

FDI Feature Interview

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- The Office of the Inspector of Transport Security (ITS) is empowered to conduct proactive and reactive risk assessments aimed at advising and strengthening transport and offshore security.
- The ITS creates quality risk assessments through industry/ government engagement, site examinations and international benchmarking.
- The office's current study will examine the security and safety of offshore oil and gas infrastructure and make assessments and recommendations aimed at ensuring the long-term productivity of the sector.

Feature

The Australian hydrocarbon industry contributes \$22 billion to annual export earnings and employs over 10,000 Australians. Projections suggest over the coming decades these figures will grow exponentially. As the global profile of Australian oil and gas rises, coupled with more ambitious projects in remote locations, the industry's susceptibility to targeting from undesirable entities, including terrorists, piracy and other non-state actors rises.

In early 2011, in response to this growing spectrum of challenges, Federal Infrastructure and Transport Minister, Anthony Albanese, commissioned the ITS to conduct a review into the security of Australia's offshore hydrocarbon industry.

The inquiry led by former head of the Federal Police, Michael Palmer AO APM, will assess and provide recommendations to ensure the continuing security of industry. In August, Mr Palmer spoke to Future Directions International, regarding the inquiry.

Commentary

Future Directions International:

Q: Describe the role and scope of the ITS? Why are the inquiries the Office conducts important?

Mr Palmer:

The role of the Office of the Inspector of Transport Security is to inquire into, when directed by the Minister for Infrastructure and Transport, a major transport or offshore security incident or a pattern or series of incidents that point to a systemic failure or possible

weakness of aviation or maritime transport security regulatory systems in order to strengthen transport security.

The Office was created post 9/11, initially to respond to incidents that might occur on-shore. I was asked by then Deputy Prime Minister John Anderson, to discuss the role of the office with relevant major players. The initial focus was very much on the aviation and maritime sectors. We spoke to major airport corporations, airlines and port operators, they all essentially said that they liked the idea that someone who did not own any of the patch was tasked to provide a quality assurance assessment of the environment and provide advice as to how any weaknesses or deficiencies may be improved.

It was very quickly recognised however, that this process was likely to be more valuable proactively than reactively.

Industries advice was we would rather prevent than respond, but we would need to have some certainty that what was shared in the course of any Inquiry or assessment would be treated in confidence. It was in response to this request that the Inspector of Transport Security Act was enacted.

The Act protects, and provides confidentiality for the information shared with us by industry. It provides government and industry, an impartial assessment, good, bad or ugly, from somebody that does not own any of the patch on the state of play. It allows them to consider that advise and if they think improvements are warranted, to take action ahead of the game to deal with the weaknesses, vulnerabilities and the short comings.

The ITS Office operates with a small core team comprising myself as Inspector, a Director and administrative support team. This team is supplemented by an expert panel, the composition of which depends on the nature of the Inquiry. Essentially I seek to obtain people with the relative expertise to make sure we have the capacity to understand and report upon the environment into which we are tasked to inquire.

We have no coercive power, so we can only work if industry and government stakeholders cooperate with us and share information. To date we have always had genuine and complete cooperation from industry and from the relevant government agencies. The attitude of full cooperation from industry has been a very positive contributing factor.

So the process is a valuable one, it does allow that sort of objective insight, and because we do not have any directive powers we cannot cause change we simply make recommendations and findings. The recommendations are for the consideration of government and stakeholders, which is non-threatening in that sense. Generally the reports are not classified, they may not be fully publically released but they are generally shared widely with stakeholders.

Future Directions International:

Q: How does the ITS develop accurate risk assessment strategies that meet industry and government expectations?

Mr Palmer:

It is based on a series of interviews, co-operative interviews and interactions with all stakeholders, site inspections, and operational visitations. We never rely solely on the 'glossies', either from government or industry, as to what their strategic and security plans are, or what is supposed to happen. We go and have a look; I make my own assessment of that.

We include benchmarking assessments of similar work in other places. We obviously go to the scene of the incident, as with the Surface Transport Security Assessment, which came out of the London Underground bombings, we spent quality time in the UK working closely with government bodies, including security agencies and with industry.

We have gone to the US and UK in regard to all the inquiries conducted. In regard to many of the inquiries we have gone to places like Indonesia, the Philippines, Hong Kong and Singapore. We go to a range of countries and look at the way they are doing business, the way the government is interacting with industry and the quality of information sharing. We look closely at the way other countries operate and interact and attempt to identify the lessons we can learn, in terms of dealing with some of the frustrations and complaints that industry tends to raise in our country.

Future Directions International:

Q: What do you consider are the security, regulatory and corporate limitations of the ITS?

Mr Palmer:

Well we are limited by the Act. I do not have any directive powers, although we have powers to examine and enter, but only upon invitation. Having said that, I think the strengths are stronger than the weaknesses in the Act and the voluntary nature of the exercise of those powers have led to a continuously cooperative response and environment.

The weaknesses if you like, are that we do not have the power to compel people to appear before us to give evidence. Some people may see this as a weakness, but in my experience I have not found that it was a weakness. I think in fact it has become a real strength. People are not fearful of our inquiry process because they know before we start that it is a co-operative no blame process, aimed at learning lessons and constructively adding value to the current state of play.

