

**DRAFT PROPOSED  
RISK TREATMENT MEASURES  
FOR PRECURSOR CHEMICALS TO HOME  
MADE EXPLOSIVES**

Version 2.0

## CONSULTATION DRAFT – DEVELOPMENT OF RIS OPTIONS

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# CONSULTATION DRAFT – DEVELOPMENT OF RIS OPTIONS

## PURPOSE OF THE DOCUMENT

The purpose of the document is to provide participants in the August-September 2011 government and industry consultations with a copy of the measures that may be proposed through a consultation Regulation Impact Statement (RIS) at a later date. Participants in this process will have a further opportunity to comment on the proposed measures during the consultation phase following formal release of the Consultation RIS.

## INTRODUCTION

The risk of terrorist use of explosives and other substances was demonstrated by the 2002 Bali bombings, the 2005 London bombings and more recently the July 2011 Oslo bombings. The need for action continues to be demonstrated both domestically and internationally. There have been several incidences in the Australian context. In February 2010, five Sydney men were convicted on counts of conspiring to do acts in preparation for a terrorist act with sentences ranging from 23 to 28 years imprisonment.

Subsequent to the Bali bombings, the Council of Australian Governments (COAG) conducted four reviews of hazardous materials with a view to strengthening Australia's national arrangements against terrorism, including the review of chemicals which could potentially be used for terrorist purposes. The COAG Review of Hazardous Materials Steering Committee identified 96 chemicals of security concern and recommended the establishment of the Chemical Security Program to assess the security risks posed by these chemicals and implement appropriate risk management strategies.

In 2008, COAG formalised its *Agreement on Australia's National Arrangements for the Management of Security Risks Associated with Chemicals* (Agreement).

The Agreement establishes the Chemical Security Management Framework, the objective of which is to 'limit opportunities for the use of chemicals by terrorists through improvements in Australia's capability, monitoring and control mechanisms'. The Agreement forms the basis for State, Territory, Commonwealth and industry cooperation in addressing the risks posed by chemicals of security concern.

The Agreement establishes the National Government Advisory Group (NGAG) and the National Industry Reference Group (NIRG). The NGAG comprises of officials from the Commonwealth, State and Territory governments, including appropriate representation from jurisdictional police, and serves as a forum for inter-governmental cooperation. The NIRG comprises of representatives from relevant industry sectors and provides a forum for communication between government and industry bodies.

The Attorney-General's Department (AGD) is the leading Commonwealth agency responsible for the Agreement. In developing measures in furtherance of the aim of the Chemical Security Management Framework, AGD:

- has conducted a series of security risk assessments of precursor chemicals to home-made explosives utilising a custom chemical security risk assessment methodology, and

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- based on the results of the risk assessments, drafted these proposed risk treatment measures for formal consultation and future implementation by industry and government as appropriate.

### *Risk Assessment*

In line with the Agreement, the Commonwealth, in partnership with State and Territory Governments and industry, developed the Chemical Security Risk Assessment Methodology (CSRAM). The CSRAM calculates the security risk posed by chemicals of security concern on four related factors:

- level of security concern
- impact
- employability, and
- vulnerability.

Level of security concern, impact and employability are relatively static components of the risk assessment and accordingly are not easily amenable to risk treatment. Vulnerability is the ease by which a useable quantity of the chemical can be diverted from a given point in the legitimate supply chain. Vulnerability is determined for each point in the supply chain and considers any existing controls and/or industry practices aimed at preventing unauthorised access or the misappropriation of a chemical.

Generally, it will not be possible to remove the vulnerability risk entirely, however, where the overall risk is determined as intolerable it will be necessary to treat the vulnerability component to reduce the overall risk.

Chemical security risks assessments of 11 precursor chemicals to improvised explosive devices (IEDs) have been completed across a representative supply chain of introducers. The 11 chemicals that have been risk assessed are hydrogen peroxide, nitric acid, sodium chlorate, potassium chlorate, sodium perchlorate, potassium perchlorate, ammonium perchlorate, sodium nitrate, potassium nitrate, nitromethane and sodium azide. All the risk assessments fall into a risk range that may require treatment.

Ultimately, the level of risk that is considered tolerable will be decided by responsible Ministers after the completion of a RIS.

Based on advice from the Australian Chemical, Biological, Radiological and Nuclear Data Centre (ACBRNDC), the risk assessment of perchloric acid (originally prioritised for assessment within the IED precursor chemicals) has been deferred to be assessed within a toxic chemical scenario.

## REGULATION IMPACT STATEMENT (RIS)

### *The need for a RIS*

Under the best practice principles outlined in the COAG *Guide for Ministerial Councils and National Standard Setting Bodies*, a RIS must be completed before any significant regulation can be implemented. In the context of a RIS, regulation refers to the broad range of legally enforceable instruments which impose mandatory requirements upon business and the community, as well as to those government regulatory

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codes and advisory instruments for which there is a reasonable expectation of widespread compliance. In simpler terms, this means that a RIS is required for a wide spectrum of measures, from traditional regulation to voluntary measures.

A RIS analyses the costs and benefits of various policy responses to a problem. The RIS includes several elements:

- Statement of the Problem
- Objectives
- Statement of Options
- Impact Analysis (Costs and Benefits)
- Consultation
- Evaluation and Conclusion, and
- Implementation and Review.

The principles of best practice regulation require that a range of feasible options must be considered, including self-regulatory, co-regulatory and non-regulatory approaches, with the costs and benefits assessed for each. The RIS should seek to identify the option that has the greatest net benefit for the community.

The RIS has two major stages of development, the Consultation RIS and the Decision RIS. The Consultation RIS will be a widely distributed document designed to attract feedback from all stakeholders. The feedback received from the Consultation RIS will inform the drafting of the Decision RIS. This RIS will make recommendations to responsible Ministers to inform the selection of risk treatment measures to implement.

### ***How Industry can be involved***

Consultation with key stakeholders is a critical part of the RIS process. Consultation with industry allows for not only a better informed analysis of the costs and benefits, but provides the opportunity for industry to propose new ideas so that the problem can be looked at from all angles. Consultation should occur as widely as possible, especially with those most likely to be affected by regulatory action.

Consultation will be conducted as part of a two-step process. The first step will involve targeted face to face consultation with affected industry associations and organisations to assist in the development of options and receive preliminary feedback on their potential costs and benefits. Following this step, the options will be integrated into a Consultation RIS which will be released to the wider public so that all affected parties may provide their written input on the options.

If you would like more information about a RIS, please refer to the following resources from the Department of Finance and Deregulation:

- <http://www.finance.gov.au/obpr/proposal/coag-guidance.html> - The guidelines for a COAG RIS, *A Guide for Ministerial Councils and Standard Setting Bodies* is available as a download at this web address. This document outlines the steps involved in undertaking a RIS and details the elements included in a RIS, and
- <http://ris.finance.gov.au/> - This web address hosts a compilation of RISs that have been deemed satisfactory by the Office of Best Practice Regulation. After a RIS has been actioned by a Minister it becomes a public document and is hosted on this website.

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### CONSULTATION TO DATE

The development of the RIS has been a combined industry and government effort, with ongoing consultation occurring throughout the process.

Consultation to date includes:

- meetings of the Risk Management Working Group (RMWG) in June 2010 and October 2010
- a retailers-specific meeting of the RMWG in August 2010
- meetings of the National Industry Reference Group (NIRG) in December 2010, April 2011 and August 2011, and
- individual consultations with affected government and industry stakeholders.

The draft proposed measures have been distributed to the NIRG as they have evolved at each stage of the process.

