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JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

Reference: Review of aviation security in Australia

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JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

Thursday, 4 September 2003

Members: Mr Charles (*Chairman*), Senators Conroy, Humphries, Lundy, Murray, Scullion and Watson and Mr Ciobo, Mr Cobb, Mr Georgiou, Ms Grierson, Mr Griffin, Ms Catherine King, Mr Peter King, Ms Plibersek and Mr Somlyay

Senators and members in attendance: Senator Watson and Mr Charles, Mr Cobb, Ms Grierson and Ms King

Terms of reference for the inquiry:

To inquire into and report on:

- (a) regulation of aviation security by the Commonwealth Department of Transport and Regional Services;
- (b) compliance with Commonwealth security requirements by airport operators at major and regional airports;
- (c) compliance with Commonwealth security requirements by airlines;
- (d) the impact of overseas security requirements on Australian aviation security;
- (e) cost imposts of security upgrades, particularly for regional airports;
- (f) privacy implications of greater security measures; and
- (g) opportunities to enhance security measures presented by current and emerging technologies

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Committee met at 10.07 a.m.

CHAIRMAN—Is it the wish of the committee to authorise radio and television broadcasting of this public hearing? An order of the Senate requires the committee to specifically authorise radio and television broadcasting of these public proceedings. There being no objection, it is so ordered. A spokesperson from each organisation has been advised of the possibility that the hearing will be televised and has been provided with the opportunity to object, an opportunity to object being required under the order. If any witness objects to the televising of the hearing, grounds for the objection must be provided, and the committee will then deliberate on whether to permit the broadcasting, notwithstanding the objection.

The Joint Committee of Public Accounts and Audit will now commence taking evidence, as provided for by the Public Accounts and Audit Committee Act 1951, for its review of aviation security in Australia. I welcome everyone here this morning to the committee's first public hearing. Today and tomorrow the committee will hear evidence from key Commonwealth agencies as well as from the Australian Identity Security Alliance, Mr Clive Williams and the Flight Attendants' Association of Australia.

Aviation security is an ongoing concern for Australians, and it is important to have in place a robust aviation security framework. This framework has to be able to meet unknown security risks and unexpected threats. Regulation of the aviation industry is just one aspect of creating a secure environment. Appropriate procedures and equipment also need to be in place, as well as a security-conscious culture. All components of the aviation industry have a part to play in aviation security, including check-in staff, screening staff, baggage handlers, airlines, airports, regulators and security staff. The public hearing phase of the inquiry will continue, with further hearings scheduled for Sydney, Melbourne and Brisbane. As well, the committee will visit a regulated and a non-regulated airport in regional New South Wales.

Before beginning I advise witnesses that the hearings today are legal proceedings of the parliament and warrant the same respect as proceedings of the chambers themselves. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The evidence given today will be recorded by Hansard and will attract parliamentary privilege. Finally, I refer any members of the press who are present to a committee statement about the broadcasting of proceedings. In particular, I draw the media's attention to the need to report fairly and accurately the proceedings of the committee. Copies of this committee statement are available from secretariat staff.

[10.10 a.m.]

CAINE, Mr Grant Douglas, Senior Director, Performance Audit Services Group, Australian National Audit Office

COCHRANE, Mr Warren John, Group Executive Director, Performance Audit Services Group, Australian National Audit Office

LEWIS, Mr Michael Kenneth, Executive Director, Performance Audit Services Group, Australian National Audit Office

SUTCLIFFE, Ms Karen, Acting Senior Director, Performance Audit Services Group, Australian National Audit Office

CHAIRMAN—I welcome representatives of the Australian National Audit Office to today's hearing. Mr Cochrane, do you wish to make a brief opening statement?

Mr Cochrane—No, Chairman, but I will make one quick comment. The committee is well aware that the knowledge we bring to the table today arises from the two audits we have done in the aviation area: one in 1998-99 and one more recently, earlier this year—report No. 26 of 2002-03. The submission we have made to the committee was based on a short desktop review of the work that has been done in relation to the recommendations arising from those two earlier reports.

CHAIRMAN—What outcome did you find when you did that desktop review?

Mr Cochrane—It is pretty well-documented in the submission that the department has undertaken a lot of strategic initiatives—policy initiatives—the main one being the development of new legislation that will give it a lot more ability to control aviation and respond to problems with aviation security. There has been some movement towards developing policy around some of the recommendations we made with respect to audits to be conducted in various areas of aviation activity. I am happy to look at some of those. For example, in the air cargo security area the department has recruited two additional staff members. In the compliance area they are starting to work up, through this transport security bill, new methods of looking at breaches of aviation security requirements. The revised legislation is being designed to develop some penalties to remind industry, too, of its responsibilities under the security arrangements.

Basically, we found that that will lead to a better graded pyramid of enforcement, if you like, with some of the security issues. But, at the moment, most of those measures are designed for implementation around July 2004. The department is starting to work on some of the information systems for capturing the results of audits and performance in the area of aviation security, but they also will not be introduced until 2004. So a number of measures have been taken and some hard work is being done. But, as we say in our submission, we feel that in terms of on-the-ground improvement in security, those changes are still to be implemented. I guess implementation is the one area that we are still waiting to see happen.

CHAIRMAN—It is my understanding—my memory is—that your audit report complimented the department on its excellent response to the new and perceived threats as a result of September 11 in New York and Washington DC, but that you were, in your normal polite manner, critical of the department for not proceeding with implementing the recommendations you had made in the 1998-99 report and implementing the recommendations we had made in our follow-up inquiry into your audit report. Is that a reasonable summation, Mr Cochrane?

Mr Cochrane—Yes, that is a good summation. That is exactly how we felt—that a number of those earlier recommendations towards ensuring that the system was well audited and that breaches in security requirements were dealt with certainly were not being addressed.

CHAIRMAN—Were you able to find any good reason for that? Was it a matter of resources? Has the department been starved of resources so that it deals with the strategic issues that are at hand without going through the rigorous risk analysis and follow-up proposals that would move us further down the track?

Mr Lewis—When we discussed with the department why some of the earlier recommendations had not been implemented we were told that the department had focused very much on the new legislation, and I think they saw that as being a necessary sort of framework before some of the other things could be done.

CHAIRMAN—Is not true, when you are somewhat critical of the department for not moving fast enough with some of these things on the ground, that the feast has been somewhat moveable? The whole agenda has shifted dramatically. When you did your audit in 1998-99 and when we did our follow-up inquiry into that audit, that was before September 11. That was a time when the world was not as alert as we are now to these sorts of terrorist security threats. Isn't it fair enough to say that it has taken huge strategic resources to come to grips with that and to move quickly to try and protect the Australian public?

Mr Cochrane—The department has made the point that the events of recent years have distracted them from the ongoing work on security, yes.

Mr Lewis—But if you take issues like, say, a systems based approach to audits, which was one of the recommendations in 1998, the department agrees that that is a good way forward. They are obviously taking steps to implement that now, but we feel that more progress could have been made earlier. Certainly the events of 9/11 and Bali have raised the importance of these issues, but systems based audits are an important way forward and they apply whether or not Bali or 9/11 had happened.

CHAIRMAN—Why do you mean by the term 'systems based audit' in the context that we are talking about of aviation security and the department?

Mr Lewis—At the moment the department tends to have what is known as a product based approach, where you take a check list and you look at what is happening—whether check-in staff are asking the security questions, whether people are wearing passes and things like that. So you walk around with a check list. A systems based approach is more where you delve down and ask, 'Have they got solid systems in place and are they operating?' It is a more strategic

approach. It is not a question of having one or the other; you need a combination of both, but regulators are moving towards a more systems based approach.

Mr Caine—An example of that is with the ASICs system—the aviation security identity cards system. A systems based approach would involve looking at the process for issuing those cards, the records that are kept behind the scenes, the background checks that are done on personnel coming in and the destruction of cards when people leave. That would be an example of the way systems testing would be done in that area.

CHAIRMAN—Your recommendation 4 during the most recent audit in 2003 said:

DOTARS did not have a range of options for holding to account operators who had breached their security responsibilities. Instead, all breaches resulted in a letter to management requesting an explanation and details of response.

It was an area where you were particularly critical. Do you believe that the department's response to your recommendation is going to bear fruit?

Mr Cochrane—The work done on the legislation has been directed towards being able to address a pyramid of enforcement and having some penalty for areas where breaches occur. At the moment, framework wise, the department is certainly heading in the right direction.

CHAIRMAN—If my memory serves me right, when we visited Sydney Airport, Qantas or Sydney Airport—one or the other—told us that people who work on the screens are checked and audited. People attempt to carry through knives and things made out of metal or whatever to test the operators' ability and, if the operators misread or do not perform properly, they are removed from that position and given a different sort of job within the airport structure. Is that not responding on a systems basis to the audits?

Mr Cochrane—We would be glad to see the management of different airline operators taking action like that. But in our 2002-03 report we have outlined instances where we did find people, for example, not wearing security cards in security areas, no action being taken by the operator and very little action being taken by the department to address those instances. In that second report we make the point strongly that the culture of enforcement you are talking about in that example is certainly not strong enough, deep enough, wide enough or serious enough in all areas of the aviation industry.

CHAIRMAN—I would have thought, considering the immense amount of publicity surrounding this issue broadly in the community—not just in Australia but all over the world—that there has been a huge cultural response. You are saying that, no, there is much the same sort of relaxed attitude that we had at airports and the areas surrounding airports in 1998.

Mr Cochrane—Our report clearly indicates that there has been a response to the events of recent times, particularly September 11.

CHAIRMAN—I am talking about culture.

Mr Cochrane—Yes, and that has an impact on culture. It raises the awareness of the importance of security. But there is plenty of evidence in the environment that we are still having

security problems. Therefore, I do not think we have quite made it yet in terms of making sure that the security culture is as strong as it should be.

CHAIRMAN—Do you have reason to believe that it will ever reach 100 per cent?

Mr Cochrane—The Audit Office would like to see a robust system where security is taken seriously and there is a pyramid of enforcement they can draw upon and apply so that the system is working well. It is a matter of degree.

Mr Lewis—Mr Chairman, if I could pick up on your example about the security screening, in a more systems based approach we would look at the incidence of breaches and failures, where and why it is occurring, and the sort of training the screeners have had. Rather than just say, ‘This dummy weapon has got through’ we would ask why it is so, where the repeat breaches are occurring and if it is a certain time of the day or a certain period in the shift.’ So we would delve down and try to get to the root causes of the problem and address the systemic issues.

Mr Caine—On the culture side of things, the best parallel that we saw when we were observing activities at airports was the safety culture that was strongly evident at airports and on the tarmac, especially with coloured vests and the like. We would expect and hope that such a similar culture could be established on the security side.

Ms KING—There seems to have been a bit of a stoush between you and DOTARS over your submission to this inquiry today. Has that been seen by you as an attempt to undermine the independence of your audit at all?

Mr Cochrane—I have to say no. We were surprised to have had the letter from the department because we did discuss our submission with them. Obviously, when you are doing a desktop audit, you do not do it in isolation; you talk to the agency and see what activity is occurring. So we were surprised when we got the letter. Equally, I do not know whether the department has been happy with our response but we certainly do not feel that it has been a threat to the independence. In terms of the way that submissions to committees work, it might have been better for the department to write the committee in the first instance but it is also important that, if they have a problem, they can let us know.

Ms KING—Have you had a look at the aviation security bill?

Mr Cochrane—Not in any detail, no.

Senator WATSON—In your desktop audit, what further information came to hand in relation to the regional security at regional airports?

Mr Cochrane—The main focus of the desktop review was to see where the department had got to with the implementation of the recommendations of the first two audit reports. I do not think we covered the issue of regional airports specifically in that exercise.

