aviation security agreements with other countries and lessen our ability to influence security standards at last port of call countries for inbound flights to Australia.

## Policy options to solve the problem

RIS Questions:

- What policy options are we considering?

One of the key challenges to developing an effective and practical airside security regime for Australia's major airports is accommodating operational and infrastructure differences across airports. To achieve this, the Department has developed a set of guiding principles in collaboration with aviation industry participants and other Government agencies to support the development of a new airside security model:


- **Effectiveness:** The strengthened airside security model must reduce the threat of a terrorist attack facilitated by an insider at Australia's designated airports and meet Australia's obligations under Annex 17 to the Chicago Convention.
- **Sustainability:** The model must consist of measures that can be integrated into day-to-day airport operations with limited impact and effective security outcomes.
- **Flexibility:** All airports have different infrastructure and operating environments, which means that a "one size fits all" model is not workable across all major airports. The model will include sufficient flexibility to accommodate these differences.
- **Adaptability:** The model must be responsive to changes in the threat and risk environment. It will include consideration of how security measures could be increased in response to heightened security risks.
- **Unpredictability:** The new strengthened airside security measures will incorporate the use of randomly applied screening measures and security controls that are dynamic and not easily predicted by the persons targeted for screening who are familiar with the airside environment.

The Department has taken into consideration:

- Australia's Annex 17 obligations for airside security;
- The results of a security risk analysis conducted by the Department to determine the security risks present in airside areas of Australia's major airports; and
- Industry input into policy discussions on strengthening airside security at Australia's major airports.

The Department has identified three key elements of airside security that, if applied at Australia's nine largest international airports, will address Australia's international obligations, mitigate security risks and minimise the regulatory burden on industry:

1. Random and unpredictable screening of a percentage of persons, vehicles and goods entering the SRA, around the passenger terminal;
2. Access control to verify the identity of those entering the SRA and confirm they are authorised to be in the area; and
3. Security awareness training for airport and airline workers regularly accessing the SRA.



This RIS addresses three policy options, outlined below, that incorporate each of these elements to a greater or lesser degree. Under all scenarios:

- Only Australia's nine largest international airports will be subject to the new arrangements. These airports are Adelaide, Brisbane, Cairns, Canberra, Darwin, Gold Coast, Melbourne, Perth and Sydney. Limiting use of the proposed measures to the nine largest and highest security-risk Australian airports is consistent with Annex 17 Standards 4.2.6 and 4.2.7, which are intended to be applied on a risk assessed basis.
- Only two major airlines will be affected by the requirement to inspect or screen persons, vehicles and goods because they have a permanent presence within an airside area at one or more of these airports. These airlines are Qantas Airways and Virgin Australia.

The ICAO Aviation Security Manual (the manual) provides guiding materials to assist with interpretation of measures that meet Standards 4.2.6 and 4.2.7. The manual specifies that screening should either be undertaken on all non-passengers entering the SRA, or should apply to a random and unpredictable sample of persons and be supplemented by additional security controls. Of the seven additional security controls detailed in the manual to supplement random and unpredictable screening, Australia is implementing two; enhanced access controls and security awareness training.

Under Options 2 and 3 only, security awareness training will also be required for airport and airline employees who regularly work in the SRAs of the affected airports. The aim of this training is to ensure airside workers are aware of their security obligations and know how to identify and report issues in their work area that may present a risk to security.

The security measures in Options 2 and 3 do not impose any additional requirements to the security obligations set out in Annex 17 Standards 4.2.6 and 4.2.7 and the accompanying manual. The measures in Options 2 and 3 ensure that Australia meets its international obligations whilst providing the flexibility, adaptability and sustainability outlined in the above-mentioned guiding principles.

## Option 1 – Maintain visual inspection on entry to the airside zone (status quo)

Arrangements are currently in place at Australia's designated airports to visually inspect 100 per cent of persons, vehicles and goods entering the airside area. A visual inspection requires a security guard to visually assess the person, determine if anything is obviously untoward, and ask for all bags and containers to be opened for inspection. A visual inspection does not involve the use of technology capable of detecting weapons or explosives. Similarly, with vehicles, the guard inspects visible areas inside the cabin of the vehicle (but does not open any compartments) to check for explosives and/or unauthorised weapons.

Airports are also required to control access into the airside area. This typically involves checking of airport workers' ASICs by a guard but may also involve the use of electronic access control systems at some access points.





## Option 2 – Random and unpredictable screening upon entry to SRAs at designated airports

This option requires industry participants to screen a percentage (set by the Department via notice) of persons, vehicles and goods before they enter the SRA at designated airports. The screening would occur at the SRA access points where non-passengers, goods and vehicles are currently subject to visual inspection, meaning that every SRA access point would need to be equipped as a screening point.

The Department would prescribe the screening methodology and equipment for this option via notice, in consultation with industry. It may include the use of metal detection, explosive trace detection (ETD) and physical search. Under this option, airports would randomly select the location and timings for screening operations consistent with the prescribed rate of screening.

This option also includes security awareness training and access control requirements as described above. Under this option, industry participants would be required to confirm that persons entering the SRA are authorised and hold a valid ASIC (or are escorted on a Visitor Identity Card or other valid credential).

## Option 3 – Random and unpredictable screening upon entry to and within SRAs at designated airports

This option allows industry participants to choose whether to apply on-entry screening at all access points, or to use a combination of on-entry screening at some access points and screening inside the SRA (in-zone screening) at designated airports. Both would be applied in a random and unpredictable manner. This method provides flexibility for screening points to not be established at every SRA access point, as those entering through SRA access points where screening is not conducted could be captured by in-zone screening points.

This in-zone screening could be conducted by vehicle patrols operating within the SRA or at designated in-zone screening points, which can be switched on or off. In-zone screening will screen persons, vehicles and goods on a random basis using agreed screening equipment and methods. This would include metal detection, ETD and physical search. To ensure that mobile in-zone screening remains unpredictable its location could vary at different times of each day, thereby mitigating the insider threat.

It is proposed industry participants will develop their own security awareness training packages that incorporate core elements set out in the Regulations, and using guidance supplied by the Department.

