



1 July 2005

**Mr Bob Baldwin MP**

Joint Statutory Committee on Public Accounts and Audit  
Parliament House  
CANBERRA ACT 2600

**Re: Inquiry into developments in Aviation Security since its June 2004  
report 400: Review of Aviation Security in Australia**

Dear Sir,

I am writing in response to a letter from Russell Chafer, Committee Secretary for the Joint Committee of Public Accounts and Audit, Parliament of Australia.

The letter states that the committee is reviewing developments in aviation security since its Report 400: Review of Aviation Security in Australia was tabled in Parliament in June 2004. I understand the committee chair, Mr. Bob Baldwin, MP, is seeking submissions from all interested parties by 1st July. This letter was sent to Mr Rhicke Jennings in his capacity as MD FedEx.

Comment is sought in relation to seeking some understanding of the impact of the DOTARS regulations to date on compliance, impact on costs, opportunities to further enhance security measures, and emerging technologies that may change procedures.

On the direction of Mr Jennings, I am responding on behalf of the Conference of Asia Pacific Express Carriers (Australia) Limited. The CAPEC Group comprises four members – DHL, Fed Ex, UPS and TNT. This group has been involved from the outset in the DOTARS industry consultative group for Cargo Security.

In the context of the new Regulations, our companies are predominately involved in:

- Movement of International Air Freight on cargo only and passenger aircraft
- Movement of Domestic Air Freight on cargo only and passenger aircraft
- Movement of animals (horses) accompanied by handlers on cargo only aircraft

To that end and with regard to the regulations – our businesses encompass:

- Regulated Air Cargo Agents
- Operators of Prescribed Air Services
- Airside Facility Operators

I take this opportunity to forward for review, the following documents which have previously been submitted to DOTARS by CAPEC.

## **CAPEC SUBMISSIONS TO DOTARS**

By request, CAPEC Asia Pacific forwarded a submission to DOTARS on March 12, 2005. This was in response to a request for industry comment on the impending legislation. As the content of this submission is material to this current submission, I have attached the document in its entirety to ensure accuracy (*Refer Attachment 1*)

I have also attached a similar letter to DOTARS – from the CAPEC Australia Security Sub-Committee, submitted on January 17, 2005. This letter was submitted in response to the same request as above. (*Refer Attachment 2*)

## **DOTARS CARGO WORKING GROUP**

Members of the CAPEC Australia Security Sub-Committee have been involved in the DOTARS Cargo Working Group (CWG). This group was organised by DOTARS for industry wide consultation in relation to the implementation of the Transport Security Act 2004. The following action list is as a result the last CWG meeting on 3<sup>rd</sup> May 2005. AS the CAPEC members present at the meeting were complicit in the forming of the comments and therefore adopted the comments, they are seen as relevant to this submission.

### **1. Screening**

- There needs to be a solution for the screening of both international and domestic air cargo. Answering the why, where, how and if at all. There is still much confusion within industry in relation to where screening is heading. This has the potential to impact the air freight industry in an enormous way.

### **2. Delineation of passenger / freight aircraft**

- Should the security measures approach be the same for passenger and freighter aircraft – in light of a global trend making a distinction between the two. We submit that the risk factors in relation to cargo only aircraft are significantly less and therefore the freight screening requirements should be equal to that risk.

### **3. Strengthening RACA / Airline consultation**

- Developing more formal consultation opportunities
- Assisting RACAs to understand the risk assessment process and how this impacts on their TSP
- Independent carriers and chartered cargo operators – securing air cargo carried by these.

### **4. Facilitation and Security**

- Establishing the balance between implementing security procedures and facilitating the movement of cargo.

