



28 January 2015

Senator Glenn Sterle
Chairman
Senate Rural and Regional Affairs and Transport Committee
Parliament House
Canberra ACT 2600

Email: RRAT.Sen@aph.gov.au

Dear Senator Sterle,

Senate Rural and Regional Affairs and Transport Committee's Inquiry into Airport and Aviation Security

Thank you for the invitation to provide comments to the Committee's Inquiry into Airport and Aviation Security.

Enclosed is a copy of the Group's submission which provides a comprehensive overview of Qantas' approach, on-going investment and the operational execution of its security regime both on the ground and in the air and how the organisation works with regulators to ensure compliance with multiple frameworks.

Yours sincerely,

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**THE SENATE RURAL AND REGIONAL AFFAIRS AND
TRANSPORT REFERENCES COMMITTEE INQUIRY INTO
AIRPORT AND AVIATION SECURITY**



**QANTAS GROUP SUBMISSION
JANUARY 2015**

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1 EXECUTIVE SUMMARY

The security of commercial aviation is a critical element in Australia's national security infrastructure and policy. In the prevailing environment of evolving and adaptable security threats, security risks are best mitigated by the current layered framework encompassing a range of complementary measures that are applied by Governments and the aviation industry. It is this framework that has effectively sustained the safe operation of aircraft, airports and associated infrastructure across Australia. The Qantas Group (Qantas) accepts that the security environment is not static, recognising the need to be vigilant and together with the aviation industry periodically reviewing the efficacy of existing arrangements to ensure that security measures (and their outcomes) continue to meet the evolving security risks to civil aviation.

Qantas has made extensive contributions, in collaboration with the Office of Transport Security (OTS) and other aviation industry stakeholders, to develop a robust regulatory framework that delivers optimal and sustainable security outcomes whilst significantly strengthening Australia's capacity to prevent and detect acts of unlawful interference with aviation.

Although regulation plays an important part in setting standards and verifying compliance by the aviation industry, Qantas supports the approach and operating principles of OTS, which vest responsibility in the industry to apply an intelligence led, risk-based methodology to selecting appropriate outcomes focused security measures.

Qantas operates an extensive network within Australia and overseas (under various regulated frameworks) and including some parts of the world where the underlying security threats are greater than they are in Australia. As Qantas will always put the safety of its passengers and employees first, it discharges its responsibilities to its customers, employees and the community by complying with Australian and overseas security regulatory requirements and in some cases exceeding these requirements by applying additional security measures commensurate with the assessed risk in particular locations.

This submission outlines the security capability developed and maintained by Qantas. This capability is driven by a strategy based on a 'systems' philosophy, which promotes rigorous risk analysis, designed to anticipate and address security risks before incidents occur. This Security Management System (SeMS) has supported the enhanced risk management framework and security culture across Qantas with recognition by international bodies such as the International Air Transport Association (IATA), the Association of Asia Pacific Airlines (AAPA), the International Civil Aviation Organisation (ICAO) and OTS for Qantas as an industry leader in the adoption and advocacy of a SeMS approach to aviation security.

Finally, Qantas continues to invest significantly in its employees, infrastructure, training programs and equipment to minimise the risk from current and future security threats. It must be noted, however, that the costs to the aviation industry of providing security measures continue to rise. In the face of challenging market conditions throughout 2013/14, Qantas invested in the region of \$260 million on its security operations and development initiatives.

2 QANTAS GROUP

2.1 Qantas Group Structure

Qantas controls a range of flying operations and a diverse portfolio of wholly owned airline-related businesses including Jetstar (incorporating Jetstar New Zealand); Jetconnect (New Zealand based operations); Jets Transport Express (road based transportation); Network Aviation (Fly In Fly Out operations); Qantas International; Qantas Domestic; QantasLink; and Qantas Freight (Express Freighters Australia).

Supporting these operations are Qantas Loyalty, Qantas Engineering; Qantas Catering (comprising of Q Catering and Snap Fresh) and Qantas Aviation Services delivering specialist services including: Qantas Ground Services; Ground Service Equipment; and Qantas Fleet Presentation.

2.2 Qantas Group Operations

Qantas operates an extensive air transportation network serving Australia and 22 countries in Asia, the Pacific, the Americas, Middle East, Europe and southern Africa and provides scheduled passenger and freight transport services, using a combination of its own aircraft and codeshare arrangements with other airlines, to a total of 260 destinations.

Using 308 aircraft and approximately 33,000 permanent and part-time employees located across the globe, Qantas operates over 450,000 flights, carries in excess of 48 million passengers and 600,000 tonnes of freight annually.

