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JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

Friday, 18 August 2000

Members: Mr Charles (*Chair*), Mr Cox (*Deputy Chair*), Senators Coonan, Faulkner, Gibson, Hogg, Murray and Watson and Mr Andrews, Mr Georgiou, Ms Gillard, Mr Lindsay, Mr St Clair, Mr Somlyay, Mr Tanner and Mr Thomson

Senators and members in attendance: Senators Gibson, Hogg and Watson and Mr Charles, Mr Cox and Mr St Clair.

Terms of reference for the inquiry:

To inquire into and report on:

- the role and expectations (both public and government) of Coastwatch;
- the relationship of Coastwatch, as ‘service provider’, and its client agencies, as ‘service purchasers’;
- the effectiveness of Coastwatch’s allocation of resources to its tasks;
- new technologies which might improve the performance of Coastwatch;
- the adequacy of existing or proposed legislation which underpins Coastwatch’s functions;
- whether an Australian Coastguard should be created to take over Coastwatch’s functions; and
- any other issues raised by *Audit Report 38, 1999–2000, Coastwatch—Australian Customs Service*.

WITNESSES

BEHM, Mr Allan John, Head, Strategy and Ministerial Services Division, Department of Defence	40
CAHILL, Mr John Anthony, National Manager, Border Management Program, Australian Quarantine and Inspection Service	65
CASAGRANDE, Group Captain Enrico Ermanno, Director, Operations and International Law, Department of Defence	40
CRANE, Commodore Russell Harry, Director General, Intelligence, Surveillance, Reconnaissance and Electronic Warfare, Department of Defence	40
DUNDAS, Ms Karen, Assistant Director, Unauthorised Arrivals, Department of Immigration and Multicultural Affairs	54
GANNON, Ms Helen, Manager, Seaports Program, Australian Quarantine and Inspection Service	65
GATELY, Commodore, Warwick McLean, Director General, Joint Operations and Plans, Strategic Command Division, Department of Defence	40
GODWIN, Ms Philippa, First Assistant Secretary, Border Control and Compliance, Department of Immigration and Multicultural Affairs	54
HANSEN, Mr Jonathan Christopher, Performance Analyst, Performance Audit Services Group, Australian National Audit Office	2
HOLMES, Mr Mark Edward, Manager, National Intelligence Assessments, Australian Bureau of Criminal Intelligence	2
HUGHES, Mr Andrew Charles, Acting General Manager, National Operations, Australian Federal Police	71

JOHNSON, Mr Keith Reginald, Superintendent, National Marine Unit, Australian Customs Service	11
MARSDEN-SMEDLEY, Mrs Christine Joy, Director, Coastwatch Resources, Australian Customs Service	11
MASON, Mr Douglas Henry (Lofty) (Private capacity).....	33
McCOURT, Commander David Llewelyn, Staff Officer Grade One, Current Operations, Northern Command, Department of Defence.....	40
McINTOSH, Commander Mark James, Surveillance Coordination, Headquarters Australian Theatre, Department of Defence.....	40
McPHEE, Mr Ian, Deputy Auditor-General, Australian National Audit Office	2
METCALFE, Mr Andrew, Deputy Secretary, Department of Immigration and Multicultural Affairs.....	54
MOFFITT, Commodore Rowan Carlisle, Director General, Navy Capability, Performance and Plans, Royal Australian Navy, Department of Defence	40
MURPHY, Mr Robert Alan, Manager, Border Surveillance Programs, Australian Quarantine and Inspection Service	65
PALMER, Mr Michael John, Commissioner, Australian Federal Police	71
ROBERTS, Group Captain Geoffrey James, Director, Battlespace Management (Aerospace) Air Force, Air Force Headquarters, Department of Defence.....	40
SHALDERS, Rear Admiral Russell Edward, Director General, Coastwatch, Australian Customs Service	11
STONE, Mr Rodney John, Director, Coastwatch Operations, Australian Customs Service.....	11
WARDOS, Mr Peter, Assistant Secretary, Unauthorised Arrivals and Detention, Department of Immigration and Multicultural Affairs.....	54
WARD, Dr Bruce Donald, Chief, Surveillance Systems Division, Department of Defence.....	40
WARNER, Commander Robin Margaret, Acting Director, Operations and International Law Strategic Command, Department of Defence	40
WHITE, Mr Peter Frank, Executive Director, Performance Audit Services Group, Australian National Audit Office	2
WOODWARD, Mr Lionel Barrie, Chief Executive Officer, Australian Customs Service	11

Committee met at 9.30 a.m.

CHAIRMAN—I declare open the Joint Committee on Public Accounts and Audit. The committee will now take evidence as provided for by the Public Accounts and Audit Act 1951 for its review of Coastwatch. I welcome everyone here this morning. I also welcome those who are reviewing proceedings via the Internet. This is the first in a series of hearings which will examine Coastwatch and its relationship with its client agencies, the Australian Defence Force and Coastwatch contractors. Further hearings will be held in Canberra in September and in Melbourne and Brisbane in October.

Besides hearing evidence on Coastwatch and Customs, the committee will be talking to the Australian National Audit Office, which recently conducted a performance audit of Coastwatch. The committee will then take evidence from Mr Lofty Mason, a former Coastwatch contracts manager, and the Department of Defence, which makes available significant resources for Coastwatch operations. This afternoon Coastwatch's major clients will appear: the Department of Immigration and Multicultural Affairs, the Australian Quarantine and Inspection Service and the Australian Federal Police. At a later public hearing other Coastwatch clients will give evidence, as well as Coastwatch contractors, potential suppliers of high-tech hardware and surveillance systems and members of the public.

The committee has inspected the Coastwatch National Surveillance Centre, which has been created following the recent allocation of significant additional resources. Other resources include the purchase of additional aircraft through DIMA's budget. The committee will be keen to discover whether these additional resources, together with the managerial improvement suggested by the ANAO, have enhanced Coastwatch's ability to detect and apprehend those entering Australian waters with illegal intent. These illegal activities include people smuggling, drug trafficking and illegal fishing.

Coastwatch is a subprogram of the Australian Customs Service, but Customs is also one of its clients. The committee will be testing, with other Coastwatch clients who are appearing, how efficiently Coastwatch coordinates the resources it can call upon to meet its competing demands. Coastwatch can call upon Customs assets such as its new Bay class patrol boats and also on important Defence assets such as the Fremantle class patrol boats and a fleet of P3-C Orion surveillance aircraft. In addition, Coastwatch contractors provide a significant number of aircraft which undertake routine air surveillance patrols and respond to incidents. A point at issue is whether these arrangements should remain or whether these or equivalent assets, together with their logistical support, should form a separate coastguard organisation.

Before swearing in the witnesses, I refer members of the media who may be present at this hearing to a committee statement about the broadcasting of proceedings. In particular, I draw the media's attention to the need to fairly and accurately report the proceedings of the committee. Copies of the statement are available from the secretariat staff present at this hearing.

I now welcome the Deputy Auditor-General and representatives of the Australian National Audit Office and the representative of the Australian Bureau of Criminal Investigation to today's hearing. Would the witnesses please stand and be sworn or make an affirmation.

[9.37 a.m.]

HANSEN, Mr Jonathan Christopher, Performance Analyst, Performance Audit Services Group, Australian National Audit Office

McPHEE, Mr Ian, Deputy Auditor-General, Australian National Audit Office

WHITE, Mr Peter Frank, Executive Director, Performance Audit Services Group, Australian National Audit Office

HOLMES, Mr Mark Edward, Manager, National Intelligence Assessments, Australian Bureau of Criminal Intelligence

CHAIRMAN—Thank you, gentlemen. We have received and read your submission, for which we thank you, and we have of course read your audit report, which led us to this expanded parliamentary inquiry into the issue on which you reported. Would you have a brief opening statement, Mr McPhee?

Mr McPhee—Thank you, Mr Chairman. If you agree, we would be happy to have our opening statement incorporated in *Hansard* and just make a few brief introductory comments.

CHAIRMAN—Is it the wish of the committee that the submission be incorporated in the transcript of evidence? There being no objection, it is so ordered.

The submission read as follows—

Mr McPhee—We acknowledge that Coastwatch operates in a difficult and demanding environment. Given the extent of Australia's coastline and resources availability, it is impractical to expect Coastwatch to cover and provide continuous surveillance and response resources for all the coastline and offshore maritime area for which it is responsible. The successful delivery of Coastwatch services depends on effective coordination between Coastwatch and its key client agencies, sound intelligence risk management procedures for the tasking of Coastwatch resources, clear lines of reporting and effective support systems for management of operations for greater effectiveness. The additional funding and successful implementation of the recommendations of the Prime Minister's Coastal Surveillance Task Force that you referred to, Mr Chairman, provide Coastwatch with an opportunity to strengthen its capabilities, particularly in relation to proactive gathering and analysis of intelligence.

Notwithstanding recent initiatives, the ANAO found significant scope for Coastwatch to improve its administration and, therefore, its cost effectiveness in a number of areas, namely: in operational arrangements via the memoranda of understanding with its key clients; in the effective deployment of its assets over an extensive geographic area of operations; in assessing its overall performance via a more comprehensive set of performance indicators and related information; and in increased external disclosure of Coastwatch performance information and an improved focus on its administration of the required outputs and outcomes. Our audit report made 15 recommendations aimed at improving Coastwatch's administration. The ACS and Coastwatch agreed with all of the ANAO recommendations subject to qualification.

As a final point—and as I indicated above—I would highlight the crucial role of Coastwatch key client agencies in relation to Coastwatch operations. Coastwatch's success is dependent on the cooperation of key client agencies to deliver its outputs and outcomes, and the corporate governance arrangements for Coastwatch must recognise this. Furthermore, I might add that, in some areas, our recommended improvements in Coastwatch's administration are heavily dependent upon the full cooperation of Coastwatch's key client agencies, and this has not always been apparent in the past. Thank you, Mr Chairman. I just mention that I am joined here by the team that undertook the Coastwatch audit, and we are happy to respond to your questions.

CHAIRMAN—Thank you, Mr McPhee. As I read the audit report, it seems to me that, as a generality, one of the things that you have said is that perhaps the organisation and the client agencies would benefit from a better defined client-supplier relationship. Can you tell us how you really think that is possible in an environment where Coastwatch itself is part of the client agency of one of the major clients?

Mr Holmes—We believe that the client agencies of Coastwatch need to adopt a common risk assessment methodology. For example, if one agency was to rate a Coastwatch target as a priority and another agency had a competing target which they rated as low, there was no mechanism at the time of the audit to assess—in terms of the Commonwealth interest—which ones were actually low, medium and high. I believe that a lot of the changes that have happened with the introduction of the National Surveillance Centre and the employment of analysts will redress some of those factors, but as part of having a comprehensive memorandum of understanding—especially with major clients—these sorts of matters should be able to be sorted out.

CHAIRMAN—Realistically, even if we had, as the United States does, a dedicated coastguard operation which has most of its own assets in addition to military assets and is, in effect, a military organisation—an arm of the defence force—would we have a better delineation in terms of decision making as to which of the potential threats had the highest priority?

Mr Holmes—There is a distinct policy question which was outside the scope of the audit on the establishment of a coastguard which we did not address. But in terms of outcomes—and, again, we did not do any international comparisons because we could not establish any other service in the world that was similar to Coastwatch—what we did suggest was that Coastwatch could look at establishing strategic partners with organisations such as the US coastguard and benchmarking appropriately—against the coastguard or any other organisation—standards which they wish to come to. In terms of coming to common risk assessments, I see that as a matter of the training of people within Australian client agencies.

CHAIRMAN—I do not think that you have really answered the question. Let us do a hypothetical then. If we have got a ship coming through the Torres Strait and it looks like it might carry 50 people, and we have got a ship heading towards Ashmore Reef which looks like it might carry 50 people, how on earth do you write down in a procedure manual which ship Coastwatch goes after first?

Mr McPhee—Perhaps I could try to address the crux of the issue you are raising, and perhaps Mark might be able to address the detail. I think, in this day and age, every agency has to have a pretty good understanding of stakeholders and what the requirements are and what its objectives are. Coastwatch has an extremely difficult task. It is dependent on agencies for information, and it is dependent on other agencies for resources as well. So it has got an extremely difficult coordination task and, within the current administrative structure, I think it is recognised that the idea of having memoranda of understanding is a very pragmatic way of trying to get resolution with key stakeholder groups as to the various roles and responsibilities.

At the time we did the audit I think Coastwatch had successfully negotiated three memoranda of understanding, and there were seven outstanding, including some with key client agencies. I guess, from our perspective, if you cannot get resolution of a memorandum of understanding, you are not going to get, at an operational level, resolution of day-to-day issues. So within the current administrative arrangements which the government has agreed to, I think the MOU approach is sound and a way of trying to resolve issues and of getting a better understanding of how priorities will be settled, how resources will be allocated and how agencies will share information.

CHAIRMAN—But you are asking for decision making not only within agencies but across agencies on competing interests.

Mr McPhee—Indeed. As I say, it is a greater challenge for Coastwatch than probably any other agency that I would be aware of, because they do not have total control over all the resources.

CHAIRMAN—Having said that, why do you strongly recommend, or discuss the potential benefits of, allocating cost directly to the agency?

Mr Holmes—Mr Chairman, would you like me to answer your last question about the two ships. Many reviews into Coastwatch, including our own, have come to the conclusion that intelligence is one of the keys to successful interception of vessels that wish to breach the Australian barrier. If you had one vessel coming towards Ashmore Reef and one coming through the Torres Strait, hopefully intelligence would be telling us where these vessels had originated from, the types of persons on them, their destinations and their contacts—those sorts of things.

We would also have the analysts in Coastwatch examining the likely times of reaching the Australian coastline and the interception times of Royal Australian Navy vessels or Bay class vessels from Customs. Taking that whole scenario into account, we would then come to a risk management decision on which vessel should be intercepted first and what resources should be deployed against which target. It is only through the use of that sort of intelligence that Coastwatch or any other organisation can have any hope of protecting a coastline the size of Australia's.

CHAIRMAN—How about this cost allocation bit? You go to pick up one of those vessels and you want to assign the cost to the operation, but everybody has a stake—Immigration has a stake, Customs has a stake and AQIS has a stake.

Mr Holmes—Can I take you back to your first premise of two vessels, Mr Chairman. It goes back to tasking as well. If the analysts in the respective government agencies are using a common risk assessment methodology so that they can have, for example, low, medium and high ranking against targets, they can then bid for Coastwatch resources in a realistic manner. If we have two or more ships approaching Australia from different areas and they are of concern to different agencies, those agencies have a responsibility to provide to Coastwatch information saying whether the priority is low, medium or high—one, two or three, or whatever sort of grading system you wish to use. Coastwatch is then faced with the task—and many times they are able to do it—of multi-tasking and saying, 'We have a low priority mission from this client and a higher priority from this one, but we can combine the two and multi-task.' I would suggest that if there is a conflict and the Director-General of Coastwatch has to make the ultimate decision on the allocation of resources, he would be far better guided if given a common, prioritised response from the agencies on what the real threats to the Commonwealth are.

CHAIRMAN—This is getting very hypothetical, but let us say one of the ships has got 50 illegals and it has also got the forward hold full of apples that are infested with fire blight. How do we assign the cost? Do we assign the risks in retrospect?

Mr McPhee—We think there is value in Coastwatch knowing better where the costs fall. And like any costing allocation system, you need to work through with your stakeholders a sensible way of allocating costs. We put forward in the audit report a possibility, but we do not say it is definitive. I guess the important thing from our point of view is that the stakeholders get together and agree a sensible way to allocate costs, particularly as Mark said, where there is some high priority tasking going on and some lower priority, just to understand how that could

fall. As you would appreciate, without knowing anything about your costing base it is very difficult to then take some strategic decisions in the long run.

Senator WATSON—In relation to comments by Mr Holmes about benchmarking with the United States Coastguard, I just have some worries about an attempt to get too close a correlation because there are big differences in terms of Australia's geography and isolation vis-à-vis the density of population. If you are using that too closely as a benchmark—I think it can be used in a generalised sense—I think we can come to some wrong conclusions about some inefficiencies in Australia because, given the proximity of many of the Indonesian outer islands, et cetera, we do have some other problems.

Mr Holmes—What we were suggesting in the report was that benchmarking should be undertaken to establish better practice throughout the world. We stated also that Coastwatch could look at both the private and public sectors, and one body that we gave as an example was the United States Coastguard. In no way were we endorsing every action of the Coastguard as better practice. I am quite sure Coastwatch will tell you themselves that they consider they do some things at a world standard now, and that there are some areas which they can improve in. We are just trying to establish these general benchmarks.

We see that finding strategic partners, both in Australia and overseas, can be beneficial to all parties. During the course of the audit, for example, when we visited Headquarters Northern Command in Darwin, we spoke to a US Coastguard officer who was on secondment at that time to the Australian Defence Force and who was highly regarded both by the ADF and by Coastwatch and was able to provide positive comments. We see that interaction as benefiting all organisations.

Senator WATSON—That is more than benchmarking, isn't it?

Mr Holmes—It is identifying better practice in other organisations, and once you have identified that better practice, benchmark against it. It is not just in the management of ships, it can also be in operational planning of flights. And if it is decided that there are elements in the private sector that have an advantage there at the moment, I believe that Coastwatch should be looking there as well. You seek out better practice where it is and benchmark against it.

CHAIRMAN—When you were doing the audit did you consider the potential merging of the Coastwatch tasks and search and rescue in the Australian context?

Mr Holmes—No, we did not. That was outside of the scope of the audit.

CHAIRMAN—So you did not look at search and rescue at all?

Mr Holmes—No. When we had interviews with Coastwatch operational staff and with the contractor we were informed that should Coastwatch planes be in the air, or Coastwatch assets be in the vicinity when assistance is called for, that becomes the top priority and the rest of the mission may have to be abandoned in order to do that. But in terms of any merger between a body such as AMSA and Coastwatch, no, we did not examine that.

Mr COX—Have you ever done any studies of the overlap between activities of Defence and Search and Rescue?

Mr McPhee—No, Mr Cox.

CHAIRMAN—Are we all done? If the Australian Customs Service is here and ready to go, we might as well move on. I expect we will have more questions to ask them, anyway.

Senator WATSON—I want to raise the question of the cost effectiveness of charging out to client departments. We certainly would be concerned about building up bureaucracies because, at the end of the day, they are all basically federal departments. So it would be moving between one department and another and, again, you can spend a lot of time trying to identify and justify allocations.

Mr McPhee—Senator Watson, we did not go so far as to suggest charging of departments. We were basically suggesting that Coastwatch understand better its costs and where they fall. From memory, the Hudson inquiry back in the late eighties looked at user charging and recommended against it. So I agree with you that there are some limitations with user charging where you have got the one provider, basically, and it is dependent on the money coming back to it. Under a user charging model, you tend to put the money out to the users, but Coastwatch depends on that money coming back. If you put the money out and agencies have different priorities, it could be the case that Coastwatch is short in terms of its fundamental core responsibility. So there are some real issues and tensions with user charging in this sort of environment, and I suspect that was why it was not pursued when it was considered back in the late eighties.

Mr Holmes—Senator, we were also trying to help Coastwatch develop a mechanism as a result of the Prime Minister's task force and the additional resources that were allocated—and specifically the two Dash 8 aircraft and the additional helicopter. Those resources are funded through the Department of Immigration and Multicultural Affairs and principally have a role in detecting vessels which are of concern to Immigration. Coastwatch has to have a mechanism of accounting for those resources back to the department of immigration.

Senator WATSON—That is fair enough. That is a different issue, though, isn't it?

CHAIRMAN—Thank you very much, gentlemen. We again appreciate your advice.

Mr McPhee—Thank you.

[9.59 a.m.]

JOHNSON, Mr Keith Reginald, Superintendent, National Marine Unit, Australian Customs Service

MARSDEN-SMEDLEY, Mrs Christine Joy, Director, Coastwatch Resources, Australian Customs Service

SHALDERS, Rear Admiral Russell Edward, Director General, Coastwatch, Australian Customs Service

STONE, Mr Rodney John, Director, Coastwatch Operations, Australian Customs Service

WOODWARD, Mr Lionel Barrie, Chief Executive Officer, Australian Customs Service

CHAIRMAN—I welcome representatives of the Australian Customs Service appearing at today's inquiry. We have received and read with great interest your submission. We talked privately yesterday with Coastwatch and Defence regarding potential new technology, so this will be our first chance to put on the public record some of our questions. Mr Woodward, before we start that, do you have a brief opening statement you would like to make?

Mr Woodward—No. You have our comprehensive submission, you have seen the surveillance centre, you have had a briefing on technology and shortly you will actually be seeing what Coastwatch is all about, so I will leave it to questions.

CHAIRMAN—May I say to you that, in the time that I have been with this committee, this is the most popular inquiry that I think we have undertaken. We have more takers in terms of members and senators that are members of JCPAA that want to appear on this sectional committee than we have places. So it is an issue of great interest. In saying that, I do not mean that we are here to attack you, either. It is just that the Australian public is interested—and so are we—in how Australian funds are being utilised and where we are going with Coastwatch.