### **5. Identification**

- Developing an Industry-wide system to identify who is a RACA and who has been security awareness trained

- Background checking – developing a proposed solution for checking aviation industry participants. Is there a need to background check? If so, who would be checked and how?
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- 6. Costs**
  - What are the costs for RACAs, and who should pay? Industry or Government, or both?
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- 7. Transport Security Programs**
  - Review templates – develop user friendly templates
  - Who should be a RACA? Reviewing the scope of the RACA scheme, and how best to obtain industry coverage.
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- 8. Compliance**
  - Audit industry more often and penalise the non-compliant operators
  - Establishing a level playing field through compliance auditing - one rule for all.
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- 9. Gaps versus Risks**
  - Identifying supply chain security gaps – and then assessing the risk associated with the gap. Is it covered elsewhere?
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- 10. Communication and Awareness**
  - Generating awareness of the new ATSA/ATSR and their requirements, among customer, employees/contractors and operators who should become RACAs.
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- 11. Security Training**
  - Establishing the requirements for RACA staff
  - Compliance with ICAO Annex 18 requirements
  - Develop a solution for how to best provide such training

## **OTHER MAJOR CONCERNS**

### **Third Party Screening – Impact on Industry**

There is major concern in relation to the issue of “third party Screening”. For example – the current ACS “neutron Scan” trial has the potential to impact the way in which air cargo moves both in and out of the country. The air express business is based upon and dependent upon “published Transit Times”. That is our fee structures for international freight movements are based on precise time frames which include:

*Cut Off Times* – for the pick-up of freight – this may mean that our customers are able to have a shipment picked up at say 4:00pm for a flight that may depart later that night.

*Same day or overnight delivery* – our business customers have an expectation that they are able to send a shipment from say Singapore and it will be delivered in say Sydney the next morning

*Transit Times* – this includes overnight services to various parts of the world.

Our understanding of the Neutron Scan Process is that it will lead to significant delays (possibly hours) in our inbound and outbound schedules.

The result of a situation where these times are completely out of our direct control will have a major impact on how we do business and result in a flow on effect to business and economies dependent on the industry

## **Cost Implications**

In relation to costs associated with compliance of the new legislation, much of this would have been incurred in respect of ramping up domestic security measures in order to provide the required Domestic Security Measures Document. Calculating those costs across the CAPEC membership is difficult due to the differing size of our respective domestic operations.

The chief concern with costs over the next few years is more of a concern with respect to the capital costs associated with “screening technology”.

In that respect it is vital to have a clear direction in relation to the “screening requirements “ of the industry in order to prepare budgetary frameworks.

Again one of the key concerns here, is the ACS Neutron Scan Project. It may be feasible through mutual agreement that that level of scanning (specifically with outbound cargo) could be performed at the CTO facility on airport – therefore avoiding lengthy delays in processing time at the Neutron Scan Facility.

These type of questions are certainly key concerns going forward that will need both clear and early answers in order to reduce the impacts on the air freight industry in Australia.

## **Cargo Security at Airports**

Members of CAPEC Australia Security Sub-committee are also members of Freight Security Council of Australia (FSCA) – in fact the TNT member being the current chairman.

This group is also active in industry consultation on a number of fronts. In respect to this submission, however the following issues are seen to have a major relevance.

### **1. A National law Enforcement Approach to Cargo Crime**

- There is a need for the introduction of a National Cargo Theft Database

### **2. A Dedicated Cargo theft Law Enforcement body**

- There is a need to re-introduce a group –similar to the Cargo Pillage groups that were historically active in Australian Ports for many years and are still active in most International Airports around the world.

The key driver in this project is the fact that in the current environment it is difficult to report cargo theft in Australia where the specific point of loss/theft is unknown.

It is also a concern of CAPEC members that an International airport such as Sydney does not have a dedicated Law Enforcement body that deal with cargo crime.

## **OBJECTIVES FOR CAPEC MOVING FORWARD**

In respect of the new Cargo Security Environment, the key issues moving forward are:

- Continue to lobby in order to reduce financial and operational impact on industry players
- Lobby to maintain the balance between implementing security procedures and facilitating the movement of cargo
- Lobby to reduce impact on transit times by screening by third parties (ACS, Airlines)
- Lobby to facilitate changes as specified in CAPEC letters to DOTARS (as attached)
- Maintain membership of Cargo Working Group in order to scrutinize process

We would appreciate your comments on the above as soon as is practicable.

Yours sincerely,

**Conference of Asia Pacific Express Carriers (Australia) Limited**

*Sean Haran*

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Chairman

Security Sub-Committee