Table 1.4 Comparison of the screening methods and access controls proposed in each option

Options	Screening	Access control	Security awareness training
Option 1 (maintain Australia's current approach of conducting a visual inspection on entry to the airside zone – status quo)	Visual inspection of persons, vehicles and goods on entry to the SRA	Access controlled into the airside area via guarded access points or electronic access control	No specific requirements
Option 2 (screening upon entry to an SRA at Australia's nine major airports applied randomly and unpredictably)	Random and unpredictable screening of a percentage of persons, vehicles and goods on entry to the SRA at all access points  (e.g. by ETD, metal detector and/or physical search)	Access controls to verify a person's identity and ensure all persons and vehicles are authorised to be in the SRA  (could be via guarded access points or a biometric check and electronic access control)	Airport and airline workers that regularly access the SRA required to complete security awareness training
Option 3 (combination of screening upon entry to an SRA coupled with in-zone screening at Australia's nine major airports applied randomly and unpredictably)	Airports choose whether to implement random and unpredictable screening of a percentage of persons, on entry to the SRA at all access points, or to use a combination of screening on entry to the SRA at some access points and within the SRA  (e.g. by ETD, metal detector and/or physical search)	Access controls to verify a person's identity and ensure all persons and vehicles are authorised to be in the SRA  (could be via guarded access points or a biometric check and electronic access control)	Airport and airline workers that regularly access the SRA required to complete security awareness training

# Analysis of options: cost benefit analysis

RIS Question:

- What is the likely net benefit of each option?

## Benefits

The benefits of strengthening airside security arrangements at Australia's major airports (Options 2 and 3) comes in two key areas: 1) the reduction in security risks that could impact on the safety of the travelling public and Australia's economic wellbeing; and 2) compliance with international standards that underpin Australia's participation in key economic markets. Neither of these benefits can be easily quantified but are nonetheless substantial.

While the probability of an insider attack at a major Australian airport is relatively low, the outcome of such an attack would be catastrophic. Further, the rapidly evolving nature of the terrorist threat in recent years demonstrates that the likelihood of such an attack can increase with little or no warning. A successful attack, resulting in the loss of one or more aircraft, would cause immense damage to Australia's aviation and tourism industries and undermine public confidence in the safety of civil aviation.


There is recent global precedent for this kind of attack, with insiders implicated in attacks against passenger aircraft flying out of Sharm el Sheik, Egypt in October 2014 and Mogadishu, Somalia in February 2016. The Sharm el Sheik attack, apart from resulting in 224 deaths, had significant economic impacts on Egypt's economy. At the time of writing, the United Kingdom still has a ban in place on flights inbound from Sharm el Sheikh airport and many other countries updated travel advisories to warn against travelling to the area.

BITRE analysis from 2012 suggests that a terrorism incident at a major Australian airport would have direct impacts on tourism activities, the travel time of passengers and freight movements. It was determined that an incident would cost a total of \$43.6 billion in gross revenue terms over a two-year period, mainly due to an expected severe down turn in the tourism industry by 30 per cent in inbound and outbound visitor numbers and 10 per cent in domestic visitor numbers in the first year of the incident.<sup>2</sup> Even if such a terrorist attack were only a 1 in 500-year event, the cost of such an incident spread over 500 years (as a risk adjusted cost) would still amount to \$43.6 million per year or \$436 million over 10 years.

Options 2 and 3 would substantially reduce the risk of a successful terrorist attack against civil aviation by an insider, by conducting effective screening of a random selection of airside workers. Conversely, Option 1 (the status quo) does not significantly reduce the risk, as visual inspection is

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<sup>2</sup> Bureau of Infrastructure, Transport and Regional Economics, Internal Brief Economic impact of a terrorism incident at a major airport in Australia



not capable of detecting a weapon or explosives carefully concealed by a person with nefarious intent.

Full compliance with Australia's international obligations under Annex 17 (Options 2 and 3) also represents a significant overall benefit to the Australian community. If Australia were to remain non-compliant (Option 1), there would likely be consequences to Australia's international reputation and ability to participate in key economic markets.

ICAO and some countries conduct audits of the security standards at Australia's major airports. Continued non-compliance with international standards could lead some countries to impose ad hoc, unilateral security measures to flights departing Australian airports. This would likely have significant cost and facilitation impacts on passengers travelling out of Australian airports. Where such actions proved uneconomical, this could even lead to airlines withdrawing flights to Australia.

## Costs

Options 2 and 3 comply with Annex 17 Standards 4.2.6 and 4.2.7 and reduce the risk of an insider attack at a major Australian airport. However, there are increased operational costs for implementing these options. These costs total approximately \$117,587,759 over 10 years for Option 2 and \$96,984,736 over 10 years for Option 3. Option 1 represents the status quo and will have no additional cost for industry.

The additional costs for Option 2 and 3 include the purchase and installation of screening technology for all or some of the access points and the establishment of mobile in-zone screening technology at some airports, dependent on the option. Persons selected for screening will also take slightly longer to access the SRA and industry will need to factor this into the way they operate.

There will also be higher operational costs for training airport and airline workers who regularly access the SRA at a designated airport under these options. This will depend on how much of the current content of the airport and airline operators' training programs needs to be updated and the format in which the training is presented to their workers, such as E-learning modules or face-to-face training.

The difference in cost between Options 2 and 3 is largely due to the higher capital cost associated with establishing screening points at all access points under Option 2. Under Option 3, airports have the choice of whether to screen at all access points or whether to conduct screening at only some access points and combine this with in-zone screening instead.

For airports with large numbers of access points, screening infrastructure at every point may be very costly, making the combination of on-entry and in-zone screening much more economical. At some airports, implementing on-entry screening at all access points will also be highly impractical, due to space and infrastructure limitations. In these cases, a build-up of pedestrian or vehicle traffic at entry points could disrupt public roads or thoroughfares.

Capital costs include the costs to purchase screening equipment and redesign existing access points to accommodate screening equipment. Additional costs associated with reconfiguring the

number of access points or other airport infrastructure have not been included, as they are not directly required under any of the proposed options. Higher operational costs associated with Options 2 and 3 would directly affect aviation businesses – particularly airport operators, airline operators and airport tenants. It is likely that aviation businesses, particularly airports and airlines, would pass a large proportion of the costs to the travelling public in the form of higher airline ticket prices. However, the additional costs associated with each option, calculated over a 10-year period, would amount to less than 10 cents per passenger passing through affected airports (on 2016 passenger data).