### APPLICATION TO CHEMICALS OF SECURITY CONCERN

The proposed measures in this document apply to the following chemicals in the specified percentages and forms:

Chemical	Percentage / Form	Quantity
<b>Ammonium Perchlorate</b> CAS 7790-98-9	Ammonium perchlorate at a concentration of <b>65%</b> or above, and Ammonium perchlorate where it is in pure aqueous solution and the ammonium perchlorate is at a concentration of <b>10%</b> or above.	Any quantity
<b>Hydrogen Peroxide</b> CAS 7722-84-1	Hydrogen peroxide in aqueous solutions at any concentration, and Hydrogen peroxide where it is a mixture with one or more other chemical/s (not counting water) and the hydrogen peroxide is at a concentration of <b>15%</b> or above.	Any quantity
<b>Nitric Acid</b> CAS 7697-37-2	Nitric acid at a concentration of <b>30%</b> or above.	Any quantity
<b>Nitromethane</b> CAS 75-52-5	Nitromethane where it is at a concentration of <b>10%</b> or above	Any quantity
<b>Potassium Chlorate</b> CAS 3811-04-9	Potassium chlorate at a concentration of <b>65%</b> or above, and Potassium chlorate where it is in pure aqueous solution and the potassium chlorate is at a concentration of <b>10%</b> or above.	Any quantity

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<b>Potassium Nitrate</b> CAS 7757-79-1	Potassium nitrate at a concentration of <b>65%</b> or above, and Potassium nitrate where it is in pure aqueous solution and the potassium nitrate is at a concentration of <b>10%</b> or above.	Any quantity
<b>Potassium Perchlorate</b> CAS 7778-74-7	Potassium perchlorate at a concentration of <b>65%</b> or above, and Potassium perchlorate where it is in pure aqueous solution and the potassium perchlorate is at a concentration of <b>10%</b> or above.	Any quantity
<b>Sodium Azide</b> CAS 26628-22-8	Sodium azide at a concentration of <b>95%</b> or above.	Any quantity
<b>Sodium Chlorate</b> CAS 7775-09-9	Sodium chlorate at a concentration of <b>65%</b> or above, and Sodium chlorate where it is in pure aqueous solution and the sodium chlorate is at a concentration of <b>10%</b> or above.	Any quantity
<b>Sodium Perchlorate</b> CAS 7601-89-0	Sodium perchlorate at a concentration of <b>65%</b> or above, and Sodium perchlorate where it is in pure aqueous solution and the sodium perchlorate is at a concentration of <b>10%</b> or above.	Any quantity
<b>Sodium Nitrate</b> CAS 7631-99-4	Sodium nitrate at a concentration of <b>65%</b> or above, and Sodium nitrate where it is in pure aqueous solution and the sodium nitrate is at a concentration of <b>10%</b> or above.	Any quantity

Note: 'Aqueous' means in water

### TERMS USED

There are several terms which are commonly used throughout this document. For clarity, these terms mean:

- 'chemicals of security concern' relates to the eleven precursor chemicals to home-made explosives
- 'responsible person' is context-specific and is defined against each measure as applicable
- supply chain node means the following:

Introducer	The first point in the supply chain. Introducers either import the chemical or manufacture the chemical at a facility in Australia.
Transport/Logistics	Multiple points in the supply chain, includes transport and storage of chemicals.
Processor	Processors reformulate or repackage the chemical. The chemical and/or reformulated product will then be on-sold to wholesalers, retailers and/or end users.
Wholesaler	Sell primarily to businesses and institutions and do not repackage or reformulate the chemical.
Retailer	Sell primarily to individuals and do not repackage or reformulate the chemical.
End-User (business)	Consume the chemical in their business/industrial/institutional processes. Do not on-sell the chemical or any products that contain the chemical. Does not apply to domestic/home use.

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## **SALES IN ELECTRONIC ENVIRONMENTS**

The growth in purchasing products over the internet or through other electronic mediums such as email poses a significant policy challenge when managing the risks posed by chemicals of security concern.

It is anticipated that the measures proposed in this document would apply to companies with an Australian-based website and a traditional physical presence. AGD is currently working to examine ways to monitor sales of chemicals of security concern over other websites that do not have a traditional physical presence. While these sales would not fall under the proposed measures, it is anticipated that suspicious sales could be monitored and reported to law enforcement and intelligence agencies.

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## EMPLOYEE AND CONTRACTOR CHECKING AND SECURITY AWARENESS

<b>Vulnerabilities Addressed</b>	Employee Checking Security Awareness Training
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### Overview of Employee and Contractor Checking and Security Awareness

Employees form a vital part of any business' or organisation's security plan to prevent terrorists acquiring chemicals of security concern. This section provides the minimum standards for:

- basic background checking on staff prior to and during employment, and
- the issues which staff should be aware of.

### Proposed measures for RIS consideration

- EMPLOYEE AND CONTRACTOR CHECKING – Non Retail
- EMPLOYEE AND CONTRACTOR CHECKING – Retail
- PERSONNEL SECURITY AWARENESS

### EMPLOYEE AND CONTRACTOR CHECKING – Non Retail

Which industry nodes does this measure apply to?

**Nodes:** Introducer, Processor, Transport / Logistics, Wholesaler, End User (Business)

#### COMMENTARY

Note that retail specific measures are outlined in the section below.

#### Security Objective

The security objective of this measure is to limit terrorist access to chemicals of security concern by acquisition through a trusted insider.

In order to assist businesses and organisations in achieving this objective, this measure aims to ensure that the responsible person reasonably satisfies him or herself that an employee who has access to chemicals of security concern has:

- provided their true and correct identity, and
- is trustworthy to employ in the business or organisation.

#### COMMENTARY

'Trustworthy' is used in its generic sense i.e. worthy of trust or confidence; reliable. Employers do not have to consider whether a prospective employee holds or does not hold extremist views in determining whether

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they are trustworthy to employ. Employers may make the relevant determination based on the factors outlined in 1b) and additionally any other legally permissible factors.

## PROPOSED MEANS OF ACHIEVING SECURITY OBJECTIVE

The following are proposed means of achieving the security objective:

### Definitions

'Responsible person' – the person(s) within the business or organisation who has primary responsibility for retaining and/or screening the suitability of a prospective or existing employee or contractor for work duties within the business or organisation, including their delegates.

'Employee' includes a contractor.

### 1. Identity checks – prior to employment

The responsible person, prior to employment of a person or engagement of a contractor who will or could have access to chemicals of security concern, reasonably satisfies him or herself that:

- the prospective employee's stated identity, date of birth and residential address is that of the prospective employee, and
- the prospective employee is trustworthy to employ in the business or organisation.

It is noted that businesses or organisations may elect to comply with the requirements of AS 4811-2006 Employment Screening. Complying with AS 4811-2006 may be appropriate where the responsible person considers the risk profile of the business' or organisation's employees stealing or otherwise diverting chemicals of security concern necessitates further employment screening procedures.

#### a) *Verify identity*

The responsible person:

- for prospective employees aged over 18 – verifies the prospective employee's full name, date of birth and residential address from a government-issued photographic identification document (for example, driver licence, 18+ card, passport or visa), and
- for prospective employees aged under 18 – verifies the prospective employee's full name, date of birth and residential address from his or her identification documents (for example, a birth certificate, school reference, school report etc).

#### b) *Determining whether a prospective employee is trustworthy to employ*

The responsible person:

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- where a prospective employee has provided a curriculum vitae or similar document – ensures that there are no unexplained gaps or anomalies
- where a prospective employee has provided previous work references – makes reasonable enquiries of the referees, and
- where a prospective contractor is engaged under a group training or similar scheme – makes reasonable enquiries of the relevant officer of the group training or similar scheme.

The responsible person may consider other factors legally permissible in determining whether a prospective employee is suitable to employ.

## **c) Account for discrepancies**

If there is a discrepancy with any of the information provided by the prospective employee, the responsible person reasonably satisfies him or herself as to the reason for the discrepancy. Where the responsible person has serious reservations as to the identity or trustworthiness of the employee, he or she may report these reservations to the National Security Hotline (1800 123 400).

## **2. Identity checks – during employment**

It is noted that businesses or organisations may elect to comply with the requirements of AS 4811-2006 Employment Screening. Complying with AS 4811-2006 may be appropriate where the responsible person considers the risk profile of the business' or organisation's employees stealing or otherwise diverting chemicals of security concern necessitates further employment screening procedures.

## **a) Identity checking policies**

The responsible person has in place appropriate policies for the employment screening of existing employees. It is recommended that these policies take into account the risk profile of the organisation, be clearly drafted and made readily available to employees.

### **COMMENTARY**

This requirement reflects the Australian Standard on Employment Screening and procedural fairness requirements.

## **b) Verify identity for existing employees**

It is recommended that the responsible person re-confirm the identity of employees in accordance with 'Identity checks – prior to employment' upon promotion of employee or transfer to a work area with access to or reasonable means to access chemicals of security concern.