One of the things that came out of yesterday and is identified significantly in your report is what ANAO perhaps inappropriately call 'black flights' and what you call 'UAMs'—unidentified aircraft movements. I would like to address this issue first. What can you tell us about any efforts being made by Coastwatch and Defence to quantify, in the first instance, unidentified aircraft movements?

RADM Shalders—Mr Chairman, I can talk to that point. There has been significant effort in the past 12 months to attempt to quantify the extent of the problem. In particular, in recent weeks, we have conducted an intensive exercise with Northern Command out of Darwin, which I attended. That exercise was looking not only at the quantification of the problem but actual procedural issues that might be used to resolve the problem if these flights are detected.

If I can step back a point and answer the specific question you have just asked, we did conduct an exercise in the Kimberley Region some three months ago now. Over a specified period of time we applied all the sensors that we possibly could to a certain area, including people on the ground, to see what was flying, when it was flying, whether it was legitimate,

whether it had filed a flight plan and whether we had sufficient information on all those flights. That was conducted under the auspices of Commander Northern Command, with a Norforce patrol using the Jindalee radar. The end result of that particular exercise was that the extent of the problem was far less than we had originally anticipated. By that I mean that, over a two-week period, all but one aircraft track was able to be tied down to a legitimate movement, either by flight plan or by knowledge that we had from the launching site or whatever. Ultimately, that one track was also checked out and it turned out to be a pastoralist who was investigating his property. So that is a two-week snapshot in a particular area.

In the past month—in fact in the past three weeks—we have done the same sort of activity outside Darwin. We have taken advantage of a fleet concentration period, which is still happening this week, with a number of air defence ships involved in that activity. We have asked for Jindalee to be looking at that particular area. We have had a trial radar looking at the same area. The trial is not yet complete, but the analysis of that trial will give us yet another snapshot of that particular area over a longer period of time.

In historical terms, we have been working very closely with Northern Command to try and develop an analysis over a longer period; that is, over a 10-year period, to go back over all the air tracks that we can gather to investigate which of those tracks are not legitimate. The results of that analysis are not yet complete, but, again, the indications are that the problem is far less than what we had originally anticipated. The results of that analysis will be available when the committee travels to Darwin, and I have asked Commander Northern Command to provide a classified briefing to the committee when we are in Darwin.

CHAIRMAN—Okay, but that will be classified?

RADM Shalders—Yes, it will.

CHAIRMAN—Thank you for that, that is encouraging. But, Admiral, we still will have to assume that there will be some unidentified aircraft movements that have the potential to raise a threat either for quarantine purposes or for immigration purposes—drug smuggling, people smuggling or whatever. Do we all accept that that is a possibility?

RADM Shalders—Certainly, we accept that that is a possibility. The first step, of course, is to try and define just how big a possibility that might be, which is the work that I have just described.

CHAIRMAN—But moving on from defining the extent or potential of the problem; firstly, if we go into regular operational mode—you mentioned in your discussion the use of Jindalee at the moment—when JORN is operating fully, in 2002 hopefully, 24 hours a day, 365 days a year, have we any planning in place to make reporting of unidentified aircraft movements a regular part of Coastwatch's operations? Secondly, have we any planning in place on how we would respond to finding an unidentified aircraft incursion?

RADM Shalders—To answer the first part of your question first, it is more than a plan. We are actually receiving live data in the National Surveillance Centre of all Jindalee detections. That is passed to us electronically right now, and that has been in place since the National Surveillance Centre opened in January this year.

In terms of procedures and how we might respond, those procedures are subject to a lot of development work at the moment. I mentioned the exercise in Darwin last week. The exercise was exercise Northern Shield and a major theme of that exercise was unidentified air movements. Specifically, what we were trying to do was inject information into the headquarters, both in Darwin and here in Canberra, and then work up a series of procedures that would allow us to respond to those UAMs when they appeared. I would admit at this stage that those procedural arrangements are immature and we need to do more work on them, but we have made a good start in organising a response should this sort of detection occur. Obviously, there are a number of agencies that are involved in responding, not least of which is the Border Division of the Australian Customs Service but also, as you mentioned, Quarantine may have an interest, the Federal Police may have an interest and other agencies may have an interest—DIMA, for example, if there were unlawful non-citizens on board. We have made a start on those procedures. More work is required to be done, and, again, I have asked that when we visit Darwin the committee be given a brief on how far we have got with those procedural plans.

CHAIRMAN—In terms of dealing with a problem, an incursion, which Coastwatch believed represented a significant risk, do we have adequate laws in place to allow us to deal with the issue?

RADM Shalders—Yes, I believe we do and particularly with the recent amendment to the border protection legislation. The Border Protection Legislation Amendment Act of December last year gives us increased powers in a number of areas, not just at sea. The legislative arrangements which would cover a UAM are sufficient, I believe, to allow us to take the appropriate response.

Senator WATSON—For special mission operations by outside organisations which provide pilots, engineers and operating personnel, are members of Customs aboard these aircraft at all times?

RADM Shalders—I am not sure what you mean by a special mission.

Senator WATSON—In terms of Surveillance Australia's role with fixed wing aircraft et cetera.

RADM Shalders—That is a routine mission, Senator. Our aircraft are contracted and, on board the contracted aircraft, the aircrew are also contracted.

Senator WATSON—Correct. Aboard those aircraft, are there any customs officers or do you rely entirely on the contracted personnel?

RADM Shalders—There will occasionally be customs officers on board, particularly under the quality control requirements that we run. We have competency assessment and training

officers on board, we aim, for 15 per cent of the flights. But in routine operations, no, we do not have customs officers on board the aircraft.

Senator WATSON—What about for special missions?

RADM Shalders—Again, I am not quite sure what you mean by special missions.

Senator WATSON—Identification of particular problems, rather than just a routine flight over an area.

RADM Shalders—You mean a tactical flight?

Senator WATSON—Yes.

RADM Shalders—No, not necessarily. There could be occasions when we might need to but, given the communications facilities that we have in the aircraft, the training that the contracted aircrew receive and the standing instructions that they work to, there is not normally a requirement to have a customs officer on board.

Senator WATSON—So from time to time, for purposes of ensuring adequate adherence to processes and procedures, your people do go aboard, but it is mainly as a test check type operation?

RADM Shalders—Yes. That CATO function—the competency assessment and training officer function—is a routine activity. We have CATOs spread around the country, coordinated from Canberra, and their job is the quality control, training and monitoring of the contracted aircrew.

Senator WATSON—In terms of the employment of these people, and there is a wide group of them—pilots, observers, engineering staff and operational management—do those employed by the private sector have to undergo any particular screening for security purposes?

RADM Shalders—Yes, they are security screened and there is a security regime in place that the contractor is required to follow.

Mr COX—In the past I presume there have been some apprehensions of people as a result of unauthorised aircraft movements, despite the lack of a previous set of arrangements. Can you give us any information about the range of contraband or other illegal activity that might have been involved where there have been apprehensions?

Mr Woodward—Just to clarify the question, most of the seizures or detection of people have not been flowing from what we have been talking about as black flights or unidentified aircraft movements. Most of them have been found through a whole range of other reasons.

Another point I should emphasise is that Coastwatch's role is coastal and offshore surveillance. What the Auditor-General identified in his report was a view, which we accepted, that there was not absolutely clear responsibility for what are seen as unidentified aircraft

movements, so there is the point: where does the border begin and end? As far as Coastwatch is concerned, Coastwatch's responsibility is coastal and offshore surveillance; it does not have a responsibility for surveilling inland Australia.

Mr COX—But there have been instances in the past where an aircraft has crossed our border and been apprehended carrying contraband or aliens?

Mr Woodward—I am sure there have. I have been in Customs for six years. There is not an example that immediately springs to mind. Most of the ones that I can recall—and some of them, quite vividly—have come in through quite legitimate flights carrying objects or people that we did not particularly want.

Mr Stone—Mr Chairman, if I can add to that, to my recollection—and it certainly predated my time in Coastwatch—there was only one occasion where a light aircraft was intercepted after having made an illegal crossing of the border. It was intercepted somewhere in Central Australia with, I believe, cannabis product on board. My recollections may not be accurate but that is the only one that I can recall.

Mr COX—Right. So there is not a big track record, even where there has been—I will probably ask the Federal Police this—an intelligence operation that has been the cause of interest to the authorities and a detection. These are very infrequent incidents?

Mr Woodward—Yes.

Mr COX—I want to find out a little bit more about the Bay class patrol boats. Do they only get operated as Coastwatch assets or does Customs use them for other activities that are not related to Coastwatch?

Mr Woodward—They are not a Coastwatch asset; they are a Customs asset. There is obviously close coordination between Coastwatch and Customs in using the vessels in their detection role and using the vessels in their operational role. I mean, the vessels have two roles: one is detection and one is actually operational, but there is a very close linkage including communication linkage between the two.

Mr COX—Are the officers on the Customs vessels armed in any way?

Mr Woodward—A decision was taken at about the time and confirmed during the task force processes that crews on our vessels would be armed. We have been progressively putting the crews through five weeks of training under the auspices of the AFP with both offensive and protective elements in it. They will be trained in the weapons they will be using to the same level of the AFP and that process is nearing its completion.

Mr COX—What weapons will they be issued with?

Mr Woodward—They will be issued with side-arms but each vessel will also have—sorry, the vessel will carry the arms and our crew will have access to them when they need to. They do not carry the arms all the time. They will have hand guns and there will be an M16 on each vessel as well.

Mr COX—One?

Mr Woodward—One.

Mr COX—What sorts of threat assessments have been done in relation to the risks those officers might face when they go out to greet a—

Mr Woodward—There was a lot of work done before we agreed and I think I have admitted this before. I came as a somewhat reluctant bride to the notion of Customs officers being armed in the way in which they now are and I opposed it for a number of years. But there were increasing pressures, particularly through our fisheries responsibilities. Some of those who are involved in fisheries excursions are fairly aggressive and there were some agencies that simply refused to accompany unarmed Customs officers. They insisted on having armed police officers on board. In some cases that was purely impractical. We could also see some tendency towards more offensive behaviour on the part of those bringing people—illegal entrants—into Australia. We engaged a former commissioner of the South Australian police to undertake a study for us in relation to both protection and offence—and not just involving weapons. There are a whole range of other options available including sprays, handcuffs et cetera. Flowing from his report, which we accepted, the decision was taken to arm the vessels and to make weapons available to our crews.

Mr COX—Would you be able to give a copy of that report to the committee?

Mr Woodward—I think there is a report. There were one or two pages which we excised because of security reasons but 98 per cent of it we have made available before. If the committee, on a confidential basis, wanted to get the whole report we can certainly make that available.

Mr COX—That would be helpful.

Mr Woodward—If you wish to see the bit with the security aspects taken out, we can make that available as a public document.

Senator GIBSON—What proportion of their time and capacity is spent on Coastwatch activities?

Mr Woodward—As I said, they perform both roles. There could be periods where they are working almost entirely associated with Coastwatch activities, but there are some other activities that they undertake where there is not a close linkage with Coastwatch. An example, although Coastwatch will be there during the Olympics, is that we will have several of our vessels in and off Sydney Harbour for a whole host of fairly obvious reasons. They will be working in association with Coastwatch, but not in the sort of relationship which I think is implicit in your question.

RADM Shalders—When all eight Bay class are on line, the expectation is that that will generate about 1,200 sea days each year. Depending on what the threat is and whether we are under a strategic program or a tactical program, the percentage of time spent working with

Coastwatch, as opposed to working on other tasks, will vary. The marine superintendent, Keith Johnson, may have some more detail on that.

Mr Johnson—I would anticipate that once we have all eight Bay class vessels fully operational, about 70 per cent of the time we would be out on strategic tasks, strategic patrols, and about 30 per cent of the time would be dedicated to tactical tasks. Those tasks would generally be in support of Coastwatch.

Mr COX—I wanted to finish off on the subject of the arming of the Bay class vessels. Would you describe the armaments that they are carrying as restrained? Have you taken a restrained attitude as to how well armed they are or are you totally confident that they are completely well armed for any contingency that might arise?

Mr Woodward—Can I stress that we had a former police commissioner, a very experienced and well regarded police commissioner, advising on this, and we accepted his recommendations. Included in his work was a very close study of what happens in South Australia but also a very good knowledge of what happens in the Federal Police. We also discussed options with the Defence Force in relation to the arming of vessels. I had one or two discussions with the Chief of the Defence Force on the question of delineation as to what is appropriate armament for one of our vessels performing Customs tasks compared with the armament for naval craft performing military tasks. The division that we came up with, and which I have just described, was something which is completely acceptable to the Chief of the Defence Force. Something that might involve heavier armament, which might be implicit, again, in your question, I think he might have some difficulty with.

Mr COX—To date, has there been a situation where there has been a threat that has been properly assessed and where you have made a decision to send a Fremantle class patrol boat instead of a Bay class?

Mr Woodward—Remembering that the Bay class have only been available recently—and we do not have all of them yet; we have only five of the eight at the moment—I cannot recall one, but the Director-General might have some recollections.

RADM Shalders—Yes, there have been a couple of occasions. It is really a risk managed, threat assessed, operational call, of course. In particular, in the apprehension of a drug boat, the *Uniana*, which ultimately was carrying close to 400 kilograms of heroin, both a Fremantle class patrol boat and a Customs vessel were involved. In fact, on that occasion the Customs vessel was unable to stop the *Uniana*, because of their hostile intent, if I could put it that way, and the Fremantle class was used to effect the apprehension.

There are occasions when we are never quite sure of what it is we are up against. It is a sensible operational thing to do to prepare for the worst case. Quite often we will have to make an operational call to up the ante, as it were, and have both options available. In fact, there are cases, perhaps, where we might even need to go for something bigger and more effective than a Fremantle class patrol boat. That will be a case by case decision, of course, but we have the ability to do that if we need to through the linkages we now have with Defence.

Mr COX—What is your assessed worst case of what you might confront?

RADM Shalders—That is an open-ended question. Of course, there could be all sorts of problems. I really cannot answer the question, because each case has to be judged on its merits. For example, in a drug situation with a great deal of money involved and people with a long criminal history, you would be very careful, I think, about what you put up against those sorts of people. Similarly, with a people-smuggling boat, there is a lot of money involved, and the people who organise these people-smuggling attempts could well be violent. It really is something that you have to judge based on the intelligence that you have and the situation prevailing at the time.

Senator HOGG—With the case that you describe, where the Bay class and the Fremantle class were operating together, where does the authority for the operation lie? Is it with the Fremantle class through the Navy or is it through the commander of the ACS?

RADM Shalders—The situation in the example I was quoting—the *Uniana*—happened some years ago, and, of course, we did not have Bay class then. *Sir William Lyne* was the Customs vessel involved, but there are recent examples where the Bay class and the Fremantle class work together. The on-scene commander could be either the commanding officer of the Bay class or the commanding officer of the Fremantle class. Generally it is driven by whoever has the greater situational awareness and understands the current situation, so it varies.

Senator HOGG—Who determines that?

RADM Shalders—We and the operating control authority, which is generally Commander Northern Command, will negotiate that. For example, today we have a Bay class vessel which has custody of a boatload of suspected unlawful non-citizens at Ashmore Reef. At the moment, he is the on-scene commander. If we had a requirement to have a patrol boat go out and assist that Bay class vessel, the Bay class CO would remain the on-scene commander and the Fremantle class patrol boat would work through him. Defence Force vessels are never allocated to Coastwatch. Their operational control is always retained by the Defence Force, and we request their services. It has not caused a problem so far, Senator. Those arrangements work well and they work regularly.

Mr ST CLAIR—Getting back to the black flights business and the operation you had for that two-week period, what is the identification time from when you pick up an inbound flight to when you can actually prove that it is on a recognised track, if you like?

RADM Shalders—During the exercise conducted last week, we were very keenly interested to see what the time was. The way the exercise was conducted was that, on one occasion, we injected a synthetic track into the intelligence area of Northern Command headquarters. Our measure was how quickly that synthetic track was recognised as being something that was unidentified and therefore suspicious. On another occasion we actually flew a Coastwatch aircraft on a suspicious profile and again measured the time. The detection arrangements are actually done through an Air Force unit in Darwin. No. 2 Control and Reporting Unit maintains the air picture. In the first instance, the time was longer than it should have been; it was a matter of minutes. On the second occasion it was far less, but you are talking about a matter of minutes to verify that it is not on a flight plan, that it perhaps has deviated from a normal flight route or that there is some indicator that makes it suspicious, and that will take a finite period of time.

On the exercise last week, we were keenly interested to see how long it did take. It got better, and it will get better as we refine these procedures.

Senator HOGG—If I can turn to the Audit Office report, with respect to the portfolio budget statements, paragraphs 4.64, 4.65 and 4.66 refer to the fact that in 1994-95 Coastwatch was clearly identified and disclosed in the PBS; in 1995-96 it went into the border management subprogram and apparently lost its identity in that; and then in 1999-2000, the report says, the PBS does not adequately disclose the nature of these expenses, nor provide an explanation for the way they were expended. I see that ACS has agreed with the recommendation of the Audit Office. Could you bring us up to date on where you are at with that? I think the issue of transparency and accountability is paramount in this instance.

Mr Woodward—I believe the financial statements, which are in the process of being finalised and will obviously be made available to the committee, will deal with all of the problems mentioned in the report. It is transparent—we are now clearly indicating the sources of our funds, including the services provided without cost by the Defence Force. All of that will be clearly indicated in the accounts.

Senator HOGG—Even though it was not clear in the 1999-2000 PBS, are you saying that in the annual report—

Mr Woodward—The financial statements which we are completing now will have all of the material which I believe was required and suggested in the audit report—that will be in our financial accounts.

Senator HOGG—I have not read the PBS for this financial year. Was there an improvement in the PBS for this financial year?

Mr Woodward—I did not bring the PBS with me. My recollection was that we did in fact identify in the PBS the services provided free of charge by Defence. I can check that, but I believe that that is so.

Mrs Marsden-Smedley —Can I just clarify that, under the PBS, output 3 is basically civil maritime coastal surveillance, and incorporated in that is some element of the Bay class, the marine fleet, which has been there historically. They do provide, as Keith mentioned, about 30 per cent of their work for us and that will be incorporated in there. In totality, output 3 pretty well represents all of Coastwatch, including the appropriated funds that have gone to DIMA, with the free of charge services provided by Defence.

Senator HOGG—I will get hold of a copy of the PBS and have another late night read.

Mrs Marsden-Smedley —We have been careful to look at that.

Senator WATSON—In some areas in the past there has been a degree of sensitivity about sharing information with state authorities. We note that the Queensland government submission to the inquiry calls for an increased liaison between the Queensland Police Service and Coastwatch. The rationale, of course, is a reduction in the duplication of deployment of resources. Do you wish to comment on that? Associated with that is a second question: in the

recent Queensland landing incident, how effective was the liaison between the two levels—state police and Customs—or was there duplication of resources?

RADM Shalders—To the first question, our remit is a Commonwealth or federal remit, as you can understand. We do work with state agencies and they work through a federal sponsor. In the case of the Queensland Police Service, for example, we work for them and with them, but their sponsor in those situations is the AFP. In the regional areas around Australia, we conduct a regional operation planning and advisory committee meeting on a monthly basis and state agencies attend those regional planning committees. We welcome the opportunity to work with state agencies wherever possible, but we do require that they work through that federal sponsor.

Senator WATSON—You have not really answered the first because they have called for an increased liaison. You have just indicated what we do at the moment. Would you like to comment on that call for an increased liaison?

RADM Shalders—We accept the call and, in the case of the Queensland submission, we will undertake to ensure that the state agencies are able to attend our regional planning meetings. They do now. We will take advice from the Queensland government in terms of including other agencies as required.

Senator WATSON—Are there any security risks in terms of sharing that down the line with state authorities?

RADM Shalders—In general terms, no. Like any other agency, we operate on a need to know principle and we will share what we can on that need to know basis. So I do not think that is a real problem.

Senator WATSON—And the second question?

RADM Shalders—As to the second question, was there good cooperation between the state and federal agencies, were you referring to the incident in Cairns?

Senator WATSON—The submission, I do not think, states it. It was certainly in the northern area.

RADM Shalders—I will answer the question in general terms and perhaps we can get back to the specific incident. In general terms, one of the outcomes of the Prime Minister's task force was a requirement to develop a series of national protocols which would ensure that procedures for dealing with undetected landings were properly documented and properly agreed between all the agencies concerned. Those protocols were signed with all state and territory police services, Department of Immigration and Multicultural Affairs, Australian Federal Police and Customs in April this year. Those procedures are now out in the operational areas around Australia. Since we promulgated those procedures, we have not had to actually use them in anger, but they are well publicised and well known and I think we will overcome the problems that we did experience in 1999 in terms of coordination. Again, we can provide a copy of those protocols to the committee if that would be useful.