Senator WATSON—You did not cover that? There was no feedback?

Mr Cochrane—No.

Senator WATSON—I wonder why?

Mr Cochrane—From our point of view, we were not doing another audit; we just wanted to be in a position to say to the committee where the department had got to. I do not think we got any feedback from Transport on regional issues at all.

Ms GRIERSON—That we have had critical incidents is not an excuse for DOTARS not to progress with the recommendations in the original audit. I find the fact that that was put forward difficult. Why do you think there is not a culture of continuous improvement or system management in DOTARS? What are the barriers and why is that not occurring as we would hope?

Mr Cochrane—If there is any variation in what you are saying, I would say that the department has done a lot of work on the strategic side of the issues. For example, it has consulted with industry and so forth in developing new legislation. Also, it is giving thought to how it resources some of the areas of audit activity that need to occur. Our only issue with what is being done and the hold-up is that we want to know when we will get implementation. At the moment, the department is saying in its correspondence with us and in its submissions to the committee that most of the work it is doing will not be implemented until 2004. One reason they give for that is the issue of these other security incidents.

I guess when we said we were a bit disappointed about things not being done on the ground, we were talking about the more practical aspects; we could not see why they could not be implementing those more quickly. We realise they have to do staff training to improve their audit activity et cetera, but we expected the department to have acted earlier on some of the issues, such as the questions you ask in your systems based audit approach, particularly since the first audit was 1998-99. They are not hard issues.

Ms GRIERSON—I take your point that it is on the ground so that you can have all the strategy frameworks, but if it is not happening on the ground then we really do have some issues. Could you comment on the cooperation and interactions between DOTARS, police, airport authorities and the Civil Aviation Safety Authority?

Mr Lewis—Not really. Our focus has been very much on what the department has done in administering its own processes. We have not delved down into the relationships.

Ms GRIERSON—But you recommend that they improve and increase cooperation between police and airport authorities. Did you look in detail at how that happens? I think DOTARS said that some sort of information-sharing system was going to happen and that they were increasing intelligence sharing between those sorts of bodies. Did you see any evidence of that?

Mr Cochrane—Not as part of this desktop review.

Mr Lewis—Was that recommendation from the first audit?

Ms GRIERSON—I could not isolate it; I am sorry.

Mr Caine—What we can say is that during the audits we observed there were cordial relations between DOTARS and the airline representatives. One of the bigger issues coming out is the way Transport deals in a strategic sense with the industries. If repeat breaches and interactions on the ground level between individual auditors and the representatives of the airlines and airports keep occurring, Transport may need to step back and look at what dealings need to be had at more senior ranks to address that.

Ms GRIERSON—If enforcement and compliance are major goals then they are going to depend on that relationship. Thank you.

Mr JOHN COBB—Thus far, in your overview of what DOTARS have been doing, do you think they have looked at regional airports in a different way from the major airports? In your opinion, how has security at regional airports been handled as compared to overall security?

Mr Cochrane—I do not know whether we have focused on the regional airports specifically. We were aware in the earlier audits that the major airports were regarded as a higher security risk, and obviously more attention has been paid to those airports. I guess it is a matter of prioritising your resources towards your more substantial risk. I do not think we have had any new knowledge since we did those first two audits on what is happening in the regional airports.

Mr Caine—What we do know is that each airport is categorised and the amount of auditing and on-site presence is a function of the priority given to different airports—and consequently the traffic numbers, aircraft movements and types. Some regional airports have a lower priority and some are not categorised at all. The effort that Transport puts into those is a function of the categories of the airports.

Mr JOHN COBB—I have not noticed any reference to it in the correspondence between you—has there been any specific reference by you to DOTARS on the regional side?

Mr Cochrane—No.

Ms KING—Are you satisfied with the way they are categorising airports? I read in the *Australian* today that the Australian Airports Association has named a number of airports that it thinks have possible security breaches. On the categories that we have from the DOTARS submission, it is very much dependent on the volume of passengers through them. Many of those that the Australian Airports Association has listed are not listed in the submission. Are you satisfied with the way they are categorising airports and what they are doing?

Mr Lewis—We would probably take the view that that is a matter for DOTARS. They are the aviation security experts and they have the intelligence and links into police and intelligence forces. If their process is to audit a particular category of airport twice a year or whatever we look to make sure that that is what they do. We do not get into the decision-making about the category.

Mr Cochrane—Implicit in that comment—as I have said before, and the Audit Office probably accepts it—is that a lot of public sector regulators have limited resources. So we expect them to do some sort of risk analysis and to apply that risk analysis in their work as much as they can. As Mike says, we have not looked specifically at how good that is.

Ms KING—So you did not specifically look at what sort of system they had in place for risk analysis of airports?

Mr Cochrane—I think in the first audit we looked at the fact that it existed and it was being followed. It was done more in a sense of trying to understand how, and on what basis, they did the audit and compliance work.

Mr Caine—I agree with Mr Cochrane that during the follow-up all we did was confirm the process by which they were categorised. We were not actually auditing the contents thereof. We also noted that during the follow-up audit there was a review underway of airport categorisation. I think that resulted in some slight variation just near the end of our audit to what the government declared to be categorised airports.

CHAIRMAN—During your work over recent years have you had cause to undertake any examination of how we stand up in terms of our security surrounding aviation compared with other advanced overseas countries?

Mr Lewis—DOTARS' approach is very similar and comparable to other advanced countries. Their framework is based on the ICAO requirements. They are in touch with overseas regulators. I would say we are pretty comparable.

CHAIRMAN—You commented that DOTARS has reviewed performance measures in some other countries and it advised you that 'performance measures will be introduced after other matters have been addressed'. Do you think that is a satisfactory response?

Mr Lewis—I guess I would prefer them to be thinking about their performance indicators sooner rather than later so that they can put in place the systems to collect the necessary information. In our experience, agencies that leave performance indicators to the end of the development of a process run into trouble. It is better to think about these things earlier rather than later.

CHAIRMAN—Whilst I hear you, is ANAO being a bit pedantic? Are you arguing for more paper, more checks and more systems rather than getting on with the issues on the ground and making sure that we do not have aircraft blown out of the skies?

Mr Lewis—Not at all, but I think things have to be done in parallel. Certainly on-the-ground stuff is vitally important—and I think that is what we are saying in our submission—as well as the fact that it also takes a while to put systems in place. With performance information and management information systems and the like, it is important to think about these issues early on in the piece so that you can design the right management information systems.

Mr Cochrane—In that context, the department have told us that the new transport security information system is to commence on 1 July 2004. We think that the department have a pretty good idea what sort of data they need to report on and what performance indicators they are working to before they implement a system.

CHAIRMAN—In 1999 when we reviewed your A-G report, we recommended that DOTARS review arrangements for cooperation between airport authorities and police forces in dealing with criminal activity at airports. The department responded to us in a formal minute, stating:

DoTaRS stated that it was increasing its intelligence network with police forces around Australia to enhance a two-way flow of information which will assist both the department with performing its regulatory function and airport operators and the police with their work in handling airport criminal activity.

Did you follow up on that issue at all when you did your most recent audit?

Mr Lewis—No.

CHAIRMAN—You have no comment about the relationship between the department and the airport operators, the AFP or the state police or whatever?

Mr Lewis—In terms of our latest audit we did not follow up on every single issue that had been identified in the previous report, particularly when in the previous report we did have an emphasis on criminal activity at airports and so forth, whereas in light of 9/11, I guess we were more concerned with politically motivated violence.

CHAIRMAN—In our report No. 371 of 1999, we said:

... the Committee strongly believes that DTRS should provide its auditors with training in cross-cultural communication. This could be assisted by DTRS employing Australian trained and certified interpreters.

You said in your most recent audit that the department has yet to provide such training and assistance, as it is focused on modernising the aviation security regulatory framework. Do you think it needs to employ auditors with skills in those areas to get on with it?

Mr Caine—We observed that the issue that came out of this is that there were some communication difficulties, particularly with airline audits when we were dealing with foreign crews and when inspectors were quizzing the foreign crews about airline security. Some of the crews do not speak the best English. The risk is that, with limited time to question these foreign crews, inspectors could ask leading questions, which defeats the purpose of quizzing the crews. So in some respects, better language skills or the like may assist but, on the other hand, there may be a limit to the feasibility and the practicality of people knowing different languages.

CHAIRMAN—There is also, is there not, some reason to suspect that standards in every country will be different and that individuals who operate in the system will react differently, because each of us is different and has different personality traits. Where one inspector may be really aggressive and tough, another one may appear to be friendly or soft and, in fact, the soft one may be more difficult to get anything over than the tough one.

I know that security at some airports in the United States is particularly aggressive—at others it is more friendly. I was recently told of an experience in Alaska, at a very tiny regional airport, where everybody was virtually strip-searched. They were so security conscious one might say they went a bit overboard. I would have thought that that sort of thing is unlikely to occur in Australia, but these are differences that one could expect, are they not?

Mr Cochrane—Probably, particularly from the first, we would say that you might like to give some attention to the high-risk areas if you had particular worries about any particular country or airline. As you were saying, based on different intelligence that can be gathered, it might be in the best interests to have someone who can communicate particularly well with the high-risk air trade.

CHAIRMAN—You are well aware that the new aviation security bill has recently been introduced into parliament. Have the measures introduced in the bill addressed the concerns in your audit?

Mr Cochrane—We have not examined the bill to any large extent. As we were saying, we are aware that the bill is there, we are aware that the bill has additional information about pyramid enforcement and breaches—how breaches should be handled, penalised and so forth. So we are happy that the bill does address some of the recommendations.

CHAIRMAN—Mr Cochrane, would you take that question on notice?

Mr Cochrane—Yes.

CHAIRMAN—Would you examine the bill in light of your recommendations in both audits and respond in writing to the committee on what you find?

Mr Cochrane—Yes, Mr Chairman, that is fine.

CHAIRMAN—Thank you very much.

Ms GRIERSON—DOTARS is a regulator and provides policy frameworks for policy implementation and therefore looks at minimum standards, but it also has a role in auditing compliance. Do you think they have a balanced approach to that role, or have they had difficulties providing the audit compliance which requires actual on-the-ground testing of strategies? If you do agree or if you think that is an issue, what do you think are some ways ahead to assist them with that audit compliance role? There are other bodies and agencies they have to interact with a great deal for actual compliance to occur. I suppose I am asking whether we are asking too much of DOTARS, and if we are not, have they got it right?

Mr Lewis—All government regulators have a policy and compliance role, so DOTARS in that sense is no different. I think one of the difficulties or challenges that DOTARS has is ensuring consistency in their compliance role. When the audit team visited various airports, this was one of the issues to come out. I suppose one of the things that we are trying to encourage the department to do is to have a more consistent approach between the various airports. We are also trying to encourage them to delve down into the reasons behind some of the repeat breaches.

Ms GRIERSON—Do you accept that having had to spend so much time responding to incidents has diverted them from that?

Mr Lewis—That is certainly what they told us. They are also working hard on the strategic side of things. As I say, we think that there are some things they can do at an operational level at the airports to improve the situation in the short term.

Mr Caine—Understandably, after 9/11, they abandoned their audit program for a few months while they generated the additional security measures and had their personnel on the ground virtually 24 hours a day, and then they started to re-establish their auditing program to get back into the framework of regular audits.

Ms GRIERSON—Thank you.

CHAIRMAN—Thank you very much, ladies and gentlemen. If through the course of our inquiries we have further questions, would you mind if we put them to you in writing and you responded in that manner? That would be better than hauling you back here again.

Mr Cochrane—That is fine.

CHAIRMAN—Thank you very much.

Proceedings suspended from 10.50 a.m. to 10.59 a.m.