## **c) Account for discrepancies**

If there is a discrepancy with any of the information provided by the employee, the responsible person reasonably satisfies him or herself as to the reason for the discrepancy. If the responsible person has serious

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reservations as to the identity or trustworthiness of the employee, he or she may report these reservations to the National Security Hotline (1800 123 400).

## d) *Update contact details*

The responsible person updates the contact details for all employees working with, or could work with, chemicals of security concern or products containing chemicals of security concern at least annually.

## 3. Record keeping

The responsible person ensures that an appropriate record keeping and destruction policy is adopted by the business or organisation. This policy must comply with relevant state and federal legislation.

### COMMENTARY

Relevant state and federal legislation applies to record keeping.

## EMPLOYEE AND CONTRACTOR CHECKING – Retail Only

**Which industry node does this measure apply to?**

**Node:** Retailer

### Security Objective

The security objective of this measure is to limit terrorist access to chemicals of security concern by acquiring through a trusted insider.

In order to assist businesses and organisations in achieving this objective, this measure aims to ensure that the responsible person reasonably satisfies him or herself that an employee who has access to chemicals of security concern has:

- provided their true and correct identity, and
- is trustworthy to employ in the business or organisation.

### COMMENTARY

‘Trustworthy’ is used in its generic sense i.e. worthy of trust or confidence; reliable. Accordingly, in determining when a person is trustworthy to employ in the business or organisation, it is not required for the employer to determine that the prospective employee has a predisposition towards violence or extremist views. Employers may make the relevant determination based on the required factors and additionally any other legally permissible factors.

## PROPOSED MEANS OF ACHIEVING SECURITY OBJECTIVE

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The following are proposed means of achieving the security objective:

## Definitions

‘Responsible person’ – the person(s) within the business or organisation who has primary responsibility for retaining and/or screening the suitability of a prospective or existing employee or contractor for work duties within the business or organisation, including their delegates.

‘Employee’ includes a contractor.

### 1. Identity checks – prior to employment

The responsible person, prior to employment of a person or engagement of a contractor who will or could have access to chemicals of security concern, reasonably satisfies him or herself that:

- the prospective employee’s stated identity, and
- the prospective employee is trustworthy to employ in the business or organisation.

It is noted that businesses or organisations may elect to comply with the requirements of AS 4811-2006 Employment Screening. Complying with AS 4811-2006 may be appropriate where the responsible person considers the risk profile of the business' or organisation's employees stealing or otherwise diverting chemicals of security concern necessitates further employment screening procedures.

#### a) *Verify identity*

The responsible person:

- satisfies him or herself based on prior association with the prospective employee, or
- in circumstances where he or she does not have a prior association with the prospective employee:
  - for prospective employees aged over 18 – verifies the prospective employee’s full name, date of birth and residential address from a government-issued photographic identification document (for example, driver’s licence, 18+ card, passport or visa); and
  - for prospective employees aged under 18 – verify the prospective employee’s full name, date of birth and residential address from his or her identification documents (for example, a birth certificate, school reference, school report etc).

#### COMMENTARY

The capacity for the responsible person to satisfy him or herself as to the identity of the prospective employee is intended to only have limited application to situations where there is actual, personal association with the prospective employee. Accordingly, larger organisations would not generally be in a position to utilise this component of the proposed measure. This avenue to be satisfied of identity has been included in the retail measures because targeted consultation has indicated that some retail outlets have significant difficulties in attracting and retaining staff.

#### b) *Determining whether prospective employee is trustworthy to employ*

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The responsible person:

- knows the prospective employee, or
- in circumstances where he or she does not have a prior association with the prospective employee:
  - where a prospective employee has provided a résumé, CV or similar document – ensure that there are no unexplained gaps or anomalies
  - where a prospective employee has provided previous work references – make reasonable enquiries of the referees, and
  - where a prospective contractor is engaged under a group training or similar scheme – make reasonable enquiries of the relevant officer of the group training or similar scheme

The responsible person may consider other factors legally permissible in determining whether a prospective employee is trustworthy to employ.

## **c) Account for discrepancies**

If there is a discrepancy with any of the information provided by the prospective employee, the responsible person reasonably satisfies him or herself as to the reason for the discrepancy. Where the responsible person has serious reservations as to the identity or trustworthiness of the employee, he or she may report these reservations to the National Security Hotline (1800 123 400).

## **2. Identity checks – during employment**

It is noted that businesses or organisations may elect to comply with the requirements of AS 4811-2006 Employment Screening. Complying with AS 4811-2006 may be appropriate where the responsible person considers the risk profile of the business' or organisation's employees stealing or otherwise diverting chemicals of security concern necessitates further employment screening procedures.

### **a) Identity checking policies**

The responsible person has in place appropriate policies for the employment screening of existing employees. It is recommended that these policies to take into account the risk profile of the organisation, be clearly drafted and made readily available to employees.

#### **COMMENTARY**

This requirement reflects the Australian Standard on Employment Screening.

### **b) Verify identity for existing employees**

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It is recommended that the responsible person re-confirm the identity of employees in accordance with ‘Identity checks – prior to employment’ upon promotion of employee or transfer to a work area with access to or reasonable means to access chemicals of security concern.

## c) *Account for discrepancies*

If there is a discrepancy with any of the information provided by the employee, the responsible person reasonably satisfies him or herself as to the reason for the discrepancy. If the responsible person has serious reservations as to the identity or trustworthiness of the employee, he or she may report these reservations to the National Security Hotline (1800 123 400).

## d) *Update contact details*

The responsible person updates the contact details for all employees working with, or could work with, chemicals of security concern or products containing chemicals of security concern at least annually.

## 3. Record keeping

The responsible person ensures that an appropriate record keeping and destruction policy is adopted by the business or organisation. This policy must comply with relevant state and federal legislation.

### COMMENTARY

The proposed measure does not specify the relevant state and federal legislation to apply to the record keeping policy. As privacy and other associated legislation across jurisdictions may change, it is not considered desirable to make-specific recommendations which may be out of date at a later stage.

## PERSONNEL SECURITY AWARENESS

### Which industry nodes do these measures apply to?

**Nodes:** Introducer, Processor, Transport / Logistics, Wholesaler, Retailer, End User (Business)

### Security Objective

The security objective of this measure is to reinforce the efficacy of other proposed measures by ensuring that personnel are appropriately aware of the security risk profile of the business or organisation in relation to chemicals of security concern.

In order to assist businesses and organisations with this objective, this measure aims to provide the topics that staff should be made aware of in the conduct of normal business operations.

### PROPOSED MEANS OF ACHIEVING SECURITY OBJECTIVE

The following are proposed means of achieving the security objective:

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## Definition

‘Responsible person’ – the person(s) within the business or organisation who has primary responsibility for ensuring that staff are aware of the security risk profile of the business or organisation in relation to chemicals of security concern, including their delegates.

### 1. Personnel security awareness - issues

The responsible person addresses the following security awareness issues with their staff:

- the potential for common chemical products to be used in home-made explosives
- identification of products the business or organisation sells/uses which can be used in home-made explosives
- the legitimate use of identified product(s), including the recommended use and quantities of the product(s)
- ‘knowing your customer’ – techniques for ascertaining the customer’s / user’s need for the product and recommending appropriate quantities to use
- familiarity with inventory control mechanisms and theft/diversion reduction procedures
- suspicious behaviour and transactions, and
- the requirement to report suspicious behaviour and/or transactions to the National Security Hotline (1800 123 400) and, where necessary, through internal reporting channels.

#### COMMENTARY

Generic and tailored staff security awareness material and other forms of assistance may be provided by the Attorney-General’s Department. Specific product names may be useful to enable businesses and organisation to better assess which products they should make their staff aware of.

It should be noted that the above measure does not require businesses or organisations to offer formalised staff security awareness training specifically on chemicals of security concern. It is envisaged that the awareness can be applied flexibly from being rolled into other forms of security awareness training or simply having a conversation with staff on the staff security awareness topics.

### 2. Personnel security awareness – specific job roles

If the responsible person identifies specific job roles with greater access to chemicals of security concern or products containing chemicals of security concern in relevant percentages and forms, it is recommended that the responsible person ensure that these staff members are provided with more specific awareness training commensurate with the risk associated with the position.

#### COMMENTARY

‘Greater access’ is intended to be read flexibly and would be a matter for a business or organisation to determine based on its own risk profile.