Senator GIBSON—I asked before about what proportion of time is used in the various activities of the Bay class boats. Are you able to tell us what proportion of sailing time of the RAN Fremantle class boats is made available for Coastwatch purposes?

RADM Shalders—The agreed provision from the Defence Force is 1,800 sea days each year. In fact, last year the number of sea days provided to the Civil Surveillance program was 1,796, so they got quite close. In terms of an operational tempo constraint on the Fremantles, that represents 80 per cent of their available sea time.

Senator GIBSON—So, it is quite high.

RADM Shalders—There are 15 patrol boats. They are allowed, under the Op tempo rules that the Navy runs, 150 sea days per year. So our 1,800 sea days represents a very large percentage of that.

Senator GIBSON—It does.

RADM Shalders—If I could add, in terms of response capability, Coastwatch could not do its job without those 1,800 days.

Senator GIBSON—Sure, I understand. I have another technical question. With regard to the new helicopter in Torres Strait, the forward looking infra-red radar system has quite a narrow beam and there have been suggestions that perhaps a wider beam surveillance radar would be more appropriate. Do you have any comments on that?

RADM Shalders—Yes. I have flown in the aircraft and I have some experience with other forward looking infrared systems. I would have to say that the system in the Bell 412 is the best forward looking infrared system that I have seen. There are no operational constraints in terms of field of view. Technology being as it is, these things will obviously get better. The FLIR system in the helicopter is a step ahead of what we have currently got in the Dash 8 aircraft and it is a very good system indeed. I do not believe that there are any operational constraints in the fit that we currently have in the helicopter.

Senator GIBSON—Thank you.

Mr COX—Defence are currently contemplating replacement of the Fremantles as part of the general block obsolescence problem. In the past, there have been suggestions, from my experience, emanating from Defence and from Navy in particular that they would like to replace the Fremantles with something like an international class corvette with a helicopter capability on them. This would obviously have better sea keeping performance and would certainly be a significant upgrade in capability, but would obviously be a very expensive upgrade. If that were to happen, it would mean that there would be fewer of them. Have you contemplated how such an offshore patrol vessel would fit into Coastwatch operations if that were to happen?

RADM Shalders—Some of the issues you raise there are obviously for Defence rather than for us to answer and I note that Defence is appearing before the committee later today. Have we contemplated those issues? The answer, of course, is yes. In terms of what has been put on the public record for the replacement Fremantle, we have been associated with what is called the

top level requirement. Defence has asked for our input in terms of what we need, and we have been engaged in a dialogue with Defence for some five years now on this particular project. The top level requirement that has been published satisfies all our needs and those client agencies that we serve have also indicated that their needs will be satisfied, based on the top level requirement that has been issued so far. The broad answer to your question is, 'Yes, we have contemplated it and, yes, we have been heavily involved in Defence's efforts to move forward with that project.'

Mr COX—Would you therefore welcome that kind of an upgrade? Do you think that, if they moved to an offshore patrol vessel with a helicopter capability, that would better meet Coastwatch's requirements or do you think it would make your job potentially more difficult?

RADM Shalders—Patrol boats of whatever size are limited in their surveillance horizon. If you put a helicopter on any sort of a ship, that obviously extends your horizon and your coverage area. You have to counter that, of course, against the fact that hulls in the water are carrying people who can provide the response that we primarily use those assets for. The more hulls in the water, the more capability you have in that sense, as opposed to the pure surveillance coverage. As in everything else, there is a cost-benefit analysis that needs to be done there. Our requirement, which has been put to Defence, is that we would like to see 1,800 sea days providing at least the same level of capability that is currently represented by the Fremantle class.

Mr Stone—Two areas of concern—particularly amongst a number of our clients—with the OPC proposal a number of years ago were the proposed reduction in the number of hulls from, I think, 15 to six and the proposed reduction in the number of sea days available to the civil surveillance program from 1,800 to 1,200. Coastwatch and its clients had some concern about the impact of that on the overall effectiveness of the program.

Mr COX—You have obviously got some experience with the armaments on the Fremantles. Do you find that the present armament fit of the Fremantles is optimal or would you like to see some change to it for operational circumstances?

RADM Shalders—I will give you an answer to that but then I will defer to Mr Johnson, who has just left the Navy and was the previous commander of Australian patrol boat forces, so he has a much closer insight into some of these things than I do.

In terms of the civil surveillance task, the Fremantle is adequately armed. With respect to the sorts of things that the Fremantle is required to get involved in and that we have used them for in that civil surveillance role—in fact, you could possibly argue that it might be even too well armed—given the tasks that they do, given the tasks that we could expect them to perform, I believe that they have the appropriate armament which is able to be adequately maintained in a pretty harsh and hostile environment. While the naval officer in me says that we would like surface to surface missiles and everything else, in terms of the tasks of the boats, they have got what they need. Mr Johnson might have some more thoughts on that.

Mr COX—I was not suggesting missiles. I was suggesting that the Bofors gun might not be the most useful weapon if you really did run into somebody who wanted to resist.

Mr Johnson—I will restrict my answer purely to the Fremantles as they contribute to the civil surveillance program, not to the defence of Australia. Even with a Fremantle class patrol boat with what I describe as an adequate weapon for contributing to the civil surveillance program, there have been instances where, having fired a number of rounds across the bows of a vessel attempting to flee, it has not been able to force that vessel to heave to so that a boarding party may be put on board. When we look at the civil surveillance program, what we need is assets that provide different levels of coercion and persuasion based on a particular circumstance. There is no silver bullet, unfortunately. The more assets we have, the better.

RADM Shalders—Mr Chairman, if you would indulge me, I would like to tell another sea story, which I did yesterday. It will not take long.

CHAIRMAN—Okay, go quickly, because I need to get to some less sexy generic issues.

RADM Shalders—This actually relates directly to the question Mr Cox has just asked. In the Gulf War, we had a series of graduated responses that we used to stop Iraqi vessels. Those graduated responses started with a radio call and the end of the scale was direct fire into the vessel that we were trying to stop. On a number of occasions we got halfway through that nine-point scale. That halfway through point included shots across the bow with machine guns—it did not work; shots across the bow with a weapon that I had on my ship at the time, which was a 76-millimetre gun; and shots across the bow with five-inch ammunition from an American ship. None of those things worked and ultimately we had to board the ship by helicopter and take charge of it. So in terms of whether the Fremantle has enough, it depends on what the opponent is going to do, of course. In the application for which we use the Fremantle, it generally has enough although, as Mr Johnson has indicated, there have been occasions when even what it had was not enough.

Mr COX—I was thinking about whether it would be better in this role to have an armament that was perhaps easier to use than the large gun that is on it.

RADM Shalders—Again, I know that Defence has had some thoughts on those issues and perhaps you could put that to Defence. In a previous life, both Mr Johnson and I had looked at that very issue, but I am not sure where that has gone in the last 12 months.

Mr COX—Going back to your Gulf War experience, would helicopters on an offshore patrol type vessel be useful for putting boarding parties onto ships in a civil situation?

RADM Shalders—Yes. In fact, the Bell 412 now operating in the Torres Strait has that capability in that environment. All naval helicopters have a winching capability and you can use that capability to embark a boarding party if you have to.

CHAIRMAN—Now we will get down to some generic issues associated with the ANAO audit report. The audit office does want you to get on with memoranda of understanding with all the client agencies. Can you tell me how many are left to go and why it is taking so long to consummate these agreements?

RADM Shalders—As indicated by the ANAO, there were three concluded agreements at the time of their audit. Since then we have concluded an agreement with AMSA, which is a generic,

omnibus agreement between the Customs Service and AMSA. We are getting very close to an agreement with DIMA, which in fact is a service-level agreement rather than an MOU. A final draft was sent to DIMA on 30 July and is in final work. We are very hopeful of a response to that in the very near future. We have an early draft with AFFA and with Environment Australia. We still need to progress work on either an SLA or an MOU with the Australian Customs Service, with the Australian Federal Police, with DFAT and with the department of transport.

CHAIRMAN—You have got a lot of work to do, haven't you?

RADM Shalders—We do, Sir.

CHAIRMAN—Why is it taking so long?

RADM Shalders—These are complex issues, as you would understand, and they are particularly complex when finances are involved, as they are with the DIMA MOU. The reason it has taken some time with DIMA is principally related to the financial mechanisms that we need to build into that SLA. We are working very closely and cooperatively with DIMA now to get that done. As I mentioned, I am hopeful that we can achieve closure in the very near future. As to some of the other MOUs, I am not sure why they have taken as long as they have but I can assure the committee that we are working very hard to implement the recommendation of the ANAO and get them agreed as soon as possible.

CHAIRMAN—This committee is concerned about public accountability. It would seem to me at least, and probably broadly to the committee, that those documents would provide a form of audit trail of agreements between Coastwatch and the client agencies for whom it does work. It would seem to me that if you cannot define those relationships, it would be open for this committee to conclude that perhaps the current arrangements are not the best for securing our borders. Again, why can you not get on with it?

RADM Shalders—We are getting on with it. I accept what you say about accountability. I would also say that, in the absence of an agreed formal MOU, we are of course not operating in a vacuum. We do have very close relationships with all of our clients. We understand their needs and they understand our constraints fairly well and we work together, as the committee will find when you talk to them. We do need a formal document and we are working towards that. There is one officer dedicated almost full time to pursuing these agreements.

CHAIRMAN—Your organisation, Coastwatch, is contained within Customs yet you do not have a memorandum of understanding between Coastwatch and Customs, Mr Woodward. Why is that and how can you allow that to occur?

Mr Woodward—There are arrangements and understandings that are in place. I have a conceptual difficulty with the point you are making in relation to Customs. At the end of the day the person who accepts responsibility for the working of Coastwatch, notwithstanding the fact that there is a Director-General, is the CEO of Customs. So at its essence, the suggestion that there ought to be an MOU between Customs and Coastwatch is that I should sign an MOU on behalf of Customs. Theoretically, given that I also accept responsibility for Coastwatch, it could be argued that I should also sign it in relation to Coastwatch. That is something I have some difficulty in working my way through.

Senator HOGG—Can I assume that Coastwatch and Customs are living in sin? By not having an MOU, is that what it amounts to?

Mr Woodward—I do not think I like that. I will answer your question quite frankly. I am sure you know, Mr Chairman, that a tremendous amount of work has been done, and a lot of it has involved a very heavy personal commitment on the part of the Director-General in the last 12 months or so. You have seen the product of all of that. The MOUs are important, but many of the other things that have been done, including the work that has been done in relation to acquisition of aircraft, the building of the surveillance centre and the rebuilding of the status of Coastwatch, have been equally important. We accept that we could have and should have moved more quickly—we undertake to do that—but we have done a lot in that period.

CHAIRMAN—In your response to the audit report, as I recall, you accepted that audit recommendation, but quite frankly you do not sound very happy about accepting it.

Mr Woodward—I do feel happy about accepting it. The only one that I have some conceptual difficulty with, and we will find a way through my conceptual difficulty, is one that is literally between me and me. But I am sure I will find a way.

Senator HOGG—I think you will find yourself a good person to deal with.

CHAIRMAN—I am not getting anywhere. I do not think they were proposing that you use the dedicated Customs vessels to charge Customs for time for doing Coastwatch activities, which would seem a bit silly, but you did say, in terms of this user pays debate, where ANAO has basically recommended that Coastwatch charge out its time, that it is even more imperative that the civil surveillance program be able to operate as a cohesive integrated service without the distraction of having to deal with potentially fragmented and uncertain funding arrangements. Do you want to brief us a little more on that?

Mr Woodward—Are you moving into purchaser-provider arrangements as well in that question?

CHAIRMAN—Yes.

Mr Woodward—From pages 43 on we gave quite a lot information, but let me put the essence of my problem, and this is an area where I have some conceptual difficulties. I accept that there are purchaser-provider type arrangements in relation to DIMA funding, which you acknowledged in your discussion earlier with ANAO staff. We have a commercial arrangement between Customs and two separate providers of services. What would be implicit in a purchaser-provider arrangement is provision of funding to something like 10 or 12 separate agencies which, because of government decisions, would have no choice but to source their activities through a single agency—which is Customs—which in turn has a purchaser-provider type arrangement with two separate providers of services. I have massive difficulty in working out how that sort of complex arrangement, with no choice, can actually work.

CHAIRMAN—Then why not simplify it and have it a single dedicated agency with all of the assets necessary to undertake the tasks?

Mr Woodward—How can you have a single agency responsible for such diverse activities as environmental protection, protection of the Great Barrier Reef and immigration?

CHAIRMAN—A single dedicated agency—that is, like a coast guard which is a military organisation which sells its services to anybody that wants them.

Mr Woodward—I suggest that that is an argument that would tend to support the argument that I have just put, because under those arrangements—and if you are using the United States Coastguard as an example—the funding would be given entirely to the coast guard or to Coastwatch, whatever you refer to it as. I do not think that detracts at all from the argument that I was putting about the complexity of the purchaser-provider arrangement in the circumstances.

CHAIRMAN—No. I say: wouldn't that simplify it?

Mr Woodward—No, I do not think it would. It is precisely the same problem.

Senator WATSON—While not entirely disagreeing with the chairman, I see some problems in getting a too prescriptive MOU, because where you have an environment where the respective agencies are working cooperatively, you have a high degree of flexibility. I see the imposition of a very strict MOU as being somewhat akin to a bill of rights; it tends to make it legalistic, you tend to have less flexibility, you tend to work very much within a straightjacket. Therefore, I have some difference of opinion. The audit office has an environment where it appears to us at the moment that you are working in a great deal of harmony. If there is not that harmony, yes, I would go down the line of an MOU which is necessary to define people's responsibilities. But in terms of such complex, confidential interactions, et cetera, where tomorrow's action is completely different from yesterday's, I do have some problems in having too prescribed an MOU, so I would like you to comment.

Mr Woodward—I think there are two different sorts of instruments we are talking about. Most of the MOUs that I have been involved in—and I have been signing MOUs with numerous agencies, including many other countries—are at a fairly high level of generality, which is what I think you have in mind. Most provide the end results and in the broad, enable the exchange of information and understanding in relation to interchange of officers and data. There are separate instruments, and some of them were mentioned as part of the Admiral's running down of our service level agreements, which are in fact more prescriptive. What we have with the department of immigration, because funding was appropriated to them out of the Prime Minister's task force rather than to us, is a service level agreement which is more specific than the general MOUs, which I probably would have signed 30 or 40 or more in various circumstances.

RADM Shalders—Could I also comment on that? While not an MOU, we do have a series of standard operating procedures.

Senator WATSON—I can understand that. I have got no problem with that.

RADM Shalders—A lot of the things that you would see in a general MOU format are incorporated in the Coastwatch Surveillance Manual. That is a product of discussion and consideration by all the agencies we work for. In fact, we have recently updated the surveillance

manual, and that actually incorporates a lot of the things that you would perhaps see in other interagency agreements—here is our commitment to you, here is how we would like to do this particular activity. All of those issues are contained in the Coastwatch Surveillance Manual and in a general form rather than a prescriptive form.

CHAIRMAN—In terms of new technology, do you have enough funding so that, if your investigations into surface wave radar and unmanned aircraft, for instance, proved likely to be cost effective, you can proceed with that?

Mr Woodward—The short answer is that we would need to see how they fit with a new Coastwatch. I think there will always be something like what we do now, so there would be a different blending of capabilities. If we were to have pretty much what we have now, and if you are suggesting that we supplement that with those newer technologies or maybe some minor replacement, then of course we would need more funding, but the nature and extent of that funding could only be determined after we have had a far better look at the technologies.

CHAIRMAN—So the additional funds provided by the commitments flowing out of the Prime Minister's task force have already been expended or are in the process of being expended?

Mr Woodward—Flowing from that funding, we have a capability to look at new technologies. What we do not have is funding that would enable us to buy the new technologies.

CHAIRMAN—That is what I wanted to clarify. So it is that look-at function that you have been funded for with the task force.

Mr Woodward—And we are doing.

CHAIRMAN—Yes, we understood that.

Mr COX—You have access to defence intelligence assets. They are obviously, as you have explained to us in the private briefings, a key part of your intelligence process. But are you presently or do you expect to find yourselves in a situation of difficulty in having those assets tasked to do the things that you want? Is that causing or is it likely to cause an operational problem requiring you to have some of your own assets in that area?

RADM SHALDERS—I obviously do not want to go into too much detail in this hearing, but the broad answer to your question is: all those assets are shared between ourselves and other users, certainly with the Department of Defence and, in some instances, with our allies. We therefore have to state a case—substantiate our requirement—for the particular resource we are after and, if it is available, it is then allocated to us. To date, we have not had a problem with anything we have asked for; Defence has been extremely cooperative. But of course the situation will always be there that we may well be pre-empted by other high priority users. That has not happened so far, but it is obviously something that we need to keep in the back of our mind.

Mr COX—So it is not a day-to-day problem?

RADM SHALDERS—It has not been so far, no.

Mr COX—Mrs Marsden-Smedley, have you done any work trying to allocate costs of existing Coastwatch activities to particular client users?

Mrs Marsden-Smedley—Actually, my colleague Rodney Stone could answer that, because that is the operational area; we do the costings.

Mr Stone—Following the ANAO report we certainly looked at how we might go about cost attribution. As has been said, we multi-task on all our tasks. One of the fundamental problems that we have got with that is, if you like, how you value a whale or dugong sighting against a drug boat sighting. One of the facets of Coastwatch is that its client base represents a very diverse range of interests and risks, which is an issue that we would have to have a look at in trying to come up with some sort of cost attribution approach. We have only looked at it very tentatively at this stage, and it would be on the basis of trying to attribute the number of hours flown against each of the clients. But the project has not really progressed anywhere at this stage.

VICE-CHAIRMAN—You have not got any indicative figures for who is costing what yet?

Mr Stone—No, in fact in the past we have steered away from trying to do that. But of course with the ANAO's report, we certainly now need to look at some way of at least being able to report, at the end of a period, the breakdown of our flying activities between clients. But we are certainly not there yet.

RADM SHALDERS—I can add to that. We think that, by the end of October, under a new planning structure that we have in place, we will be able to give our clients a first cut of that sort of attribution. It is a trial, as we indicated to the ANAO, but we think that, having put that system in place, that sort of attribution on a trial basis can be provided by the end of October.

VICE-CHAIRMAN—Given the nature of your activities, I assume that there are going to be significant fluctuations each year in what actually has been done for which clients. Fisheries might have a fairly consistent pattern of usage. But one year you might be doing things for the AFP that are disproportionately drug related and another year you might be doing things for DIMA that are immigration related. There really is not going to be an opportunity down the track, even when you have got a very good handle on your costs, for the government to allocate money to agencies and ask them to buy your services without doing that in a way that puts you under resource constraints.

RADM Shalders—I think that is true. Of course, the risks change over time. Over time, the amount of strategic flying that we do for each of our clients is probably going to be relatively constant. At the moment, we are probably applying about 80 per cent of our effort to that strategic long-term programmed flying activity. The other 20 per cent is tactical, and obviously tactical will vary dramatically, depending on what the particular object of our search is going to be within that 20 per cent.

The illegal immigration threat means that, at the moment, we are spending a lot of our effort on the north-west coast of Australia because that is the threat axis. However, whilst we are

flying there primarily against the immigration threat, we also happen to be covering a large part of the fishery requirement. So we can and do achieve the multi-tasking that has been addressed. It is not quite as simple and it is certainly not as black and white as saying, 'This year, you flew 12,000 hours for DIMA; next year, it is only 10,000. What has changed?' It cannot be quite as clear cut as that. We are having a stab at putting together those sorts of figures and we will see how that trial turns out.

Mr Woodward—I have to say that I have got some healthy scepticism about how meaningful all this will be. We will do it, we have undertaken to do it and we will produce some figures. But, when you look at a particular flight where you might be undertaking a strategic flight and you actually spot anything from pollution or a suspicious boat potentially carrying people and/or drugs through to a problem with the Great Barrier Reef Marine Park Authority, we can then come up with some cut at a way in which that might be allocated. But how meaningful is it? How valid is it? What use will the agencies then put to it? We will do it but I am not sure just how useful it will actually be.

Senator WATSON—Given the response by the National Audit Office to my earlier question, I just question the wisdom of going too far down the route that Mr Stone has embarked upon, because I think maybe he has taken the audit report a little bit too literally. At the end of the day, perhaps it is the response of the JCPAA as to the effectiveness of too detailed a costing. If I recall correctly, the emphasis from the National Audit Office was more cost control and some cost identification without necessarily a whole range of cost re-allocations. I think the effectiveness of that has to be questioned.

Mr Woodward—I think we are on similar wavelengths. But we are doing it as a trial and it might well be that I am wrong, in which case I will eat humble pie and say that we have done something that is actually useful.

Senator HOGG—Are you costing the trial?

RADM Shalders—No, we are not. It is coming from within our hide. The reorganising of our databases and so on is being done within our planning cell.

Senator HOGG—So you will not be able to tell us how much this exercise costs at the end of the day?