Table 1.5 Cost benefit comparison of each option

Options	Costs	Benefits
Option 1 (maintaining Australia's current approach of conducting a visual inspection on entry to the airside zone – status quo)	Nil additional (status quo).	Does not impose additional costs associated with Options 2 and 3.
Option 2 (screening upon entry to an SRA at Australia's nine major airports applied randomly and unpredictably)	Total additional costs to industry of \$117,587,759 over 10 years.  The majority of costs to be passed on to the travelling public.  Higher capital, operational and administrative airside security costs than the status quo and higher capital costs than Option 3 for the larger airports with more complex airside operating environments.  Less flexibility for industry compared to Option 3.	Substantially reduced risk of an insider attack that currently has a risk adjusted cost of \$872 million over 10 years.  Full compliance with international aviation security requirements, allowing full participation in international markets.  Avoids reputational damage and maintains Australia's ability to access key economic markets, ensuring confidence in travel and trade. Scalable and adaptable in response to changes to risk/threat environment.
Option 3 (combination of screening upon entry to an SRA coupled with in-zone screening at Australia's nine major airports applied randomly and unpredictably)	Total additional costs to industry of \$96,984,736 over 10 years.  The majority of costs to be passed on to the travelling public.  Higher capital, operational and administrative airside security costs than the status quo.	Substantially reduced risk of an insider attack that currently has a risk adjusted cost of \$872 million over 10 years.  Full compliance with international aviation security requirements, allowing full participation in international markets. Avoids reputational damage and maintains Australia's ability to access key economic markets, ensuring confidence in travel and



		<p>trade. Greater flexibility for industry in meeting the screening requirements</p> <p>Scalable and adaptable in response to changes to risk/threat environment.</p>
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Individual analysis of each of the options is outlined below. This analysis takes into consideration:

- the effectiveness of the option in terms of how well it mitigates the risk of an insider attack against Australian aviation and whether or not it satisfies Australia’s obligations to meet the requirements of Annex 17 Standards 4.2.6 and 4.2.7;
- how well the option aligns with the guiding principles for the airside security model (sustainability, flexibility, adaptability and unpredictability) that were agreed between the Department and aviation industry participants in 2015; and
- the costs to implement the option in terms of upfront capital expenditure, ongoing operational costs and administrative costs.

## Analysis of Option 1 – Maintain visual inspection on entry to the airside zone (status quo)

### Effectiveness

A joint industry/departamental workshop held in April 2015<sup>3</sup> concluded that existing airside security arrangements do not adequately reduce the risk of an insider attack occurring at one of the nine major airports. In addition, as there is no formal regulation attached to this option, the way in which the measures are implemented (e.g. procedures for visual inspection of vehicles) varies considerably between airports and, consequently, so does the security outcome achieved.

Australia’s aviation security arrangements have been audited by ICAO and found to be non-compliant with ICAO Annex 17 Standards on airside access, as they do not include any form of thorough physical search procedure or technological screening.

### Sustainability

Although this option is based on security measures already in place, its long-term sustainability is doubtful. The measures used have on-going operational costs but do not adequately reduce the risk of an insider attack and are not compliant with ICAO Annex 17 Standards.

### Flexibility

Option 1 represents a ‘one size fits all’ approach with limited scope to easily scale measures up or down in response to a changing threat environment. This differs from formal screening

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<sup>3</sup> Refer Consultation section on page 23.



arrangements, including those under Option 2/3, where the Department can relatively quickly update the methods, equipment and techniques used for screening by issuing a new aviation screening notice.

### Adaptability

In the event of an increase in the threat environment, the appropriate response under this option would be to introduce screening arrangements. This would be difficult, however, as airports are unlikely to have the required additional screening equipment available at short notice. Further, without legislative amendments, industry would not have the appropriate legal framework in place to support formal screening arrangements.

Experience has demonstrated that, under this option, it is difficult for airports to adapt to temporary increases in airside traffic related to special events like the G20 meeting or similar.

### Unpredictability

The measures used under the existing arrangements are static and, therefore, predictable. It would be relatively easy for an insider with knowledge of the airport and how the airside access arrangements work to plan and conduct an attack, particularly given the limited effectiveness of the visual inspection methodology.

### Costs

This option represents the status quo and is the baseline against which other options are compared. The qualitative costs and benefits of this option, informed by feedback from key stakeholders, are summarised in the table below.

Table 1.6 Qualitative costs and benefits for Option 1

DESCRIPTION	AFFECTED PARTY	IMPACTS
Maintain Australia's current approach of conducting a visual inspection on entry to the airside zone – status quo	Business – Airports, some airlines that hold regulated security programs	
	Costs	This option represents the status quo, including existing costs.  Business continues to be exposed to insider risks.
	Benefits	This option does not impose any additional costs on industry.
	Business - Other aviation industry participants	
	Costs	N/A
	Benefits	This option does not impose any additional costs on industry.

	Airline Passengers	
	Costs	Continued exposure to insider security risks.
	Benefits	This option does not result in additional cost to passengers.
	Community	
	Costs	Continued exposure to insider security risks that, if realised, would have significant flow on effects for the community, including substantial economic damage.  Potential costs of unilateral security measures applied at Australia's major airports.
	Benefits	N/A.

### Regulatory burden and cost offset estimate for Option 1

The regulatory costs reflect the average cost borne by businesses, Government and individuals per year, averaged over a 10-year period. As this is the status quo, incremental compliance costs have been assessed as zero.

#### Summary

This option is the lowest cost, but fails to deliver substantial benefits in reducing the significant risk of an insider attack or in achieving compliance with international requirements. Given that existing requirements still have a substantial cost, further improvements to arrangements, such as those offered by Options 2 and 3, are required to ensure that these costs are justified.


## Analysis of Option 2 – Random and unpredictable screening upon entry to SRAs at designated airports

### Effectiveness

Option 2 is assessed to be more effective than Option 1 due to the inclusion of technology-based screening that is capable of detecting weapons and explosives. This means that if a person is intentionally concealing a weapon, there is a substantially higher likelihood of detection than Option 1.

The random and unpredictable application of screening times, methods and places makes it difficult for an insider to predict exactly how and when they will be screened. This, in turn, increases the difficulty associated with planning and conducting an attack.

Further, strengthened access control arrangements, requiring airports to confirm the identity of a person accessing the SRA, and airside security awareness training for workers regularly accessing the SRA represent substantial security improvements.



Implementation of Option 2 would also bring Australia into full compliance with Annex 17 Standards 4.2.6 and 4.2.7.

### **Sustainability**

Option 2 involves higher costs than Option 1 due to the need for additional screening officers and some increased administrative costs. However, these costs are balanced by the need to only screen a specified percentage of airport workers – removing the need to have visual inspection permanently in place at all access points. Due to the greatly increased effectiveness of screening over visual inspection, the return on the investment for this option would be greater than that for Option 1

Option 2 presents a greater degree of sustainability than Option 1 as the Department may vary the required screening percentage if it becomes unsustainable to continue screening at a given rate due to traffic volumes or other factors.