GRANT, Mr Thomas More Anthony, General Manager, Organisation Development, and Corporate Secretary

HOWARD, Mr Michael, Manager, Office of Security Risk Management, Airservices Australia

TONGUE, Mr Andrew, First Assistant Secretary, Transport Security Regulation Group, Department of Transport and Regional Services

TURNER, Mr Andy, Assistant Secretary, Aviation Security Regulation, Department of Transport and Regional Services

CHAIRMAN—Mr Tongue, we have received your submission, for which we thank you. Would you like to make a brief opening statement or shall we proceed with our millions of questions?

Mr Tongue—I thought I would make four quick points by way of introduction. The first is on the nature of the aviation security system, and I highlight for the committee's benefit that we are dealing with a system that handles in the order of 50 million international and domestic passenger movements a year. The aviation security system in fact involves intelligence, border control, agencies, police, airlines, airports, state police and a range of other players. In the order of 70,000 people contribute to the aviation security environment. About 94 per cent of passenger movements are covered by the regulated portion that DOTARS covers. We work with our other partners to create the overall aviation security environment. Secondly, I want to draw your attention to the current threat environment in which we are working—something that is on the front page of the *Australian* today.

CHAIRMAN—We noticed.

Mr Tongue—The key comment I would make, without going into intelligence in any detail, is that it is quite clear that threat is a product of intention and capability. In our environment, intention quite clearly remains as it has been since September 11. The key issue for us in the current environment is that capability continues to evolve. The key challenge for us in the current environment is to continue to evolve the system.

That leads me to my third point, which is DOTARS' changing role. Since September 11, the aviation security environment has been under constant review. We have been managing it on a daily basis. From time to time the Audit Office and other parties have reviewed the system. We are subject to international review by various interests, including both national governments and airlines. The point I would make is that we pass all those international reviews with flying colours. If we did not, Australians would not be flying to those countries. When the US, the UK or other nations come here, our airports pass with flying colours. So, as an international benchmark, Australians can be assured that we are up there with the best in the world. DOTARS are both an industry department, with an interest in facilitating the movement of people and goods around the economy and internationally, and a member of the National Counter-Terrorism Committee and therefore a national security agency. So we have both industry drivers and

national security drivers. I would summarise them by saying that we are concerned with both enabling international trade and protecting the movement of Australians overseas and our domestic security environment.

Finally, in the current environment, one thing that gets lost is the fact that the international aviation security environment is built on unlawful interference with aviation, of which terrorism is only a part. Part of what we are trying to do in the current environment, as we along with other countries struggle to stay ahead of the evolving threat, is not lose sight of the fact that we also have to have a concern for other aspects of unlawful interference with aviation. I just wanted to make those four points to start.

CHAIRMAN—Thank you. I want to make a brief opening statement too, which is unusual. In considering a recent exchange of letters between your department and Mr Matthews and Mr Barrett, I want to say to you that we have undertaken this inquiry not to point the finger at DOTARS, at Qantas or at any of the airlines or airports. We have undertaken the inquiry as part of a continuum of work this committee has done over the last few years in security.

For the first of those inquiries, if you forget some of the major defence inquiries, we tabled a report into Coastwatch just before the last election. That was a very extensive inquiry, and I recall that some people were not very happy about us doing it. In the end, we made 14 recommendations and cabinet accepted all 14, including some with very severe resource consequences. Last year we tabled a report from the inquiry into AQIS. We made a whole series of recommendations—well, not too many—and we expect a final, formal response to that shortly. I doubt if they will reject much of what we had to say. We are in the process of completing an inquiry into IT security within the Commonwealth. This follows on from those security threats, if you will, to Australians and Australian livelihoods.

We do not consider you—as yet, anyway—as antagonistic witnesses or that this is a court, but we do expect honest answers to our questions. It is a public hearing. It will all be published, and the outcomes will be reported to the parliament. That is proper procedure. The committee have been hanging around since 1913, and we think we achieve pretty good outcomes. Let us get rid of one thing: you mentioned the report in this morning's *Australian*. In some respects I regret the headlines, and I certainly regret the photograph on page 4 of a Qantas jet with information about SAMs. We had enough trouble with SARS and tourism to Australia, and I would not like to see it further compromised unless there is good reason that Australians should be overly concerned about their security. I will quote one thing from Steve Creedy and Dennis Shanahan's report. It says:

The committee—

that is us—

has already received a submission warning that 60 regional airports around Australia will be left more vulnerable to terrorism under proposed changes to air traffic control rules.

Reform of the National Airspace System would allow unidentified aircraft, their pilots and passengers, to land without making radio contact with control towers and to have access to landing areas and other planes.

Would both the department and Airservices Australia like to tell us about that? Then we can get rid of that one before we start.

Mr Tongue—To be honest with you, we are a little bit confused about the security aspect of this. If somebody, for example, steals a plane and wants to crash it into something then they are not likely to be telegraphing their intent by climbing on the radio system. If it is that they are worried about unidentified aircraft moving around then, again, the airspace around the major airports is well covered and well protected, so we are not quite sure what their exact security concern is. I would note that the airspace reform process that they are talking about is still progressing, but it has been delayed somewhat. It will be subject to a full safety audit. If there are any security issues involved in the process then we will be working with the relevant parties to ensure that they are addressed. We are a little bit surprised. Given the scale of issues that we are currently facing, we are not sure that this one is necessarily right at the top of the pile.

Mr Grant—In relation to explaining the process for airspace reform and where I think this might fit into it, the minister announced his intention to bring about airspace reform through the National Airspace System, which is effectively to bring into Australia airspace arrangements that apply in United States. He set up an Aviation Reform Group, which is chaired by the Secretary of the Department of Transport and Regional Services and has a number of very senior people on it. They are supported by an implementation group. The implementation group look at the American system and develop proposals for Australia. They put them to the Aviation Reform Group who then make recommendations as to what should happen. At this point in time, Airservices Australia is the authority in terms of the implementation and management of airspace changes. CASA set the standards, but we implement the management arrangements.

The process is that, once the ARG has developed a concept, it is then handed to Airservices Australia for implementation and for it to satisfy itself about the safety aspects of all those changes. As my colleague Andrew Tongue said, the concept that I think appeared in the newspapers this morning is one characteristic out of something like 19 characteristics that are being looked at. In Australia we use mandatory broadcast zones at airports that do not have control towers, in some cases. I think the issue that the newspaper is pointing out is that, by moving to the American system, it may not be necessary for aircraft to carry a radio to actually land at those same airports. That seems to be the nub of the issue. This is still going through the recommendation process. It has not been put to Airservices Australia for final decision.

CHAIRMAN—Let's move on to more important issues. I will say that, in addressing regional issues, my four colleagues here today are all from regional areas. I am the only one from a major capital city—and I am on the fringe of it—so we have a lot of regional interest. In light of our decision to undertake a full inquiry, the ANAO recently conducted a short desktop review. It was not a full audit process, but they did note:

... DOTARS intends to adopt a more robust role as the aviation industry regulator—

although—

recent security incidents have put additional pressure on the Department. However, much of DOTARS' action is focused on new measures to be implemented from July 2004 ...

There seems to be very 'little ... progress on the ground' since the tabling of the Audit report and our report in 1998-99. Would you like to comment on that?

Mr Tongue—Yes, I certainly would. We have taken issue with the audit office on that.

CHAIRMAN—You seem to take issue with them on quite a few things.

Mr Tongue—In terms of how we are approaching reform of aviation security, good regulation is built on good law. So our first step in the post September 11 environment was to look at the law that we were dealing with as a regulator—hence the new bill that has been introduced. We then started work on the regulations. From the regulations we will drive two key pieces of work: one to do with performance information against the regulations that we put in place, and the other to do with the guidance material for the work that our staff will do. Our focus has been first and foremost on getting our legal framework robust and contemporary as an aviation security regulator. At the same time we are implementing major reforms costing hundreds of millions of dollars in the aviation industry to do with check bag screening, ASIC re-issue and so on.

We now have the Secretaries Committee on National Security reviewing us. When the Audit Office came in some four months after the audit report was tabled and said, 'Where is the transformational change?' and 'Why hasn't DOTARS done all of these things?', in an environment where we are making risk judgments on a daily basis about where we put our effort, we responded a little heatedly.

For your information, in the two months since we have created an integrated transport security division we have restructured, we have given more emphasis to the resources in the cargo side—which is one of the things the Audit Office was worried about—we have started the process, we have the committees in place and we are looking at the systems specification for our IT system, we have just completed a job analysis process of where our regional office staff are positioned and we are starting a change process with them. We are active on a daily basis to transform ourselves along the lines that the Audit Office wanted. So we felt they were being very harsh to say, 'Where is the change on the ground?' when we are working in a pretty tough environment at the moment where we have to focus on the big things and the big threats.

CHAIRMAN—One of the things we discussed with you as a result of the audit a few months ago was that the Audit Office questioned whether you had a range of options for holding to account operators who breached their security responsibilities. We then visited Sydney Airport, and I cannot recall whether it was department officers or Qantas staff who said that if screen operators fail an audit test—that is, an intentional intrusion into the system by an authorised agent—they are moved to another job but that there is no regular system of degrees of enforcement or degrees of penalty for security failures.

You know as well as I do the recent lists in the newspapers of people coming in. There was one from Tamworth with three passengers and another one where people off the ground walked through a back door into Sydney Airport and closed the whole airport down. That is very disappointing. Without placing any blame, it is obvious that the department would be concerned. Certainly Sydney Airport is concerned. It probably cost them millions of dollars and it would have cost all the airlines heaps of money as well. So why is it that, since the recommendations

were made in 1998 or 1999, we still do not have in place this graduated series of penalties for breaches?

Mr Tongue—That is part of our discussion with the industry around the new bill—the framework of the new bill and the regulations associated with it. Part of what we find a bit confusing around the ANAO audit is that on the one hand they want us to retain a positive working relationship with industry and on the other hand we have to go and kick them every time there is a failure. As I have described, we are dealing with an enormous human system, and that system fails. People are people. We are discussing with the industry a graduated series of penalties that does not try and save the system by driving an airline out of business, but that has penalties that are appropriate to the issues we are dealing with.

Screening failures is a good example. If there is a system failure, screeners frequently get moved to other jobs or might even lose their jobs. That screening task that we are all familiar with relies on a lot of technology, but it also relies on judgment. It relies a lot on, if you like, the art of reading the images. So the challenge for us as a regulator is to focus on the human system—trying to work with the airlines to improve the capability and capacity of the staff performing these tasks. At the same time, we have to find a balance in our regulatory role that is appropriate. That is the process with the new bill.

CHAIRMAN—Isn't there just as much, if perhaps not more, risk associated with the baggage holds of the aircraft and/or freight carriers with people getting on? What is our approach to that? We went around the bowels of Sydney Airport, we have been through Melbourne Airport and we have watched the new container X-rays and all this sort of thing in conjunction with an earlier inquiry into AQIS. What is happening on that side of your responsibilities to give us some confidence that we are moving forward and that people cannot simply walk through the gate or over the fence and put explosives on board an aircraft without any officials knowing about it?

Mr Tongue—The first step is that for international flights we are introducing 100 per cent check bag screening, which includes some of the systems you would have seen at Sydney airport, where all the baggage going into the hold of aircraft will be screened. We are also introducing—it will come online shortly—trace detection, which is a system of detecting explosives. We have the regulated agents scheme—a known shipper program—which is about what goes into the hold of aircraft. We are beefing up our monitoring of that scheme. So we have a number of things in place already. I suppose there are those in the industry who are speculating that we would move to bring in 100 per cent check bag screening in domestic terminals. That is one of the things the Secretaries Committee on National Security assessment of aviation security is looking at.