RADM Shalders—We could give you a rough figure in terms of how much staff effort—

Senator HOGG—It might be helpful. That is why I am flagging it now.

Mr Woodward—I do not think that it would be enormously expensive. It is not a vast measure.

Senator HOGG—No. I am just wondering why you are spending \$100,000 to get information which does not have that value attached to it, whereas, if you are spending \$2,000 to give us the information, it may well be quite justifiable to have those procedures in place.

Mr Woodward—I think you have made a fair point. Can we reflect on that?

Senator HOGG—Yes, by all means. I am not asking for a hard and fast cost but a ballpark figure.

Mrs Marsden-Smedley—It is really a matter of one person in Rod's area and another person in my area spending time to go through that. That is the main cost. They would be diverted from other activities, basically. But, if you want to account for time for a 12-month period, say, it would be about \$140,000 in terms of the people who would be allocated to that work. That is a rough order of magnitude.

Senator HOGG—Just a final question. I understand the dilemma you expressed, Mr Woodward, in respect of signing an MOU with yourself. Are there times when, because of your roles, you are in conflict with yourself at any stage, and does this pose a problem for you in terms of the role you are asked to perform? I am quite serious.

CHAIRMAN—This is a good question. Well put.

Mr Woodward—It is a fair point, but I cannot think of any arrangement that could be worked out involving Coastwatch where someone would not be in that similar role unless Coastwatch was a completely autonomous agency responsible quite separately to a minister. I think I have indicated to you before that I work on the basis that, if that sort of relationship produces a problem, I know the head of each of the principal agencies concerned well enough that they would tell me that they are not getting the appropriate level of service. That has never happened. I have no case that I can recall that has been brought to my personal attention where there has been a conflict that has had to be put back to me, and I have had sufficient confidence in my heads of Coastwatch, including Admiral Shalders, that if he thought there was a conflict between the Customs side and his own service he would tell me.

Senator HOGG—I accept that. What of the future, with changes in technology and the general work environment? Can you foresee any potential conflicts there that might need resolution?

Mr Woodward—I cannot foresee any conflicts. Frankly, I see particular advantages. What we have is an agency that is responsible for surveilling the coastal region and offshore, and it is absolutely imperative that there is a close working relationship between that group and the remaining parts of Customs. I am not just talking about boats; I am talking about the response capability, those who are involved in work at ports and airports and relationships with the other law enforcement agencies, which work through me. Obviously I have thought very carefully about optional arrangements, and I cannot think of anything better than the one we have now.

Mr COX—The next submission we are going to deal with makes the suggestion that Coastwatch could be amalgamated with Australian Search and Rescue as a way of getting it up to a size which would allow it to function as an independent organisation. You would then not be in conflict of having to be one of the client agencies. I am less interested in pursuing the issues of any conflict that you might have in trying to do those two roles but more interested in hearing a little bit about what might be the opportunities and benefits of amalgamating Coastwatch and Australian Search and Rescue.

RADM Shalders—In terms of the way the job is done at the moment, I believe that both agencies are doing a good job. I cannot really see too many benefits in somehow meshing them together. They were in the past, as you know, a combined agency when the coast watch function was performed by the department of transport. We have very close working relationships with AMSA in general and AusSAR in particular. We communicate with them electronically and very regularly in terms of the issues that they are associated with. In fact, just this week we participated in a search and rescue in the Torres Strait. It happens very quickly. It is a well practised routine. It was our aircraft that initiated the SAR, passing the information back to AusSAR here in Canberra. They then came back to us and requested release of that aircraft and another, and it happened within a matter of minutes. Procedures between the two organisations are almost transparent. We have a general MOU or service level agreement with them which allows us to provide what they need and for us to get what we need from them. I think the results that we are achieving and that they are achieving are such that it is one of those situations where I do not believe it is broke, so why should we be trying to fix it.

Mr COX—Do you think there would be any damage from putting them together?

RADM Shalders—Any?

Mr COX—Do you think it would worsen their performance or your performance if the two organisations were amalgamated?

RADM Shalders—I suppose there would be the potential if they were together for assets to be applied perhaps to one area when maybe they should have been applied to another area, if you see what I mean. That potential obviously exists in our current organisation so I do not know that—

Mr COX—It sure does.

RADM Shalders—that changes too much. Probably my bottom line on that question is that I cannot see any real reason to bring them together.

Mr COX—But you cannot see any particular really big problems if we do?

Mr Woodward—Can I stress that we are looking at it from a Customs and Coastwatch point of view. What we are not able to answer is the implications within the transport ministry of that sort of a split.

CHAIRMAN—Thank you for your submission, for answering our questions and for any follow up information. After we come back from the northern reaches and after we have talked to other client agencies and others that want to talk to us, it is likely that we will want to talk to you again before we proceed to write any report. I am confident that we will wind up with questions that we would like answered on the record not off the record, so we can include them in our report. We certainly appreciate your cooperation, openness and frankness.

Proceedings suspended from 11.22 a.m. to 11.35 a.m.

MASON, Mr Douglas Henry (Lofty) (Private capacity)

CHAIRMAN—We now welcome Mr Lofty Mason to today's hearing. We thank you for your brief submission to our inquiry into Coastwatch. Would you, by chance, have a brief opening statement that you would like to make about these issues?

Mr Mason—I would like to give my background so you know where I am coming from.

CHAIRMAN—Sure, go for it.

Mr Mason—My first 27 years was in the Air Force as a navigator and a navigation instructor. As a hobby, I was also a commercial pilot. I trained as an instructor and spent over 1,000 hours flying as a flying instructor. My last three years in the Air Force was in charge of RAAF search and rescue. To train for this position, I completed a five-week mission coordinators course with the Civil Aviation Search and Rescue School. I also spent three weeks with the American Coastguard, where I did training and had practical experience. For the last 18 years, I have been associated with and working with Coastwatch, my final position being in charge of aircrew training plus day-to-day management of the Coastwatch contract. I resigned 12 months ago—I am now retired—because of frustration with the lack of professionalism and the lack of support. I thank you for giving me the chance to make the submission.

CHAIRMAN—In your letter to us, you said that Customs is both a client and, despite their organisation and structure, the controller of Coastwatch. We have a history of this responsibility being bounced from agency to agency. Why is it that you think that Customs is an inappropriate final resting place?

Mr Mason—I think any major organisation is an inappropriate resting place, because it is not their core business. If you look at the people that are being posted in and out of Coastwatch, they are only in the position for about three years, quite often, and this leads to a lack of professionalism overall in the group.

CHAIRMAN—What would you propose that we do?

Mr Mason—The proposal would be to join Coastwatch with its obvious partner, which is, in my opinion, the Search and Rescue Organisation, because Search and Rescue and Search and Surveillance are very similar bodies and they would become an autonomous body so that they can build some sort of professionalism rather than having people thrown in for three years to move through the major organisation.

CHAIRMAN—Roughly how many personnel are there involved in Search and Rescue and how many are involved in Coastwatch?

Mr Mason—I could not give that answer, but I could check it and get back to you.

CHAIRMAN—All right. There is one thing I do not understand. I hear what you say about search and rescue, and I understand those functions. I have not been a pilot, but I have been a

sailor. How does that solve the problem? You are saying to create a stand-alone agency called 'Coastwatch'—

Mr Mason—For want of a better term.

CHAIRMAN—as a new department of the Commonwealth which would involve all the activities currently undertaken by Coastwatch and the activities undertaken by the Department of Transport and Regional Services for search and rescue. Is that right?

Mr Mason—That is correct.

CHAIRMAN—But how does that solve the problem for Quarantine, for Fisheries and for Customs itself? How does that solve the coordination problems between the use of Defence assets, Customs assets, Coastwatch assets and private assets?

Mr Mason—I believe that, if you had an independent agency, it would not have any axe to grind. I was with Coastwatch when it was run by the Federal Police. Obviously, when something comes up of prime importance, it was a Federal Police matter. Whereas I believe a coastguard could be independent without any personal job—for want of a better term—so that, when the work came in, it could be better assessed than if it comes under Quarantine. If you put it under the heading of quarantine, Quarantine people consider quarantine matters the most important. That is the way it should be—everybody should think their own work is the most important. I believe an independent body is the way to go.

CHAIRMAN—Are you saying that if we, because of a flight of a Dash 8, pick up a ship that we do not recognise and then we trace back and find out where that ship originally came from and we believe it poses a threat—because of illegal immigrants, contraband or quarantine items that might disturb AQIS—the current procedures that allocate assets to track that vessel and deal with it are not adequate?

Mr Mason—I believe they are inefficient, yes.

CHAIRMAN—I do not understand how this new agency would be any more efficient, unless you are proposing—

Mr Mason—It cuts away interference.

CHAIRMAN—a US style coastguard which is actually an offshoot of the Department of Defence, because every member of the US Coastguard is also a member of the defence force. I do not know how that solves the problems of illegal immigration, the importation of drugs, people smuggling, somebody smuggling in plant life or whatever.

Mr Mason—I would like to make the point that I was very disappointed to find in the US Coastguard that during an exercise there might be up to seven different agencies all competing to make the hit, because they get rewarded. In fact, they would, at times, deliberately oust the other group so that they could profit from the hit. You can count them up any time you like: US Customs, state police, the federal police, tobacco agencies—up to seven different agencies all doing similar work. We have got a much smaller area and budget, obviously, but I picture the

professional aerial surveillance being done by coastguard, or whatever you want to call it. But I see it as an independent professional organisation.

CHAIRMAN—You would expect this organisation to own and control all its own assets?

Mr Mason—Yes.

CHAIRMAN—Phew!

Mr Mason—I am not saying it controls Defence assets; it controls Coastwatch assets.

CHAIRMAN—How do we afford this?

Mr Mason—It would be no dearer than what we are doing right now. In fact, it could be cheaper.

CHAIRMAN—Can you explain?

Mr Mason—You can either retain the same amount of assets with less manpower around the bases or you can use that money to run more assets. Everybody says, ‘Look at American Coastguard—millions of dollars’. I do not believe that sort of coastguard is needed or warranted. What I am saying is that we could run the same Coastwatch we have now cheaper.

Mr COX—Have you had much experience with Australian Search and Rescue?

Mr Mason—Yes, I have. As I said, I did a five-week training course. I was in charge of Air Force Search and Rescue, which put me very close to the search and rescue organisation. That was before it was AusSAR.

Mr COX—How did Air Force Search and Rescue compare with Australian Search and Rescue?

Mr Mason—When I was there Australian Search and Rescue primarily used Air Force vehicles or requested Air Force vehicles for any deep sea search and rescue. So it was a team effort more than anything else. That is not a comparative thing.

Mr COX—Did you ever think that there was scope for putting both the military and civilian search and research assets together?

Mr Mason—No, I never really considered that at the time. I must admit that, to me, the military, or the Air Force itself, has always been primarily responsible for its own search and rescue. Because it has those assets, they are used by the civil group.

Senator GIBSON—Mr Mason, in recent times, have you been to the new coordinating centre here in Canberra?

Mr Mason—No, I have not been there for the last 12 months.

Senator GIBSON—We went there a couple of months ago. As I understand it, it is now better—

CHAIRMAN—It was in June.

Senator GIBSON—Yes, in June. There is now a better coordinating effort on the one site with proper analysts looking at the information coming in from lots of different—

Mr Mason—Where did the analysts come from?

Senator GIBSON—I do not know. But I had the impression, just as an outsider going there, that there is better coordination going on now than there was previously. Do you know whether that is right?

Mr Mason—We are going back, I guess, to when I first went over to see the American Coastguard. For the first week I was gob struck—to use a term. I was absolutely amazed with the professionalism. It takes a fair while before you start seeing all the cracks. But the thing with the American Coastguard was that everyone of those guys were professionals who had worked in that field. They were not imported for two years from outside or wherever; it was their profession for life. That is what I would like to see in Australia.

Senator GIBSON—So that is the key thing?

Mr Mason—Yes, that is the key.

Senator GIBSON—So, from your experience, having people there developing professionalism and staying within the organisation for a longer period of time rather than coming in and out is the key to efficiency and success?

Mr Mason—I believe so.

Senator GIBSON—Is that your key recommendation to us to consider with regard to your earlier suggestion today that there are efficiencies to be made?

Mr Mason—That is correct. We could wander around and pick on a region. For example, in a place like Broome, you have four guys sitting around doing very little—one of them, in fact, being an ex-dog handler. I find that very frustrating. Bear in mind that the people I am talking about now are the guys who control the aircraft. They manage the aircraft and they put out the flight plans et cetera. The guys flying the aircraft were very professional—the contract personnel—because that was their job, that was their profession, whereas the people who manage them may have been in the chair for only a couple of weeks. To me, that is not professionalism.

Senator WATSON—Since your days in the Air Force and with Coastwatch, have things actually changed? In your submission you express concern that Customs officers are brought in for a period of about three years. You say:

Initially these Officers have no idea of aircraft operations—

which would worry me—

which leads to major errors in programming. The 3-year tenure ensures that as they come to terms with the job they are moved on.

It seems to me from what you have said that the actual operations planning, even routine planning, is determined by Customs rather than, say, by the Rear Admiral and his crew. Is that true? That would worry me a little bit.

Mr Mason—The Coastwatch people who make the decisions, as I said, are quite often only in the chair for a couple of weeks from being Customs officers. They start without correct training.

Senator WATSON—I would like to know, from the issues that you have raised, the respective roles of the people who come into Coastwatch. For example, are the Navy personnel effectively overruled by Customs officers with little training?

Mr Mason—I have seen occasions where they have been.

Senator WATSON—How frequently would that happen?

Mr Mason—Enough times to get you quite upset. Aircraft have been taken away from surveillance to supply training rides for a training course.

Senator WATSON—How long ago did that happen?

Mr Mason—That is probably three years ago. I cannot comment about what has occurred over the last year.

Senator WATSON—Is your experience within the past three years?

Mr Mason—At that stage we only had three Dash 8s and they were all taken away to work on one exercise, which so happened to be a Customs exercise.

Senator WATSON—Who has the ultimate control—the Navy people or the Customs people?

Mr Mason—Obviously, at this stage theoretically the senior guy in Coastwatch does.

Senator WATSON—Who is that?

Mr Mason—At the moment it is a Navy chap.

Senator WATSON—Therefore, I submit, if it is a member of Navy personnel who has got ultimate control, while that continues, there is not quite the same problem as if there is a Customs type person who has been brought in with, say, six months training.

Mr Mason—But the mere fact that you have to bring in a naval guy to head an organisation indicates a lack of professionalism within that organisation.

Senator WATSON—But there is an interchange where you call in specialist departments and Navy is pretty integral in relation to this operation, isn't it?

Mr Mason—In recent times, yes.

Senator WATSON—That is the way it is moving. So do you think that as long as an Air Force or Navy person has got this ultimate authority, we will not run into the sorts of problems that you have highlighted in your submission?

Mr Mason—One would hope not but I cannot comment because I have not seen the situation.

CHAIRMAN—You talk about how search and rescue and the normal operations of Coastwatch will enhance the operation of the organisation. Have you read *The Perfect Storm*?

Mr Mason—Yes, I have.

CHAIRMAN—Did you think that was a good example of well coordinated activity?

Mr Mason—I cannot really comment on that.

Mr COX—From your experience with the US Coastguard, they are part of the US defence organisation, aren't they?

Mr Mason—That is correct. They are actually civilians in uniform until they come into conflict; then they are military personnel. But everybody in that coastguard—the pilots, the aircrew and everyone else—are all coastguard personnel. It is my belief that that is not the way we should be going. I believe that the contracting out of the aerial services has been very successful and professionally done. I cannot see why it cannot continue to be done that way.

Senator WATSON—Do you think there should be a person from the forces aboard every surveillance aircraft or not?

Mr Mason—No. The surveillance done by Coastwatch is very different from military aviation. I believe, as I said, they are very professional in everything I have seen. I guess I am patting myself on the back because I did a lot of their training and the check-work on them. I do not see that the military would add any value to their work.

CHAIRMAN—Lofty, thank you very much for coming and talking to us today and for giving us your submission. When we bring down a report, which I expect will probably be in the first quarter of next year, I will be delighted to send you a copy.

Mr Mason—Thanks very much for the opportunity to talk.

Proceedings suspended from 11.56 a.m. to 12.10 p.m.

BEHM, Mr Allan John, Head, Strategy and Ministerial Services Division, Department of Defence

CASAGRANDE, Group Captain Enrico Ermanno, Director, Operations and International Law, Department of Defence

CRANE, Commodore Russell Harry, Director General, Intelligence, Surveillance, Reconnaissance and Electronic Warfare, Department of Defence

GATELY, Commodore, Warwick McLean, Director General, Joint Operations and Plans, Strategic Command Division, Department of Defence

McCOURT, Commander David Llewelyn, Staff Officer Grade One, Current Operations, Northern Command, Department of Defence

McINTOSH, Commander Mark James, Surveillance Coordination, Headquarters Australian Theatre, Department of Defence

MOFFITT, Commodore Rowan Carlisle, Director General, Navy Capability, Performance and Plans, Royal Australian Navy, Department of Defence

ROBERTS, Group Captain Geoffrey James, Director, Battlespace Management (Aerospace) Air Force, Air Force Headquarters, Department of Defence

WARD, Dr Bruce Donald, Chief, Surveillance Systems Division, Department of Defence

WARNER, Commander Robin Margaret, Acting Director, Operations and International Law Strategic Command, Department of Defence

CHAIRMAN—I now welcome representatives from the Department of Defence appearing at today's hearing. Thank you very much for coming along today. We thank you for your submission which we have read. Mr Behm, do you have a brief opening statement you would like to make before we proceed to questions?

Mr Behm—Yes, a very brief opening statement. You would understand that the size of our delegation here indicates something of the complexity of Defence's contribution to the Coastwatch function in government. I would like to just touch on a couple of points in our submission if that is okay. Firstly, on page 2, I remind the committee that the ADF makes a very substantial contribution to Coastwatch in four main areas: patrol boats, aircraft surveillance, intelligence and operational planning. I would put an emphasis on our support in the intelligence area since we use the whole of the Defence intelligence asset to support Coastwatch.

Secondly, turning to page 3, gives some emphasis to the approach that we have to Coastwatch which is as a coordination body rather than the simple and more narrow description as a service

provider body. Coordination is one of the great skills of Australian public administration and I think Coastwatch is very eloquent testimony to that.

Thirdly, and I think very importantly for this committee's consideration, is the point picked up on page 4 of the Defence submission and that is the reference to new technologies. I think it is important to realise that a range of new technologies is emergent. Because Defence's needs in the broad extend further than those of Coastwatch that broad range of new and emerging technologies, in our view, will be highly relevant to the way in which Coastwatch will continue to operate into the future.

Fourthly, turning to page 5 of our submission, basically our view is that the current arrangements are working very well and serve the purpose very adequately. In that context I might just remind the committee that since the new arrangements were put in place Defence has extended the professional training that goes to Defence Force officers who work under the Coastwatch structures so that they are able to deliver their responsibilities in a fully professional and coordinated way.

Finally, we come back to the point of coordination. In many respects our view is that at present Coastwatch does represent something of a model coordination mechanism in its operation. The Commonwealth, as you know, has a number of different other coordination mechanisms, and the management, for example, of counter terrorism is done in exactly the same way: through a coordination arrangement between the Commonwealth and the states and, indeed, within the Commonwealth, the coordination of various Commonwealth bodies. I think that Coastwatch is a very fine example of how different organisations can be brought together to deliver a common result. That concludes my remarks.

CHAIRMAN—Thank you very much. Considering the very major contribution that Defence makes to Coastwatch, including assets, personnel and, particularly, information—intelligence, if you will—why would you not support Defence taking over the Coastwatch responsibility?

Mr Behm—I will start off an answer to this but I will certainly be inviting one or two of my colleagues to contribute for the sake of completeness. Defence's responsibilities extend beyond the defined responsibilities of Coastwatch, but the fundamental reason we would not want to take it over is that the responsibilities of Coastwatch also impinge on the responsibilities of a good number of other portfolios for which Defence does not have the ambition to take responsibility. I will refrain from any additional mirth and I was not intending to be funny, Mr Chairman.

Senator HOGG—That was very good. You could repeat that at estimates.

Mr Behm—Only if invited, Senator. The point I am really making, though, is that Coastwatch covers functions as different as fisheries, customs and immigration, and to take over full responsibility for the function as distinct from contributing to a coordinated function is not where we think Defence is best able to use its resources.

CHAIRMAN—The last witness in front of this committee proposed that Coastwatch itself was too small an agency to be an effective coordinating body and that combining Coastwatch with the search and research functions of the department of transport would provide a more

viable organisation, if you will, to coordinate all those activities put together. Defence has a role to play in search and rescue as it does to play in Coastwatch activities, across the full gambit of what Coastwatch does. What would your view be on such an amalgamation?