We push that very strongly in all the inquiries we conduct, that there is no big stick, all the Act does really is give me the authority to conduct inquiries and protect the information that is shared. The Act also allows people who have assisted the Inquiry to say that the information was lawfully provided and obtained under the ACT.

The Act makes clear that we can examine, we can enter, we can visit, albeit, that we had no compulsive power to do so. So if you like they are the limitations in that it is not a formal inquiry, it doesn't receive evidence, it cannot direct appearance, people can refuse to assist,

but to date almost nobody has. It's fair to say nobody has. So I think the strength is in the co-operative nature of the function.

Future Directions International:

Q: Could you explain the rationale behind the latest review?

Mr Palmer:

The inquiry was directed by the Minister for Infrastructure and Transport, the Honourable Anthony Albanese MP, and as I understand it came out of concerns the government had arising from Deepwater Horizon and Montara. There were concerns over the number of government agencies that had partial or potential responsibility for this. There was also a concern about industry's capacity to deal with issues when they arose and to respond once they had occurred. The concerns were more about clarity than capacity but it was considered important to make an assessment of the reality of the state of play.

So it was tested with industry, letters were written by the Minister to the heads of all the major corporations, as well as the Premiers and Transport Ministers of the states. Industry came back with complete support for the thought of the inquiry on the basis that prevention is a thousand times better than cure, particularly on the back of Deep Water Horizon. Everyone in industry understood that we can not afford to have too many incidents like this. Not only could repeat incidents damage the industry in the short term and create enormous economic problems for us, other issues including the loss of human life, environmental damage and the cost of recovery were all recognised as critical issues.

We need to be careful and sensitive in this inquiry. Unlike previous inquiries that have sat firmly within the Minister for Infrastructure and Transport's portfolio, this is one that cuts across several portfolios, Resources Energy and Tourism (RET) , State and Federal jurisdictions, Defence, and so on. So it is an inquiry that required the support of a range of ministers, and was signed off by the Prime Minister herself. It is essentially about giving a quality assurance assessment of the state of play. Are we all aware of the state of play, do we know what the weaknesses and vulnerabilities are, and here is what we think could sensibly be done about improving them.

Future Directions International:

Q: What do you foreshadow as the key security challenges, human, environmental or industrial to the oil and gas sector?

Mr Palmer:

I think the reality with oil and gas is that security is a very small part of the overall picture, albeit important.

The key areas of vulnerabilities are land side launching points, helipads and similar. Obviously some aspects of supply chain, but otherwise it is more about process than it is about structure. There is a limit to what you can sensibly do in regard to a rig, it is more about awareness, being aware of vulnerabilities. Industry generally clearly treats safety extraordinarily seriously and understands the additional implications that arise from a deliberate incursion. I think the reality is that there is no specific threat that indicates a risk

to the infrastructure. It is more likely that any sabotage or deliberate incident would be from a disgruntled insider than from a deliberate attack. Having said that, a deliberate attack is certainly not off the radar and if it was to occur it could create some additional complications than would be likely to flow from a natural incident.

Industries attitude to incidents, essentially is to close down and evacuate. So in a sense, unless they are held at gun point and not allowed to leave, regardless of the cause of an incident their response is likely to be the same, so from our point of view it is about ensuring that people are aware. For us part of the challenge is to look at the interface between what you can expect realistically industry to be responsible for, particularly in a deliberate incident as opposed to an accidental one, and when government's additional capacity would need to cut in. What is the sort of role that would be likely to be expected of government in that situation?

It is not unlike piracy, people on a merchant ship or crew are not soldiers, and it does not serve any purpose to have them armed or train them in kung-fu. There is a limit in what you can expect a crew of a ship to do if they are attacked by pirates. What that means, what you can expect of them, and therefore what you should train them or make them aware of become the essential issues. How do you best protect them and their safety. Evacuation essentially is industries response and that approach sounds very sensible to me. In the highly unlikely event however of an armed incursion onto an offshore facility a normal evacuation may not be possible.

Recognising these boundaries, leads you to think about the primary government responsibility. This for Australia is an issue of particular relevance because of the location and nature of our infrastructure in remote areas of the country. Assessing what are our challenges and potential limitations and what do we need to ensure people are aware of are important issues.

BIOGRAPHY:

Mick Palmer is a 35 year police professional who enjoyed service in the Northern Territory and with the Australian Federal Police.

He served for 6 years as Commissioner of the Northern Territory Police, Fire and Emergency Services and was appointed AFP Commissioner in 1994.

A lawyer, Mick is an Honours graduate of the Queensland Barristers Admission Board and in 1982 was admitted to practise as a Barrister at Law in Queensland. He practised at the private bar during 1982 and 1983 before returning to policing.

In 1997 he became the first Australian to be appointed to the Executive Committee of Interpol a position he held for three years.

In 1998, Mick was appointed Deputy Chair of the Australian National Council on Drugs. He was also appointed by the former Prime Minister to oversee an Inquiry into the Government's handling of Cornelia Rau in 2005.

Mick presently holds the statutory office of Inspector of Transport Security.

Any opinions or views expressed in this paper are those of the individual author, unless stated to be those of Future Directions International.

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