CHAIRMAN—The headline article in today's *Australian* pinpointed the possibility, which has been pointed out in other newspaper articles recently around the world, the potential threat of SAMs or MANPADS. Has the department analysed that issue as a potential threat? Can you give this committee any advice without clearing the room and going into an in-confidence hearing?

Mr Tongue—It is an issue, and I will divide it into those two aspects of intent and capability, which equals threat. The intent question is: do al-Qaeda, JI and their associates have the intent to get these weapons? That is really a question for the intelligence agencies. We are in constant contact with ASIO, and they are then in contact with their associates overseas dealing with that

question. On the capability side, there are a number of sets of issues. We are working with the Department of Defence about the nature of the weapons. These are not robust weapons you can grab off the shelf, throw in a backpack, run around with, pull out of the backpack, open up and fire. That is the popular perception. They take skill. The modern ones are quite sensitive pieces of equipment.

We are working with the Department of Defence to understand the technical capability of these weapons and with the Defence Intelligence Organisation and others to work through the implications of their design and technical capacity. The US are doing a range of work in our region, and we are in contact with them. That goes to whether these weapons are floating around and, if so, who might have them. There is also a question that goes to capability about the training necessary to use these weapons. In the most recent recorded example of somebody trying to use these weapons, they failed because they did not use the weapon properly, which is an indicator that training may not be as up to date as some are predicting.

Senator WATSON—Was that Kenya?

Mr Tongue—Yes. The final issue, again around capability, is our reliance on the intelligence agencies to tell us about what is going on. For example, Bangkok airport handles roughly 900 flights a day, of which Qantas puts in four. So in terms of scales of issues, that gives you a bit of an idea of the scale of that airport. We are also, similarly, in constant contact with Qantas, and they are in constant contact with the relevant authorities in each of the countries to which they fly about the nature of these threats. So my feeling is that as far as we can at the moment we are addressing the issue across all its dimensions.

Ms KING—You said before that in terms of the scale of issues MANPADS is not at the top of the pile. What is?

Mr Tongue—MANPADS has grabbed a lot of public attention.

Ms KING—Of course.

Mr Tongue—The issue for us right now is the evolving capability of the people we are dealing with—those whom we are trying to protect these aircraft against. That raises questions of how broad our regulatory regime should be, and how deep it should be. That is why the government has decided to get this Secretaries Committee on National Security review in place so that we can stand back—in a whole-of-government way—and look at all our settings across intelligence, border control, our role, the airport's role, state police and so on, to make sure that we are covering off the evolving capability. That would be at the top of my list.

Dr Turner—I would like to add to that. I go back to comments that Andrew made in his opening statement. Numerically speaking, everything that we deal with is about acts of unlawful interference which are not terrorism related. They are breaches of our regulations or the law. They are acts of unlawful interference and we have to deal with them, but there is no evidence of any terrorist related incident in Australian aviation security for as far back as I can remember.

Ms KING—Sure. The purpose of the review is to look at all aspects of aviation security, not just terrorism. Obviously, that is the one that jumps to mind. I was just having a quick flick

through the aviation security incidents that have happened this year and it looks as though three of them have occurred from people arriving from regional airports that are not categorised on the submission that you have produced. I do not know if you have a category below category 5—I assume so. If three of those incidents—and some of them have resulted in an airport shutdown—have come from airports that there is no category for, what is happening with those?

Mr Tongue—The regional aviation question is something that we are having a further look at. We are trying to operate an intelligence driven risk based system where we are trying to keep the country flying and at the same time deal appropriately with the risks. To date our focus has principally been on jet aircraft. The reason for that is the intelligence tells us that jet aircraft are the focus for attention by terrorists. That is largely because they are good media targets, they travel very fast, they have high fuel loads and they do a lot of damage. The question that we review frequently is: would we deepen the system and move to address regional airports? The challenge we face though is that in seeking to move to regional airports, we would effectively shut them down. That is simply because of the costs of security. The challenge for us in this evolving environment is: do we take a step in that direction? If so, who pays for it? We could solve the regional aviation problem by putting security requirements in and nobody would be flying to regional destinations. At the moment that is something that we are having a look at, but to go to regional aviation somebody has to put their hand in their pocket. It is not going to be the airports that are mostly owned by local councils and it is not going to be the airlines.

Ms KING—With the amount of restructuring you have had and with the amount of attention that is on this area particularly—but obviously there are other areas of the transport portfolio that people are very interested in—you have been under a fair bit of pressure over the last 12 months. There have been media reports about budgetary constraints within the department as well. Do you have enough resources to do this job?

Mr Tongue—I have been a public servant for 20 years.

Ms KING—You interviewed me for job at one stage. I remember.

CHAIRMAN—You deserve a medal!

Mr Tongue—In all of my roles as a public servant, I could use more money. The question for the government is: if they are spending money on public servants, they are not spending money on something else that is equally important like health or education. The point I would make—and it was a point that the audit office picked up—is that regulators are not popular people because regulation basically means buying more public servants. That is hard sell in the community, because the community does not really like scads more public servants.

So, in part, we are a victim of a system where regulation is probably at the bottom of the tree. Part of our effort has been to restructure, so we are putting together all the security functions across aviation and the changes we are soon going to make to maritime and land transport security. We can then unleash synergies that exist—because they are very similar models—and run the same intelligence function that links with ASIO and associate organisations, and we can do the same work overseas, in our immediate region and so on. Part of our effort has been spent trying to be more efficient with the resources that we have.

Ms KING—The ANAO has commented that most of the changes to aviation security will not be in place until 2004. What happens in the meantime?

Mr Tongue—What happens in the meantime is frequent, daily contact between us and the intelligence agencies. If we get intelligence of any sort that bears on the operation of airports or airlines, we speak to them immediately. If necessary, we introduce new measures through the additional security measures system. We work under the auspices of the national counter-terrorism committee to try to draw in and work with state police forces and state governments. We are working constantly with our Commonwealth partners in immigration, customs, defence and so on. So the aviation security system that you see today is one that has already undergone a lot of change. It is going to undergo more change yet.

Dr Turner—I will just elaborate on one aspect of that. As the ANAO report indicated, we introduced a lot of changes very quickly after September 11, and the legal framework retains the capacity to do that. If there is a threat that we do not know about but which we hear about when we leave here, we can have additional security measures in place by tomorrow. However, what we are trying to do is reform the complete system, and that is where our effort is going. We retain that capacity to stick something on if we need to, but what is essentially needed is to change the way the total system works rather than to keep sticking things on the end of it. As Andrew said, we have the capacity for additional security measures and we retain that—so, if we need it, we can do that—but we are trying to reform how the whole system works.

Ms KING—Obviously, the most important part of the legislation that is being looked at at the moment is the regulations that go with it. Is a draft copy of those regulations available? Would it be available to the committee? Do we have it?

Dr Turner—Certainly. We are just going through the latest draft. I am expecting the Senate committee that is looking at it to have a copy of the regulations next week, so—

Ms KING—So we will have them next week, then.

Dr Turner—The answer to your question is yes; it will probably be next week.

Ms KING—It would be good if you could also supply that to the Audit Office. How would you rate the level of aviation security in Australia at the moment? Are you satisfied with where it is today?

Mr Tongue—Looking at the national counter-terrorism plan and the critical infrastructure protection arrangements across all sectors of industry in that plan, I cannot think of a sector of economic activity that has more security in place today than the aviation sector. There is not one. Are we satisfied with it? We are managing it on a daily basis. We are in an environment where a piece of intelligence can come in, ASIO can contact us, we need to look at it, we need to talk to industry about it and we need to make an assessment about whether or not it is the real deal. Then we need to move swiftly, recognising that, if we are overzealous, we can shut the industry down; if we are not zealous enough, we can put people at risk. But the key thing about the system we have at the moment is that, as Andy says, if we need to move, we can move within hours. We can mobilise the national counter-terrorism arrangements, we can speak to industry quickly and they can put new measures in place quickly—those are all markers of a robust,

effective system. If we were not able to do that then there would be problems. That is why we feel that, broadly speaking, we are in the right place; it is just that we have to continue to evolve it.

Senator WATSON—In terms of sophistication and effective protection, how does Australia rate with other Western countries on security at airports?

Mr Tongue—Other nations have slightly different approaches in the post September 11 environment. We are probably closest to the British model in the way that we are structured—that is, we principally leave the responsibility with airlines and airports but we work across government with airlines and airports to ensure that all appropriate resources are brought to bear.

Both Canada and the US have moved to new arrangements where government has stepped in and taken some of the responsibility for security away from airlines and airports. That has had a couple of effects. Firstly, it has increased security costs enormously. Secondly, it has changed the pattern of governance enormously. One of the key challenges—we have talked about the security culture—is to ensure that, from the chairperson of the board all the way through to the newest recruit, people are thinking security. If government steps in and takes some of that responsibility away, that dialogue ceases to occur. That is why we are positioned, as we currently are, more along British lines than along American lines. In terms of effectiveness, as I have said, we are audited frequently by various nations and airlines on our performance and they tell us that they are very happy with it.

Senator WATSON—In terms of airlines flying from Australia to the United States or Canada, how does that impact with that different regulatory environment? Do we have to put marshals on our planes?

Dr Turner—The international system is fundamentally based on each country taking responsibility for the security of the services departing from that country, so our security is focused on departing security standards. One of the things which is happening internationally is an increasing interest in countries, as it were, extending their borders and being interested in the security of what is arriving. There is a fairly sophisticated international system for comparison of standards. For example, the International Civil Aviation Organisation, ICAO, has introduced an international audit program because of this issue. The trend is towards having to be increasingly cognisant of the standards of countries to which we are flying. The history of the system is that we focus on what departs from our shores.

Senator WATSON—What impact do overseas requirements on aviation have on aviation security in Australia?

Dr Turner—It is essentially a confidence issue. They have to be confident that the security that we apply meets their expectations. As Andrew has indicated, some countries, such as the US and Britain, send teams to conduct audits of airports that their airlines use in Australia.

Senator WATSON—And our security requirements have not been questioned by those people or those teams?

Dr Turner—This year, in an exit interview, I met with the US team in January or February. They said it would be some months before they could provide the written report, given the hoops it has to go through in America, but they wanted us to know that all of the ports had got a gold star. They were extremely happy with what they found here. The British report was very similar—I talked to them a couple of months ago. I am not going to say, going back through history, that we could not find issues that they have raised with us, but they would be infrequent, not major.

Senator WATSON—The 1998 audit report recommended that you work towards a common level of aviation security for the Asia-Pacific region. I am thinking of planes flying out of places like Fiji, New Caledonia and PNG. What progress has been made on that?

Mr Tongue—The key thing I would point to in that area is the work we have done, funded by AusAID, in the near region to assist nations to develop their capability to manage their airports. We also look at the various security programs of the airlines flying in from those ports and use those programs to determine whether they are meeting appropriate standards. My sense is that, in the current threat environment, looking at inbound aircraft and ensuring, if you like, a more aggressive regime is possibly one of the areas that the system will evolve to capture.

CHAIRMAN—Are you recommending that the committee go to Fiji to investigate this?

Dr Turner—Only if we come with you.

Mr Tongue—That is right, if we can hold your hand it would be all right.

Senator WATSON—Are you happy about the security arrangements of planes flying out of some of these areas I have mentioned and maybe others, particularly where they are aircraft owned by non-Australian operators?

Mr Tongue—There are approximately 38 or 40 international airlines flying into Australia. To date we have monitored what I would call minor incidents with them.

Senator WATSON—I am not talking about incidents; I am talking about the potential risk from places like PNG, New Caledonia, Fiji—you can name a few others—and even Indonesia. Have you made an assessment of the risks of planes, particularly of non-Australian owned airlines, flying out of those places?