Mr Behm—I could be terribly imprudent here, Mr Chairman. I will offer you a view on it but simply based on the responsibilities that I personally have in the organisation. If you do not mind I would invite my colleagues to comment, particularly if they have a different view. The fundamental thing, I think, is that Defence, because of the vast range of its operational capabilities, is able to make contributions to the wellbeing of the community in lots of different ways. Defence supports Emergency Management Australia, for example, in drought relief, flood relief and things like that. We certainly work very hard, most particularly the Air Force and the Navy, in supporting either dangerous or very complicated rescues at sea, whether it is the Sydney to Hobart or whether it is round-the-world yachtsmen. Defence uses its capabilities to the delivery of those national responsibilities and we certainly would continue to want to do that. As I said in response to your earlier question, we would not want to take it over and if it is the view of other portfolios to go beyond coordination and cooperation and to give total responsibility to one portfolio for a range of activities, if that were thought to be a better way to go, I would not have a comment on that. Rowan or Russell, do you have anything to add?

Cdre Crane—I think I would support that. From my perspective, I think Defence looks to its core functions as being in the war fighting arena. Clearly, as Mr Behm has said, when those functions are applicable to support the community in other areas we are indeed keen to provide those facilities, but I think we need to retain a focus on those core war fighting functions.

CHAIRMAN—I hear that, Commodore, but the question really was: does anybody have a view that there might be advantages in combining the functions of Coastwatch and search and rescue? You have a part to play in both. You are allowed to have a view.

Mr Behm—I think we would be neutral on it because we think the arrangement at the moment works so well that we could cooperate with the players whoever they are and under whatever authority they are operating. I think the main thing is that the coordination mechanisms that have been developed over the last few years really do work very well and we know how to work with them.

CHAIRMAN—How important to the Coastwatch activities is the US alliance, on a scale of 1 to 100? Have I asked an embarrassing question?

Mr Behm—No, I am trying to give you a reasonable answer to the question.

CHAIRMAN—I am not trying to breach any national security.

Mr Behm—No, not at all. At most levels I do not think that the US alliance is relevant to the operation of Coastwatch. In the provision of intelligence, of course, some aspects of our relationship with the United States are relevant. I would not propose to brief those in any detail here, Mr Chairman, but those arrangements, particularly with respect to cooperation in high level signals intelligence, are relevant to Coastwatch and, since the responsibility for that lies with Defence, as I said in my opening remarks, Defence makes a pretty serious contribution to the operational effectiveness of Coastwatch by using its full-scale intelligence resource. So in

that very particular area of Coastwatch the alliance is highly relevant, but at the day-to-day operational level I do not see it as being terribly relevant at all. I might invite Commodore Crane on these sorts of matters to elaborate any of the points that I make, since the commodore actually does have responsibility for the activity with respect to the US alliance in the C4ISREW area of the department.

Cdre Crane—As Mr Behm has indicated, I do not see it as being particularly central to our business with Coastwatch. Clearly our aim is to provide Coastwatch with as much information, both in terms of situational awareness and in terms of support to their analytical capabilities, as we possibly can. The majority of that is derived from information which we have ourselves, and to that extent the alliance is not particularly relevant. Its relevance is more in relation to the defence alliance.

CHAIRMAN—We explored this morning with Coastwatch the issue of what the Auditor-General referred to as black flights but which Coastwatch prefers to refer to as unauthorised aircraft movements. Coastwatch told us that, in order to try and come to some definitive position on how many of these things there are or are likely to be rather than just relying on anecdotal and scaremongering evidence, over two weeks in the Kimberley they had found one that initially they did not identify and ultimately was identified as a pastoralist going about his ordinary business. So out of two weeks we did not find any. Their operations currently under way in the north will be completed and eventually we will get information about that. But it is likely that the number of unidentified aircraft movements is substantially less than perhaps the public would perceive. Does Defence see that there might be enough of a problem that JORN coming on line in 2002 will materially assist us in identifying such possible incursions?

Mr Behm—I ask my colleague from NORCOM, Commander McCourt, to reply in the first instance, and then Group Captain Roberts from Headquarters Air Force to support that.

Cmdr McCourt—At Headquarters Northern Command our intelligence branch has done an analysis of black flights, UAM, over the last 10 years. I think the issue is twofold: firstly, that a flight is unidentified; and, secondly, whether that flight is actually conducting any illegal activity or not.

The breadth of the problem over the 10-year period is that we only have data where we have been able to collect data. For example, the whole of the northern coastline of Australia is not surveilled by radar 24 hours a day or indeed everyday or whatever. So what we have is a bunch of data that was collected during major exercise activities in particular areas or, say, in areas around Darwin where radars are operating all the time, we have good coverage there. Across that 10-year period, we have been able to analyse the data down to a number of unidentified air movements. By doing deeper analysis, we have been able to reduce the scale of the problem such that we think we have a handle on what are potentially illegal activities. I would not like to go into precise numbers there—

CHAIRMAN—You are not ready to share that information with us?

Cmdr McCourt—I think I am; certainly my boss is. But the issue is one of classification. I would offer that, when the committee visits Headquarters Northern Command, the commodore will give you an in-depth brief of what we have done and the results to date.

CHAIRMAN—Part of the question that has not been addressed was, will JORN help you? I should remind you that this committee has an ongoing interest in JORN. We did produce a report on JORN and we have followed up on it. We have been to Longreach—to both the transmitter and receiver sites—and we have recently visited RLM and have been updated on where we are in terms of the programming and the integration of the operating systems.

Group Capt. Roberts—Just supporting the UAM contention that was given by Commander McCourt, Defence really does not have any quantifiable data to support the UAM contention. I think it was highlighted in the Commander's previous words. We have limited areas that are under surveillance, for example, the Cape York Peninsula is not under surveillance. So we have no idea of the types of activity that do or do not occur in that area, with the limitation of the microwave radar systems being at major locations and the Jindalee facility at Alice Springs really being a fixed site. As you have alluded to, you have had briefings on the Jindalee and the JORN system, with 45 degrees not being 24 hours a day, seven days a week. So it is very difficult to actually come up with any sort of quantifiable data to say whether a high level of UAM type of activity would or would not exist.

The JORN system, basically coming from the Torres Strait area around to the Learmonth area, once it is up and operating will provide a surveillance coverage of that area. But it is but one element of a layered system of surveillance systems and is, as you would have been briefed, not a hundred per cent reliable as far as detection. There are also limitations due to ionospheric aberrations that will limit its capabilities et cetera. The additional aspect with the JORN is that it is budgeted for a certain operating period. Even the JORN system is not funded for seven days a week, 24 hours a day for the full year. So there are limitations in the operating periods in that particular asset.

CHAIRMAN—I do not think we knew that.

Group Capt. Roberts—But certainly it will provide assistance in trying to establish a better database than we have now. One of the things with JORN is that it will detect and track but, of course, it cannot identify. What it will do is set up normalcy patterns of activity for us and maybe from those types of activities we might be able to come up with an identification. But OTHR by itself does not identify. The information that it provides into other areas into centres where it is combined with other information, such as flight plan information, air traffic control information and intelligence, will provide some sort of identification of what is friendly or what the particular contacts are.

Mr COX—Is it presently planned for defence to do that?

Group Capt. Roberts—It is being scoped that there will be air operation centres in which intelligence feeds will occur. It is done mandrolically now through our regional coordination centres—one is up in Darwin. Flight plan information, some intelligence information and access are brought together. Air traffic control is brought together to identify those targets that have been detected.

Mr COX—So there is an issue for government now as to whether that information and the responsibility for dealing with it is going to be given to Coastwatch or another agency or dealt

with by Defence. Obviously, if there is only a tiny amount of unusual activity, it might be sensible for Defence to do it.

Group Capt. Roberts—The Jindalee contacts are fed to the regional coordination centre, of which we have two—the one up in Darwin. That is then fed down into the air operations centre in Headquarters Air Command at Glenbrook, which is just outside Sydney. That information is also fed down into the Australian Theatre Joint Intelligence Centre where relevant contacts are passed on to Coastwatch. Coastwatch will provide input into the type of tasking that they would like from Jindalee—if that can be catered for—and that information is then passed back through the ASTJIC, the joint intelligence centre.

CHAIRMAN—I thought Mr Cox's question went more to the issue that, when you come to grips with the degree to which unidentified aircraft movement is a problem, we still have yet to deal with which agency will deal with the incursion, if it is believed to be illegal.

Cmdr McCourt—We did a workshop recently during an exercise that we conducted up in Darwin. It was a multi-agency tabletop exercise looking at the UAM issue. The outcome of that particular multi-agency table top was that it would be an issue that Defence might have a role in, as has been discussed, but that we would not have primacy in it because it is essentially a law enforcement function, rather than a Defence function.

CHAIRMAN—We have been told and submissions tell us as well that Coastwatch's activities in Australia largely deal with ships. There is no contiguous land. We have no bit of land that borders with somebody else. If you are going to get here, you either get here by air or by sea. Except for a few who attempt to scare everybody every once in a while, most of us think that most of the problem is by sea, not by air. Most of the air problem comes in regular commercial flights when people bring in people or when people bring in drugs and all kinds of terrible things, rather than a little aircraft buzzing the coast. From what we have read so far, we understand that most of the problem is a sea problem, not an air problem. Ultimately, the issue of how you deal with an air incursion is different from how you deal with a sea incursion. If you have already crossed the border, then it is a domestic issue. Is that right?

Mr Behm—Of course we would agree with that. The issue for Defence is it properly within Defence's powers to do anything other than to cooperate with the ordinary civil agencies. What we would seek to do with JORN, as with everything else, is to make sure that we do cooperate to the fullest extent with the civilian agencies, whether it is the Civil Aviation Authority or the police or Coastwatch. I dare say the government may well want to consider further actions about unidentified air movements. Defence would certainly work with whomever has responsibility for that part of government's interest.

Mr COX—But there is no clarity at the moment as to who that is.

Mr Behm—I think that is true.

CHAIRMAN—Indeed, this committee might have a view at the end of this inquiry.

Mr Behm—Indeed.

Senator GIBSON—Back to ships. Your Fremantle patrol boats are a very important part of the Coastwatch program. Earlier today Coastwatch said that those 1,800 days of your patrol boats per annum represent about 80 per cent of their normal operational shipping time per annum. From Defence's point of view, if you had your druthers, is it a good time to train people when they are out on Coastwatch? Is it a sensible Defence activity?

Mr Behm—I think that is an excellent question. Commodore Rowan Moffitt is in the best position to answer it.

Cdre Moffitt—The patrol boats, in the way we use them at the moment, provide a very valuable service for Navy in that they are an extremely important training ground as a vessel for our younger officers. It allows us to put younger officers into command positions at a much earlier age than would otherwise be the case. Not only that, it allows us to gain experience at an early stage in an officer's career in an important area of operations around Australia. So, in that context, the activities that the patrol boats are involved in with Coastwatch do contribute significantly to the health of the Navy overall in an area which is important to us. The nature of the operations that they are involved with, in a military sense, are relatively simple seamanship type evolutions—surveillance, interception, boarding and search—and are also important mariner skills training grounds for us.

Senator GIBSON—Given that, from the nation's point of view, we want both the Defence function and the Coastwatch function, I hope both of those objectives are in the forefront of your minds when you look at the options for a possible replacement vessel for the Fremantle class.

Cdre Moffitt—I can assure you that they are certainly very much in the forefront of our considerations. I can, if you wish, talk a little more on the current state of our plans in relation to the future of the Fremantles.

Senator GIBSON—Thank you, that would be good.

Cdre Moffitt—As you may be aware, the first of the Fremantles entered service in 1980, with a design life of 15 years. They have had a four-year life extension, but even that makes the oldest of the vessels more than 20-years old now. A couple of years ago we investigated doing a life of type extension for them, and that had been a project approved by government for us to go ahead with. Developments since that approval have led us to believe that it is not a cost-effective option, so we are now reviewing that; in fact, we are in the early stages of a project to acquire a commercially built commercial standard of construction vessel to replace the Fremantles. This is an issue which should surface in the context of the Defence white paper which is under development at the moment. We would hope that that vessel, should it be approved by government, might enter service some time in 2002, or towards the end of 2002 perhaps, depending on the type of vessel, where it is built and the capabilities of the builder.

The vessel that we are seeking to acquire will be in many respects similar to the Fremantle class, although we will seek to enhance some of the specific capabilities that are there—for example, we would hope that the vessel will be a little larger because that will give us a significantly improved sea keeping capability. We will also be seeking a vessel that has two, rather than one, embarked small boats. There are reasons why that was not the case with the

Fremantles. It was a technology and whatnot development over the time, also coupled with our experience in the field. Those characteristics, whilst they will be characteristics that enhance the military capability of the patrol vessels, will also, coincidentally, make them significantly more capable in the Coastwatch sense.

Senator GIBSON—You mentioned slightly larger vessels, which implies higher costs and perhaps a fewer number. Is that true?

Cdre Moffitt—We would think, given that on this occasion we are going for a boat built to commercial standards rather than military standards, generally speaking that will hopefully bring the overall costs—acquisition and operating costs—down in comparison with the Fremantle. It will also make the vessels much more supportable in the northern areas of Australia than the Fremantles are with their high-tech equipment.

Senator WATSON—Is there a close and frequent two-way communication between Defence and Coastwatch?

Mr Behm—The answer is yes. I will ask Commander McIntosh to deal with that question.

Cmdr McIntosh—There is a growing development of liaison that has progressed really since 1988. My position originally was as the one liaison officer. Over the years, we have progressed to the process we now have in place where there is strong liaison between all of the agencies of Defence and Coastwatch here in Canberra and in the regional centres of Coastwatch as well.

Senator WATSON—How frequent would that communication be?

Cmdr McIntosh—Formally, there is communication on a monthly basis to look at programming schedules. There is a bimonthly formal liaison which looks at the client agencies' bids and coordinating government department requirements through Coastwatch, and the assets of Defence and other agencies that provide services to Coastwatch. On an informal level, liaison occurs almost on a daily basis. Within the NORCOM organisation, Coastwatch officers actually work within the NORCOM headquarters. With the links that we have now in both computers and intelligence, we are able to share information with great ease. For all intents and purposes, the liaison between Coastwatch and Defence is relatively seamless. There is no difference. We operate both on the secret high system which allows us to transfer information at the secret level with great ease.

Senator WATSON—So if there is an issue that the Rear Admiral can identify as maybe having a Defence interest, he would communicate that immediately to Defence?

Cmdr McIntosh—Yes.

Senator WATSON—Thank you. A criticism of Coastwatch has been that the detailed flying patterns are determined by civil customs officers with often fewer than three years experience in the post and with no aircraft flying experience. Would you support the employment of people with aviation experience—not necessarily from the defence department; they could come from the contractors—performing such duties as determining flying patterns? The criticism has been that there perhaps is a need for more personnel with aviation experience determining flying

patterns, rather than bringing people up with three-year rotating customs officers often with fewer than three years experience. There have been incidents which could have been avoided if these sorts of patterns had been determined by aviators rather than by civil customs officers. I am not suggesting of course that the customs officers do not have the input as to where there is a need in determining flying patterns and the like.

Mr Behm—I might say that sounds a bit to me like a domestic management issue for Coastwatch, but I am sure that my colleagues here would have a view on that matter. I will ask Geoff if he would care to deal with that question.

Group Capt. Roberts—There is no doubt that an aviation background in looking at putting search patterns up in terms of the types of conditions you are going to fly in would assist in the development of search patterns, but the basic training required there is actually training in conducting search areas. AMSA, for the civil air search type capabilities, have a course in which they look at training people in search techniques or surveillance techniques. The main crux of the matter is that training in that area is probably required in developing the ability to be able to plan and run searches. Given that it can be known that aircraft will operate on certain parameters at certain search speeds, and the types of inputs in developing a search leg or a search area, training in that and developing a search plan are what is really required. That may not inherently come from being an aviator.

Senator WATSON—It certainly would assist, wouldn't it, because it does take time to train a civil person from the dog handling area in Customs to determine patterns of flying to identify objects at sea.

Group Capt. Roberts—It is a speciality in itself. In fact, in the Air Force we have that speciality in maritime patrol group and we train people to specifically be able to conduct searches for a variety of targets, whether it be a surface vessel or a subsurface vessel. Again, we have another speciality in airborne early warning, in which they will set up search patterns and conduct a search. But they are specialities; they are not inherent in the fact that a person is an aviator. It is the training that they must undergo. What we are really looking at here is putting appropriately trained people in Customs, rather than just saying, 'We need aviators in there.'

Senator WATSON—What you are essentially saying is that the overall operating performance of Coastwatch could be enhanced greatly by putting trained Air Force type aviators in such roles?

Group Capt. Roberts—I do not know what their performance level is right now, so I do not have a benchmark to go against, but one would imagine that—

Senator WATSON—Other things being equal.

Group Capt. Roberts—Rather than saying Air Force aviators, I would say suitably trained people in the conduct of surveillance planning.

Senator HOGG—Does the fact that Coastwatch is not part of Defence in any way limit the intelligence that is passed on to Defence by those friendly countries with whom we exchange intelligence? Do we know that?

Mr Behm—I cannot think of any way in which it would limit the two-way flow of information or intelligence. Certainly, in other areas of government, apart from Coastwatch, where we have international coordination arrangements, there is no limitation, and I cannot see a priori that there should be any relating to Coastwatch either. We operate under the secret high system, so it would, in most circumstances, be either raw intelligence at that level or processed intelligence that has been classified at that level, which would describe the boundaries of stuff that goes on the system. For intelligence of higher classification than that, there would be no a priori reason why that could not be made available to Coastwatch as well. My expectation would be that on a needs basis it would be. If I could ask for a bit of expansion from Commodore Crane, that will fill out the question.

Cdre Crane—Senator, that is correct. Coastwatch have a facility available to them and they have people available within the Coastwatch organisation who are suitably cleared to receive information at many levels of classification. With those arrangements in place, there is no impediment at all to Defence passing information to Coastwatch and, therefore, no impediment on that information coming to us from many other sources.

Senator HOGG—I was just wondering whether the fact that Coastwatch was not part of Defence was an inhibitor to some of the other sources passing on information.

Mr Behm—We certainly have not experienced or are aware of any of that occurring.

Senator HOGG—Is there any occasion when the priorities of Coastwatch get in the way of the priorities of Defence or vice versa? Recently there was the East Timor situation, and I am just wondering if Defence gets to the position where it has to say, ‘We have certain Defence priorities which must be fulfilled’—whether it be in terms of intelligence, vessels or whatever it might be—‘and we cannot allow the priorities of Coastwatch to get in the way.’ It could happen in reverse as well.

Mr Behm—If I could provide part of an answer at the policy level and then I would like to ask Commodore Gately from Strategic Command Division if he would elaborate on what actually happens on the floor. Defence always tries to accommodate all the tasking that it can actually accommodate, and often you can do more than one thing at once. Very often what you seek to do is to fit a task within the total time available for whatever the operation is. You may not specifically mount the operation to meet that task, because you may in fact be mounting the operation for another purpose, but you fit the task within it. That is very commonly done all around the world. Where you apparently have clashes in priority, they are worked out by ensuring that it is not the clash in priority that prevails but maximising the opportunity to get everything that you want done. From a policy point of view, that is how we operate within the Defence operational environment. When it gets down on the floor, I dare say from time to time things do get in the way. Perhaps Commodore Gately might deal with that.

Senator HOGG—If you could give us some examples, that would be interesting.

Cdre Gately—I will just pick up on that theme that Mr Behm mentioned. It is certainly to do with what we call ‘multi-role’. Most of our assets in the ADF are multi-role and you can use them in a number of different activities at any one time. To look at Timor, the patrol boat commitment and the P3 commitment to Timor was fairly limited. That activity did not detract

from their contribution to the civil surveillance effort by virtue of the nature of the activity in Timor. From my experience, there has not been a clash of priorities for Defence and Coastwatch. Perhaps another issue—and it is probably outside the scope of this—is the move from a period of peace to a period of tension to a period of hostilities and what role Coastwatch can play in the contribution to that. Of course, we have not gone to that, but that has been the subject of some debate over many years. I have no experience at this point in time where there has been a clash. I would say that the multi-role nature of the assets that we have allow us to achieve most of the tasks, bearing in mind the 1,800 patrol boat days and the 250 P3 hours which we commit to and meet and occasionally exceed. In summary, there has been no experience of it. I think multi-role covers that.

Senator HOGG—Are there any contingency plans with respect to how Defence priorities would fit in with the priorities of Coastwatch under those changing circumstances? I am not asking for a detailed plan. Is there a broad approach that has been developed?

Cdre Gately—In general terms, a broad approach would mean that we would value the contribution of Coastwatch to the national surveillance plan in any period that built up to a period of tension. Withdrawal of Coastwatch assets at that stage would make it difficult for us to cover the vast areas to the north in particular.

Mr COX—I want to go back to the Fremantle patrol boat replacement issue. A few years ago Defence was looking at replacing the Fremantles with an offshore patrol craft with a helicopter capability. We heard some evidence this morning that that would have involved reducing the number of vessels from 15 to six and the number of hours available for the civilian task from 1,800 to 1,200, at least in the concept of the project at that time. Has that project entirely been dismissed in the context of the current white paper, or is it a competing possibility with the replacement that you described earlier in this hearing?