The aviation security challenges faced by Qantas include, inter alia:

- flight routes, refuelling and alternate/diversion airports;
- the operation of passenger and freight terminals, maintenance facilities and on-airport facilities at Regular Public Transport (RPT), freight, charter and airports;
- the management of crew accommodation and ground transport;
- the management of the delivery of facilities and services by third party providers contracted to Qantas;
- the acceptance of the delivery of facilities and services by third party providers, including governments, airport owners and airport terminal operators over which Qantas has limited or no control;
- the operation of corporate premises and shared off-airport commercial facilities;
- staff and duty travel destinations; and
- ensuring there is no unlawful interference with any aircraft operated by Qantas.

2.3 The Qantas Group Partner and Investment Businesses

In addition to the wholly owned subsidiary companies, Qantas also holds significant investments in several foreign transportation businesses:

1. Jetstar Asia (49%) – based in Singapore.
2. Jetstar Pacific (30%) – based in Vietnam.
3. Jetstar Japan (33%) – based in Japan.

4. Jetstar Hong Kong (24.5%) – based in Hong Kong.
5. Fiji Air (46%) – based in Fiji.

3 AVIATION SECURITY REGULATORY ENVIRONMENT

3.1 International Civil Aviation Organisation

Internationally, governments that are signatories to ICAO's Convention follow ICAO standards and recommended practices such as ICAO Annex 17 and Annex 6 that relate specifically to aviation security. This is normally achieved by Governments incorporating these standards and recommended practices into their respective national legislative frameworks.

These requirements are reflected throughout the *Aviation Transport Security Act 2004 and Aviation Transport Security Regulations 2005*.

3.2 Australian Aviation Transport Security Act & Regulations

As previously stated, Qantas operates in both the domestic and international aviation environment and is regulated domestically by the Department of Infrastructure and Regional Development, specifically the OTS.

Qantas is fully compliant with those regulations applicable to its operations.

3.3 Australian Transport Security Program

Qantas is required in most jurisdictions to submit a Transport Security Program (TSP), which is then accepted or approved by the aviation security regulator.

Within Australia, Aircraft Operators are required to develop and maintain a TSP in compliance with Division 2.3 of the *Aviation Transport Security Regulations 2005*.

The Qantas TSP, including all revisions, has been approved by OTS.

3.4 International Air Transport Association

Qantas is a member of the International Air Transport Association (IATA) and as such is also required to meet specific obligations, including obtaining (and maintaining) the IATA Operational Safety Audit (IOSA) registration.

IOSA is an internationally recognised and accepted evaluation system designed to assess the operational management and control systems of an airline.

IATA publishes an IOSA Standards Manual, which contains the IOSA Standards and Recommended Practices (ISARPs), associated guidance material and other supporting information necessary for an operator to successfully prepare for an audit. Security requirements from the ICAO Annexes are used as the basis for the ISARPs.

Qantas is compliant with all security related ISARPs.

4 QANTAS SECURITY, FACILITATION & RESILIENCE

4.1 Qantas Expenditure on Security

Qantas spent approximately \$260m on security in 2013/14 and will continue to invest heavily in training, equipment, research and technology as key components of its security infrastructure.

4.2 Departmental Structure

Qantas has a security structure depicted at Annex A.

4.3 Group Security, Facilitation & Resilience

The Group Head of Security, Facilitation & Resilience has overall accountability for setting the strategic direction for Qantas in relation to aviation security, facilitation and business resilience outcomes; development and implementation of security policies and associated programs and Group wide implementation of the Board endorsed security strategy. Reporting directly to the Group Head of Security, Facilitation & Resilience are four corporate executive positions responsible for aviation security strategic policy; security systems and assurance; facilitation strategic policy; and business resilience.

4.4 Qantas Group and Jetstar Security Teams

Rather than maintaining a centralised security structure, Qantas has established a matrix management structure with Qantas Airlines (incorporating both international and domestic operations and the regional network operated by QantasLink and Network Aviation), and Jetstar Airways (both domestic and international operations) each with its own Security Team, with a Head of Security reporting to the Chief Operating Officer and CEO Jetstar Australia and New Zealand respectively.

Each portfolio has lead responsibility for operational implementation of all security measures, incident management and investigation, operations support, business resilience, assurance activity and oversight within their respective portfolios.

4.5 Key Security Functions

4.5.1 Passenger and Baggage Screening

Qantas employs approximately 800 contractors dedicated to the provision of security services for the Group. The majority of these services take the form of resources for passenger and baggage screening duties at the various terminals where Qantas is the Screening Authority (as nominated by the OTS), security duties at engineering, cargo and catering facilities, alarm monitoring and response, tarmac patrols, traffic management, reception services and general security patrols.

Currently, Qantas is the screening authority at five locations:

- Sydney: Sydney Domestic Terminal 3 (Qantas terminal) and the Transfer Facility, Sydney International Terminal 1;

- Melbourne: Melbourne Domestic Terminal 1 (Qantas terminal);
- Brisbane: The Qantas Domestic terminal;
- Perth: Perth Domestic Terminal 4 (Qantas terminal); and
- Hobart: Hobart International Airport (common user terminal).