Mr Tongue—Part of what we are doing through the process at the moment with the Secretaries Committee on National Security is looking at what the intelligence is telling us about evolving capability and at how we might tackle that task.

Senator WATSON—So it is an exposed area at the moment?

Dr Turner—I do not think this is a complete answer to your question but it is necessary to understand that, for an international airline to operate into Australia, they have to have an approved aviation security program in exactly the same way as Australian airlines. So we have a measure of control over the international airlines that operate into Australia but, if I understand your question correctly, we do not have a measure of control over their airports.

Senator WATSON—Have you done any risk assessments? You say that intelligence is not great, but that is not to suggest that they could not use that as a starting point.

Mr Tongue—We are in the process of doing that at the moment.

Senator WATSON—When will that be completed?

Mr Tongue—As part of the Secretaries Committee on National Security process, a matter of months—shortly. The Department of the Prime Minister and Cabinet is driving that process, not us. It is one of the issues we are looking at right now.

Ms GRIERSON—I am very pleased to hear that DOTARS sees its No. 1 priority as improving and increasing the capability of people. As members of parliament, we know the importance not only of legal frameworks but also of people who perform within those frameworks to make things happen. Tell me about the successes and problems you are having in developing and imposing a risk management culture through this industry.

Mr Tongue—As I described earlier, aviation is a sector that was very early into the security game relative to other sectors, particularly post Lockerbie in the mid-eighties. One of the challenges is that a lot of security systems are built around the threat at that time, which is different to the threat we face now. Part of the challenge is to shift thinking and systems that respond to the contemporary threat environment.

On risk, I would go to another level. What we are trying to do under the national counter-terrorism arrangements is get a common language across the economy about risk. We are using AS/NZS 4360—the Australia/New Zealand Standard for Risk Management—and we are trying to make that the common language that people understand. In areas such as maritime, where we are also working, that is relatively easy because there has not been this security culture in the past. In aviation, we are going to try to retrofit that so there is that common language. That is going to be a challenge because of the body of current security thinking that is there.

Ms GRIERSON—Is there any specific resistance or areas that you would be concerned about?

Mr Tongue—I would not describe it as resistance. I think we need to educate and inform people when talking to them about contemporary systems of risk assessment and risk management. People respond to it because it is a fairly simple, understandable framework. The issue, having done the risk analysis, is what are the implications? Who is going to do what as a result of the risk analysis? That is when we get to the politics of who pays for it and how it is managed.

Ms GRIERSON—I would imagine there would be some areas that you cannot impact on: areas with high staff turnover in jobs that have a low skill requirement and low pay but which really have an essential role in security—baggage handling et cetera. You cannot impact on that as much and yet the demands are increasing. Do you have any solutions to that?

Mr Tongue—This is one of the challenges and confusions that we face in the current environment in that Australians would still chase the \$49 fare Canberra-Sydney and probably not

think about all the components of the \$49 fare. We have made significant changes to aviation security and imposed significant costs. Further changes will impose further costs. Part of our challenge in creating the security culture is that safety has an immediacy for people in the industry, because safety is about me and where I am standing now with all the dangerous equipment around me. Security can have less of an immediate impact and resonance with people. So part of our challenge working with the airlines, and also with the public, is to try and educate them about all the roles that get played out around them. That is certainly one of the things we will be looking at as we come to review the various aviation security programs that are around.

Ms GRIERSON—You state that you are now a national security agency as well as a regulator and a safety agency. That would have been a quantum leap for most people to come to terms with but necessary because of events. This means that you will be taking on extremely diverse roles: access, obviously; passenger and baggage screening; airport space and the arrangements for airport security in each airport. Have you also had to take on extra roles, such as explosive detection, or have you not got to that area?

Mr Tongue—Yes, we are moving in that area with the introduction of trace equipment. The principal impact of our regulatory changes is on the airlines and the airports. We are able to draw heavily on the experience of counterparts, particularly in the US and UK, when looking at the technologies and understanding the implications of integrating the technologies in airport airline operations. But the principal impact is on the airlines and the airports.

Ms GRIERSON—What about on-flight security? Have you had any impact on that? Will you be operating in that area as well?

Mr Tongue—We have certainly brought in regulations concerning cockpit doors. One of the areas, again, where the system may evolve is looking at the dynamics of what is going on in the cabin.

Ms GRIERSON—What is DOTARS's role and activity in the area of first response at this stage?

Mr Tongue—We are a preventative security agency. First response is an issue for the Attorney-General's Department. Having said that, we work very closely with them to try to ensure that that CTFR function is integrated with airport operations, and in recent times we have had daily contact to work through all the issues CTFR introduces.

Ms GRIERSON—You said earlier that you are in daily contact regarding intelligence. If there is intelligence that suggests that action needs to be taken—that an incident is possible—what is DOTARS's role?

Mr Tongue—The broad description of the flow is this. We would be advised by ASIO that they had something important. That can be communicated to us through the appropriate secure communications systems. Typically we make a joint assessment with them of the implications of the particular piece of intelligence. Our next immediate step is to talk to airports and airlines about the nature of the intelligence.

Ms GRIERSON—So you do the informing?

Mr Tongue—Yes, we do the informing; that is part of our responsibility. Unfortunately one rarely gets intelligence that says, ‘Next Thursday at 11 o’clock’—

Ms GRIERSON—At this time and this place.

Mr Tongue—and part of the challenge for us in the contemporary environment is that there are now numerous terrorists being debriefed around the world. There is a lot of intelligence floating around. Some of it is what you would call gold standard; some of it could be there to deliberately mislead us. Thankfully that is ASIO’s job, and they are welcome to it.

Ms GRIERSON—On regional aviation, you note that your assessment is that if you were to implement major security measures you would perhaps be compromising regional aviation and airlines and costs to passengers. Have you prepared any costings and briefings on that with an assessment for the minister or the department?

Mr Tongue—We have broadly looked at some of the costs as a guide. People focus very much on screening at an airport. There is no point in putting the screening equipment in the airport unless you redesign the airport to funnel people through the screening point, and there is no point in having the screening point unless you have the perimeter fence that prevents people from bypassing the screening point. Having put the perimeter fence in place, you then need to patrol it and light particular zones and so on. The introduction of a screening point costs, as a broad order of magnitude, around \$1 million in up-front capital and would cost around \$200,000 a year to operate. Having been drawn into the system, you also get swept along with other changes in it—and we have introduced lots of changes. A lot of councils involved in running airports simply cannot play in that game.

Ms GRIERSON—My regional airport, Newcastle, has recently introduced a new procedure. I provide my photo ID to pick my ticket up. I also provide my photo ID and my boarding pass to go through the screening equipment. Is that a trial implemented by you, or by the regional airport?

Dr Turner—It is the airport’s own trial. We are watching it very closely and those issues are being considered in the broader context, but it is Newcastle’s trial.

Ms GRIERSON—You categorise airports on traffic flow. I am pleased that my regional airport shares with RAAF Williamtown, but how does that impact on your risk categorisation?

Dr Turner—You mean the fact that it is a dual airport?

Ms GRIERSON—Yes.

Dr Turner—It does not have a direct impact. Shared airports is a factor we are aware of and we work with the Department of Defence on the security arrangements, but our focus is on civil aviation.

Ms GRIERSON—I guess the security risk is a Defence matter, just because it is a strike fighter force Air Force base.

Dr Turner—There are several dual-purpose airports around the country and we work with Defence on the security arrangements for those airports.

Ms GRIERSON—We raised the point about the Asia-Pacific region. I would think that there is a new expectation amongst Australians that the government would have a major impact on their safety when travelling in our region as well as in Australia yet you have talked about AusAID programs and educative programs. Are there cooperative measures actually happening at the moment to improve aviation security for Australians in the Asia-Pacific region?

Mr Tongue—The answer is yes at two levels. There is the work that we do with the International Civil Aviation Organisation and countries in the region, government to government. Then there is the work that Qantas, for example, does in all the destinations to which it flies to ensure that it is looking after its passengers' interests. I think people can be assured that there is a lot of effort going in. One of the questions we are asking ourselves is: if we felt that the balance of risks has changed, what can we do? Part of that is governed by the international legal regime. There are limits as to how extraterritorial we can be.

Ms GRIERSON—There are diplomatic limits as well.

Mr Tongue—We are a little constrained.

Dr Turner—In addition transport security in general, and aviation security in particular, has become an increasing focus for APEC over the last few years which has its own structure of committees which bring together the member states. There was a transport working group on this week and there was an aviation meeting in Hong Kong the week before last.

Ms GRIERSON—So you think it has a high priority?

Dr Turner—It has a very high priority.

Mr JOHN COBB—Despite the fact that we come from regional airports, most of my constituents and I nearly every time we get in a plane would fly to Sydney, which is without doubt the No. 1 target for any lunatic so minded, so we do have an interest in that as well. When you look at security of airports and aeroplanes, are you looking at the aeroplane, as well as the airport, being the target In other words do they want the plane or do they want to damage the airport? Do you separate those two?

Mr Tongue—We try to look at all the elements of the equation. If you are talking terrorists, they are likely to want to, in the current environment, seize an aircraft to use it as a weapon. So we are focused on putting in a number of layers in the security system to prevent that occurring. If you are talking about people who might have a mental health issue and are simply making a cry for help, that is more difficult. It is harder to predict what they are going to do and where they are going to go. In the current environment, planes can be used as weapons to attack tall buildings and other forms of critical infrastructure including airports.

Mr JOHN COBB—We have always lived with one issue, the other one is more recent and far more deadly. I notice, especially going through your categorisation, that you do make a very sketchy reference to how you do it but I see that a regional airport as small as Manildra is listed while one as large as Dubbo, which would be twice the size in terms of passenger movements, is not. As I said, you have given us a very sketchy reference. As much as you can, could you go through in some detail as to how you come up with the categorisation—what are the issues you take into account? I think it is important.

Senator WATSON—It is a risk assessment.

Dr Turner—There are two approaches to that question. The way the security system works is that we chase the planes. We focus on jet aircraft. So we are essentially saying that jet aircraft are our focus and we provide security at airports where regular passenger transport and open charter jet aircraft go. If the aircraft go there, we provide security around everything that goes there. We use the traffic as a way of identifying the airports. I do not think we want to overplay the significance of categorisation of the airports. If the traffic flow changes and, for whatever reason, RPT or open jet aircraft go to what is currently an uncategorised airport then we will draw that airport into the system. Categorisation is a way of focussing our attention on the size of the airport. So it is essentially a combination of the type of traffic and the number of passengers. It is that simple. But I do not think we want to overplay categorisation. The issue is the sort of airport traffic that goes through.

Mr JOHN COBB—I will put it another way. Can you tell us how you make a risk assessment on airports or planes leaving from a particular place? Does distance from a major centre come into it? What other things do you take into account?

Dr Turner—No. We take into account the type of traffic and the volume of passengers.

Mr Tongue—The intelligence tells us that the focus is jet aircraft, so our risk assessment is that we have to cover all those jet aircraft carrying people.

Mr JOHN COBB—So a low passenger turnover with jet aircraft will take a higher risk classification than a high turnover without jet aircraft?

Mr Tongue—That is right.

Mr JOHN COBB—I accept the fact that there has to be a price on everything. For example, if we wanted to be totally safe in motor cars we would have a 20 kilometre speed limit and no one would use cars—we would go back to horses.

CHAIRMAN—It depends on how much hay is.

Mr JOHN COBB—In the end it will come down to a political question, I suppose. How do we actually assess that? Do we benchmark ourselves, for example, against similar countries around the world, if such benchmarks exist? We are a very coastal-centric country so we do not have a parity with many countries in that sense, but do we look at Canada, Russia or the US? Do we actually benchmark security of not just our major airports but also our regional airports against other countries?