Cdre Moffitt—The vessel that you are talking about—and that project—was part of a joint venture with Malaysia. Malaysia chose not to go ahead with that, and that caused us to reappraise our situation. There is no plan to proceed with that type of acquisition at the moment. Our interest is focused on a vessel of similar nature to the Fremantle class patrol boat to replace that vessel, being within the context of the current white paper. The decision not to go ahead with the earlier class—the OPC, the offshore patrol combatant—was taken some years ago and is not in the context of the current white paper thinking at all.

Mr COX—So the white paper is not contemplating a vessel of that capability?

Cdre Moffitt—Not to my knowledge, no.

Mr COX—You said it was going to be a commercial standard of boat. What sort of threat assessments have you done in relation to the risks that those boats might face, at least in the civilian role?

Cdre Moffitt—In terms of specific threat assessment, I suspect we probably have not done a formal analysis. We are very familiar with the type of activity that these boats are going to be involved in and we understand well the potential threats that they face. Those threats are absolutely minimal. If your question is towards the issue of construction to commercial

standards rather than military standards, there is a different line of thinking associated with that—if you would like me to pursue that one.

Mr COX—You have dealt with the first one reasonably and I will come back to the armaments in a minute. If you would like to pursue the second one, I would be most interested.

Cdre Moffitt—The construction of vessels to military standards in large measure goes to the ability of those vessels to absorb combat damage and to continue with the mission. In a vessel of the size of a patrol boat, that becomes irrelevant. The damage that can be inflicted on a vessel of that size by military style combat activity would be such as to stop it doing its mission very easily whether it was mil. spec. or commercial standard build. To that extent the additional cost that is associated with building a vessel to military standards is not really justified in a vessel of that size. Furthermore, as for building a vessel to the set of rules of a commercial classification society—Lloyds and there are various other classification societies which establish rules by which vessels are built in commercial terms—those rules, in some respects, make the vessels more robust than mil. spec.

Mr COX—What sort of respects?

Cdre Moffitt—You would expect, for example, that the size of the hull plating used to satisfy commercial standards, where they are looking for long life and low maintenance, would probably be thicker than that for a vessel built to military specifications. We would certainly expect that to be the case in any of the comparable vessels that we would be looking at to replace the Fremantles. Those sorts of things go to a more robust hull design and construction than would be the case with a comparable mil. spec. build of vessel.

Mr COX—What sorts of armament capabilities are you contemplating putting on these replacements?

Cdre Moffitt—At the moment we are seeking to have an armament similar to that fitted to the Fremantles. That would probably be two 50-calibre machine-guns, manually aimed and manually fed. They are a relatively medium sort of capability standard military weapon and they are in service with the Fremantles now. We are considering a 30-millimetre stabilised mounting to replace the late thirties-early forties vintage 40-millimetre gun that is fitted to the Fremantles at the moment. Such guns are now just beyond cost effectiveness to maintain and they have effectively a very limited capability in the context of the way we use the vessels or would use the vessels in a military sense.

Mr COX—Apart from demonstrating to anybody who was seeking to run away that they were facing an adversary with a substantial amount of military capability—by that I basically mean bluff—are those sorts of armaments at all useful in a practical sense in the worst sort of contingency that you could imagine in the civilian role?

Cdre Moffitt—In the worst imaginable, yes they are—and I am talking now specifically about a gyro-stabilised medium-calibre gun of the nature of a 30-millimetre gun. Unlike the large gun that is fitted to the Fremantle class patrol boats, the current generation of modern smaller calibre weapons like that gives you an ability to have a high confidence level of hitting what you are aiming at, in simple terms. The 40-millimetre gun that is fitted at the moment is a

long way from that—believe me. What that means is that in an extreme set of circumstances we could use the gun to fire into a vessel, as has happened—very rarely, but as has happened in our history—to convince an absconding vessel that it would be best to stop.

CHAIRMAN—So you think you have better weapons than Custer did.

Cdre Moffitt—We do not today, Mr Chairman, but we hope that, with the acquisition of the new vessel, we will.

Mr COX—You have never in the past gone past firing a 50-calibre machine gun into a rudder or something like that, have you?

Cdre Moffitt—That is right.

Mr COX—But in the extreme circumstance where somebody had a shoulder-fired rocket launcher on what would otherwise appear to be a civilian boat, you could face a threat that was fairly unpleasant.

Cdre Moffitt—There is potential in some of the employment that these vessels are likely to face, but not so much in a fishery sense. I think you would have to accept that we are unlikely to go around shooting up fishermen. I do not think it is something that you take the risk of killing people over. But there are other contexts, particularly with those other types of smugglers, particularly drugs and that sort of thing, where Defence has been involved in the periphery over the years—not necessarily directly involved, because that becomes much more of a policing task. But it provides a capability to respond should aggressive drug runners who are keen not to be arrested choose, as they do elsewhere in the world, to shoot back at people. It brings to the equation a capability which today is not there. That is in the constabulary sense, if you like. From our point of view, there is an absolutely important military role that these vessels have, and for which the fitting of a decent sort of gun is highly worthwhile.

Mr COX—Can you elaborate on the military role, just for completeness?

Cdre Moffitt—The military role that these vessels fulfil is largely a coastally oriented role. The vessels are used routinely around northern Australia for the insertion of the Army's regional force surveillance units to do their sorts of activities ashore. It allows us to put those people ashore in places that are otherwise very difficult to get to. The use of a reasonably capable weapon allows us to provide cover for those sorts of tasks. It allows us to provide a degree of cover in a surface and air sense in the event that these vessels find themselves coming in harm's way. It is the sort of weapon that can be used in a military role—escorting coastal shipping, and seaward defence of our ports and harbours in a conflict scenario.

We could imagine a number of types of circumstances in a Timor situation, for example, where a patrol boat with a reasonable sort of weapon could be quite a useful asset to have available standing offshore, able to get close to shore but stay out of the range of offensive fire from ashore, unless it was large, sophisticated offensive fire. I have touched on a couple there. There are an array of military roles for these vessels for which the gun is an important capability dimension for them.

CHAIRMAN—Thank you very much for coming and talking to us. Thank you for your submission. If we have any further questions, rather than haul this great array of people back here again—it is lovely to see you all but it must be fairly expensive for the Commonwealth—you would not mind answering any further questions in writing?

Mr Behm—Absolutely, Mr Chairman.

CHAIRMAN—That would be very good. Thank you once again. We appreciate your frank answers and your attendance.

Proceedings suspended from 1.05 p.m. to 2.05 p.m.

DUNDAS, Ms Karen, Assistant Director, Unauthorised Arrivals, Department of Immigration and Multicultural Affairs

GODWIN, Ms Philippa, First Assistant Secretary, Border Control and Compliance, Department of Immigration and Multicultural Affairs

METCALFE, Mr Andrew, Deputy Secretary, Department of Immigration and Multicultural Affairs

WARDOS, Mr Peter, Assistant Secretary, Unauthorised Arrivals and Detention, Department of Immigration and Multicultural Affairs

CHAIRMAN—I now welcome the representatives from the Department of Immigration and Multicultural Affairs appearing for today's hearing. Thank you for your submission and for coming here to talk to us today. Do you by any chance have a brief opening statement that you would like to make regarding these issues?

Mr Metcalfe—Yes, we do. It is our pleasure to appear before the committee this afternoon. As the committee would be aware, DIMA's portfolio responsibilities include the protection of the integrity of Australia's border insofar as people movements are concerned, as well as the enforcement of immigration law. The threats to the integrity of our borders are considerable and the issue of unlawful entry has, in terms of both public policy and public scrutiny, been given much greater focus and prominence in recent times because of the dramatic increase in unauthorised boat arrivals in the financial year 1999-2000. There were 4,175 unauthorised boat arrivals in 1999-2000, as opposed to 923 in the previous financial year.

The boat arrivals can be broadly divided into two main types. The first type are overt arrivals: people who in fact want to be found. They generally travel to Australia from Indonesia and arrive at either Christmas Island or the Ashmore Islands. In general they are people of Middle Eastern nationality. These people want to be detected, as their intention is to test and to avail themselves of Australia's protection visa system. The second type we would broadly classify as covert arrivals or attempted covert arrivals, such as those arriving in the east coast landings that we have seen in 1999 and again recently in Cairns, where the strategy of the group is in fact to evade detection by Australian authorities. These arrivals usually involve steel hulled commercial type vessels and to date have predominantly come from the People's Republic of China. The detection of these arrivals is much more difficult but Australia's record in managing and responding to these attempted covert arrivals is very good.

Effective management of the people smuggling phenomenon is a very high priority for the department and indeed for the government as a whole. The response involves a number of agencies and could be divided into two broad dimensions. The first is developing programs offshore to frustrate people smuggling activity, to detect and to deter people smugglers and to raise international consciousness and efforts concerning the factors that give rise to the phenomenon. The second is maximising our capacity to detect and to then effectively respond to unlawful incursions.

DIMA's relationship with Coastwatch is a critical element of the government's operations in this area. Our relationship embraces three main areas of activity: firstly, the exchange and

analysis of intelligence relating to prospective boat arrivals; secondly, the initial response to suspect illegal entrants vessels, involving detection, interception and the appropriate discharge of immigration law responsibilities; and, thirdly, the logistical challenges of maintaining custody of unauthorised non-citizens in a maritime environment and their transfer to immigration reception and processing centres.

In all three areas close cooperation between DIMA and Coastwatch is fundamental to meeting government objectives. Coastwatch and DIMA have significant intelligence gathering capability. Coastwatch provides surveillance services, which employ both airborne and maritime assets. Coastwatch, in consultation with DIMA, deploys assets which transfer unauthorised non-citizens to the mainland after they have been detected. From DIMA's perspective, the relationship works very well. DIMA tasking is a major element in the strategic planning of surveillance activities by Coastwatch. When boat arrivals are detected, DIMA, Coastwatch and other involved agencies, such as Customs and the Australian Federal Police, work together very closely managing the response. Mr Chairman, we are very happy to answer any questions the committee may have.

CHAIRMAN—Thank you very much for that. One of the things that this committee is interested in is the fact that the Auditor-General recommended a memorandum of understanding between Coastwatch and each of its client agencies. Has yours been finalised?

Ms Godwin—No, it has not been finalised, although it is very close to finalisation.

CHAIRMAN—Why has it not been finalised?

Ms Godwin—I think we were one of the agencies that received a significant funds transfer as a result of the outcome of the Prime Minister's coastal surveillance task force last year. Because of that, we have been keen to ensure that the memorandum of understanding—which is termed a service level agreement, but it has the characteristics of a memorandum of understanding—is sufficiently detailed and focused on the outcomes that were intended as a result of that funds transfer.

CHAIRMAN—So you want to be sure you are getting value for money?

Ms Godwin—We want to be sure that the service level agreement adequately reflects all of our requirements and also Coastwatch's interests in issues.

CHAIRMAN—There have been, and probably still are, those who say that perhaps Australia would be better served with a dedicated organisation that had all of its own assets and its own people to manage the coast watch type function. I would be interested in your views.

Mr Metcalfe—We are aware of that comment and, without wanting to enter into any political debate on the issue, we believe the proof is in the pudding, that currently there is a very good record in terms of the detection of unauthorised boat arrivals in Australia. There are substantial resources deployed to the task and there has been an increase in that resourcing in recent times. At the end of the day, the effectiveness of those arrangements will always depend upon appropriate coordination between the relevant agencies, whether it is within one organisation or whether it is a number of organisations. Some of the initiatives that have occurred in recent

times, such as the strengthening of information and other intelligence gathering, the active dissemination of that and the strengthening of communication between agencies such as ourselves and Coastwatch, Customs and others, are in fact proving quite effective.

For us, the issue is not so much finding the people, because the people are found, apart from those small numbers of people who very deliberately attempt covert entry, where there have been some occasions of arrival in Australia and subsequent detection. For us it is not the issue of finding them; finding them has shown to be something that is quite effective and reasonably straightforward. In making that comment, I am not attempting to denigrate the enormous effort that is involved in Coastwatch in undertaking that task, but there is a strong success record in finding people. For us as a portfolio, the much more significant issues are dealing with people when they arrive here and the processing and detention arrangements that relate to that, and, indeed, attempting to stop them coming in the first place, which is a whole set of different challenges.

CHAIRMAN—Since they put together and started to operate the Coastguard National Surveillance Centre, have you noticed an improvement in communications or improvement in terms of usable data, information, outcomes, anything?

Mr Metcalfe—I would like to make a couple of points, and others may wish to provide a bit more detail. There has always been a very good working relationship between DIMA and Coastwatch, and the additional resourcing and the establishment of the National Surveillance Centre have underlined that already very good working relationship. What has also proved very useful is the general increase in resourcing associated with information flows about possible movements of people to Australia. We are therefore able to work collegiately with Coastwatch and other agencies to try to provide information about likely arrivals in Australia. Therefore, I think that we are getting good value out of the current arrangements and that they have built on what we have seen in the past.

CHAIRMAN—One of the things we are interested is undetected air flights into Australia, but I think it would probably interest the committee to know how many illegal immigrants come in every year through commercial aircraft.

Mr Metcalfe—The total number of illegal immigrants in Australia as an entire group, we estimate, is around 53,000 people. That figure is derived from our matching of passenger data; basically, reconciliation between incoming passenger cards and outgoing passenger cards. Some people may say that people who do not enter through those processes may be an additional cohort, and some fairly sensational claims have been made over the years as to a much larger illegal population that have arrived.

In terms of people attempting to arrive in Australia unlawfully through Australian airports, Mr Vardos will provide some details to us in a minute, but the figure has varied in terms of detected arrivals and the number of people refused entry at airports has grown over the last few years. It was around the 2,000 to 2,500 figure. We can probably provide some more detail. That is a group of people who have either been able to obtain a visa to Australia but, upon examination or for other reasons upon arrival in Australia, are interviewed and refused entry at an Australian airport or they may be people who have been successful in obtaining false documentation sufficient to get them through an airport boarding process. They then arrive in

the country and are detected on arrival in Australia. Some people may in fact come forward and present claims at the barrier for refugee status. Others may attempt to pass through the barrier undetected and are found by Immigration or Customs officers during that process.

That figure of 2,000 to 2,500 is a figure for people detected at airports. There may well be some people who come through the airport situation and who are not detected—they have sufficiently good forgeries or sufficiently plausible stories to walk their way through—and that is a figure that is simply not known. We do not expect it is significant, but it is there as a factor. That group of 2,000 to 2,500 people, together with people who overstay their visas—who come through as tourists to Australia and then simply do not go home again—make up a component of about 53,000 estimated illegal immigrants in Australia at any one time. That figure rolls over in that the department's compliance activities each year locate 13,000 or so illegal immigrants and we therefore seek to resolve their status.

What is interesting, coming back to your original comment about black flights, is that the comment sometimes is made that people are coming to Australia undetected—slipping ashore, being flown in or whatever. As I said, we locate in the community around 13,000, about a quarter of the estimated overstayer population, each year. We cannot, from our collective memory, recall an incident where any of those 13,000 people have not been able to satisfy us that they came into Australia by anything other than ordinary commercial means: they came on an aircraft and overstayed, they came on a ship and deserted or they did not report as crew, or there is that number of instances where we have detected unauthorised arrivals, such as the recent incident in Cairns. But with people who are found in the community—that one-quarter of all illegal immigrants who are found in the community—we do not find situations where people have come in through a completely covert method without detection.

Mr Vardos—In 1998-99, there were 2,106 unauthorised air arrivals. In 1999-2000, the figure was 1,694 and that covers some 50 plus nationalities.

Mr Metcalfe—As the committee may be aware, in recent years—starting seven or eight years ago but significantly with greater resourcing in the last few years—the department has deployed staff to key hub airports in the region to work with airlines on the issue of whether airlines should board people for travel to Australia. We have what we call airline liaison officers, who work usually with Qantas, available to assist with boarding gate checks as people are walking onto the plane. They check people getting onto aircraft and, where necessary, work with airline officials to see whether documentation is appropriate for travel to Australia. We have those people in Hong Kong, Kuala Lumpur, Bangkok and Singapore, and in the lead up to the Olympics we have extended that coverage to places like Dubai and Johannesburg. Those staff probably account for much of the reduction we have seen in the number of unauthorised air arrivals in the last year, because we are stopping people getting on aircraft before they actually arrive in Australia.

CHAIRMAN—Yesterday we had a private briefing on new technology from Coastwatch and some advisers. As we spoke, 74 people arrived at Ashmore Reef. How long had you known they were on their way?

Mr Metcalfe—We receive information from various sources, particularly through sources in the Australian Federal Police, who have particularly effective working relationships with

Indonesian authorities in some of the remote areas. Through that strong liaison relationship with Indonesian and other authorities we obtain information about possible travellers to Australia and the activities of people smugglers. We have had some knowledge for some time of groups of people being assembled in various departure points in West Timor and other places. It is always a bit difficult to pin down exactly which group has moved and which has not because of the sheer geography and the communication issues, but we had some forewarning of potential travel and that information is shared very closely with Coastwatch.

We knew the group was arriving when we were told by Coastwatch—when they detected the group—so we probably found out at about the same time you did. Their arrival was not unexpected in the sense that we have had knowledge of people assembling, people smugglers acquiring vessels and those sorts of issues. There is a growth of information. The work of our officers and the Australian Federal Police officers with Indonesian authorities has proved most useful and it is probably one of the significant factors in the downturn in unauthorised boat arrivals that we have seen in the last few months.

Mr ST CLAIR—You mentioned you detect about 12,000—

Mr Metcalfe—About 13,000.

Mr ST CLAIR—What proportion of those could you or they not account for in terms of the method that they came in?

Mr Metcalfe—Zero. Basically, in relation to the 13,000 people who are located in the community each year by our compliance officers, police and other law enforcement people, we sit with them and we work through their issues. Some may have grounds to seek to remain in Australia, some may be applicants for refugee status, many choose to depart at that stage and some are detained and ultimately removed from Australia, but essentially none of those people give indications that they have covertly arrived in Australia without detection. When you trace back how they got into the country, it was on QF10, ‘SS such and such’, or whatever it happened to be.

Senator WATSON—Earlier, you said there were 52,000 illegals in Australia at any one time and that 13,000 illegals are located in Australia. Is that 52,000 a growing figure?

Mr Metcalfe—The figure I used was about 53,000. The figure for the last few years—and we can provide this to the committee on notice if you would like—has been around 50,000 or 52,000. That figure is a statistical derivation of inward passenger cards—the things that we all fill in when we come into the country—and outward passenger cards and the reconciliation of the two. There are statistical formulas applied, which have been agreed with the Australian Bureau of Statistics, to account for deaths in Australia, change of status in Australia, the obtaining of a visa, staying here permanently, et cetera. The figure derived through that process has remained in the region of 52,000 to 53,000 for the last several years.

CHAIRMAN—Is that the total in the country or the total for a year?

Mr Metcalfe—That is the total in the country and, as I said, it churns over in that we find about 13,000, and about the same number are added to it.

CHAIRMAN—That clarifies that, thank you.

Mr COX—You have been given a certain amount of money directly by government for Coastwatch activities. What, precisely, are the outcomes that the government decided it was buying when it gave you that money?

Mr Metcalfe—I will answer that, and Ms Godwin will have a bit more detail. That sum of money came essentially on top of what is built into Coastwatch's base funding for their surveillance activities, noting that, when they are out flying, they have a significant number of clients. When Coastwatch are out looking for illegal immigrants or suspected illegal entry vessels, they are at the same time doing flying work with drugs and quarantine in mind as well as fisheries and various other clients. The additional funds that were provided last year were essentially to ensure that the Coastwatch footprint could be extended across to the east coast—the prime threat in the past had been assessed as the northern and the north-west approaches to Australia. What we saw last year, of course, was the attempted covert arrival through professional people smugglers from China of vessels on the east coast. We saw those arrivals in Cairns, at Scotts Head, off Wollongong and elsewhere. The intention of that additional funding will be essentially to allow Coastwatch to acquire additional aircraft and a new helicopter, and I think that those aircraft are coming on stream fairly soon. Our expectation in outcomes is about the issues that are currently being settling between us and Coastwatch in finalising the MOU.

Ms Godwin—Picking up on the point that Mr Metcalfe is making, we have tasking of Coastwatch which focuses on the west coast and the east coast. The intention is to try to avoid any undetected arrivals in either of those areas, which we have identified as the areas of threat. But we work continuously with Coastwatch to confirm or upgrade our analysis of areas of threat and to determine where the aircraft should be flying and what the flying pattern and flying hours should be to reflect what we think might be the potential points of entry. As a result of the focus on the east coast as well as the west coast, there have been no undetected arrivals on the east coast since that change in overall tasking.

CHAIRMAN—Is that an efficient way to go about it—to give you the money so that you can give the money to Coastwatch, rather than just giving the money to Coastwatch? Are you telling them what you wanted anyway?