Qantas expects to transition screening responsibilities at Hobart Airport to Hobart International Airport Limited in March 2015.

Qantas outsources the task of passenger and baggage screening as well as cargo examination obligations to third party screening contractors. The Contracted Security Services Unit (CSSU), which forms part of the Qantas Airlines security team, has prime responsibility for ensuring contracted services are provided in accordance with contractual arrangements, both from a performance and compliance perspective. The CSSU's primary areas of focus are:

- contractor service delivery effectiveness and compliance;
- supplier performance, reporting, billing and administration;
- efficiency of supplier resource management and associated costs;
- communication and performance reporting to business units within the Qantas Group;
- selection and contracting of service providers;
- technology/capital investment assessment;
- equipment performance, maintenance support and technical conformance; and
- security incident/event review and analysis.

CSSU also manages the security screening equipment owned and deployed at these airports where Qantas is the Screening Authority. The contracted security services and the associated equipment operate in a strict regulatory environment, and are required to comply with the following key instruments:

- the *Aviation Security Transport Act 2004*;
- the *Aviation Security Transport Regulations 2005*;
- the *Aviation Screening Notice 2013*;
- the *Air Cargo Examination Notice 2013*;
- the Qantas Group Transport Security Program (TSP); and
- the United States Transportation Security Administration (TSA) regulations for US-bound flights.

The CSSU follows a governance process for both security suppliers and equipment that includes the utilisation of quality performance reports, annual performance reviews, service delivery monitoring and issue resolution processes.

4.5.2 Duty Security Controllers

A 24-hour Security Operations Centre located within the Qantas Group Airlines Integrated Operations Centre (IOC) and staffed by Duty Security Controllers (DSC) provides timely and accurate advice and support to line management and employees on the implementation of aviation security legislation, policies and procedures as well as providing immediate advice in managing security incidents, including bomb threat assessments.

4.5.3 Access Control and Alarm Monitoring

The Qantas security network supports approximately 2,750 CCTV cameras, over 3,000 access-controlled doors and over 20,000 alarm points of various types across over 100 properties globally. These include intrusion, duress and critical door alarms. All alarms are monitored continuously from a 24 hour Qantas Group Access Control and Alarm Monitoring Centre in Mascot.

5 THE QANTAS GROUP SECURITY STRATEGY

5.1 Security Management System

Aligned with the ideology of OTS, Qantas is committed to an intelligence-led, risk-based and outcome-focused security strategy. Risk management is an integral component of the Qantas Group Management System and is implemented using the enterprise wide Group Risk Management Framework that supports Qantas in managing safe, secure, compliant and sustainable outcomes for air and ground operations and related people activities.

The Qantas SeMS, referred to previously, facilitates the systematic management of all security risks. SeMS is designed to provide a consistent approach to security risk management while acknowledging the different challenges and operating environments across Qantas. Importantly, SeMS has established a framework for the management and escalation of security risks affecting Qantas and provides a clear, consistent understanding of the responsibilities and accountabilities of Group Security, Facilitation & Resilience, the Airline Security Teams and management across the business, employees and contractors.

SeMS is underpinned by five interrelated components:

1. Leadership - commitment to management systems designed to measure and drive continual improvement in performance of security and facilitation management.
2. Processes - effective management of critical processes relating to design, managing change, contractor and supplier management, business resilience and documentation and records management.
3. Risk Management - all risks that arise within or threaten the objectives of the business or the Group are effectively managed.
4. Assurance - monitoring, analysing and evaluating the performance of the Group, Airlines and business units.
5. Training and Promotion - lead the training and education of employees that strengthens controls of operational performance.

SeMS applies to all businesses within Qantas, including subsidiaries and joint ventures where Qantas has a substantial interest that requires governance. It applies to all staff, but in particular the Group Head of Security, Facilitation & Resilience, Heads of Airline Security Teams and others who are responsible for ensuring the development and maintenance of SeMS and the management of security risks in their business.

Critically, SeMS is supported by a mature governance model driven by effective performance monitoring and reporting processes detailed below:

- Strategy - Specific initiatives with defined measurements and clear accountability, which are established annually.
- Oversight - A mature assurance program and incident management structure that evaluates the strict adherence to both SeMS and Qantas' TSP, ensuring continuous improvement. Any identified risks are assessed and when required, escalated through numerous security related Committees, from departmental levels through to the Board.
- Role Mandates - Clearly outlines the accountabilities of the Group Head of Security, Facilitation & Resilience and the Heads of Security for the respective airlines.
- Key Performance Indicators - Individual performance measures aligned with the overall security strategy and accountability framework.
- Analysis - Tools such as dashboards, track the performance of Group Security Facilitation & Resilience and the Airline Security Teams to integrate SeMS across Qantas.

