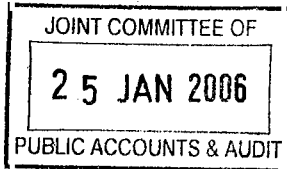




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20 January 2006



Dr Glenn Worthington  
Inquiry Secretary  
Joint Committee of Public Accounts and Audit  
Parliament House  
**CANBERRA ACT 2600**

Dear Dr Worthington,

**INQUIRY: JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT - REVIEW  
OF AVIATION SECURITY IN AUSTRALIA**

Qantas participated in the Committee's public hearing held in Sydney on 23 November 2005. Five Questions on Notice were taken and I am pleased to provide the attached responses.

Qantas will be pleased to assist the Committee and provide any further relevant information if required.

Yours sincerely,

**Geoffrey D Askew**  
Head of Group Security

**Attachment:**



## Qantas

### Questions on Notice

1. **Senator NASH**—My question goes to background checking. I note that in your submission you examine ways of doing more rigorous background checking of overseas hired staff. How many overseas hired staff do you have at the moment, either in number or as a percentage?

**Mr Askew**—I am not sure. Can I come back to you on that one?

**Senator NASH**—Yes.

**Mr Askew**—We certainly employ Australians and local people overseas, but I will have to come back to you on the exact number.

**CHAIR**—You can take that on notice. (p. 44)

#### **Qantas Response:**

*Qantas currently employs 2,473 persons in overseas locations, including 369 who are Australian citizens.*

2. **Senator NASH**—What percentage of those overseas people would you not hire because you felt that you did not have the required amount of information?

**Mr Askew**—I think I will have to come back to you on that too. I am not sure that we have any data on that.

**Senator NASH**—If you could, take that on notice as well.

**Mr Askew**—I can do that. (p. 44)

#### **Qantas Response:**

*Qantas requires overseas background checks (equivalent to those required of an applicant for an ASIC cardholder) for non-Australian citizens who apply for employment. Most overseas-based positions do not require the incumbent to hold an ASIC but, as with Australia-based positions, it is also a Qantas policy requirement that background checking to an equivalent standard is conducted for all staff.*

*The ASIC background checks conducted by the Australian Government involve searches only of Australian agencies' records. Qantas believes that the checks need to be more extensive for applicants who have resided overseas for lengthy periods or who may never have lived in Australia. No Australian Government agency currently provides a service to facilitate international background checking and there are no relevant Government guidelines. As a result, Qantas has instigated its own arrangements. These vary according to the country concerned, but where possible Qantas makes arrangements directly with the authorities in the applicant's country of*

residence. In a small number of cases we utilise third parties to assist us in identifying and dealing with the relevant local sources of background data.

Applicants for overseas positions are unsuccessful for a range of reasons and our records do not indicate specific reasons for rejection.

3. **Mr Gray**—I am advised that, as of the end of last month, there were 384 cards on issue that were unaccounted for.

**Senator NASH**—Since what date?

**Mr Gray**—Those are 384 of the cards on issue expiring in 2006, but I do not have a breakdown of dates of issue for each of those cards.

**Senator NASH**—Would that be over a period of roughly one year, five years, 10 years?

**Mr Askew**—It has to be a maximum of two years. We issue three types of cards. There is the ASIC. There is also a corporate card. Our decision has been to make everybody subject to the same background inquiry. If you are working in the corporate office, we do not issue you with an ASIC, but we subject you to the same background check that we would if you were working at the airport. The third one is for contractors who are working not at the airport but around our other facilities. We also issue them with an ID card, so there are three cards that we as a corporation issue. I think your emphasis is on the ASIC, the airport one, and I am happy to find that information for you to clarify that and come back. (p. 44)

**Qantas Response:**

*ASICs are valid for a maximum of two years, hence there are now no cards in circulation issued prior to 2004 that would still be valid. The majority of current ASICs were issued during the major re-issue conducted during 2004, and all of the cards recorded as lost or stolen will have passed their nominal expiry dates by the end of 2006. The annual rate of cards lost or stolen fell from 2004 to 2005: factors in this trend are likely to include the tighter regulatory regime that commenced in March 2005 (with related penalties applying to individuals) and a package of awareness measures introduced by Qantas.*

*In January 2006 Qantas analysed all cases of cards recorded as lost or stolen. The results indicate that the figure of 384 quoted to the Committee is a cumulative total that overstates the number of currently unaccounted for ASICs that have not yet reached their date of expiry. The total of 384 includes a significant number of cards that have expired since being reported missing, or have subsequently been located. The current number of unexpired ASICs recorded as lost or stolen is 256: this represents less than 1% of the cards issued by Qantas, with an annual rate of loss of less than 0.5%.*

4. **Senator NASH**—Obviously, the card is disabled so it cannot be used, but, if a card is reported as stolen, what is the process in terms of determining the nature of where and how the card was stolen?