Mr Metcalfe—That goes back to the earlier issue that the government took the decision that there should be a purchaser-provider model in this instance, and it is that very issue that we are working through to ensure that we get the best outcomes.

Mr COX—It is a policy issue; it does not necessarily make policy sense.

CHAIRMAN—I understand that, David. One of the things that we are interested in—in the generic sense that the Auditor-General talked about—is this issue of cost, purchaser-provider models, memoranda of understanding and that whole ball game put into one. To what extent is it really possible for you to sit down with Coastwatch and say, 'Hey, if I give you a million dollars, this is what I'll get out of each of these flights or trips on a boat or purchase of new technology,' et cetera, when, in fact, every time Coastwatch does anything they are doing it on behalf of a number of agencies. Is it realistic—I know you are going to say what the minister

wants you to say, but I try anyway—to expect you to sign up with Coastwatch on a definitive cost structure and a purchaser-provider model with some really secure gateways in between?

Mr Metcalfe—I think probably the answer to that question is something we can give you in two or three years time because we are in the process of finalising that MOU, and the additional resourcing to Coastwatch in terms of additional aircraft will be coming on stream shortly.

We have a purchaser provider model that will operate on top of the base. But I think the issues you have raised about multiple tasking and various other things are the very issues that we are currently working through with Coastwatch to finalise the MOU. I am sure the ANAO will come along in a couple of years time and see whether it is working or not. We will certainly be doing our utmost to make sure it works properly. To ensure that we achieve the objective—that is, the objective of doing everything we can to minimise the potential for undetected arrivals in a situation where we do have some people who are keen to be found and make no secret of the fact they are simply sailing to Ashmore Reef and where we are also dealing in a more complex situation with people who are keen not to be found. We are seeing a new sophistication, as we did with the group who were able to make it ashore after being smuggled off the live fish export vessel and who ultimately, through some good detective work, were located in a house at Holloways Beach in Cairns. That reflects the increasing sophistication of people smugglers, and it is those sorts of issues where, ultimately, Coastwatch's ability to detect that type of vessel depend upon information sources, intelligence sources and whatever.

Just to come back onto one earlier point, part of the rationale for the tasking and the information exchange is that, in some circumstances, we do receive information about vessels en route. On other occasions we receive information about vessels that may have already departed, particularly from southern China. Authorities may let us know that they have stopped a vessel or, indeed, that they think one may have got away, and that allows them some greater precision to be built in. But as we have seen, particularly with the people smuggling associated with Chinese, the incidents we have seen in the UK with smuggling through lorries and other covert arrivals in Canada, there is a lot of money to be made out of this activity and the people involved in it are becoming increasingly sophisticated. The challenge for all of the authorities—ourselves, Coastwatch and others—is to try to respond to a committed, well-financed and flexible group of people.

CHAIRMAN—You said that in a couple of years you would expect the Auditor to come along and test whether you were operating properly. Would you expect to get a 100 per cent scorecard?

Mr Metcalfe—We always aim to have 100 per cent.

Mr COX—Have you ever received one?

Mr Metcalfe—We enjoy a very effective working relationship with the Auditor. On some things they make useful comments; on others, they say that we are doing a pretty good job. Our objective is always to be wise before the event but audits are useful occasionally in pointing out areas of deficiency.

CHAIRMAN—From my memory, we do not even give you a very rough time.

Mr Metcalfe—We work very hard with this committee as well, Mr Chairman.

Senator GIBSON—You mentioned before that bringing in illegals can be a very lucrative trade. Can you give us some anecdotal evidence as to what sorts of numbers are involved?

Mr Metcalfe—I can, and others may have a bit more detail. From memory, the figure that the group smuggled into Cairns, where we subsequently detected some 25 or so people—some in the house in Cairns and three who had actually got as far south as Brisbane—were paying to the people smugglers was around \$US30,000. Essentially, that group was virtually being held hostage until there had been confirmation that relatives back in China had paid the sum to the principals back in China, and it was possibly through that that the whole plan came unstuck. The amounts being paid to people smugglers bringing people through Indonesia are usually less than that, but I think figures of between \$US5,000 and \$US10,000 are fairly common. When you consider that 72 people arrived yesterday and you multiply that by the amounts of the fares, and when you see the fact that we have seen a boat with as many as 350 arrive at Christmas Island, this is a big business and that, I think, is the sea change we have seen in the last couple of years. There has always been a pull towards Australia because it is an attractive destination. There have always been push factors from countries where people may be seeking a better standard of living or, in fact, where they are facing human rights abuses. But what we are seeing now is an organised criminal business involvement who are just as prepared to package people off in a container to the UK as they are to send them on a boat to America or in a fishing vessel to Australia.

Senator GIBSON—You mentioned earlier that last financial year 4,700-odd attempted to come in and that there had been 800-odd the previous year. What is your expectation for this financial year?

Mr Metcalfe—That is the sixty-four dollar question. So far the numbers in the last couple of months have dropped. Until yesterday's arrival, we had had three boat arrivals since 1 July, with 88 people. So the numbers have tailed off—certainly for the first six months. As I said earlier, I think there are a number of factors contributing to that. The government has obviously put a very significant effort into the issue. The minister has taken a very strong personal stance in terms of visits to the Middle East, visits to Europe and an overseas information campaign designed to try to tell people the true story. What has also been particularly effective has been the cooperation with the Indonesian authorities and the fact that they have identified significant numbers of people who were illegally in Indonesia with a view to coming to Australia. International organisations, such as the International Organisation for Migration and UNHCR, have worked to deal with the issue there. That, combined with disruption and detection of the networks, has certainly had an impact.

However, there is a lot of money involved with this. We are looking at some pretty resourceful people and the potential for operations to be moved to some other place. As an example, the previous major departure point for Indonesia was either the island of Roti just near West Timor or West Timor itself. We are now seeing departure points moving into other islands—Flores Island—and elsewhere in Java itself. The potential for people to move ahead of us, to adjust their operations and to attempt different ways of doing things always remains very significant. While the numbers have dropped, we do have continuing information about people seeking to travel to Malaysia and Indonesia to access Australia. While there have been strong

efforts to reduce Australia's attractiveness as a destination, it ultimately becomes an economic question as to whether Australia is harder to get to or cheaper to get to than some other destination. It is that very complex set of issues that will determine the numbers we see. We have been effective in dealing with the issue, but the price of that is continued work and continued vigilance.

Senator GIBSON—So your expectation is that, for the next few years, the load on Coastwatch will basically stay as we see it today?

Mr Metcalfe—I am reluctant to attempt to give predictions, because there are so many factors at work. There is always the potential for new source countries to develop. Last year, for example, we had some very credible stories of a large boat of 800-plus people being organised from Somalia which were ultimately disrupted—whether it was a scam and people were getting ripped off or whether, in fact, it was genuine. What I am saying is that the trend in the last few months has been a much lower level of arrivals than we saw in the second half of last year. We certainly hope that it will continue to be at that low level, but there will need to be a continued very strong focus to ensure that that is the outcome.

Senator GIBSON—To give me an idea of the money flows involved, what extra costs were involved for the department in the move from 800-odd to nearly 4,800 last financial year—the additional 4,000?

Mr Metcalfe—Very substantial, in that—

Senator GIBSON—Just roughly.

Mr Metcalfe—One of the fundamental planks of Australian policy and, indeed, law is that all unauthorised arrivals must be detained upon arrival in Australia to ensure processing availability. The costs of detention in the portfolio have risen from probably \$30 million or \$40 million in the previous financial year to a figure last financial year of \$120 million to \$150 million—the budget papers have the precise figures. So detention itself has become a significant cost, as well as the associated issues of processing and whatever. It is a significant impost on the budget and hence the determination of the government to try and reduce the arrival numbers.

Senator HOGG—You mentioned the increasing sophistication of the smugglers. I am just wondering if this will lead you to adopt different techniques in terms of your overseas engagement in order to, firstly, publicise our position, and, secondly, to understand the shifting and the changes that are taking place over there. Will that impact on your commitment to Coastwatch or your need for Coastwatch services as such? Will moving the battle offshore in any way reduce the need for the commitment to the Coastwatch services?

Mr Metcalfe—To answer the second question first, the answer is no because Coastwatch is absolutely required and will be absolutely required to ensure that we minimise the potential for undetected arrivals. There is a series of policy objectives: firstly, to stop people coming in the first place; but, secondly, if they do head towards Australia then they are detected and therefore able to be dealt with in a controlled manner upon arrival in Australia.

The one thing I can predict in crystal ball gazing is that the pressure of movement between countries and illegal movement between countries will continue to be a major fact of life and that our surveillance capability, if anything, will need to be reinforced because of the innovative ways that the people smugglers deal with situations. So our reliance on Coastwatch will always be there, even though to a certain extent that is a fallback if we have not been able to stop people coming in the first place. I do not think we could ever be so confident that we have got a particular problem fixed that we could say there is no longer the need to have any surveillance.

In relation to your first question, yes, we certainly are significantly more involved internationally in working on these issues in a whole range of ways. I mentioned high-level work by the government, by the minister and his colleagues, in raising the issue internationally. The minister was recently at a major European people smuggling conference in Paris. Australia is increasingly engaging with other major destination countries, as well as countries of origin and transit, in an attempt to try and disrupt and deter and deal with this issue in all possible ways.

Part of our strategy has been an overseas information campaign. That has probably proved most effective in the PRC, where we have done extensive work in the southern provinces, where people originate from, in trying to publicise the penalties of illegal entry to Australia and the implications of what happens. Increasingly, that campaign will be extended elsewhere.

At the operational level we now have a large number of dedicated staff deployed to Australian missions overseas in addition to our normal visa processing staff. We now have in the order of 20 compliance officers located through Asia, but also in the Middle East and Africa and the Pacific, to specifically work on cooperation in combating illegal immigration. They work together with other agencies represented at the posts—AFP and Foreign Affairs—to ensure that this is seen as a major issue as part of our bilateral relationships.

So the answer is very firmly yes to the first question. In relation to the second question, notwithstanding all of that effort, I think we will always need a strong coastal surveillance capability to deal with those people who do manage to depart and head towards us.

Mr COX—What can you tell us about the actual people smugglers? Are they organised crime gangs?

Mr Metcalfe—Broadly speaking, yes—loose affiliations of people. We have got some pretty good information about who the people operating out of Indonesia happen to be and we have drawn that to the attention of the Indonesian authorities. Some of those people have been acted against in Indonesia. China is the other major source of illegal entry and we work very closely with the Chinese officials. It is a huge problem for them, of course. There are 50,000 or 100,000 illegal departures from China that the people smugglers are involved with each year. I suppose, to broadly summarise it, there is organised crime and quite frequently small syndicates of people who may then link up with others. We have seen a phenomenon of connections being developed between people smugglers in Indonesia who increasingly are vertically integrating their operations and reaching back through the route to the Middle East. They are getting more sophisticated, and that comes back to my central thesis that we need to also continue to get more sophisticated.

Mr COX—One of the issues frequently raised with most of us by the public is the potential for terrorists amongst the illegal entrants. To what extent has terrorist infiltration been detected?

Mr Metcalfe—Without going to particular cases, firstly, I make the point that all unauthorised arrivals in Australia who we believe engage our protection obligations under the refugees convention, and therefore potentially will be released into the Australian community, are required to go through security checking. So to the extent possible that issue is being addressed by the appropriate authority, ASIO. The issue is a serious one. We have seen a small number of cases where people of concern have been identified and there are a larger number of cases in the current group where fuller checking is still under way.

Mr COX—Are they of concern by dint of their background or their past or their intentions?

Mr Metcalfe—I do not purport to say why someone might be of concern to ASIO, but it usually is a factor of what they may have done in their past or who they are affiliated with or whether they are prepared to signal their intentions. I am not sure. The whole issue of checking goes to what a person may have been up to in the past.

Mr COX—Thank you.

CHAIRMAN—Thank you very much. If we have any further questions we will put them in writing so we do not hold you back here again. The committee hopes to finish before Christmas and report in the first quarter.

[2.51 p.m.]

CAHILL, Mr John Anthony, National Manager, Border Management Program, Australian Quarantine and Inspection Service

GANNON, Ms Helen, Manager, Seaports Program, Australian Quarantine and Inspection Service

MURPHY, Mr Robert Alan, Manager, Border Surveillance Programs, Australian Quarantine and Inspection Service

CHAIRMAN—Welcome. Thank you for your submission and for coming. Do you have a brief opening statement, or do we proceed directly to questions?

Mr Cahill—I have a very brief one. AQIS relies heavily on Coastwatch and its assets for the early detection of illegal entry vessels and their cargo, including passengers, to protect Australia from harmful pests and diseases and also to assist with our trapping and monitoring programs in northern Australia. We are very comfortable with the current Coastwatch arrangements.

AQIS is active in the Coastwatch planning processes and is directly involved in key national and regional committees that allocate resources to surveillance operations. AQIS is the primary user of one of the two Coastwatch helicopters in the Torres Strait. This helicopter and other vessels underpin, as I have said, AQIS's trapping and monitoring programs and any change in current arrangements need to protect AQIS access to Coastwatch coordinated assets. I understand the committee proposes to visit northern Australia in September 2000 and AQIS is arranging a comprehensive briefing on AQIS operations, particularly in the northern Australian quarantine strategy. That concludes my opening remarks.

CHAIRMAN—Thank you. The way the current arrangements work, AQIS is somewhere near the bottom of the feeding chain, I would have thought, in terms of agencies for which long-term planning is done and to which much attention is paid. Do you believe that your interests get enough attention to Coastwatch?

Mr Cahill—Yes, I believe they do. We are, in fact, as I indicated in my opening statement, one of the major users of one of the helicopters in the Torres Strait. To that extent, we are probably closer to the top end of the feeding chain than the bottom. In fact, when the asset was originally acquired, AQIS was one of the original key proponents of that asset. In so far as Torres Strait operations go, our interests are very much at the forefront of Coastwatch's minds and we get the access that we need to the assets to do the job of work that we need to do.

In relation to the entry of illegal vessels and passengers, we have good communication arrangements in place and we make sure that we are there with the other border agencies to meet and greet those arrivals and deal with any issues of quarantine interest or concern.

CHAIRMAN—Do you have a memorandum of understanding with Coastwatch?

Mr Cahill—We have had an MOU in place since September 1991.

CHAIRMAN—Has it got cost recovery data in it?

Mr Cahill—There is no direct exchange of funding between AQIS and Coastwatch. What we have in relation to the helicopter in the Torres Strait is a flying hours budget that gives us some sort of priority access. Under the helicopter tasking criteria, we also have access to additional hours if we require it. While we have had the MOU in place for quite a number of years, the substance of the MOU remains probably as relevant today as it did when it was signed back in 1991. It covers the operational aspects, communication issues, the nature of the relationship between the two organisations and who does what to whom and when. That all seems to work pretty effectively today, as it did back when it was signed.

CHAIRMAN—In your submission you said:

AQIS is required to recover 100% of its operational costs and a continuation in the growth of SIEV arrivals could adversely affect the services provided by AQIS to clients and industries which pay for these services.

Mr Cahill—That is essentially an acknowledgment that there is obviously increasing activity in which we and other agencies are engaged in relation to illegal entry vessels, their passengers and cargo. There is a cost attached to that for which AQIS has no direct cost recovery source at the moment. In effect, that is met through the resources provided to existing programs, in particular through our Seaports program and our airport operations, the latter being funded through the passenger movement charge principally.

CHAIRMAN—The Auditor-General talked about so-called ‘black flights’—Coastwatch and Defence do not like the terminology—which are like unidentified aircraft movements. In terms of your agency’s responsibilities, does the possibility of such flights and such incursions into Australia give you concern?

Mr Murphy—Yes, they do. Those flights can bring with them a number of pests and diseases of concern. In particular, aircraft coming out of South-East Asia pose the most obvious potential problem, which is mosquitoes carrying dengue fever and establishing breeding colonies that we do not have in Australia, which could spread such diseases pretty widely throughout Australia. So those aircraft do constitute a risk, and a primary risk would be associated with mosquitoes.

CHAIRMAN—Do you have any evidence that such flights exist?

Mr Murphy—No, we do not. In our submission we make the point the aircraft and vessels and passengers that we are after are in fact the same aircraft, vessels and passengers that DIMA, Fisheries and other agencies are interested in. So we do not go out and specifically task Coastwatch because we would simply be duplicating the effort that other agencies are already putting in.

Senator GIBSON—You say in your submission—and this is quite obvious—that Torres Strait is the area of most risk for your activities. As for your actual experience with illegal immigrants coming in by boat, have you actually picked up much material which was basically illegal?

Mr Murphy—The vessels typically have quite a bit of food on them, which is a quarantine risk. The vessels quite regularly have exotic mosquitoes on board, which constitute a very substantial risk. In recent months, as a result of these vessels and the additional traffic out of East Timor to Australia, we have trapped exotic mosquitoes in Cairns and Darwin on a number of occasions, and it is through our monitoring programs that we are able to respond very quickly to those. So, this additional trapping in northern Australia is manifesting some real quarantine risks and that is why early detection and our participation in the early clearance of those vessels is very important. We play a very active role in the ROPAC process in the regions and our people work very closely with the Coastwatch and Customs people in those ports. They all know each other personally very well and there are—as you have probably observed—very strong links between the agencies in those locations. That needs to be fostered.

Senator GIBSON—Could you expand a bit on the sampling you do for mosquitoes and things in those northern cities?

Mr Murphy—At all airports and seaports around Australia, AQIS has going what is called a vector monitoring program where we have traps around the ports that are sites where mosquitoes will breed. We also establish CO₂ traps that will encourage and trap adult mosquitoes. When our people board the vessels as well, they obviously go around and look for any fresh water and they dip those and they basically then take those samples back and look for exotic mosquitoes. So there is a comprehensive monitoring program at all ports in Australia, and that is an important surveillance program that we undertake. We do, as I said before, find mosquitoes fairly regularly, and that allows us and the state health authorities to go into a large clean-up and fogging program in those ports when they are found, to destroy any breeding populations as quickly as possible.

Senator GIBSON—And those clean-ups work?

Mr Murphy—Yes, they do, because in addition to the clean-up there is then a heightened ongoing monitoring program until such time as we are sure that there is no longer a breeding population.

Senator GIBSON—Thank you.

Mr COX—Are there any animal risks with, for example, Indonesian boats coming into Australian waters?

Mr Murphy—There is a very substantial outbreak of rabies in some of the islands in Indonesia just at the moment. So we are certainly talking to Coastwatch about them being very mindful of any animals being on board these vessels, because these animals do constitute a quarantine risk.

Mr COX—What sort of animals would they be?

Mr Murphy—Things we are typically looking for are dogs and these sorts of things that present the obvious risk. Certainly rats, mice and other things can constitute quarantine risks, and that is why we are on the vessel as quickly as possible to identify those problems. When there is a problem, the vessel is typically fumigated. Quite often, in the wooden vessels, we will

find exotic borers. Again, those vessels, when they are found, are typically fumigated, if they are not destroyed straightaway.

Mr COX—Is there any risk in the north-west of people coming in and subsisting in Australia and bringing livestock with them?

Mr Murphy—That is a potential risk, but we perceive that to be pretty low. The people who are coming into the north-west are typically putting their hands up pretty early, saying, ‘We are here. Please come and collect us.’ So those people we are able to respond to pretty quickly. Going back a few years ago, we did have illegal fishermen coming and surviving on some of the remote islands as they were collecting trochus shell and these sorts of things. Those people did present a risk, and the important thing was to try and detect those people quickly. The main risk they presented was probably borers and insects on those vessels. So it was important that we got to them quickly, found out what was there and moved on and destroyed those vessels or fumigated those vessels as quickly as possible.

CHAIRMAN—In your report, on page 7, you noted that you had experienced some problems with assets not functioning at full capacity. Would you like to tell us about that?

Ms Gannon—That relates primarily to our use of the Fremantle class patrol boats. Where you have a number of specific taskings, we will task a patrol boat for a specific number of days, which obviously takes significant planning on our part and we plan to do certain activities during the course of those taskings. There have been occasions where the mechanics of the boats or assets have not been available or have not been fully functioning. We often use a smaller tender off the back of a naval vessel to get into the ports along the coast. On occasion those tenders have not been functioning, which means that the expectations of the exercise from our point of view are not always able to be fulfilled because of the use of the asset that we have.

CHAIRMAN—Do you complain?

Ms Gannon—We would—very politely.

CHAIRMAN—What good does it do you?

Ms Gannon—We make a note of that and on future occasions we will indicate that a particular exercise has not been able to be completed to its full effect due to these assets. We will advise what we do require and, as part of that, we will ask if there is any sort of back-up. We have on occasions had to make decisions where it has been iffy as to whether the asset will function fully and we have chosen not to proceed with a certain exercise because of the time, the resource and the planning involved.

Mr COX—Could this be one of the reasons why Navy is planning to put two of those boats on its future patrol boats?