This integrated SeMS approach is providing business units with a framework to take responsibility and accountability for security outcomes whilst delivering a greater awareness of security and how to deal with incidents. Importantly, the framework outlined above is reflected in an increase in the reporting rates of security incidents and an improvement in the quality of these reports. These key measures highlight that greater awareness and accountability for security outcomes has better equipped frontline employees to identify security issues early and has empowered preventative action and incident de-escalation.

Finally, in August 2013 an inaugural Security Climate Survey was undertaken that independently validated Qantas' approach to SeMS had successfully built a mature security culture.

5.2 Security Intelligence

Mandatory security measures are regarded by Qantas as a baseline, which is often supplemented and strengthened commensurate with our own judgements about matching controls to assessed risks. As such, our risk management capability has been, and will continue to be, the key element informing and influencing a range of decisions affecting Qantas operations. The threat monitoring capability of Qantas is an integral element of this enterprise security risk management framework.

The threat monitoring system used by Qantas comprises multiple layers of security intelligence, including open-source intelligence and advice from the Australian Government through the Business Liaison Unit, which is managed by the Australian Security Intelligence Organisation (ASIO).

In addition the Qantas Group is an active participant across a series of Australian and international industry forums for the purpose of sharing security risk and intelligence information. Within Australia these include:

- the Aviation Security Advisory Forum chaired by OTS;
- OTS led industry level security risk workshops; and
- respective Airport Security Committees.

Internationally, Qantas is an active member of the IATA Security Executive Group, the US Aviation Security Advisory Committee and other working groups led by Law Enforcement Agencies. Further, Qantas actively engages with relevant international regulators, alliance partners and other airlines to ensure effective and timely communication is maintained.

6 AVIATION SECURITY ACTIVITIES AND INITIATIVES

Qantas invests in and often leads the development of aviation security policy, processes, technology and training that improves the security outcome for the aviation industry. Qantas has been heavily involved in many significant initiatives over the last twelve months some of which are listed below.

6.1 Air Cargo Pilot

Qantas recently volunteered to pilot the “secure supply chain” concept, to enhance Australia’s air cargo security system. Working closely with the OTS, Qantas and other industry participants, including Australia Post, undertook a pilot to test the viability of securing air cargo outside of the airport environment. This pilot was instrumental in developing a new process which, when fully implemented, will ensure international export air cargo will be more secure.

6.2 Differential Screening Trial

In collaboration with IATA and with support from the OTS, Qantas has agreed to trial the Differential Screening concept. With the assistance of a leading Australian airport, a program of work will test elements of IATA’s ‘Smart Security’ in the Australian context. Benefits expected from the program include more secure, faster, convenient and less-intrusive security screening with higher customer satisfaction. This project has provided an opportunity to review design principles, challenge existing thinking and obtain access to leading technology, processes and infrastructure design.

6.3 Regional Capacity Building Program

Given the challenging economic environment confronting many countries throughout the Asia-Pacific region, there is an ongoing issue relating to the consistency of aviation security measures that potentially impact the global aviation industry. To improve this situation, Qantas is actively involved in a regional capacity building initiative in collaboration with the OTS and aviation industry associations, which is intended to deliver sustainable cost effective measures in the Asia-Pacific region. This strategy consists of a partnership model between regional airlines, national regulators and relevant airport authorities in which costs and key responsibilities for delivery of strengthened security outcomes are shared. The program has delivered improved security outcomes in a number of South-East Asian ports and gained recognition from peak industry bodies such as IATA and AAPA.

6.4 Biometrics Trials

Qantas is currently participating in a border security trial with Australian Customs and Department of Immigration and Border Protection (DIBP). The trial entails airline provision of advance passenger processing (APP) information that enables DIBP to review and clear passengers, thereby allowing them to use an e-Gate for automated outbound immigration. This will allow early assessment of departing passengers, reduce Customs resource requirements at the airport and a streamlined experience for passengers.

Additionally we are in the planning stages of a trial with the OTS to test enrolment and use of biometrics for access control using Qantas employees at the corporate campus.

7 CONCLUSION

Aviation security in Australia has attained a high standard according to any global comparison. The Government's regulatory framework provides a robust foundation for the aviation industry and is suitably complimented by the approach and operating principles of OTS, which vest responsibility in the industry to apply an intelligence led, risk-based methodology to selecting appropriate outcomes focused security measures.

Qantas will continue to take a significant and proactive role in meeting aviation security challenges and is confident that security risks are best mitigated by the current layered framework encompassing a range of complementary measures that are applied by Governments and the aviation industry.

8 ANNEXES

8.1 Annex A: Qantas Group's Security Structure