Mr Tongue—Yes. To give you an example, in discussion with the Canadians about their response to September 11, we learned that they put on a passenger movement charge as a way of funding increased security at airports. From memory, it was in the order of \$5 a sector. They noticed an immediate impact on regional aviation. The \$5 basically took growth out of regional aviation. Instead of the line going up it just flattened out. In terms of benchmarks, comparison with the US is really difficult because of the density and scale of the industry. A regional airport in the US is the size of Canberra airport. But the US has certainly extended its regime down to aircraft of around 20 or 22 seats. Again, they have introduced a passenger movement charge and they are using that to fund a lot of activity in aviation security. I think if you spoke to US airlines, you would learn that a number of them are in chapter 11 protection at the moment. It is a factor it is very hard to disentangle from everything else with SARS and other things going on in aviation. But those are some guides.

Dr Turner—The Canadian system is probably the one which is most like our system. One of the questions we have to ask ourselves is the one we are talking about here: below what point does the security system not apply? There are very few countries which have that problem in the way that we have it. For example, the British and the New Zealanders cover just about every airport because they do not have many airports. We have hundreds of airports. The American system is not that comparable because the density of the population is so much higher, so most of their airports are that much bigger. The Canadians are more like us than anywhere else.

Mr JOHN COBB—They came down to a passenger charge. I accept that. Did you look at less obvious countries like the USSR or China?

Mr Tongue—No.

Mr JOHN COBB—I imagine they would have more man-on systems than technical ones.

Mr Tongue—That is right.

Dr Turner—It is difficult to generalise but, by and large, they tend to go to more labour intensive systems than the technology based screening system that we use.

Mr JOHN COBB—It has been put about that jets are the greatest danger. Is that simply because of size and fuel load? I do not know that speed would be such an issue. I can accept that fuel load would be, and sheer size. You mentioned the Americans have got down to 22-seaters, which is a Dash 8 or Saab, I guess. Have you looked at why they are doing that?

Mr Tongue—Yes we have, and also at how they are doing it. Basically they are able to do it because a lot of those aircraft are operating from airports that also have jet traffic. For them it is a relatively easier task, given the size of their economy and so on, to pick up those aircraft, whereas we are much more highly dependent on small airports. I think the uplift at Charters Towers has been on average about—is it one a week or one a day?

Dr Turner—About 108 passengers a year.

Mr Tongue—If we brought in a comprehensive regime based on aircraft, we would have to screen those people. You would have to wonder whether we really need to go that far. If we pull

it back from there, again, we have to have a rational basis for doing it. The Americans are not facing problems like that.

Mr JOHN COBB—Regarding the cost factor, obviously there are many people going through the major airports. On what sort of passenger volume does it start to become bearable?

Mr Tongue—I will take that question on notice. Part of the jet marker is that you are simply getting the passenger volume to support jets and therefore you are getting enough flow through to subsidise the system. I am happy to take that one on notice and talk to the Bureau of Transport and Regional Economics and see if we can unpick that one for you.

CHAIRMAN—To follow up on Mr Cobb's questions about small airports, is it true that small airports are able to join the regulatory system?

Mr Tongue—They certainly can. We have basically said that if they want to come into the system they can and we will regulate them as we regulate larger airports. They choose not to because of the cost.

CHAIRMAN—The submission from the Perth airport is critical of the infringement and demerit point system proposed in the draft security regulations under the new bill. That appears to us—in comments to me, anyway—to be in conflict with ANOA advice. Can you tell us how the system is going to operate, and are operators generally opposed to the new regulatory system, to a demerit system with different sorts of penalties depending on your assessment of the risk of offence?

Mr Tongue—It is fair to say that the industry has reacted very negatively to the demerit point issue. We have speculated about the motivations there. One of them is that demerit points provide, if you like, a running tab of how people are going. One of the concerns in the industry is that once we had a running tab it might be taken out of perspective, and I agree it could be taken out of perspective. There would not be that sense of proportion between minor incidents and larger incidents, people would just look at the number.

CHAIRMAN—In our report that we tabled in September 1999, recommendation No. 1 recommended that the Department of Transport and Regional Services and the A-G's department review arrangements for cooperation between airport authorities and police forces in dealing with criminal activities at airports. This is in the context of an earlier time, before September 11. The department supported the recommendation with a qualification which notes that 'dealing with the majority of criminal activity at airports comes largely under the responsibility of relevant state and territory police authorities'. I never did understand that qualification. I still do not. Can you explain it to me? Why on earth would you bother telling us that?

Mr Tongue—From our perspective, it is an important issue that policing on the ground at airports, in matters of criminal activity, is an issue for state police. They are Commonwealth places, but it is state police that handle criminal activity. To give you an example of the recent Launceston incident, when the aircraft is in the air it is the responsibility of the Federal Police and as soon as it lands and the door opens, it is the responsibility of the state police. So from a DOTARS perspective, we try to work with both sets of agencies. There is a lot of cooperation now between the Australian Federal Police and the state police but, ultimately, this is one of

those Commonwealth-state issues. We feel that the more we put security personnel into airports the less we see of state police.

CHAIRMAN—When we did our inquiry into Coastwatch we found that a whole raft of agencies that was required by the nature of the agreement that created Coastwatch, which was a memorandum of understanding that we recommended be completed, and has been. These agencies—with different outcomes, outputs, priorities, personnel and platforms to operate from or with—have to get together and make the damn thing work. Why can't you answer in a positive nature and say, 'We are working with the state police officers and we will set up a memorandum of understanding with the Australian Federal Police to make this thing work together'?

Mr Tongue—What we are doing is working through the new national counter-terrorism arrangements to work with state police. Around the table are the relevant Commonwealth agencies, seven or eight of us, and senior representatives of state police and state premiers' departments. What we are trying to do in aviation security with some success, credit due to state governments and state police forces, is to basically improve everybody's understanding of the aviation security environment and draw them in. In fact, we have just completed a round of briefings of state agencies to do with aviation security so I am quite hopeful that under the national counter-terrorism arrangements, which are the key intergovernmental vehicle, we can start to address some of those issues.

CHAIRMAN—If you had the opportunity today to review your response to our recommendation, would the response be different?

Mr Tongue—We might have given you some more words.

CHAIRMAN—My preference would have been fewer words quite frankly. I thought you were terribly defensive.

Mr Tongue—The key thing is that we are an industry department. We are working now in an international security context. We cannot force people to do things; we can only invite them to.

CHAIRMAN—But that is not the issue.

Ms KING—We have heard from DOTARS, but Airservices Australia really have not had the opportunity to say much. In general, given your area of responsibility, do you have any concerns about aviation security?

Mr Grant—We are fairly comfortable with the arrangements that apply in Airservices Australia. We have the benefit of having a strong safety culture and that is based on risk assessment and risk mitigation, so it is not a very big step for us to apply the same things to security. We also have the benefit in many places of being within the air side of the airport so we already have a secure perimeter and then we have our own security within that. We work very closely with the department of transport. Over the last 12 months there has been quite a big improvement in the amount of information, in terms of risk assessments, that we get through cooperation with the department that allows us to do our job better. I am not saying that

everything is perfect and that we are not aware that there are risks out there that tomorrow could cause us a major problem.

Ms KING—You are in a unique position because of the types of services that you provide. Whilst you are saying that you are quite happy with some of the processes that you have in place, what are some of the risks that you are saying you are worried about?

Mr Grant—We have critical infrastructure; we have control towers, operation centres, navigation aids that are remotely located at over 100 locations around Australia—so we do have vulnerabilities. Therefore, we do have a major task in protecting those assets and making sure that we have redundancy built into the system should anything happen to them. Because of our safety ethic and the real-time operational nature of what we do, we tend to have built-in contingencies. For example, for things like power supply, we will have three different ways of deploying set power supply or communications. Whilst we have vulnerabilities, if there were to be a threat or an attack on those critical infrastructure facilities, we would have backups as well. We have two major centres in Australia where the technology could actually be in one major centre, but for very sound safety reasons we chose to have two. There is a limited amount of backup between those two facilities; if the building burnt down, all was attacked. We are not complacent, but we think that because of the long history of the safety ethic that we have built up and the fairly comprehensive security system around our facilities and our people—most of them work airside at airports and are very safety conscious; they are screened, they are covered by the security procedure and carry the security cards—overall we feel comfortable.

Ms KING—Were there any incidents? Is there no room for improvement? DOTARS might want to answer that as well.

Mr Tongue—There is always room for improvement. The key issue for me in a rapidly evolving environment is to get the governance right so that as we move—and we are moving pretty quickly—we do not ignore the key inputs of important organisations in working generally with the industry. The key thing for me to keep an eye on is: have we got the governance structures right? That has got to be our key focus.

Senator WATSON—In terms of security protection, do cut-price airlines meet the same rigorous compliance regimes as Qantas?

Mr Tongue—If you are talking jet based and, for example, Virgin—yes, they do.

Mr Turner—If they fall within our net they have to have an aviation security program in exactly the same way that everybody else does.

CHAIRMAN—Thank you very much. Considering the nature of this inquiry, the length that it is likely to take and the number of witnesses we expect to hear, it is quite honestly my expectation that we will, at or very near the end, probably ask you to come back again. I am certain that there are issues that will be raised that we have not raised with you today. If you do not mind, instead of asking you now to answer further questions on notice, I will simply tell you that it is likely, subject to my colleagues' request, that we will ask you to come once again. Thank you very much for coming today and for your responses.

[12.22 p.m.]

BATMAN, Ms Gail Jennifer, National Director, Border Intelligence and Passengers, Australian Customs Service

CHAPMAN, Mr Timothy, National Manager, Passengers, Australian Customs Service

CHAIRMAN—We have received your submission, for which we thank you. Do you have a brief opening statement, or shall we start to ask you our penetrating questions?

Ms Batman—I just wanted to make two very brief points. The Australian Customs Service's role in relation to aviation security can probably be summed up in two ways. The first is in partnership with the Department of Immigration and Multicultural and Indigenous Affairs. It is our function to detect and deter at the border people who might pose a risk to aviation security or to the broader Australian community. The second role is in relation to international airports, which also formed the main border for the movement of people into and out of Australia. We have a major interest in airport security because it lines up with our border security role. So we perform that function as well. I thought I might mention for the committee that we are very happy to assist in any way that we can, but I ask the committee to note that this is a public hearing and, depending on the questions that you have, there may be some issues that we prefer to discuss on a confidential basis. We try very hard to not disclose our operating procedures and our risk assessment model. We do not wish to give terrorists and criminals the edge in putting counter measures in place against us. The job is hard enough as it is. If it comes to that, I might make that request.

CHAIRMAN—That is understandable. Thank you for that. Customs has to work with a huge range of other agencies in fulfilling the totality of its responsibilities, does it not?

Ms Batman—Absolutely. Last time I counted there were somewhere between 15 and 20 government agencies that for we act as an agent at the border. We have a lot of practice at working with other agencies in coordinating our efforts.

CHAIRMAN—We examined a lot of that when we examined Coastwatch, and we examined still more when we talked to our friends at AQIS. One of the primary points of recommendation, as I recall, from Coastwatch was that the agency should get on and complete MOUs where they were outstanding. Do you think memorandums of understanding would assist in your dealings with DOTARS and other agencies—say, the Australian Federal Police and/or state police agencies—in dealing with terrorism risks or security per se in the aviation industry?

Ms Batman—Yes, I think as a general principle memorandums of understanding do you help clarify roles and responsibilities. We do have a large number with a whole range of agencies. At the moment, we are just going through a review process with the Australian Federal Police. We have something like 15 different instruments between us that cover our relationship, and we are trying to pull those together. We have MOUs with state police forces, with Immigration and with the quarantine service. I do not think we have one with DOTARS, and that may well be an issue that is worth taking up.