Mr Cahill—We could not answer that. We would not want to leave the message that this is a regular occurrence; it is very incidental to operations and probably on the whole has not materially affected our primary responsibilities.

Mr COX—Do you send a quarantine officer to greet every incoming ship?

Ms Gannon—No, we operate on a risk assessment approach to vessels. We have about 11,700 vessels per annum coming in.

Mr COX—I mean the illegal ones.

Ms Gannon—The illegal ones, yes.

Mr COX—Those factions are fairly technical so they could not be undertaken by anybody other than an AQIS officer?

Mr Cahill—They are specialist functions. Most of our staff possess science qualifications and relevant expertise in dealing with issues of quarantine interest which might then become issues of quarantine concern. Those judgments need to be made by officers trained in that task. While we do work in close cooperation especially with Customs in a range of areas and including at some ports, it is our view, based on the risk presented, that we need to have a quarantine officer presence to meet the illegal entry vessels in particular.

Mr COX—How difficult is it to do that, given the range of assets that might be tasked to do an interception? Do you fly people around?

Mr Murphy—We have people stationed at pretty well every port of entry into Australia. The assets are typically going out of the major centres like Broome and Darwin, where we have substantial numbers of people, and this is a priority. We have not experienced too many problems that I can recall where we have not been able to find the people at very short notice who meet this significant risk.

Mr Cahill—But we do have to move people in order to meet the arriving vessels, yes.

Mr COX—Is there usually an AQIS person on a patrol boat?

Mr Cahill—We have a regular presence as a result of taskings in the Torres Strait, but in the ordinary course of events we probably would not, no.

Mr COX—You would meet them when they actually bring the boat into the port, rather than meet them when they are still at sea?

Mr Cahill—It varies. We do put people on board to go and meet the vessels at, say, Ashmore Reef. When the vessel arrived in Cairns we had people go to Cairns with the customs and immigration people—we had a presence there anyway, but we supplemented that with other resources at the time. It is a matter of what the agencies are telling us in terms of the information coming in, the size of the vessel, the number of likely passengers on board. There are judgments we then need to make about the quarantine risk that is presenting itself and how we are going to deal with that risk. So the answer to the question is that it depends on the circumstances, that ordinarily we would meet the vessels as they arrive, but occasionally we also put people into the area with customs officers and others.

Senator WATSON—There has been an allocation of additional resources to Coastwatch, including managerial improvement. Have you found that those resources have flowed through in terms of additional services or benefits to your area?

Mr Cahill—Mr Murphy may wish to comment about that. From my own perception, what the additional resources have meant for us is that we have been able to maintain the hours that we need to access those resources, and the pressure from the competition, if you like, to utilise those assets has decreased because of the greater level of resources that have become available. In short, AQIS has been able to maintain the level of commitment that it thinks it needs for the quarantine risk presented.

Senator WATSON—You say you maintain it, but it has not enhanced it?

Mr Cahill—That is correct to a point. There is a level of enhancement in the sense that the hours that we have access to for the assets are less in jeopardy from other higher priority tasks that may be occurring at the time. So that means that, yes, we have been able to maintain the level. We have not seen a particular need to increase the level of access to assets because the level of access that we have at present does reflect the quarantine risk as we judge it.

Mr Murphy—And if you look at the protocols for helicopter tasking AQIS is at the top of that protocol and that sort of reflects the priority that Customs and Coastwatch give quarantine issues. So we are, in fact, towards the top of the pecking list when it comes to priorities with assets and we want to continue with that status. But the overall increase in the surveillance effort obviously has flow-on benefits to quarantine like it does to other agencies. The fact that we are now more confident that we are detecting these vessels offshore means that we are better able to respond on arrival and we have been getting fewer unannounced arrivals on the Australian coast in the recent couple of years which, of course, has got flow-on benefits for quarantine like it has for immigration and customs considerations. So, as I was saying before, there are joint beneficiaries of this additional effort, one of which is quarantine.

Senator WATSON—Thank you.

CHAIRMAN—Thank you very much again for your submission and for coming along to talk to us today. If we have further questions we will put them in writing rather than hauling you back here again.

Mr Cahill—Yes.

[3.21 p.m.]

HUGHES, Mr Andrew Charles, Acting General Manager, National Operations, Australian Federal Police

PALMER, Mr Michael John, Commissioner, Australian Federal Police

CHAIRMAN—I welcome representatives of the Australian Federal Police. We have received your submission, for which we thank you. Will you give a brief opening statement or do we proceed to questions?

Mr Palmer—The submission speaks for itself, but I will give a basic explanation of that in a little bit more detail. Probably we have not previously been involved in as much interactive activity as we have in the last two years. Almost everything we have found ourselves doing in an investigative capacity over the last couple of years has caused us to be in pretty firm partnership with a whole range of agencies—not only the Australian Customs Service and Coastwatch but also DIMA, ADF, AQIS and Taxation. More and more we are finding that the nature of the investigations in which we are involved requires that we cooperate very strongly with and get the support and assistance of other agencies. During that time, of course, we have had a very strong focus on drug interdiction and people smuggling. I have to say that, right through that time, the level of support and assistance we have received from Coastwatch and the Australian Customs Service more broadly has been, almost without exception, completely excellent and continues to improve. The National Surveillance Centre is increasingly becoming a very valuable part of that process, and we see the quality of intelligence flowing both in and out of that increasing almost daily. Just by way of a parent statement, the relationships between us, Customs and Coastwatch are extremely positive. We have found the level of cooperation exceedingly valuable. In fact, I cannot think of a major seizure on the east coast that has occurred in the last couple of years that would have occurred had it not been for extremely valuable assistance, particularly from Coastwatch.

CHAIRMAN—Thank you for that. I was going to ask you about the National Surveillance Centre, but I cannot now because you have already answered my question. One of the things that occasioned our inquiry was, of course, the Auditor-General's report. The Auditor-General placed some importance on memoranda of understanding. Do you have one with Coastwatch?

Mr Palmer—We have a number of MOU with the Australian Customs Service. We do not have an MOU as such, at the moment, with Coastwatch, but we do have AFP national guidelines which act precisely as an MOU, which we have developed in conjunction with Coastwatch. These guidelines lay out the conditions and circumstances under which we will seek and be given assistance in regard to investigative matters or surveillance of criminally suspect activity. At the moment—and Mr Hughes may be able to enlarge upon this—we are in the business as part of our client service negotiations, negotiating with customers a range of new MOUs. As part of that process, we intend to look at turning what is now the AFP national guideline into a formal MOU with Coastwatch.

CHAIRMAN—Will that involve any form of purchaser provider arrangements?

Mr Palmer—At the moment that is not part of the arrangements and we would not, at this stage, envisage that new arrangements would move in that direction.

CHAIRMAN—You said in your report on page 5 that you were working to improve your relationship with Coastwatch, and that was in respect of the flow of intelligence information from Coastwatch to you. You said:

The AFP ... receives relevant information from Coastwatch, though not in the form of written advice or formal assessments. This deficiency is being addressed by Coastwatch through the formation of an Analyst Unit and the recruitment of skilled intelligence analysts.

Would you like to comment on that a bit more?

Mr Palmer—I could ask Mr Hughes to comment in more specific detail.

Mr Hughes—As the commissioner said, our relationship overall with that centre is very sound. We are aware that they have recruited analysts and those analysts are working very closely with the analysts that the Australian Federal Police employs in our strategic intelligence centre. It is an evolving process. Clearly a lot of the work that they are doing is quite cutting edge stuff. I understand that they are entering into relationships with international agencies, which, of course, is of use to the broader Australian law enforcement community. It is a process of evolution as these things develop and, at this point in time, we are quite satisfied that we are seeing an increase in intelligence flows from the centre to our analysts in the AFP, which is tremendously beneficial from an operational sense.

CHAIRMAN—One of the things that the auditor did comment on was what he called black flights, but which Defence and Coastwatch would rather call unidentified aircraft movements. My understanding, from discussions with Coastwatch and Defence, is that there still is no clear established procedure. What would we do if there was an incursion of an aircraft that we did not know about and if Defence, under instruction from Coastwatch or by itself, decided to tell the thing to set down? Have you negotiated with either or both agencies about your involvement and about being advised immediately of that action so that you could access the pilot or other people on such an aircraft when it set down?

Mr Palmer—Yes, there are probably three or four things. Certainly our intelligence does not indicate there is any orchestrated movement of organised crime directed black flights, although from time to time there are sightings. As part of our ordinary operational arrangements, not only with people like Coastwatch and the Australian Customs Service but also with state police authorities, of course, we would be immediately informed of any suspicious sightings—certainly landings involving people who may be of interest to the federal police. They are not so much part of specific MOUs but part of ordinary operational arrangements. We are aware that Customs and Defence are, as I understand it, assessing the nature and extent of the risk that may be associated with black flights. Subject to the outcome of that, we would otherwise support the ANAO recommendation in regard to that issue.

CHAIRMAN—On page 6, you said:

... the AFP has to compete for Coastwatch's resources with other agencies whose schedule for Coastwatch use has been mapped out months in advance. The AFP would therefore support an increase in the availability of flying hours in the area and, in particular, by night-time Dash 8 aircraft.

Why?

Mr Palmer—I can give a broad answer to that; Mr Hughes might have a more specific one. Obviously continuous surveillance, particularly as suspect vessels enter Australian waters, is very, very important for the evidential trail of proving drug interdiction or people smuggling, particularly where you are dealing with a connection between mother ships and ships that may be coming from the shore of Australia. The extent to which we can ensure continuity of air surveillance is the extent to which the quality of evidence is likely to be improved.

In a couple of our most significant cases, it has been aerial surveillance that has proven the connection between the ship and the carrying of heroin and cocaine that we have then eventually seized upon arrival at the shore—and I am not certain about cocaine with the mother ship connection, but certainly heroin. Had it not been for our aerial surveillance, we would never have been able to prove what was otherwise simply a suspicion: the fact that the mother ship was carrying the heroin and the actual seizure of the heroin. Obviously with all of these situations from time to time there are resource limitations. In a perfect world, it would obviously be beneficial to have the resources to take away the possibility of there being a lack of capacity or of flying hours that could leave a gap in that process.

Having said that, I have to say that the nature of our intelligence is not very frequently precise enough to deal with that in its totality. Often we are not really aware of the exact identity of the mother ship. We suspect which one it may be, but we are not certain. We are often viewing more than one vessel. Often the intelligence is contradictory in terms of exactly where it will be, when it will be.

Mr COX—In this instance, are we talking about what are otherwise normal commercial ships coming into Australia or coming past Australia and dropping off contraband like drugs, or are we talking about smaller craft that are coming down here specifically for that purpose?

Mr Palmer—Ordinarily, and particularly with drugs, we are talking about smaller privately owned ships. They may be quite sizeable, they will be smaller freight or yachts, but they are not the ones that are likely to come in shore. So, in the main, we are talking about privately owned rather than commercial craft. But with people smuggling, that is varied. On occasions, we have seen larger vessels used in regard to drug importation as well.

Mr Hughes—It might be worthwhile perhaps just to marginally qualify the statement that we compete with Coastwatch resources. In the type of operations that Commissioner Palmer has described, almost invariably we are involved in a very close partnership with the Australian Customs Service. Therefore, with the allocation of resources to the AFP, we also have access to what would otherwise be Customs resources—Coastwatch allocated resources. The AFP's operations with Customs are very intelligence-driven. When we have a suspect vessel approaching Australia, particularly as it nears the Australian coast, it is critically important that we maintain, or have the capacity to maintain, 24-hour surveillance. It is in this regard that the Dash 8 aircraft has proven its worth on many occasions.

CHAIRMAN—Now you make it clear, thank you. The business of competing for time and competing for assets is interesting. Would it make any difference to you if there were a different command model where the agency that you were theoretically buying the service from was a stand-alone agency rather than a group within the departments of customs and immigration?

Mr Palmer—There is no question that the more seamless you make the arrangements, the better the likely result; and the more wide the level of understanding of those people involved in small parts of what otherwise is a fairly complex and sometimes quite long-term investigation, the better the likely result. Certainly from a Commonwealth law enforcement agency point of view—and I talk collectively here about the key agencies involved in the law enforcement, and particularly interdiction with DIMA, Customs, ourselves and sometimes AQIS and others—we should be viewing our borders as boundaries of administrative convenience, and we should be looking at the problems and the best solutions. That is the way we have been addressing our partnership and our cooperative arrangements. In my view, we would need to proceed with caution in terms of drawing any further divisional lines and separating functions from a wider body of expertise. It seems to me that the fewer such divisions we have, the better off we are.

There is a wide understanding now amongst the AFP of the wide range of the Customs Service skills and authorities. The same can be said by Customs of the AFP. We have increased the mutual understanding of what we can and cannot do for each other. There is an increasingly high level of understanding within Coastwatch of what it is in terms of an evidentiary requirement that can best assist us collectively in pursuit of these sorts of activities so that we are not just simply seizing the commodity, whether it be people or drugs, but we really are likely to get sufficient evidence to attack the targets of those people most involved.

So I think it does matter, Mr Chairman. We were part of the task force, of course, that looked at what the framework ought to be. I think Coastwatch works very well. I think it is important that it be part of the Australian Customs Service. I think that works very well in a seamless way in terms of the overall Commonwealth response to this problem.

CHAIRMAN—Okay. You did say that the AFP considers that if an Australian coastguard were to be established it would require a specific legislative charter which included a clear statement of the coastguard's functions and powers. However the AFP continued to question the need for the establishment of another law enforcement agency.

Mr Palmer—Yes. I guess that is what I was alluding to in my previous statement, Mr Chairman.

CHAIRMAN—Yes. A Queensland government submission noted that the Queensland Police Service has a relationship with Coastwatch through you, and it indicates that to date the relationship has been satisfactory. But it suggests that increased liaison between the Queensland Police Service and Coastwatch would benefit both organisations and would reduce duplication in the deployment of resources. Have you any comment?

Mr Palmer—I think the answer has to be—and I was not aware of that comment previously, Mr Chairman—yes, in that in regard to any level of cooperation between law enforcement agencies in this country there is room for improvement and we can improve the quality of the nature of liaison. I think we are in a continuous learning curve in terms of what value we can get

from each other's resources and authorities and jurisdictional powers. And, of course, state police tend to be involved spasmodically in the use of these sorts of resources, as a result of which you have a fair turnover of personnel and we find not infrequently in dealing in joint investigations that we are dealing with almost completely new personnel from within the state environment. So the continuity that is more easily achieved between Commonwealth agencies is a bit more difficult to achieve between Commonwealth and state agencies. So I think we could do more to improve liaison. Mr Hughes, again, may have knowledge of what initiatives are in hand there. I know we have very extensive cooperative arrangements with Queensland police and I know the Customs Service does as well.

Mr COX—But generally you think state police forces are less professional in this area?

Mr Palmer—No, I do not think it is a case of professionalism. I just think it is a case of frequency of contact in this area. Most of the state police activities, of course, are focused on crime committed internally and within the borders. It is only from time to time, and often as a result of a request from us, that they become involved in a joint investigation involving interdiction. That may well exercise the use of their tactical response groups in terms of a possible armed presence of the criminals involved in importation, for example, and they will from time to time seek assistance in regard to state crime in their own right. But it is obviously a less frequent exercise, as a result of which, of course, you cannot expect the level of understanding amongst the ordinary operators to be as high as it should be amongst Australian Federal Police officers doing this much more frequently.

CHAIRMAN—Also in your report you noted that you are presently holding discussions with the Australian Customs Service concerning achievement of cooperation within the portfolio with respect to ensuring compatible communications equipment in Coastwatch aircraft. Can you tell us what kind of problems you have?

Mr Hughes—Again, when it comes back to Commissioner Palmer's comments about coordination, in some of the more remote areas of Australia where a lot of this Coastwatch activity takes place where we have resources on the ground, there are times when being able to communicate to and from the aircraft, or other resources, would be particularly valuable so that we can ensure that our resources are appropriately deployed. The arrangements as they exist at the present time are not unworkable. What we mean by that comment is that we strive to seek means to improve those arrangements and if we had direct communications, for example, with an aircraft then we are better placed to position our resources in a timely fashion.

CHAIRMAN—Are you saying that your high frequency radio sets are not compatible with what is in the aircraft?

Mr Hughes—On the open frequencies it is not advisable to communicate with the equipment that we have, which would be standard sort of communication equipment. We obviously want to have a degree of security on the communications, and so access to that means of communication would be useful on occasions.

CHAIRMAN—Are we talking about a lot of money?

Mr Hughes—I am afraid I do not have any idea of the costings of that, but I am sure it would not be overly expensive.

CHAIRMAN—And you are progressing these discussions with Coastwatch?

Mr Hughes—Yes, we are.

Mr COX—You mentioned the problems of dealing with people bringing in drugs being armed. We had some evidence this morning about the extent of arming of Customs officers on the Bay class patrol boats. We had from Defence some evidence which was fairly non-specific about the sort of risk of somebody really making an effort not to be apprehended. What sort of risk assessments have you made about the sorts of armed responses that people who are involved in these sorts of interdiction operations might face?

Mr Palmer—Obviously it is a very unpredictable environment. I have to say that our experience, if you like, is that the risk assessment is an operation by operation thing, as you would appreciate, and depends upon the intelligence and of course the quality of it and the knowledge of the people involved. Probably a stronger guide, although there is this ongoing unpredictability, is in fact our actual experience, and that is that it is more unusual than usual that we come across people who are armed, although from time to time they are. I think it has been very rare, if at all, that it has occurred—Mr Hughes can correct me if I am wrong on this—where we have actually reached a situation where there has been any suggestion that there is a move by the people to use those arms against police. Until recent times, of course, AFP members were on the Customs vessels and we were the only armed people on board. In recognition of that unpredictability, that if something occurred, whether we were on board or not, it really was sensible that everybody should be armed. If we were armed, the more compatible our arms were and the more compatible the training that led to that armament of the individuals was, the better off we would be.

On all the intelligence that I have read, the clear indication is that the people are carrying arms essentially to ward off rival gangs rather than to fight off law enforcement. There have been some clear signs of that, that they are more fearful of somebody else. They are not expecting us to be on the doorstep when they arrive, otherwise they would not be coming. They are more fearful of the fact that some other people involved in the same business may be there and may be in some sort of competition for the drugs, particularly, that they are bringing. As a general statement, I think that probably reflects the reality, albeit you are talking about people who stand to make a huge profit and who are facing many years in jail if caught. So, of course, we clearly have to act on the basis on every occasion that the risk is high.

Mr COX—In terms of international benchmarks, what would be the level of violence that would be used by perpetrators in, say, the American context by comparison?

Mr Palmer—I think you are dealing with a more violent market, certainly, in the United States than we have seen here to date; quite remarkably so in terms of interdiction. It is a different scene on the streets in Australia now, of course, as we are seeing particularly in the west of Sydney, where there is quite a high level of violence in terms of low level drug dealing amongst people involved internally.

Mr COX—Looking at the international precedents, have there been instances of use of weapons that are more than pistols or shotguns: submachine guns—

Mr Palmer—In different parts of the world?

Mr COX—That have been used against law enforcement agencies in different parts of the world that are trying to stop drug importations?

Mr Palmer—I understand there have, yes, particularly in the Colombia-United States route in the strip of Central America where, of course, you have the drugs being trafficked by really what is an unofficial army from within a country such as Colombia, or you did have certainly until recent times.

Mr COX—Have you any specific knowledge of the weapons that they have used in those circumstances?

Mr Palmer—No, I do not. Mr Hughes may want to add to what I have said.

Mr Hughes—Not the specific type of firearm, other than that they have used sophisticated weapons. A useful point to remember is that they arm themselves arguably proportionately to the level of armament that those charged with their interdiction would be carrying.

Mr Palmer—That is probably a very strong point. There is no question that the United States on a number of occasions have looked at that question: are you curing or causing the problem? In fact, we faced this in Australia until quite recent times because it is only in very recent years that every police service in this country has become armed—certainly one or two remained unarmed until very recent years—and the philosophy was the same. It is a difficult question to answer.

Mr COX—In some instances we are sending out military assets and in some instances we are sending out civil ones.

Mr Palmer—We feel comfortable, particularly if the risk is assessed as high, and we support our operations with our TRG people from either the state concerned or the Australian Federal Police. We have felt comfortable in regard to each of our operations that our people are appropriately armed and protected for the situation into which they are going. I think it would not serve a useful purpose ordinarily that we be more strongly armed than we and Customs are likely to be at present.

CHAIRMAN—Thank you very much for your submission and for coming to talk to us today. If we wind up with any further questions you will not mind if we put them in writing rather than asking you to come back again, will you?

Mr Palmer—No. Thank you, Mr Chairman.

CHAIRMAN—Thank you very much. Thank you to Hansard, colleagues, staff and participants.

Resolved (on motion by **Mr Cox**):

That this committee authorises publication, including publication on the parliamentary database of the proof transcript of the evidence given before it at public hearing this day.

Committee adjourned at 3.47 p.m.