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## 3. Staff security awareness - frequency

The responsible person ensures that:

- all new staff are made aware of the staff security awareness topics upon commencement, and
- all staff are provided with 'refresher' awareness on a 12 monthly basis if not sooner.

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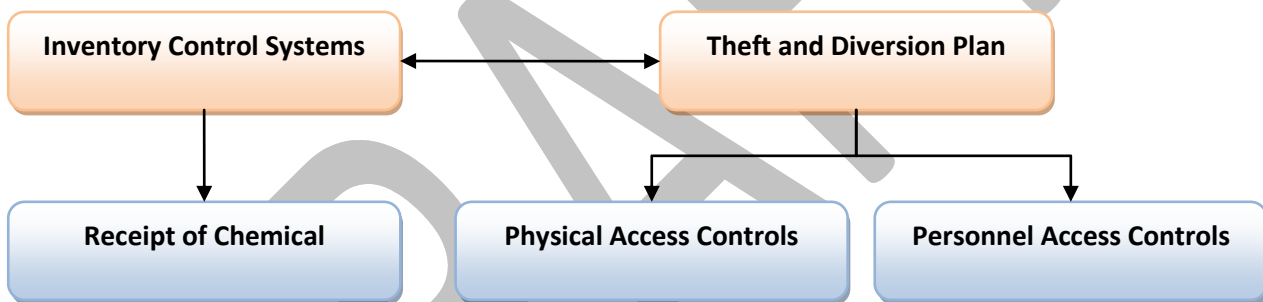
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## INVENTORY CONTROL

<b>Vulnerabilities Addressed</b>	Inventory Control Measures Receipt of Chemical Theft and Diversion Procedures Physical Access Controls Personnel Access Controls
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### Overview of Inventory Control

Inventory control covers the means by which businesses and organisations can detect theft and diversion of products containing chemicals of security concern and also the implementation of integrated theft and diversion plans which address both physical and personnel issues. Systems must also incorporate appropriate procedures to ensure that loss of products containing chemicals of security concern are reported to the appropriate authorities. It is recommended that these systems and procedures are agile and are able to adapt to changes in the broader threat environment.



### Proposed measures for RIS consideration

- INVENTORY CONTROL
- RECEIPT OF CHEMICAL
- THEFT AND DIVERSION PROCEDURES – Non Retail
- THEFT AND DIVERSION PROCEDURES – Retail
- PHYSICAL ACCESS
- PERSONNEL ACCESS

## INVENTORY CONTROL

Which industry nodes do these measures apply to?

**Nodes:** Introducer, Processor, Wholesaler, Retailer, End User (Business)

**Security Objective**

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The security objective that this proposed measure seeks to achieve is that businesses or organisations will be able to determine whether chemicals of security concern have been stolen, misplaced or otherwise diverted.

In order to assist businesses and organisations in achieving this objective, the proposed measure outlines minimum requirements for inventory control processes/systems, reconciliation periods and reporting protocols.

## PROPOSED MEANS OF ACHIEVING SECURITY OBJECTIVE

The following are proposed means of achieving the security objective:

### Definition

‘Responsible person’ – the person(s) within the business or organisation with primary responsibility for inventory control and/or management, including their delegates.

#### 1. Inventory control

##### a) *Requirements for inventory control processes/systems*

The responsible person institutes inventory control processes/systems that:

- identify chemicals of security concern or products containing chemicals of security concern in relevant concentrations and forms
- can locate the physical location of each product container at any time
- identify the number of containers and/or the aggregate weight of the product at the beginning of an inventory reconciliation period, and
- identify the number of containers and/or the aggregate weight of the product at the end of an inventory reconciliation period.

### COMMENTARY

The proposed measure requires inventory control ‘processes’ or ‘systems’ to be able to track chemicals of security concern. This does not require any specific process or system to be implemented, however, it is necessary for any process or system to be able to satisfy the basic requirements outlined above.

Transport and logistics companies are not subject to these processes because targeted consultations have indicated that tracking of particular packages containing chemicals of security concern is not possible unless they fall under dangerous goods or other legislative requirements.

##### b) *Reconciliation periods*

The responsible person reconciles inventory of chemicals of security concern at least monthly.

### COMMENTARY

# CONSULTATION DRAFT – DEVELOPMENT OF RIS OPTIONS

In order to assist with detection of potentially diverted products containing chemicals of security concern, the proposed measure requires monthly reconciliation of products containing chemicals of security concern. This period reflects the requirements under the Security Sensitive Ammonium Nitrate regulations. Quarterly or longer periods of reconciliation are unlikely to provide a sufficient security outcome because of the significant potential time delay between a theft and when it would be detected.

It should be noted that only chemicals of security concern or products containing chemicals of security concern at the relevant concentrations and forms would be reconciled monthly – all other products would be subject to normal business or organisation stock accounting periods.

## c) *Reporting protocols*

The responsible person reports missing inventory that is attributable to suspicious loss, theft or any other unaccounted for diversion. Regular loss of inventory may be appropriate to report.

Reports are required to be made to the National Security Hotline (1800 123 400) as soon as possible in these circumstances.

## RECEIPT OF CHEMICAL

### Which industry nodes do these measures apply to?

**Nodes:** Introducer, Transport/Logistics, Processor, Wholesaler, Retailer, End User (Business)

### Security Objective

The security objective of the proposed measure is that businesses and organisations can detect if chemicals of security concern have been stolen or otherwise diverted prior to receiving the product, and, if so, that relevant information is reported to a relevant authority as soon as possible.

## PROPOSED MEANS OF ACHIEVING SECURITY OBJECTIVE

The following are proposed means of achieving the security objective:

### Definition

‘Responsible person’ – the person(s) within the business or organisation who has primary responsibility for receipting incoming orders of chemicals of security concern or products containing chemicals of security concern in the relevant concentrations and forms, including their delegates.

### 1. Receipting process requirements

# CONSULTATION DRAFT – DEVELOPMENT OF RIS OPTIONS

The responsible person employs processes within the business or organisation that:

- reconcile the order quantity of product with the actual product received, and
- be able to detect discrepancies not attributable to suspicious loss, theft or any other unaccounted for diversion.

## COMMENTARY

Similarly to the requirements for inventory controls systems/processes, the proposed measure is outcome-based, as opposed to requiring specific receipting processes. Accordingly, businesses and organisations are not required to put into place any specific type of receipting process; however, the process must be able to achieve the above.

## 2. Reporting protocols

The responsible person reports missing inventory that is attributable to suspicious loss, theft or any other unaccounted for diversion. Regular loss of inventory may be appropriate to report.

Reports are to be made to the National Security Hotline (1800 123 400) as soon as possible in these circumstances.

## THEFT AND DIVERSION PROCEDURES – Non Retail

**Which industry nodes do these measures apply to?**

**Nodes:** Introducer, Transport/Logistics, Processor, Wholesaler, End User (Business)

## COMMENTARY

Note that retail specific measures are outlined in the section below.

## Security Objective

The security objective of the proposed measure is that businesses and organisations consider the individual risk of chemicals of security concern being stolen or otherwise diverted and plan steps to reduce the likelihood of these events occurring.

In order to assist businesses and organisations achieving this objective, the proposed measure outlines the minimum requirements for risk assessments and provides guidance on what should be included in a theft and diversion plan.

## PROPOSED MEANS OF ACHIEVING SECURITY OBJECTIVE

The following are proposed means of achieving the security objective:

# CONSULTATION DRAFT – DEVELOPMENT OF RIS OPTIONS

# CONSULTATION DRAFT – DEVELOPMENT OF RIS OPTIONS

## Definition

‘Responsible person’ – the person(s) within the business or organisation who has primary responsibility for developing and maintaining theft and diversion control plans, including their delegates.

### 1. Risk Assessment

The responsible person conducts an appropriate risk assessment based on AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines to assess the risk of products containing chemicals of security concern being stolen or diverted by any member of the public or staff member.

As a minimum, risk assessments:

- nominate the officer responsible for the risk assessment
- consider existing personnel access controls
- consider existing physical access controls, and
- identify key vulnerability areas for risk treatment.

The responsible person reviews the risk assessment periodically at least on an annual basis.

#### COMMENTARY

‘Key vulnerability areas’ for risk treatment would include, at a minimum, the vulnerability areas included in Appendix A.