CHAIRMAN—Have you considered it?

Ms Batman—We have a lot of interaction and coordination. I think specifically having an MOU is quite a good suggestion that we would take up.

CHAIRMAN—You were here when DOTARS were here, and you heard me asking the question about our recommendation that they cooperate more fully with the Attorney-General and more actively involve themselves with the Australian Federal Police role. Part of their response was that they agreed with that, but they qualified their answer by saying that some of it is outside of their control. You have no problem, do you, operating with state police?

Ms Batman—I would not like to characterise and say that we have no issues. There are issues from time to time and sometimes the roles and responsibilities overlap or butt up against each other in ways that need to be worked through. But, in terms of working through a relationship on a day-to-day basis and over the long haul, these relationships are like marriages or they are long term; they are always there. You have to work with these agencies. That interaction is important and is something we work very hard at.

CHAIRMAN—When it comes to Coastwatch, you share intelligence with other agencies on a secure basis but on a continuum. It is on a continuous basis.

Ms Batman—Yes.

CHAIRMAN—Do you have the same relationship with DOTARS with respect to aviation security?

Ms Batman—We have the same relationship, but we probably do not have the same information flow from our direction to theirs. Most of the threat information would come from ASIO to both us and Transport on the operational level on a day-to-day basis. We do pass on any information we have that is specific. We put it through the relevant airport security committee. It might be that we pass it on to the Australian Federal Police, to ASIO or to Transport depending on the nature of it. The interaction we have is probably more at the coordination regulation level. It is ASIO that would be bringing in most of the direct intelligence for aviation security.

CHAIRMAN—No such information flow from Defence?

Ms Batman—Yes, certainly, Defence would play into that, primarily through ASIO at the threat level. As regards specific information, we have quite a detailed relationship with Defence around the movement of strategic goods—weapons across the border.

Ms KING—Without going into technical details, are you satisfied with the technology at your disposal at the moment in securing your role in airports?

Ms Batman—Certainly, technology does play a big part in what we do, and it is part of the multilayered approach. There is no one piece of technology that is the magic bullet for all this. We have X-ray technologies, iron scan trace detector technologies and a lot of information technology as well, which is primarily what we use in risk assessing passengers that might be a threat, particularly where we can do it in conjunction with immigration before they actually board the aircraft. As Andrew said in the last session, there is always more that you might want but certainly we have quite a good range at the moment.

Ms KING—Last time we spoke—I cannot remember what hearing it was—you were saying that there were quite a few delays in terms of people entering the country. There are obviously large numbers of arrivals happening at the one time and at certain times, particularly at Melbourne and I think Sydney airports. Your officers would have been under significant pressure with the sheer volume of people to get through. Has that settled down, at all?

Ms Batman—I think the drop off in passenger numbers because of the events of this year, SARS in particular, had quite a big impact. The passenger loads overall have dropped, and are picking up again, which is good for the industry. One of the problems we face along with all the other players at airports is that the flight schedules are very compacted and difficult. The same number of passengers spread over a 24-hour period for those airports that are open 24 hours would be quite manageable, but generally they are not spread out. For example, at Adelaide, which is a very small international airport, they have two flights a day on Saturdays and Sundays, for example, and they come in within 10 or 20 minutes of each other. We will have dealt with something like 70 or 75 per cent of the international traffic in Sydney by 10 o'clock in the morning. That does make it very hard to deal with those high peaks. Sometimes you can have a half-hour peak within that period that is very intense. We do move passengers through that fairly quickly. Our processes are quite quick. We have an average of around 40 to 42 seconds per person, which makes it quite fast. Even though it looks pretty ugly at some stages, the flow goes quickly. To a large extent airport infrastructure is one of the factors in that as well.

Ms KING—Are you noticing how passengers are reacting to some of the new security measures that have been put in place? Are your officers experiencing any frustration from passengers?

Ms Batman—My colleague might have some views on that one.

Mr Chapman—The main frustration I get from the passengers is when they think the security screen is a customs office and I get accused of stealing somebody's nail scissors. A few people will raise issues concerning baggage X-ray once they have arrived in the country. But we would probably get more complements for the fact that it is part of the whole of airport screening process. It is not only border security, it is aviation security as well. There will always be people who are concerned at high levels of security but overall it is not a significant issue for us.

Senator WATSON—What has been the dollar impact on costs to Customs of the extra security associated with the September 11 incident?

Ms Batman—I might have to take that one on notice. We have received quite a bit of additional funding. I am trying to recall some of the measures we have been funded for. I might take that on notice.

Ms GRIERSON—You cannot tell us about the systems that you use to identify high-risk passengers or people arriving, but how do we know that your detection rates work? How do we know that you have good detection rates? How do we get feedback on what the threats were and whether you intervened et cetera?

Ms Batman—The performance measure is a very difficult issue. It is one we share with law enforcement and security agencies. Some of the effect that we hope we have is a deterrent effect

and there seems to be some evidence of that. The ASIO information that has come out from the debriefing of terrorists is that, because there seem to be so many choices for targets and countries of interest, they do seem to be deterred by a system that they see as secure or more of a challenge than another place, for example. So I think there really is a deterrent effect in some ways. The other, in terms of the work we do with drugs, is to see what we detect and try and sit that against the base that we might know is in the community. But that is also quite difficult when you have domestic threats as well. Unfortunately, Australia has its own home-grown people that might interfere with aviation as well as those coming in from outside. It is very hard to make a judgment about whether a threat is home grown or one that we could have stopped at the border.

Ms GRIERSON—Is it possible for you to say that, because of the technology and the systems introduced, we have detected more potential weapons, knives or whatever?

Ms Batman—We can certainly provide the information about what we do detect. What we cannot provide is what we have not found or what might have been there to find. That is the challenge.

Ms GRIERSON—I think that would be useful to us because I do not think we understand a lot about the threats.

Ms Batman—Certainly. In terms of direct threats—weapons and those sorts of things—we would be very happy to provide those stats.

Mr Chapman—I will add something that might be useful. I will use Sydney airport as an example. Customs has intensive examinations of quite a small percentage of passengers at the airport. At the same time, Quarantine, dealing with the risks that it faces, has high levels of examinations and X-rays. Customs is already focusing on a few particular issues with a great deal of detail and puts its risk management efforts into that. Drugs, weapons and terrorists are the things that we are really interested in.

Ms GRIERSON—Goods and people who are a threat?

Mr Chapman—That is right. There are lots of other issues which are of interest to us, but they are not our main focus. As far as those main issues are concerned, I do not know the figure exactly but we find that more than 95 per cent of our results come from our focused activity and looking at about five per cent of passengers. The remaining five per cent comes from Quarantine X-raying and examining about 90 per cent of passengers. So they are a very good safety net for us. We have very good referral systems, and we work closely together, but the fact that our intelligence based focused approach gets the vast majority of results is probably a good indication.

Ms GRIERSON—I will come back to that relationship between Quarantine and Customs. Is intelligence a good process? Is it working well? Do you have a cooperative relationship with all the bodies involved?

Ms Batman—We do. We would love more. It would be great if there was more information around.

Ms GRIERSON—Do you think you get the information at the right part of the chain?

Ms Batman—Certainly from the Australian security agencies we get a very good flow and great cooperation. They bring international information to bear as well, but we have our own international networks. We have strong linkages with other Customs services, including the Department of Homeland Security in the US, who are probably leading in the information they are collecting. We have good relationships again with the Australian Federal Police and close working relationships there at the operational level—looking at information about particular people and incidents. We share that with the other agencies and with Immigration. The best approach really is to try and stop people who may be a threat from actually getting on a plane at the destination end.

Ms GRIERSON—SARS, because it was so uncertain, was seen as a potential threat. Did you have any involvement in that or was that left to Quarantine? Did you interact on that?

Ms Batman—Quarantine were predominantly the agent at the border for the Department of Health and Ageing.

Mr Chapman—We really had an information and referral role. Initially, when the scare first started, we were providing information to both outgoing and incoming passengers about SARS and about what they should do if they got any symptoms. Later on, there was a specific SARS declaration card for incoming passengers which had to be handed in at the primary line. We dealt with that. We collected them for Health and for Quarantine. We also had our officers referring people to Quarantine officers if they were coughing or sounding particularly unwell.

Ms GRIERSON—How is your face identification trial going?

Ms Batman—That is still going. We are in the middle of an evaluation.

Ms GRIERSON—Has it recognised Bob Carr yet?

Ms Batman—The system we have in operation is for processing Qantas crew. It is called SmartGate, and it is used to process enrolled Qantas crew using a facial recognition system. We have 4,000 Qantas crew enrolled and we have done over 50,000 transactions. We are currently in the middle of an evaluation process. We are working with DSTO, CSIRO and some overseas experts to evaluate that. We are also working with the passports office, who are doing some work on using the same facial recognition software at the enrolment stage for passports. Then it will be up to the government to take that information and decide on the future use.

Ms GRIERSON—Having been involved in integrity of software as well, it probably does not have a major impact on you but perhaps does more on other departments. What about the integrity of software used?

Ms Batman—Yes. In this particular system or generally in the work that we do?

Ms GRIERSON—Either or both.

Ms Batman—Generally, we have found the software is just the key to how we do business at the border. The passenger processing system, which is linked to Immigration, covers all of the movement of people into and out of Australia and links with the advanced passenger processing system—which they will probably tell you about today. I would say without any fear of being contradicted that that is a world leader in that sense. There is no other country in the world that has such a comprehensive system that records the movement of all people, including its own citizens, both in and out of the country. It is the impossible dream that the US is looking for at the moment. It could be linked with advanced passenger information from airlines heading into Australia so that, at check-in when they are getting on the flight, the airline can get a message about whether or not they have authority to enter Australia and whether or not they can board the plane. I would say that that software—that combination of Customs and Immigration and the links with the airline systems—would be a world leader.

Ms GRIERSON—So there is excellent access to passenger information?

Ms Batman—Yes. The system is very highly regarded around the world.

Ms GRIERSON—Thank you very much.

CHAIRMAN—I do not know whether or not you will be willing to answer this. Has Customs ever detected either at an airport or a port a surface-to-air missile?

Ms Batman—I would be happy to answer it, but I do not think so. I will take it on notice. We do find weapons at the border. A lot of what we detect are legitimate movements where they just have not got the right permits at the right time. I will provide you with details of what we do detect, but we certainly have not detected one that has come in as a threat in that way—

CHAIRMAN—I did not mean as a threat; I meant just one coming in. The question has been raised publicly in a number of news articles recently and very prominently today in the *Australian*.

Ms Batman—I would be happy to provide the details of what we do detect. For example, we have found some interesting grenades and things at the post. Particularly, there seems to be a grenade cigarette lighter that we find from time to time. It is a novelty item; it is a real grenade turned into a cigarette lighter. So we do detect a range of weapons in that sense, in a large number of which it really is an issue about the permit.

CHAIRMAN—I recall at the Clyde Mail Exchange in Sydney watching an inspector open a box—it was not exactly a weapon but I suppose you could use it as that against the police—which supposedly contained a transponder to defeat radar, and there was nothing in the box, so we never did come to grips with that. Have there been any real improvements in the culture of aviation security since the 1998 or 2002 audits?

Ms Batman—From the Customs Service perspective, I would say there has been quite a lot of change over that period. Certainly over the last two years there has been a real shift in focus to security being the dominant focus of the Customs Service. If you look back to before the Olympics, we had a very strong focus at that point on things such as narcotics, the illicit drugs strategy, performance-enhancing drugs. So 1999-2000 was really our major effort. Security was

certainly a focus, but over the last two years that has really been a prime focus. We have shifted quite a lot of our resources, not just at airports but in the marine environment in particular, to look for security threats.