### **Flexibility**

Option 2 delivers some flexibility that is not present in existing arrangements. As airports will only be required to screen a percentage of airport workers, they will have flexibility about how they meet this percentage, provided that it is random and unpredictable. However, they will still be required to conduct screening at access points, meaning that screening must be able to be conducted across all access points to meet the unpredictability requirement. This may be inflexible for airports that have a large number of access points into the SRA.

### **Adaptability**

Option 2 has a greater capacity to adapt to changes in the threat environment than Option 1. In the case of a heightened security alert, the target percentage used for random screening can be increased relatively quickly and easily.

In the case of a future reduction in the terrorism threat level in Australia, there is potential under Option 2 to reduce the regulatory impact of these requirements by scaling down the target screening percentage to reflect the level of security risk. Option 2 is also able to adapt to improvements and innovation in screening technology.

### **Unpredictability**

Due to the inclusion of several randomised elements, including random selection of people, vehicles and goods to be screened, and randomised times and locations for conducting screening, Option 2 offers a greater level of unpredictability than Option 1.

### **Costs**

This option would impose an estimated additional cost burden on industry of \$117,587,759 over a 10-year period. It is expected that airports and airlines will pass on the majority of these costs to travelling passengers through increased ticket pricing. These costs amount to a little under 10 cents per passenger, based on 2016 passenger data. However, some affected businesses, such as airport tenants may not be in a position to pass on additional costs and would likely have to absorb them.

The costs are comprised of:

- additional capital costs associated with acquiring screening equipment;
- additional wage costs for extra staff to perform screening and enhanced access checks;
- cost of time spent by staff undergoing screening and security awareness training; and
- administration and compliance costs.

Further details of cost breakdowns are included at Table 1.10.

Option 2 has a higher cost than Option 3 as it requires infrastructure to be in place for screening at all of an airport’s access points into the SRA. Option 3 avoids this as airports with many access points can opt to implement in-zone screening where it represents a cost saving.

The qualitative costs and benefits of this option (as noted in feedback from stakeholders) are summarised in the table below.

Table 1.7 Qualitative costs and benefits for Option 2

DESCRIPTION	AFFECTED PARTY	IMPACTS
Screening upon entry to an SRA at Australia’s nine major airports applied randomly and unpredictably	Business – Airports, airlines and other regulated industry participants	
	Costs	<p>This option may not suit regulated industry participants operationally. Depending on traffic throughput at a particular access point, very significant capital works at an airport may be necessary to prevent screening from causing a substantial increase in traffic congestion and subsequent impacts beyond the airport.</p> <p>Capital outlay for the purchase of screening equipment.</p> <p>Wage costs of additional staff conducting screening and enhanced access control.</p> <p>Loss of airport worker productivity due to extra time spent undergoing screening and security awareness training.</p> <p>Higher administration costs for managing and keeping records to comply with the access and screening requirements.</p> <p>Costs of training airport and airline workers who regularly access the SRA at a designated airport.</p>
	Benefits	<p>Significantly reduced risk of an act of unlawful interference against a passenger aircraft by an insider.</p> <p>Reduced risk of adverse action by foreign airlines and regulators due to non-compliance with international standards.</p> <p>Most airport and airline costs can be passed on to passengers and will not substantially increase retail prices.</p>

		Improved confidence in the integrity of Australia's aviation security.
Business - Unregulated aviation industry participants		
Costs		Staff time required to undergo screening and security awareness training.  Wage costs of staff conducting access control.  Tenants may be less able to pass on costs.
Benefits		Significantly reduced risk of an act of unlawful interference against a passenger aircraft by an insider.
Airline Passengers		
Costs		Marginal increase to cost of travel due to costs passed on by industry.
Benefits		More secure air travel.  Improved confidence in the integrity of Australia's aviation security.
Community		
Costs		N/A.
Benefits		More secure air travel.  Improved confidence in the integrity of Australia's aviation security.  Full compliance with Annex 17 Standards 4.2.6 and 4.2.7, safeguarding Australia's international reputation and access to international aviation markets.

The regulatory costs identified in the table on the next page reflect the average cost borne by businesses, community and individuals per year, averaged over a 10-year period, of complying with the Regulations under this option. Unlike passenger screening costs, which are typically passed on in full to passengers, the costs of this option are split between industry and passengers.

The table assumes that industry absorbs 25 per cent of total costs and passes on 75 per cent of total costs to consumers. This reflects that those who are affected by this option are not passengers, but industry participants, who may absorb some of the costs or be able to pass costs on to other industry participants.

Table 1.8 Regulatory burden and cost offset estimate for Option 2 over 10 years

Change in costs	Business	Community organisations	Individuals	Total change in cost
Total by sector	\$29,396,940	\$0	\$88,190,819	\$ 117,587,759
Total included in regulatory burden measurement framework	\$1,800,000	\$0	\$5,400,000	\$7,200,000
Cost offset	Business	Community organisations	Individuals	Total by source
Agency	\$1,800,000	\$0	\$5,400,000	\$7,200,000
Are all new costs offset?	<input checked="" type="checkbox"/> Yes, costs are offset	<input type="checkbox"/> No, costs are not offset	<input type="checkbox"/> Deregulatory, no offsets required	

## Summary

Option 2 offers significant benefits in terms of its ability to reduce the risk of an insider attack and its compliance with Annex 17 Standards 4.2.6 and 4.2.7. However, this option would be more costly for airports with larger numbers of SRA access points (compared to Option 3), as each access point into the SRA would require a screening point capability. This is also likely to, for some airports, cause additional traffic congestion beyond the airport.

## Analysis of Option 3 – Random and unpredictable screening upon entry to SRAs at designated airports

### Effectiveness

Option 3 is equally effective as Option 2, providing the same substantial benefits in terms of reducing security risks and full compliance with international requirements. Additionally, the added unpredictability of the screening model in Option 3 (discussed below) is likely to make it more challenging to circumvent.

### Sustainability

Option 3 is judged the most sustainable option. It would deliver the same level of sustainability as Option 2, but allowing screening to take place within the SRA would allow airports to implement screening arrangements in a manner that was most cost-effective for their circumstances.



## **Flexibility**

Option 3 is the most flexible option. It contains all of the flexibility built into Option 2, with the addition of allowing screening inside the airside area to supplement screening on-entry. This gives airports with many access points the option of using in-zone screening to avoid the need to facilitate screening at every SRA access point. This also allows greater flexibility to adapt security arrangements in response to ongoing redevelopment of airport infrastructure.