### 2. Theft and diversion plan

The responsible person creates and implements a theft and diversion plan to reduce the risk of chemicals of security concern or products containing chemicals of security concern in relevant percentages and forms being stolen or diverted based on the risk assessment conducted.

Theft and diversion plans incorporate both physical access controls and personnel access controls as appropriate to the business or organisation and its risk profile.

#### COMMENTARY

The proposed measure incorporates flexibility by enabling businesses or organisations to incorporate physical and personnel access controls as appropriate to their operations. Accordingly, the proposed measure enables both low cost, simple controls and more sophisticated measures. However, it should be noted that these measures must be proportionate to the risk profile of the organisations.

Guidance on developing a theft and diversion plan is at **Appendix A**.

#### COMMENTARY

# CONSULTATION DRAFT – DEVELOPMENT OF RIS OPTIONS

Appendix A offers a possible approach to enable businesses and organisation to develop a theft and diversion plan. AGD is investigating additional avenues through which guidance could be given to enable businesses and organisations to conduct a risk assessment and develop the subsequent theft and diversion plan.

It should also be noted that businesses and organisations would be free to develop theft and diversion plans utilising different tools, however, it would still be necessary to address each of the key vulnerability areas.

It is recommended that the responsible person integrate the theft and diversion plan into broader security plans and general business operations.

The responsible person ensures that employees are aware of theft/diversion control procedures and the reporting mechanisms within the business or organisation.

## COMMENTARY

This requirement is also reflected in the staff security awareness topics.

### 3. Updating in response to increased threat

It is recommended that the responsible person reassess the business' or organisation's vulnerability to chemicals of security concern or products containing chemicals of security concern in the relevant percentages and forms being stolen or diverted if the responsible person becomes aware of circumstances which may constitute a change in the threat facing the business or organisation.

## THEFT AND DIVERSION PROCEDURES – Retail Only

Which industry nodes do these measures apply to?

**Nodes:** Retailer

### Security Objective

The security objective of the proposed measure is that businesses and organisations consider the individual risk of chemicals of security concern being stolen or otherwise diverted and plan steps to reduce the likelihood of these events occurring.

In order to assist businesses and organisations achieving this objective, the proposed measure outlines the minimum requirements for risk assessments and provides guidance on what should be included in a shoplifting and theft plan.

## PROPOSED MEANS OF ACHIEVING SECURITY OBJECTIVE

The following are proposed means of achieving the security objective:

# CONSULTATION DRAFT – DEVELOPMENT OF RIS OPTIONS

## Definition

‘Responsible person’ – the person(s) within the business or organisation who has primary responsibility for developing and maintaining shoplifting and theft plans, including their delegates.

### 1. Shoplifting and theft procedures

The responsible person has a plan to detect and prevent shoplifting and theft.

The responsible person considers, at a minimum, the following factors in relation to chemicals of security concern or products containing chemicals of security concern in the relevant concentrations and forms as part of the plan:

- existing personnel access controls
- existing physical access controls, and
- other key vulnerability areas.

The responsible person reviews the risk assessment periodically at least on an annual basis.

#### COMMENTARY

‘Key vulnerability areas’ for risk treatment would include, at a minimum, the vulnerability areas included in Appendix A.

The responsible person modifies existing shoplifting and theft plans as reasonably necessary to prevent chemicals of security concern or products containing chemicals of security concern in the relevant concentrations and forms from being stolen by employees or members of the public.

The responsible person ensures that employees are aware of shoplifting and theft control procedures and the reporting mechanisms within the business or organisation.

#### COMMENTARY

This requirement is also reflected in the staff security awareness topics.

### 2. Updating in response to increased threat

It is recommended that the responsible person reassess the business’ or organisation’s vulnerability to chemicals of security concern or products containing chemicals of security concern in the relevant percentages and forms being stolen or diverted if the responsible person becomes aware of circumstances which may constitute a change in the threat facing the business or organisation.

#### COMMENTARY

The proposed measure informs the responsible person that there could be changes to the threat environment which could trigger the need for a revised risk assessment and theft and diversion plan. AGD is aware of formal networks in other, regulatory, contexts which advise of changes to the threat. However,

# CONSULTATION DRAFT – DEVELOPMENT OF RIS OPTIONS

considering the breadth of the supply chain which would be targeted by this measure, it is a matter of common sense for each business or organisation to apply based on their awareness of the security threat environment.

## 3. Reporting protocols

The responsible person reports missing inventory that is attributable to suspicious loss, theft or any other unaccounted for diversion. Regular loss of inventory may be appropriate to report. Attempted thefts may also be appropriate to report.

Reports are required to be made to the National Security Hotline (1800 123 400) as soon as possible in these circumstances.

## PHYSICAL ACCESS

### Which industry nodes do these measures apply to?

**Nodes:** Introducer, Transport/Logistics, Processor, Wholesaler, Retailer, End User (Business)

### Security Objective

The security objective that this proposed measure seeks to achieve is that businesses and organisations will restrict physical access to chemicals of security concern commensurate with the risk profile of the business or organisation in order to reduce the likelihood of these chemicals being stolen or otherwise diverted.

## PROPOSED MEANS OF ACHIEVING SECURITY OBJECTIVE

The following are proposed means of achieving the security objective:

### Definition

‘Responsible person’ – the person(s) within the business or organisation who has primary responsibility for the physical access controls within the business or organisation, including their delegates.

### 1. Options for physical access controls

Options for physical access controls include:

- deterrent signage, for example “No Trespassing” and “Authorised Access Only” signs
- to the extent feasible, employing natural surveillance by arranging reception, production and office space so unescorted visitors can be noticed easily
- limited access points to site
- restricting pedestrian and visitor access
- requiring visitor sign-in logs

# CONSULTATION DRAFT – DEVELOPMENT OF RIS OPTIONS

- installing security illumination
- installing appropriate locks on exterior and interior doors
- paying close attention to access control at loading and unloading areas
- installing appropriate, penetration-resistant doors and security hinges
- installing secure windows with appropriate locks
- instituting system of employee and contractor photo ID badges
- establishing a system for determining which cars, trucks, rail cars, marine vessels and other vehicles may enter the site, through which gates, docks or other entrances, and under what conditions. Such a system may be part of the pedestrian access control system, relying on key cards carried by vehicle operators, or it may be an independent system relying on staffed security posts.
- installing an electronic access control system that requires the use of key cards at main entrances and on other appropriate, and
- CCTV.

## PERSONNEL ACCESS

**Which industry nodes does this measure apply to?**

**Nodes:** Introducer, Processor, Wholesaler, Retailer, End User (Business)

### Security Objective

The security objective that this proposed measure seeks to achieve is that businesses and organisations will limit access to chemicals of security concern only to persons who have a legitimate need to access the chemicals in order to reduce the likelihood these chemicals being stolen or otherwise diverted.

In order to assist businesses and organisations in achieving this objective, the proposed measure contemplates that:

- appropriate personnel access controls are established based on the theft and diversion plan
- only authorised employees have access to chemicals of security concern or products containing chemicals of security concern in the relevant concentrations and forms
- visitors and contractors are appropriately monitored, and
- where applicable, personnel access controls are integrated with physical access controls.

## PROPOSED MEANS OF ACHIEVING SECURITY OBJECTIVE

The following are proposed means of achieving the security objective:

### Definitions

# CONSULTATION DRAFT – DEVELOPMENT OF RIS OPTIONS

‘Responsible person’ – the person(s) within the business or organisation who has primary responsibility for the personnel access controls within the business or organisation, including their delegates.

‘Authorised employee’ – an employee or contractor of a business or organisation who has been granted permission by the responsible person to access areas in which chemicals of security concern or products containing chemicals of security concern in relevant concentrations and forms are present based on an identified business need.

## 1. Personnel access controls generally

The responsible person bases personnel access controls on the theft and diversion plan.

## 2. Authorised employees

The responsible person restricts access to areas containing chemicals of security concern or products containing chemicals of security concern to authorised employees based on identified business needs.

Where an authorised employee is granted such access, the responsible person places personnel access controls on the authorised employee based on the theft and diversion control plan.

The responsible person clearly communicates to employees the controls on business areas that they may and may not access.

### COMMENTARY

The proposed measure differentiates between authorised employees as opposed to visitors and contractors. As authorised employees will have been screened in accordance with the measures above, the level of active monitoring recommended is commensurately reduced. However, appropriate physical access controls should be dovetailed with personnel access controls to enhance the security benefit.