**Mr Jones**—We require a police report to be made. In almost all circumstances, it was not the card that was targeted. The card was in somebody's bag that was stolen, so it was stolen as a result of the bag being stolen, or somebody's motorcar was stolen and the pass was inside the motorcar.

**Senator NASH**—I understand what you are saying, but were any of those 24 cards in particular stolen, or were they all related to something else that was stolen and the card just happened to be there?

**Mr Jones**—We can check. I am almost certain that none of them was targeted for the card itself; it was a consequential loss as a result of a bag or car being stolen.

**Senator NASH**—It would be good if you could take that on notice and come back to us as well. (p. 45)

**Qantas Response:**

*From analysis of the reports received for the 24 cards reported stolen, Qantas has not seen any evidence that any card was specifically targeted for theft. In all cases the loss of the ASIC appears to have occurred incidentally as a result of the theft of other items. In summary, Qantas records indicate that:*

- 8 cards were included in property reported to have been stolen from motor vehicles;
- 8 were in wallets or handbags reported stolen in public places;
- 3 were in wallets or handbags reported stolen from hotel rooms;
- 3 were reported stolen on public transport;
- 2 were reported stolen in circumstances unknown.

There is no evidence available to Qantas that would suggest that any ASIC was the specific target of theft.

5. **Mrs BRONWYN BISHOP**—Have you quantified what cost the additional security measures and obligations that Qantas carries out have added to your bottom line—and by that I mean costs that are not passed on to passengers? Could you tell me how much cost is passed on to passengers?

**Mr Askew**—I would need to get back to you on that for finer details. At the moment, none of the cost of the checked baggage screening—that \$100 million that I referred to before—is passed on. There has been an additional \$30 million for airside inspections in recent months to screen staff going through; that is not passed on. The cost of passenger screening is, in the main, passed on to the passengers. And, certainly, with the CTFR, some of the costs that are incurred by us because of the airport operators are passed on as well. But I would have to take that on notice to get you a complete cut—

**Mrs BRONWYN BISHOP**—While you are doing that, could you add this question: if CTFR status was given to regional airports, what would that do to the cost of a ticket for regional travellers?

**Mr Askew**—I can certainly find that out. (pp. 61-2)

**Qantas Response:**

*Qantas expenditure on security for 2004/05 was approximately \$271.7m. Security-related costs recovered from passengers for this period were approximately \$109.1m. The recovered costs equate to an average of \$3.59 per domestic departing passenger and an average of \$5.95 per international departing passenger. Therefore, total security-related costs that were not passed onto passengers were approximately \$162.6m.*

*Qantas operates services to 33 security screened airports in Australia, of which 11 are currently CTFR airports. In addressing the Committee's request for an estimate of additional costs arising if CTFR categorisation were to be extended to regional airports, Qantas has focused on the 22 screened non-CTFR Australian airports which operate Qantas services. These airports are Avalon, Ayers Rock, Ballina, Broome, Coffs Harbour, Gove, Hamilton Island, Hervey Bay, Kalgoorlie, Karratha, Kununurra, Launceston, Mackay, Maroochydore, Mount Isa, Newcastle, Mount Newman, Paraburdoo, Port Hedland, Proserpine, Rockhampton and Townsville. The annual cost to Qantas (only) of implementing a CTFR capability and the other security measures associated with CTFR status is estimated at \$70m for these 22 airports. This figure includes provision for Checked Baggage Screening (CBS) and Airside Access Inspection (AAI), the costs of which are not currently passed on directly to passengers using the existing CTFR airports. If all costs of extending CTFR to a further 22 regional airports were recovered through passenger tickets, based on the annual throughput of Qantas passengers for those airports, it is estimated that the impost on each ticket would be an average of \$18.67. If the costs of CBS and AAI were not passed on directly to passengers, the additional cost per ticket would be in the region of \$3.59 (i.e. the same figure applying currently to domestic passenger tickets).*

*It should be noted that these estimates relate only to additional costs that would be borne by Qantas and Qantas passengers, at those regional airports to which Qantas operates services. Qantas is not in a position to calculate the AFPPS deployment costs or other CTFR-related costs that would be payable by other carriers and terminal operators using the same airports or other regional airports.*