## **Adaptability**

The Department assesses that Option 3 is likely to be the most easily adapted to changes in the threat environment. Like Option 2, the target percentage for screening could be increased relatively quickly and easily, however unlike Option 2, this option has the ability to use in-zone screening to help airports reduce congestion at SRA access points.

In the case of a future reduction in the terrorism threat level in Australia, there is potential under Option 3 to reduce the regulatory impact of these requirements by scaling down the target screening percentage to reflect the level of security risk. Option 3 is also to adapt to improvements and innovation in screening technology.

## **Unpredictability**

Of the options presented, Option 3 has the greatest degree of in-built unpredictability. The two complementary layers of screening (on-entry and in-zone) would increase the number of times a person (and their vehicle and goods) could potentially be selected for screening. For example, under Option 2, someone could only be selected for screening when entering the SRA. However, under Option 3, for each person working in the SRA, there would be a chance not only that they will be selected for screening on entry to the SRA, but also of them being selected for screening while they are working inside the SRA, potentially using different methods. This provides a greater deterrent against insider attacks, by making it very difficult to anticipate and circumvent security screening.

## **Costs**

The total additional cost of Option 3 will be \$ 96,984,736 over a 10-year period.

The types of costs incurred under this option will be similar to those for Option 2, however, the option for in-zone screening provides allows airports to reduce capital costs of screening infrastructure required at each access point under Option 2.

The qualitative costs and benefits of this option (as noted in feedback from stakeholders) are summarised in the table on the next page.

Table 1.10 Qualitative costs and benefits for Option 3

DESCRIPTION	AFFECTED PARTY	IMPACTS
<p>A combination of screening upon entry to an SRA coupled with in-zone screening applied randomly and unpredictably at Australia's nine major airports</p>	Business – Airports, some airlines and other regulated industry participants	
	Costs	<p>Capital outlay for the purchase of screening equipment although lower costs than under Option 2.</p> <p>Wage costs of additional staff conducting screening and enhanced access control.</p> <p>Staff time required to undergo screening and security awareness training.</p> <p>Higher administration costs for managing and keeping records to comply with the access and screening requirements.</p> <p>Costs of training airport and airline workers who regularly access the SRA at a designated airport.</p>
	Benefits	<p>Significantly reduced risk of an act of unlawful interference against a passenger aircraft by an insider.</p> <p>Reduced risk of adverse action by foreign airlines and regulators due to non-compliance with international standards.</p> <p>Most airport and airline costs can be passed on to passengers and will not substantially increase retail prices.</p> <p>Improved confidence in the integrity of Australia's aviation security.</p>
	Business - Unregulated aviation industry participants	
	Costs	<p>Loss of airport worker productivity due to extra time spent undergoing screening and security awareness training.</p> <p>Wage costs of staff conducting access control.</p> <p>In-zone screening points less likely to adversely impact on tenant operations compared to screening on access.</p> <p>Tenants may be less able to pass on costs.</p>
	Benefits	<p>Significantly reduced risk of an act of unlawful interference against a passenger aircraft by an insider.</p>

	Airline Passengers	
	Costs	Marginal increase to cost of travel due to costs passed on by industry.
	Benefits	More secure air travel.  Improved confidence in the integrity of Australia's aviation security.
	Community	
	Costs	N/A.
	Benefits	More secure air travel.  Improved confidence in the integrity of Australia's aviation security.  Full compliance with Annex 17 Standards 4.2.6 and 4.2.7, safeguarding Australia's international reputation and access to international aviation markets.

The regulatory costs identified in the table below reflect the average cost borne by businesses, community and individuals per year, averaged over a 10-year period, of complying with the Regulations under this option. As with Option 2, the table assumes that industry absorbs 25 per cent of total costs and passes on 75 per cent of total costs to consumers. This reflects that those who are affected by this option are not passengers, but industry participants, who may absorb some of the costs or be able to pass costs on to other industry participants.

Table 1.11 Regulatory burden and cost offset estimate for Option 3 over 10 years

Change in costs	Business	Community organisations	Individuals	Total change in cost
Total by sector	\$24,246,184	\$0	\$72,738,552	\$ 96,984,736
Total included in regulatory burden measurement framework	\$1,800,000	\$0	\$5,400,000	\$7,200,000

Cost offset	Business	Community organisations	Individuals	Total by source
Agency	\$1,800,000	\$0	\$5,400,000	\$7,200,000
Are all new costs offset?	<input checked="" type="checkbox"/> Yes, costs are offset	<input type="checkbox"/> No, costs are not offset	<input type="checkbox"/> Deregulatory, no offsets required	

Option 3 presents the best benefit to cost as it delivers a substantially more effective security outcome than Option 1, while being less costly and more flexible than Option 2.

### Total cost of each policy option

The total costs across all affected airports of implementing each policy option are summarised in the table below.

Table 1.12 Summary of estimated costs to be incurred to deliver outcomes across nine major airports over 10 years

\$	Option 1 (over 10 years)	Option 2 (over 10 years)	Option 2 Extra burden over 10 years	Option 3 (over 10 Years)	Option 3 Extra burden over 10 years
SUBSTANTIVE COSTS					
<b>Wages</b>	\$514,769,525	\$ 563,855,387	\$ 49,085,862	\$ 568,639,715	\$ 53,870,190
<b>Capital</b>					
<b>Initial capital cost</b>	\$0	\$18,867,188	\$18,867,188	\$7,639,375	\$7,639,375
<b>Ongoing Costs</b>					
<b>Equipment Maintenance Costs</b>	\$0	\$24,788,462	\$24,788,462	\$10,628,923	\$10,628,923
<b>Training</b>					
<b>Program development</b>	\$0	\$ 132,000	\$ 132,000	\$ 132,000	\$ 132,000
<b>Delivery</b>	\$0	\$ 9,598,202	\$ 9,598,202	\$ 9,598,202	\$ 9,598,202

<b>Administration</b>					
<b>Airside operations</b>	\$0	\$ 7,243,587	\$ 7,243,587	\$ 7,243,587	\$ 7,243,587
<b>Audit and compliance</b>	\$0	\$7,200,000	\$7,200,000	\$7,200,000	\$7,200,000
<b>Cost to business (staff time spent undergoing training/screening)</b>	\$ 108,605,592	\$ 109,278,052	\$ 672,459	\$ 109,278,052	\$ 672,459
<b>TOTAL FOR NINE MAJOR AIRPORTS</b>	\$ 623,375,118	\$ 740,962,876	\$ 117,587,759	\$ 720,359,853	\$ 96,984,736
<b>TOTAL WITHIN REGULATORY BURDEN MEASUREMENT FRAMEWORK</b>	N/A	\$7,200,000	\$7,200,000	\$7,200,000	\$7,200,000

## Regulatory Burden Measurement

As ICAO Standards are trusted international standards, to which Australia is obliged to meet through the Chicago Convention, then a large proportion of the costs arising from the components of the model will be excluded from the regulatory burden measurement.