## 3. Visitors and contractors

The responsible person ensures that visitors and contractors:

- are signed in and escorted while present in areas where they may access chemicals of security concern or products containing chemicals of security concern at relevant concentrations and forms, and
- have their credentials checked before being given such access.

### COMMENTARY

The proposed measure acknowledges that as a matter of business practice, it may not always be possible to grant appropriate personnel access controls to outsiders. The fact that a business or organisation has not had the opportunity to ascertain the identity and trustworthiness of a visitor or contractor in accordance with the measures above further provides justification for more stringent monitoring.

# CONSULTATION DRAFT – DEVELOPMENT OF RIS OPTIONS

## 4. Integration with physical access controls

The responsible person integrates personnel access controls with physical access controls where appropriate.

### COMMENTARY

The proposed measure reflects the integration requirement under the theft and diversion plan.

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## SALES AND DISTRIBUTION

Vulnerabilities Addressed	Point of Sale Procedures Sales and Distribution Procedures
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### Overview of Sales and Distribution

Point of sale consistently arises as a high vulnerability through the completed risk assessments. The proposed measures outlined below contemplate the institution of procedures which provide businesses with the tools to detect where a transaction may not be legitimate. Clear reporting channels are provided so as to 'close the loop' and encourage information to be fed through the National Security Hotline.

Point of sale procedures are complemented with distribution procedures which seek to ensure that a legitimate purchase is delivered to the verified purchaser.

### Proposed measures for RIS consideration

- POINT OF SALE PROCEDURES – Non Retail
- POINT OF SALE PROCEDURES – Retail
- SALE AND DISTRIBUTION PROCEDURES

### POINT OF SALE PROCEDURES – Non Retail

#### Which industry nodes do these measures apply to?

Nodes: Introducer, Processor, Wholesaler

#### COMMENTARY

Note that retail specific measures are outlined in the section below.

#### Security Objective

The security objective that this proposed measure seeks to achieve is that businesses will adopt responsible practices designed to limit the capacity of terrorists or their associates to acquire chemicals of security concern through direct purchase from the business.

In order to assist businesses in achieving this objective, the proposed measure contemplates that chemicals of security concern are:

- only sold to customers who have proven their identity through a completed End User Declaration or other similar document
- sold subsequent to the customer's intended use being verified
- sold on a cashless basis, and

## CONSULTATION DRAFT – DEVELOPMENT OF RIS OPTIONS

- suspicious transactions being reported.

### PROPOSED MEANS OF ACHIEVING SECURITY OBJECTIVE

The following are proposed means of achieving the security objective:

#### Definition

‘Responsible person’ – the person(s) within the business or organisation who has primary responsibility for the sale of products within the business or organisation, including their delegates.

#### 1. Preconditions of sale

##### a) *End User Declarations or similar documents*

When selling chemicals of security concern or products containing chemicals of security concern in relevant concentrations and forms, the responsible person:

- only sells to customers who have proven their identity:
  - for individuals – with an identification card issued by the Commonwealth, State or Territory government (for example, a driver licence, 18+ card)
  - for businesses/corporations – with an Australian Business Number or Australian Corporation Number

#### COMMENTARY

Note that the reference to an identification card does not impute that there will be a specialised or specific government-issued card needed to purchase chemicals of security concern. General government-issued identification cards are considered sufficient to prove identity.

- only sells to customers who have completed an End User Declaration or similar document stipulating at a minimum:
  - the product name(s)
  - quantity of product(s)
  - company and/or purchaser name with the identification method noted (for example, driver licence number or ABN)
  - address
  - phone number
  - the use of the products, and
  - a statement that the product will only be used for legitimate purposes, and

#### COMMENTARY

## CONSULTATION DRAFT – DEVELOPMENT OF RIS OPTIONS

The term 'similar document' is intended to import flexibility within the measure so that businesses and organisations can incorporate this measure into its existing business operations where applicable. Accordingly, while an official 'End User Declaration' is not required to be filled out by a customer, the required information must be stored by a business or organisation.

Previously, the End User Declaration required a statement that the product would only be used for legal purposes. In reference to feedback from stakeholders, this has been modified to 'legitimate purposes'.

- keeps the End User Declaration.

### **b) Updated or additional End User Declarations or similar documents**

When selling to account customers, it is recommended that the responsible person only require an additional or updated End User Declaration or similar document to be completed where:

- the customer is purchasing a significantly higher concentration of the product(s) that is not attributable to seasonal variations or fluctuations or product availability, or
- the customer is re-ordering products of a significantly higher quantity that is not attributable to seasonal variations or fluctuations or product availability, or
- the customer is purchasing product(s) that have not previously been purchased by the customer.

### **COMMENTARY**

Acknowledging that account customers often repeat very similar orders over a long period of time, the proposed measure seeks to incorporate additional flexibility by not requiring updated or additional End User Declarations or similar documents for repeat orders. Additionally, seasonal variations in orders or product substitution due to unavailability are not recommended to result in an additional End User Declaration or similar document.

### **c) Verification of use**

The responsible person verifies that the customer's order is fit for the customer's stated use of the product(s) and where necessary suggests a more appropriate product(s) that is not a chemical of security concern.

### **d) Accepted forms of payment**

The responsible person only accepts payment in the form of a credit card, direct bank deposit or cheque and keeps appropriate records of sales.

### **COMMENTARY**

The measure seeks to avoid cash sales due to the difficulty in tracking a sale should a customer provide fraudulent documentation when completing an End User Declaration or similar document. Although the payment form may also be fraudulent, in the event of a terrorist incident involving chemicals of security

## CONSULTATION DRAFT – DEVELOPMENT OF RIS OPTIONS

concern, law enforcement and intelligence agencies would be provided with an additional line of investigation.

### 2. Option to refuse sale

It is noted that a responsible person has the option to refuse sale where he or she considers the transaction to be suspicious.

### 3. Reporting suspicious transactions

The responsible person reports suspicious transactions to the National Security Hotline (1800 123 400) as soon as possible where:

- a sale is refused on the basis that the transaction is suspicious, or
- a sale is made in circumstances where the responsible person considers the transaction to be suspicious, or
- a potential customer makes an enquiry that the responsible person considers to be suspicious.

## POINT OF SALE PROCEDURES – Retail Only

Which industry nodes do these measures apply to?

**Nodes:** Retailer

### Security Objective

The security objective that this proposed measure seeks to achieve is that businesses will adopt responsible practices designed to limit the capacity of terrorists or their associates to acquire chemicals of security concern through direct purchase from the business.

In order to assess businesses in achieving this objective, the proposed measure contemplates that chemicals of security concern are:

- kept behind a suitable barrier or within line of sight of the seller, and
- either:
  - records sales appropriately, or
  - verifies the use of the product with the customer.

## PROPOSED MEANS OF ACHIEVING SECURITY OBJECTIVE

## CONSULTATION DRAFT – DEVELOPMENT OF RIS OPTIONS

The following are proposed means of achieving the security objective:

### Definition

‘Responsible person’ – the person(s) within the business or organisation who has primary responsibility for the sale of products within the business or organisation, including their delegates.

### 1. Preconditions of sale

When selling chemicals of security concern or products containing chemicals of security concern in relevant concentrations and forms, the responsible person:

- ensures that either:
  - the products located in areas accessible by customers are either behind the counter or similar barrier, or
  - are within the line of sight of an employee at all times, and
- employs one or more of the following:
  - records a form of identification for the customer:
    - for individuals – an identification card issued by the Commonwealth, State or Territory government
    - for businesses/corporations – an Australian Business Number or Australian Corporation Number, and/or
  - verifies the use of the product with the customer prior to sale or refers the sale to a supervisor or other similar person to verify the sale, and/or
  - requires the sale to be by credit card, direct bank deposit or cheque.

#### a) *Preconditions of sale – hydrogen peroxide and nitromethane*

When selling hydrogen peroxide, nitromethane or products of these chemicals in relevant concentrations and forms, the responsible person:

- ensures that either:
  - the products located in areas accessible by customers are either behind the counter or similar barrier, or
  - the products are within the line of sight of an employee at all times, and
- records a form of identification for the customer:
  - for individuals – an identification card issued by the Commonwealth, State or Territory government

## CONSULTATION DRAFT – DEVELOPMENT OF RIS OPTIONS

- for businesses/corporations – an Australian Business Number or Australian Corporation Number, and
- employs one or both of the following:
  - verifies the use of the product with the customer prior to sale or refer the sale to a supervisor or other similar person to verify the sale, and/or
  - requires the sale to be by credit card, direct bank deposit or cheque.