Only the costs of demonstrating compliance with ICAO Standards 4.2.6 and 4.2.7 to the Department will be required to be offset in-line with Office of Best Practice Regulation's standing best practice regulation exclusions. The audit and compliance costs for Options 2 and 3 marked in green in Table 1.10 above are the only component of the cost that is included in the regulatory burden measurement framework.

The total regulatory burden included in the measurement framework is \$7,200,000 over 10 years for Options 2 and 3, or an average annual cost of \$720,000.

## Consultation

RIS Question:

- Who we have consulted about these options and how did we consult them?

The Department has conducted extensive stakeholder consultation since 2015 that has shaped the development of the strengthened airside security model. Full details of consultation to date is included at [Appendix A](#).

The primary mechanism used for industry consultation was the Airside Security Group – a sub-group of the Aviation Security Advisory Forum, the Department’s primary industry consultative meeting for aviation security matters. The group includes the nine major international airports, the Australian Airports Association (AAA), Qantas Airways, Virgin Airlines and the Board of Airline Representatives Australia (BARA). This group has met regularly since July 2015. Key cargo operators and government agencies were also invited to be part of this group in late 2016.

The group was closely involved in the development of the policy options considered here, providing ideas and feedback on iterations of the policy proposed by the Department. This engagement ensured that the final policy proposal is practical, feasible, and minimises the overall regulatory impact while still meeting policy objectives. Key concerns addressed through the consultation process included:

- Industry and the Department agreed that the model would need to provide flexibility to screen on entry to the SRA, or on entry and within the SRA, on a random and unpredictable basis, instead of 100 per cent screening on entry to the SRA.
- On 21 January 2016, following discussions on the Security Risk Assessment, the Airside Security Group agreed that the screening target should be a percentage of person and vehicle movements into the SRA.
- Screening procedures papers which outline the procedures and methods for screening were updated regularly following feedback from Airside Security Group meetings, individual phone discussions and emails.
- On 29 April 2016, Airside Security Group agreed to the learning competencies for security awareness training along with other training requirements.
- On 27 July 2016, the Airside Security Group agreed that the ‘enhanced inspection area’ should be removed from the Regulations and that the new strengthened airside security measures should be applied to the SRA at the nine major airports, rather than creating a new bespoke zone.
- Industry participants raised through teleconferences and emails that flexibility was required to allow access controls to be applied at facilities in the vicinity of, but not necessarily at the boundary of the SRA.
- On 3 May, the Airside Security Group discussed the exposure draft amendments to the Regulations. Feedback from these discussions and in writing focused on expanding the list of exemptions, providing greater flexibility with implementation timeframes and updating the definition of an access control point.



## Conclusion and recommended option

RIS Question:

- What is the best option from those we have considered?

The existing arrangements in place at Australian designated airports to protect against insider threats do not deliver effective security outcomes. The current model of visual inspection is very unlikely to detect concealed explosives or weapons and its limitations are readily apparent to airport workers due to its predictability. The Department identified these limitations in a 2015 Security Risk Assessment, prepared in consultation with industry, which identified a 'significant' risk of a terrorist attack by an insider, despite existing controls.

Existing arrangements also fail to meet Australia's international obligation to screen airport workers under Annex 17. Failure to meet international standards will result in damage to Australia's international reputation, possible punitive action by other countries and may jeopardise access to aviation markets.

Due to the failure of existing arrangements to address security risks or meet international requirements, Option 1 – maintaining the status quo – cannot be justified, particularly given its substantial impact on industry and the broader community through potential economic damage and unilateral security measures.

Options 2 and 3, despite additional costs will successfully deliver on the original policy intent of existing airside security arrangements, reducing security risks and delivering compliance with international standards. Introducing random and unpredictable screening, supplemented by enhanced access controls and security awareness training will make it difficult for an insider to predict and circumvent security arrangements that protect passenger aircraft.

Of the two options, Option 3 provides greater flexibility to industry, allowing industry to choose the most cost effective method of meeting screening targets set by the Department. This reduces the overall regulatory burden as well as enhancing screening outcomes by further reducing the predictability of screening arrangements. Option 3 has an overall greater benefit and lower cost compared to Option 2 and is the Department's preferred option.

## Implementation and review

RIS Question:

- How will we implement and evaluate the chosen option?

Amendments to the Regulations are required to give effect to Option 3 and implement the strengthened airside security model. Specifically, the regulatory amendments will:


- (a) introduce stronger controls to verify the identity of persons entering the SRA and confirm they are authorised to be in the area,
- (b) introduce random and unpredictable screening of persons, vehicles and goods (other than cargo) both on entry and within the SRA at a designated airport to detect unauthorised weapons or explosives; and
- (c) require airside security awareness training for airport and airline employees who work regularly within the SRA, focusing on enhancing security culture and encouraging reporting of suspicious activity.

The Transport Security Legislation Amendment Bill 2016 amended the Act to allow regulations to be made for people, vehicles or goods to undergo screening within an area or zone at a security controlled airport. Previous provisions in the Act only supported screening on entry to an area or zone and the additional provision will give industry flexibility in how they implement the new airside arrangements and manage implementation costs.

In order to specify how responsible industry participants conduct airside screening, the Department will prepare an Airside Aviation Screening Notice. This will prescribe the following requirements:

- a requirement for the responsible aviation industry participant to screen a fixed percentage of persons, vehicles and goods accessing the SRA (based on estimates or data agreed between industry and the Department);
- general requirements to vary the locations, times and methods used for screening on a random and unpredictable basis to be outlined in an Airside Security Manual;
- a description of the screening security tiers in accordance with the model and a list of procedures for each appropriate screening method (e.g. ETD, metal detector, body scanner and physical search); and
- the screening equipment that must be used in accordance with the Department's approved equipment list.

The Department proposes a staged approach to implementing the preferred option as capital works are needed at most airports so that screening can occur with minimal impact on operations. These capital works may include restructuring traffic lane configuration at gates, installing traffic lights and constructing covered guard posts to house and operate screening equipment. Industry participants are not in a position to commence detailed planning and raise funds to implement any changes until the regulatory amendments take effect.



The timeframes for this staged implementation vary, depending on the unique operating environment at designated airports and the costs of the chosen screening procedures at each airport, which need to be negotiated between the airports, airlines and tenants.

When the regulatory amendments take effect, any measures that cannot be immediately implemented must be detailed in an implementation plan attached to the industry participant's Transport Security Program and the Department will monitor progress against the plan. Most provisions in the draft Regulations will not commence until 12 weeks after Federal Executive Council approval, allowing industry time to finalise implementation plans. Full implementation of the model will be required within 12 months of commencement, unless otherwise agreed by the Secretary of the Department.

The Department assesses that 12 months provides sufficient time for industry to implement these arrangements. Industry have been aware of the details of the arrangements for several months and submitted preliminary implementation plans to the Department in August of 2016. The Department will adopt an educative approach to compliance for the new regulations, and for the first six months of each participant's airside screening operations.

This approach will be supported by an airside security compliance trial. This trial will assist in the development of a robust airside compliance framework, as it will provide an opportunity to create, test and amend appropriate compliance activities.

The airside security compliance trial aligns with the consultative approach used by the Department to develop the airside security arrangements, as it will look at how industry will implement the policy in line with the regulatory amendments and their respective implementation plans.

This approach will continue to support industry's progressive implementation of these measures and allow the nine major airports, Qantas Airways, Virgin Australia and tenants to gain familiarity with the airside security arrangements before formal compliance begins.

A project review is scheduled to begin once the compliance trial has been completed. This review will include monitoring how the preferred option is performing, based on compliance results and industry consultation. Success measures may include:

- airport and airlines workers awareness of their security requirements and the development of a strong security culture;
- the ability of industry to meet screening targets consistently;
- screening times, locations and methods being carried out on a random and unpredictable basis; and
- only authorised persons access the SRA at designated airports.

Overall, the review will determine if the preferred option meets two outcomes, the reduced risk of unauthorised weapons or explosives being carried or placed on board a high capacity aircraft by an insider, someone posing as an insider, or someone who has been assisted by an insider, and Australia's compliance with our Annex 17 Standards 4.2.6 and 4.2.7 obligations.



## References

The following references were used in the development of this RIS:

*Aviation Transport Security Act 2004*

Aviation Transport Security Regulations 2005

Aviation Transport Security Amendment Regulations 2007 (No. 172)

Bureau of Infrastructure, Transport and Regional Economics, *Internal Brief Economic impact of a notional terrorism incident at a major airport in Australia*

International Civil Aviation Organisation, *Annex 17 to the Convention on International Civil Aviation*, Ninth Edition

# Appendix

## Appendix A – Consultation on the strengthened airside security arrangements

### Aviation Security Advisory Forum (ASAF)

- In 2015-17, the Department consulted with industry through ASAF meetings. ASAF provides a forum for the commercial aviation sector to meet with Government to discuss a range of operational, legal, policy and regulatory issues relating to aviation security.
  - On 25 February 2015, members mapped current roles and existing measures in airside areas, with members receptive to taking a fresh look at airside security and expressed a desire to be involved in discussion about how to progress this issue.
  - On 30 July 2015, members expressed concern on meeting timeframes proposed by the Department for development and implementation of a strengthened airside security model. Members suggested allocating time for airport trials.
  - On 17 November 2015, members discussed the provision of detailed costings and the need to hold one-on-one discussions with the major airports.
  - On 1 March 2016, members discussed the operational challenges of enforced screening of airside workers, including how situations with double positive results to ETD screening due to certain chemicals will be managed, as well as processes for handling weapons/improvised explosive devices if found.
  - On 15 December 2016, members discussed the draft regulatory amendments, implementation plan feedback and airports consultation with affected stakeholders.
  - On 2 March 2017, members were advised of the revised timings for considering the draft amending Regulations and RIS, as well as the progressive implementation and commencement periods.

### Airport Security Committee (ASC)

- In 2015-17, the Department consulted with industry through Airport Security Committee (ASC) meetings. ASC meetings are held up to four times a year by international and major domestic airports. The Department participates in these meetings, which cover a range of location-specific issues.
  - On 12 March 2015, it was noted that the Department was conducting a risk assessment process on airside security to gain a broader understanding of the airside security environment to help inform future directions in ensuring compliance.

- On 14 April 2015, an airport discussed the Department's risk analysis process and the formation of the ASAF Airside Security Group, with the preference for a preferred policy approach to be developed for the group's meeting in July 2015.
- On 2 September 2015, it was noted the Department was conducting a risk assessment to determine the most plausible risk events within airside areas, as well as threat pathways and security related airside roles.
- On 3 September 2015, an airport stated that it would continue to develop a high-level airside security plan for consideration.
- On 2 December 2015, an airport stated it had commenced drafting a plan to address ICAO requirements for airside security. The plan is based on the three screening levels, static and mobile locations, 14 standard locations, mobile screening supported by specialised vehicle(s), vehicle tracking and an enhanced security awareness program.
- On 27 April 2016, an airport noted it would have a schedule for airside screening, whether its hand held metal detection, ETD or physical inspection. The airport stated it was preparing an implementation program.
- On 9 June 2016, an airport stated that it provided an indicative costings paper and project implementation plan to the Department, with the Department advising the impending framework has in-principle government approval.
- On 8 September 2016, an airport discussed planning and modelling for the impending airside security framework.
- From October 2016, affected airports were provided updates approximately every two months on the progress of the strengthened airside security arrangements.


### Security risk assessment workshop

- The Department conducted a security risk assessment workshop with aviation industry participants (major airlines, airports and other Australian Government agencies) in April 2015 to identify the most plausible risks to airside areas. This information informed the development of the proposed policy options.
  - Feedback provided by participants at the meeting included the need for flexible arrangements at affected airports, adaptable processes proportionate to risk, random and unpredictable screening process, personnel security training and identity management.

### Major airport visits

- The Department visited two major airports – an airport with larger operations and an airport with relatively smaller operations – in April 2015 to view and discuss the operational requirements of each of their airside areas. The Department met with available security






representatives from staff from airports, airlines and relevant government agencies during the visit.

- The smaller airport raised the need for a set of common objectives for airside, including adaptability in the measures. An airline echoed the need for adaptability and flexibility to take into account the size and variation across airports.
- Both airports emphasised the importance of having a strong security challenge culture at their airports.
- Both airports noted they are required to forecast their budget for the next 25 years as part of their master planning process. The airports sought clarity from the Department on the final airside arrangements to inform their planning processes.