### COMMENTARY

It should be noted that, based on the completed risk assessments, the retailer node has shown a very high vulnerability for the over-the-counter sale of hydrogen peroxide and nitromethane. In proposing measures that are proportionate to the assessed risk, the above has the capacity to a) discourage potential terrorists from accessing the chemical, and b) assist law enforcement and intelligence agencies in investigating suspicious transactions both prior to a planned attack or subsequent to a successful or attempted attack.

Considering the high vulnerability, known terrorist interest in hydrogen peroxide and nitromethane, domestic and overseas experience in terrorists acquiring these chemicals at the retail level and the high impact and employability of home-made explosives using them, AGD considers that stricter conditions are appropriate for these chemicals.

### 2. Option to refuse sale

It is noted that a responsible person has the option to refuse sale where he or she considers the transaction to be suspicious.

### 3. Reporting suspicious transactions

The responsible person reports suspicious transactions to the National Security Hotline (1800 123 400) as soon as possible where:

- a sale is refused on the basis that the transaction is suspicious, or
- a sale is made in circumstances where the responsible person considers the transaction to be suspicious, or
- a potential customer makes an enquiry that the responsible person considers to be suspicious.

# CONSULTATION DRAFT – DEVELOPMENT OF RIS OPTIONS

## SALE AND DISTRIBUTION PROCEDURES

Which industry nodes do these measures apply to?

**Nodes:** Introducer, Processor, Wholesaler, Retailer

### Security Objective

The security objective that this proposed measure seeks to achieve is that businesses will ensure that delivery of orders will be made to persons who have legitimately purchased the chemical in order to reduce the likelihood of the chemical being diverted to terrorists or their associates.

### PROPOSED MEANS OF ACHIEVING SECURITY OBJECTIVE

The following are proposed means of achieving the security objective:

#### Definition

‘Responsible person’ – the person(s) within the business or organisation who has primary responsibility for the distribution of sold products within the business or organisation, including their delegates.

#### 1. Sales and Distribution

Where the business or organisation transports, or arranges for the transportation, of a customer’s order, the responsible person:

- verifies outgoing chemicals of security concern or products containing chemicals of security concern in the relevant concentrations and forms against the customer order
- supervises loading of the order
- maintains appropriate documentation, and
- where possible utilises pre-approved transport .

# CONSULTATION DRAFT – DEVELOPMENT OF RIS OPTIONS

## TRANSPORTING CHEMICALS OF SECURITY CONCERN

Vulnerabilities Addressed	Physical Security During Transport / Logistics Consignment Tracking Consignment Control Measures Delivery Measures
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### Proposed measures for RIS consideration

- CONSIGNMENT CONTROL / TRACKING

### CONSIGNMENT CONTROL / TRACKING

#### Which industry nodes do these measures apply to?

**Nodes:** Introducer, Processor, Transport / Logistics, Wholesaler, Retailer, End User (Business)

#### COMMENTARY

The application of this proposed measure mainly relates to transport and logistics companies. However, it will also apply for other nodes where a responsible person :

- a) transports chemicals of security concern from one point of the supply chain to their own business or organisation, or
- b) between different sites of the business or organisation.

#### Security Objective

The security objective that this proposed measure seeks to achieve is that businesses and organisations will institute effective physical security and inventory control processes to reduce the likelihood of chemicals of security concern being accidentally or deliberately delivered to or stolen by terrorists or their associates during transport.

#### PROPOSED MEANS OF ACHIEVING SECURITY OBJECTIVE

##### Definition

‘Responsible person’ – the person(s) within the business or organisation who has primary responsibility for the security of goods transported within the business or organisation, including their delegates.

##### 1. Security during transport

**Note:** Where the transport of products containing chemicals of security concern falls under the Australian Dangerous Goods Code (the Code), the Code takes precedence over this proposed measure.

# CONSULTATION DRAFT – DEVELOPMENT OF RIS OPTIONS

# CONSULTATION DRAFT – DEVELOPMENT OF RIS OPTIONS

The responsible person:

- ensures that chemicals of security concern or products containing chemicals of security concern at the relevant concentration and forms in transit must at all times be under lock and key
- when transporting chemicals of security concern or products containing chemicals of security concern at the relevant concentration and forms by road, does not leave the vehicle unattended unless:
  - the vehicle is left in a secure site, and
  - the products containing chemicals of security concern are under lock and key.
- implements and maintains systems to monitor the location of the consignment during transportation
- maintains records of the following:
  - an accurate weight measurement or other reconciliation method of all chemicals of security concern or products containing chemicals of security concern at the relevant concentrations and forms at loading and unloading
  - (where applicable) confirmation on a load-by-load basis of whether the load was delivered with all seals and locks intact, and
- only delivers chemicals of security concern or products containing chemicals of security concern at the relevant concentrations and forms to the nominated recipient.

It is recommended that the responsible person employs remote tracking procedures on consignments of chemicals of security concern or products containing chemicals of security concern in the relevant concentrations and forms.

## CONSULTATION DRAFT – DEVELOPMENT OF RIS OPTIONS

### APPENDIX A – CHEMICAL SECURITY – RISK ASSESSMENT GUIDE FOR INDUSTRY

Industry should detail their current security practices in relation to the areas of potential vulnerability concern outlined in the below table.

Using the ‘Key to Assessing Risk’ table, Industry should evaluate their current security practices, identifying area\s of vulnerability and potential actions to be undertaken to reduce risk in these areas. The security areas listed in the following table include all of the proposed measures within this document with the exception of the theft/diversion plan, which this guide is designed to assist preparation thereof.

Security Area	Definition	Example Security Measures	Current Security Measures	Vulnerabilities Identified	Action/s Taken	Date	Action Officer
Employee and Contractor Checking	Robust processes for assessing employee suitability to access/handle the chemical will reduce the vulnerability to insider theft and/or diversion.	<ul style="list-style-type: none"> <li>• ID Checks</li> <li>• Reference Checks</li> <li>• Updating of Details</li> </ul>					
Personnel Security Awareness	Dedicated security training for employees will increase awareness of the main points of vulnerability to theft and/or diversion and possible measures to mitigate vulnerability.	<ul style="list-style-type: none"> <li>• Formal Security Training Package</li> <li>• Scheduled Training Updates/Refreshers</li> </ul>					
Inventory Control	Robust inventory control measures that enable effective monitoring and accounting will reduce the vulnerability of the chemical to theft and/or diversion.	<ul style="list-style-type: none"> <li>• Periodic Inventory accounting and reconciliation</li> <li>• Formal record keeping procedures</li> <li>• Automated inventory tracking systems</li> <li>• Formal process to</li> </ul>					

## CONSULTATION DRAFT – DEVELOPMENT OF RIS OPTIONS

Security Area	Definition	Example Security Measures	Current Security Measures	Vulnerabilities Identified	Action/s Taken	Date	Action Officer
		<ul style="list-style-type: none"> <li>identify, investigate, resolve, or report discrepancies</li> </ul>					
Receipt of Chemical	Robust delivery and receipt verification procedures will reduce the likelihood of the chemical being delivered to unauthorised recipients, and increase the likelihood of rapid detection of anomalies in consignment orders.	<ul style="list-style-type: none"> <li>• Documented procedures in place to receive, inspect and reconcile deliveries</li> <li>• Documented reporting procedures for suspected theft/diversion.</li> </ul>					
Physical Access	<p>Robust physical access controls will reduce the likelihood of unauthorised persons accessing the chemical thereby reducing the vulnerability of the chemical to theft and/or diversion.</p> <p>Note – this may include Transport/Logistics as appropriate.</p>	<ul style="list-style-type: none"> <li>• Perimeter fencing</li> <li>• Lockable gates</li> <li>• Deterrent signage</li> <li>• Monitored access points</li> <li>• Security illumination</li> <li>• Cameras/alarms</li> </ul>					
Personnel	Robust personnel access	<ul style="list-style-type: none"> <li>• Physical Recognition</li> </ul>					