### ASAF Airside Security Group

- In July 2015, the Department established the ASAF Airside Security Group to consult regularly on the proposed strengthened airside security arrangements. Membership includes all nine affected major airports, Virgin Australia, Qantas Airways, AAA, BARA, cargo agents and relevant government agencies.
  - On 24 July 2015, members discussed issues such as on-time performance of airport operations, portable screening devices, human factors, complementary approaches to security awareness training and trialling the new arrangements.
  - On 24 August 2015, members discussed whether to retain the concept of enhanced inspection areas or whether to apply screening to the entire SRA. Two airports volunteered to conduct screening trials and the Department would arrange a meeting between industry participants and equipment vendors, in order to obtain a better idea of the cost of equipment and functionality in different operating environments.
  - On 6 October 2015, three airports advised that they might consider a trial prior to introduction of the measures, with the Department stating there is no obligation or expectation that a trial will occur. Industry members agreed to share their respective training programs in order for a stocktake of common elements to be prepared. The group agreed that a random selection of people, goods and vehicles should be screened.
  - On 29 October 2015, three equipment vendors provided presentations on ETD equipment. The Department presented a first draft Airside Security Manual for consideration. Discussions about the manual focussed on the percentage of persons and vehicles accessing the airside area that need to be screened to remain random and unpredictable, and how the agreed screening proportion can practically be implemented.
  - On 21 January 2016, members stated the costing questionnaire, seeking cost estimates for implementing the new model, should be sent airports and airlines



individually. Members noted difficulties with accurately identifying costs, such as capital works, without regulatory certainty for the strengthened airside security model. Members agreed that the screening proportion would be a range.

- On 29 April 2016, members agreed to the learning competencies for security awareness training along with other training requirements. One airport reported on its vehicle ETD trials and noted these were quite successful. Industry provided updates of their respective progress on planning for the introduction of the strengthened airside security model, with members indicating their planning was well advanced.
- On 27 July 2016, members acknowledged receipt of the policy and screening procedures papers. The group agreed that the new strengthened airside security measures would be applied to the SRA at the nine major airports, rather than creating a new bespoke zone.
- On 10 November 2016, cargo facility operators with on airport premises attended the meeting. Cargo agents sought to clarify the location where access controls could be performed. Members discussed the effectiveness of using ETD outdoors, with an equipment vender presenting on a handheld ETD unit. DIPB clarified that Counter-Terrorism Unit officers would not provide response capabilities in a threat situation, as that is an Australian Federal Police role.
- On 19 April 2017, the Department released to members via Govdex a draft of the amending Regulations that give effect to the strengthened airside security model for a three week consultation period.
- On 3 May 2017, members discussed the draft amending Regulations. It was agreed the draft would be further amended to include:
  - the in-zone screening component of the model (previously in-zone screening was to be implemented in a second tranche of regulatory amendments);
  - a revised definition of an access control point;
  - greater implementation timeframe flexibility, particularly where a participant's measures were contingent on knowing the final implementation arrangements of another industry participant;
  - provisions for persons who work across the SRA boundary or between two SRAs; and
  - an expanded and revised list of exempt persons, vehicles and goods.

## Policy papers and guidance

- On 25 May 2016, the Department sent a policy settings paper to ASAF Airside Security Group members along with updated versions of the screening procedures papers.
- These papers were discussed at various ASAF Airside Security Group meetings, through individual phone discussions and emails, and updated and provided to stakeholders via Govdex as the policy developed.

## Policy approval

- In March 2016, the Minister for Infrastructure and Transport, the Hon Darren Chester MP (the Minister) provided in-principle approval for the proposed model to strengthen airside security arrangements at Australia's major airports and agreement to the Department consulting with industry on the proposed airside model to inform the development of a RIS.
  - Policy authority to amend Regulations was provided by the Minister in August 2016 and policy authority to amend the Act was provided by the Prime Minister in October 2016.
  - The Transport Security Legislation Amendment Bill 2016, which amended the Act to enable in-zone screening, received royal assent on 28 March 2017.
  - On 19 April 2017, the Minister provided approval for the Department to consult relevant stakeholders on the draft amendments to the Regulations for a period of three weeks.

## RIS consultation

- In mid-2016, the Department gathered indicative costings from affected airports and airlines to develop the cost benefit analysis as part of the RIS process.
  - Further stakeholder consultation was undertaken with stakeholders to refine the aggregated costing analysis and complete the cost-benefit analysis.
- The Department sent an Early Assessment RIS to OBPR on 1 December 2016 to support the introduction of the Transport Security Legislation Amendment Bill 2016 into Parliament.
  - OBPR provided feedback on the Early Assessment RIS on 7 December 2016.
- Costings for the RIS were finalised and uploaded to the Airside Govdex portal for industry comment on 23 February 2017.
- On 3 April 2017, the Department released a draft version of the RIS to industry via Govdex for a three-week consultation period.
  - Industry feedback primarily focused on the time required to implement the strengthened airside security model, noting that the raising of funds to implement any changes will not take place until the regulatory amendments take effect.

- An industry submission raised concerns about the feasibility of using certain screening equipment in an airside setting.
- An industry submission also queried the labour rate used in the costings, in which the Department explained the rate used was on an average figure, based on the numbers provided by industry.

### Implementation planning

- On 17 May 2016, the Department sought implementation plans from affected airports and airlines, which detailed proposed tasks and timeframes for delivering their airside security model including proposed implementation lead times.
  - The Department reviewed these plans and held individual teleconferences with nominated project managers to discuss the plans.
  - The information provided indicated that the implementation planning broadly meets the policy intent of the new airside security model, with stakeholder indicating phased implementation only after the regulatory changes took effect.
  - On 14 December 2016, the Department formally provided feedback on the implementation plans, with suggested additions for the next iteration of the plans.

### ETD Trial

- On the 17-18 May 2017, the Department undertook a voluntary ETD Trial at a designated airport. The trial was held in conjunction with the airport and supported by its screening provider, trialling five different ETD machines to understand how practical it is to use ETD equipment in the airside environment.
- During the trial, voluntary ETD testing occurred on persons, vehicles and their accompanying goods (unless listed otherwise) entering the SRA at select access points. Collected data provided information on screening times and procedures and equipment functionality outdoors.

### Future consultation

- The Department will request updated industry implementation plans that consider the Department's feedback, the revised policy paper, guidance and the regulatory amendments.
  - This will enable the Department to understand how preparations for implementation have progressed since receiving the plans and to inform Government about when full implementation of the new airside security arrangements should occur.
- Once finalised, the Department will discuss the revised draft amendments to the Regulations at an Airside Security Group meeting. ETD trial data will also be discussed at this meeting.
- Consultation on guidance materials will continue once the Regulation amendments are revised.