## CONSULTATION DRAFT – DEVELOPMENT OF RIS OPTIONS

## CONSULTATION DRAFT – DEVELOPMENT OF RIS OPTIONS

Security Area	Definition	Example Security Measures	Current Security Measures	Vulnerabilities Identified	Action/s Taken	Date	Action Officer
Access	controls will reduce the likelihood of unauthorised persons accessing the chemical thereby reducing the vulnerability of the chemical to theft and/or diversion.	<ul style="list-style-type: none"> <li>• Access Control Systems</li> <li>• Restricted and monitored visitor and vehicle access</li> <li>• All visitors escorted, documentary validation required</li> <li>• ID Cards for all Personnel</li> <li>• Restricted access to chemicals</li> </ul>					
Point of Sale Procedures	Robust order processing/customer validation procedures will reduce the likelihood of the chemical being sold to persons for unauthorised use.	<ul style="list-style-type: none"> <li>• Account only sales</li> <li>• Customer/Order validation</li> <li>• Record keeping procedures</li> <li>• Reporting procedure of suspicious sales</li> </ul>					
Sale and Distribution Procedures	Robust sale and distribution procedures will reduce the likelihood of the chemical being delivered to persons for unauthorised use.	<ul style="list-style-type: none"> <li>• Customer/Order validation</li> <li>• Supervised loading</li> <li>• Record keeping procedures</li> <li>• Pre-approved transportation</li> </ul>					

## CONSULTATION DRAFT – DEVELOPMENT OF RIS OPTIONS

## CONSULTATION DRAFT – DEVELOPMENT OF RIS OPTIONS

Security Area	Definition	Example Security Measures	Current Security Measures	Vulnerabilities Identified	Action/s Taken	Date	Action Officer
Consignment Control/ Tracking	Robust consignment control measures and procedures that enable effective monitoring and accounting of chemical consignments will increase control of the chemical.	<ul style="list-style-type: none"> <li>• GPS Tracking</li> <li>• Documented procedures in place to load, inspect and reconcile deliveries</li> <li>• Use of reputable companies</li> </ul>					

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## CONSULTATION DRAFT – DEVELOPMENT OF RIS OPTIONS

### KEY TO ASSESSING RISK:

Industry can use the following vulnerability assessment examples to perform a self-risk assessment. Industries trading in chemicals of security concern should be aiming to performing consistently in the ‘Moderate’ to ‘High’ categories across all security areas, as is appropriate to their individual businesses.

Security Area		Limited	Moderate	Strong
Employee and Contractor Checking	What processes are employed for assessing the suitability of employees to access/handle the chemical?	No checks are conducted.	Normal commercial pre-employment checks. Normal pre-employment checks are conducted, for example character or previous employment references, or basic identity checks.	Thorough Checks are Conducted. Background criminal-history record checks are undertaken on all staff with unescorted access to the chemical.
Personnel Security Awareness	Is specific security awareness training (separate or in addition to general workplace safety training) provided to all staff or people involved in handling or managing the chemical?	No. Security awareness training is not provided.	Some. Security awareness training is provided as a component of the induction training process.	Yes. Dedicated training in security awareness is provided to all staff and update briefings regularly provided
Inventory Control	To what extent are existing inventory control measures able to detect theft or unauthorised removal or diversion of the chemical?	Limited, irregular or informal inventory control measures are employed.	Some inventory control measures are employed, including periodic inventory accounting and reconciliation. Record keeping procedures track inventory levels and movement.	Well-documented or automated inventory control procedures allow continuous inventory accounting, with automated or routine detection of irregularities. For example, vendor managed remote monitored inventory systems for bulk storage are employed. Inventory reconciliation procedures identify, investigate, and resolve even minor discrepancies. Such discrepancies are reported to law enforcement for investigation.

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Security Area		Limited	Moderate	Strong
Receipt of Chemical	How robust are the procedures in place to ensure the receipt of all chemical ordered?	No receipting procedures are employed.	Some procedures to ensure delivery are in place, and consignment delivery is verified and records kept. Documented procedures to verify complete delivery of all orders are in place.	Robust procedures are in place, and well-defined procedures to ensure receipt, inspection and reconciliation of consignments by trained staff are adopted. Procedures to immediately report any loss or suspected theft of product loss during shipment or suspicious activity to law enforcement.
Physical Access	What degree of physical access control measures are in place to prevent unauthorised persons from accessing the facility?	<p>Informal or highly limited physical access controls are in place. Trespassers are typically only prevented by deterrent signage, privacy fencing or the isolation of the facility.</p> <p><b>Transport/Logistics:</b> The vehicle employs the normal manufacturer supplied security features such as door locks, but the cargo compartment is not secured.</p>	<p>Some static physical access controls. Intruder-resistant perimeter fencing and lockable gates or other means of perimeter security are employed. Pedestrian and vehicle access is limited to a managed number of endorsed points.</p> <p><b>Transport/Logistics:</b> The vehicle employs the normal manufacturer supplied security features such as door locks, and the cargo compartment/tank is secured at all times and regularly inspected.</p>	<p>Intruder-resistant perimeter fencing and lockable gates or other means of perimeter security are employed. Pedestrian and vehicle access is limited to a managed number of endorsed points. All site access points are effectively controlled at all times. A security alarm system is employed to detect trespassers. All points of access are locked and/or secured with high quality locks. Security illumination is employed.</p> <p><b>Transport/Logistics:</b> The vehicle is fully secured and the cargo compartment/tank is either alarmed or remotely monitored. Procedures for secure unattended parking are in place.</p>
Personnel Access	What personnel access control measures are in place to prevent access to the chemical by unauthorised persons?	Informal or inconsistent personnel access control measures are in place to ensure only authorised and identified personnel access	Some personnel access control measures are in place. Access control is based on physical recognition with no documentary validation. Visitor access is	Personnel access to and within the facility is fully controlled. Only authorised and positively identified employees and contractors can access the facility. The access control system logs access and movement within the facility. Visitor and vehicle access is restricted and tightly controlled (for example

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Security Area		Limited	Moderate	Strong
		chemicals.	controlled, but their movement within the facility is relatively unrestricted.	by the use of escorts). All authorised personnel wear identification cards or uniforms at all times within the facility. Access to chemicals is restricted to authorised personnel.
Point of Sale Procedures	To what extent do procedures at the point of sale prevent misuse of the chemical by the end-user.	Limited or informal ordering / customer validation procedures. Chemical can be purchased with cash and no identification is required to be produced. There are no limits on chemical purchase quantity. Products may be ordered on-line or by telephone for delivery.	Some order processing / customer validation procedures. All new customers are positively identified, and their details recorded. Approved customer lists maintained. No cash sales. Sales records are kept.	Documented order processing procedures validate customers prior to approving sales. All new customers are positively identified, and their details recorded. Approved customer lists maintained. Sales records are kept. Processes to prevent misuse of authorised customer accounts. The distributor validates the size of orders with the end user's business needs, which may include the use of an end user declaration, and documented procedures mandate the reporting of unusual or suspicious orders to law enforcement.
Sale and Distribution Procedures	Describe the procedures in place to manage and monitor the sale/distribution of the chemical.	A range of transport or delivery methods are used with little or no tracking of deliveries once they are despatched.	Some procedures to monitor and record delivery are employed. Only endorsed or pre-approved transport companies or delivery methods are used and consignment delivery is verified as matching the sale documentation and records maintained.	Well-defined procedures to ensure secure delivery and customer receipt of consignment. Endorsed or pre-approved transport companies are used. Supervised loading. Procedures to request and receive all transportation documentation. All documentation for shipment verified including signed delivery invoice acknowledging receipt of/responsibility for product by end-user. Procedures to verify arrival of shipment at destination. All records retained. Procedures to immediately report any loss or suspected theft of product loss during shipment or suspicious activity to law enforcement.

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Security Area		Limited	Moderate	Strong
Consignment Control/ Tracking	Describe any consignment control measures used to reduce vulnerability to theft/diversion during transportation.	No GPS Tracking. No consignment control measures employed.	Some consignment control measures are employed. Recordkeeping procedures track consignment movement. Consignment reconciliation procedures identify major discrepancies or shortfalls.	GPS Tracking employed. Well-defined routine or automated consignment control procedures are employed. Access to the consignment is restricted during loading and discharging. Consignment reconciliation procedures identify and investigate even minor shortages and report discrepancies law enforcement.

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