CHAIRMAN—Because of September 11?

Ms Batman—Certainly. Bali also had a major impact in terms of our efforts. It brought it closer to home.

CHAIRMAN—Because of your contacts—you have told us about the contacts you have with Customs services in other countries—can you tell us in your view how our security arrangements stack up around the world?

Ms Batman—They are certainly up there. In the last few months we had a meeting with Customs services of the US, Canada, UK and New Zealand here in Australia. We have regular meetings of intelligence sharing with those agencies, and it was clear to me that a lot of what we are doing is either on a par with or ahead of all of those agencies. That is a very good network for us. They are countries where at least we have a common language and some underlying common systems, so that helps. We also participate in the World Customs Organisation, and particularly the regional part of that, where we are seen as a leader in what we have to offer to other Customs services. We do quite a lot of work. We have the management training program in the region, where we offer senior customs officials in the Asia-Pacific region a chance to spend six weeks here and learn modern customs management. Again, we are probably up there in world's best practice, which is certainly our aim.

CHAIRMAN—You were here when, in answering a question, DOTARS said something to the effect that in some overseas jurisdictions—for instance, the United States—the government has taken over not just the regulatory role but the active, on-the-ground detection and deterrent role, and that within industry itself that has helped to take pressure off the security culture because it is seen that the government is doing the job. Does that ring some bells with you?

Ms Batman—I am not sure that I have much personal knowledge to add to that. It certainly is an issue. It is very hard. It is almost human nature, I guess. Certainly, when you are looking at commercial entities, if somebody else is going to do the function for you, why would you do it? I think there is an issue there about where the responsibility lies and the extent to which the government is doing the job. I do not believe it ever can do the whole job. The industry itself has such a big role it has to be a mixed system where government has a role and the industry has a role in putting it together and working together.

CHAIRMAN—On the other hand, you would not want us to recommend that we privatise Customs, would you?

Ms Batman—No.

Mr Chapman—Customs does have quite close working relationships, especially with organisations like Qantas. I am in almost daily contact with some people in Qantas on issues which are of mutual interest. Some of those are commercial but lots of them are security issues.

More broadly through Customs, there are close relationships with industry, so there is mutual assistance taking place. I think that is an important issue for maintaining that awareness.

CHAIRMAN—As I said before, during two major inquiries into Coastwatch and AQIS, we saw that a close working relationship between agencies has to work. If it does not work, the systems do not work and you can have all the regulation in the world but it is not going to come together. If we have any further questions, you won't mind if we send them to you in writing?

Ms Batman—Certainly.

CHAIRMAN—And if you can get back to us on a couple of issues that will be good.

Ms Batman—I have some information that I have promised to you as well.

CHAIRMAN—Thank you very much.

Proceedings suspended from 12.53 p.m. to 2.04 p.m.

FAGAN, Ms Audrey, Executive Director Protection, Australian Federal Police**JACKSON, Federal Agent Stephen, General Manager Protection and Guarding, Australian Federal Police**

CHAIRMAN—I advise witnesses that the hearings today are legal proceedings of the parliament and warrant the same respect as proceedings of the House itself. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The evidence given today will be recorded by *Hansard* and will attract parliamentary privilege. I refer any members of the press who are present to a committee statement about the broadcasting of proceedings. In particular, I draw the media's attention to the need to report fairly and accurately the proceedings of the committee. Copies of this committee statement are available from secretariat staff. I welcome representatives of the Australian Federal Police to today's hearing. Do you have any comments about the capacity in which you appear?

Ms Fagan—I am a federal agent of the Australian Federal Police. I hold the position of Executive Director, Protection, and I am accountable for the protection security services of the AFP and the Australian Protective Service, reporting to the Commissioner of Police on those roles.

Federal Agent Jackson—I am a federal agent of the Australian Federal Police. I currently occupy the role of General Manager, Protection and Guarding. My function is to provide day-to-day management and administration of the Australian Federal Police protective service portfolio, including the Australian Protective Service. I report to the Executive Director, Protection.

CHAIRMAN—Thank you very much. We have received your submission, for which we thank you. Do you have a very brief opening statement or should we proceed to asking you questions?

Ms Fagan—Our brief opening statement will only take a moment, if I may.

CHAIRMAN—Yes.

Ms Fagan—It is part of the overview in our submission. The APS provides specialist security services at Parliament House, the offices and residences of the Prime Minister and the Governor-General, sensitive defence establishments, foreign embassies and the Australian Nuclear Science and Technology Organisation. Additionally, and of particular interest to the committee, there is the APS role in providing counter-terrorism first response at security designated airports in Australia and the provision of the Air Security Officer Program. Security designated airports where we have a presence are Canberra, Sydney, Melbourne, Hobart, Brisbane, Coolangatta, Cairns, Darwin, Alice Springs, Perth and Adelaide. The legislative authority for the activities of the Australian Protective Service in performing their roles at airports is drawn from the Australian Protective Service Act 1987, with specific direction on its aviation security role found in the Air Navigation Act 1920 and the Air Navigation Regulations 1947. Effectively, at security designated airports, only state police services or the APS have the legislative coverage to provide the counter-terrorism first response role. That is all I wish to open with.

CHAIRMAN—Thank you for that, Ms Fagan. Back in 1998-99 the Auditor-General conducted an audit of aviation security—in a different sort of climate than the one we unfortunately ‘enjoy’ today. In any case, we reviewed that audit at a roundtable hearing and we tabled our report, No. 371, in September 1999. Recommendation 1 was:

The Committee recommends that the Department of Transport and Regional Services and the Attorney-General’s Department review arrangements for cooperation between airport authorities and police forces—

plural—

in dealing with criminal activity at airports.

The executive minute that we received on 5 April 2001 from the Department of Transport and Regional Services says that the recommendation was supported with a qualification, which was:

The qualification notes that dealing with the majority of criminal activity at airports comes largely under the responsibility of relevant State and Territory police authorities.

Notwithstanding that, it is this committee’s understanding that you have a memorandum of understanding with Customs about your role and Customs’ responsibilities with respect to Coastwatch and border protection activities. Is there any reason why Transport should have qualified their answer to us in accepting that recommendation?

Ms Fagan—I cannot comment about Transport’s—

CHAIRMAN—Would you approve of that recommendation? Let me tell you again what the recommendation was:

The Committee recommends that the Department of Transport and Regional Services and the Attorney-General’s Department review arrangements for cooperation between airport authorities and police forces in dealing with criminal activity at airports.

Do you have any problem with that?

Ms Fagan—I do not have a problem with that. We—the Federal Police and the APS—have a raft of MOUs in place, and of course our role at the 11 designated airports that we service is actually articulated through contract/agreement with the relevant airport owner. That is the way we operate our services. In turn, we—that is, the APS and AFP—operate very closely with relevant state and territory police services to respond to incidents in an appropriate, timely manner. That is guided by the national counter-terrorism plan and that articulates the role, in particular, of the APS as first responders. The new plan now articulates the joint counter-terrorism investigation teams that are in place in every state and territory. That is underpinned by an agreement between Commissioner Keelty and every other commissioner. So, in a sense, there are a number of these MOUs and arrangements in place that are articulating our role beyond, or levering from, the act that underpins those.

CHAIRMAN—But you have no such agreement or formal undertaking with the Department of Transport and Regional Services?

Ms Fagan—Yes, we do, in fact. We have an MOU with the department of transport that was articulated on 29 April this year. I have a copy in front of me now. That MOU has three key purposes: to provide operational clarity in relation to the roles and responsibilities of DOTARS and the AFP, encompassing the APS in the area of aviation security; it underlines to our airline and airport stakeholders our continuing commitment to the best possible service to them; and provides clarity to our staff—AFP, APS and also DOTARS staff—and encouragement in further development of working relationships at airports. I will just read from that MOU: ‘The model is consistent with that endorsed by the ANAO.’ So those recommendations are articulated.

CHAIRMAN—It was our recommendation, not ANAO’s, but it sounds to me as if you have done exactly what we asked to be done back in 1999.

Ms Fagan—I have this in front of me now that the secretary and commissioner were obviously keen to put in place, but this was articulated on 29 April.

CHAIRMAN—That is terrific. Could you make a copy of that available to our secretariat, please?

Ms Fagan—I have no objection, but could I do the courtesy of checking with the secretary and commissioner?

CHAIRMAN—We can subpoena it if you like.

Ms Fagan—I am sure there is no problem.

CHAIRMAN—I am confident that will be so. Thank you very much. And you have a range of agreements in place with the state police that would move this whole MOU with the department to your relationship with state police as well, surrounding airport security?

Ms Fagan—Correct. In relation to the joint counter-terrorism team, there are arrangements in place, plus the AFP has joint operational agreements in place. So we have many aspects, and some then go into detail, obviously.

CHAIRMAN—Are you now reasonably satisfied with the arrangements which allow you to participate in securing our border? And remember, that would go beyond aviation security, I suspect, into your role with Coastwatch, too.

Ms Fagan—Yes, I am. The legislation and the reviews that take place constantly—I think the reworked national counter-terrorism plan is a good example, where we refine and define roles again—and initiatives such as the joint counter-terrorism teams initiative, which itself was brought into place only last year, bring about greater collaboration with state and territory partners.

CHAIRMAN—And that includes, I would imagine, links with ASIO, in terms of feeding intelligence?

Ms Fagan—Yes. We participate in a number of fora that ASIO also participates in, and there are other intelligence community participants. Another important dimension is that the Attorney-

General's Department conducts an exercise regime as well, through the Protective Security Coordination Centre, that exercises many of the potential threats that we could face.

CHAIRMAN—Explain to me about this coordination centre. Is it a new one?

Ms Fagan—Within the Attorney-General's Department is the Protective Security Coordination Centre. The centre is headed by Mr Ed Tyrie, who is responsible for the coordination of protective security measures—an exercise program that tests our counter-terrorism responses and works very closely with the National Security Division within Department of the Prime Minister and Cabinet.

CHAIRMAN—How recent a development is this?

Ms Fagan—It has been in place for 20 years, since the early eighties. It has been in place for some time within the department. It coordinates effort and brings together security arrangements. Another example is the national security hotline, which sits within that coordination centre.

CHAIRMAN—You also have a relationship with Defence, in terms of sharing intelligence.

Ms Fagan—Yes, we have relationships across the intelligence community.

CHAIRMAN—From your perspective, how do our aviation security regulations and our performance stack up with comparable countries around the world?

Ms Fagan—The regulations are put in place by DOTARS. The role that we play has been surveyed and has had limited benchmarking done to it. I think it is at world class, as far as our services of counter-terrorism first response are concerned. Certainly, the development of the air security officer program has been internationally benchmarked and is demonstrated as being at world class. To say that does not mean we do not take a continuous improvement approach and continually have our operators examine the operational efforts overseas as well.

CHAIRMAN—On the issue of the air marshals, can you tell us whether you have reviewed the stun gun.

Ms Fagan—The stun gun?

CHAIRMAN—The Taser.

Ms Fagan—No, we have not.

CHAIRMAN—You are sure that nobody in the AFP has examined it?

Ms Fagan—I can check that for you but, to my knowledge, no. I will take that on notice, if I may.

CHAIRMAN—Okay.

Ms KING—You say in your submission that there is a move towards the APS taking a more preventative, proactive and intelligence-focused role in aviation security. Can you tell me what that means in practical language?

Ms Fagan—The government commissioned a review last year through the Attorney-General's Department, which suggested we move to this more proactive intelligence led, outcome based system. The concept is still in its infancy. We have been consulting with industry and airport owners. The APS only became an operating division of the AFP from 1 July last year. We want to be able to link intelligence more clearly with the mainstream work that the AFP is doing and move to a more outcome based role for the APS. The methodologies, or how we go about that, is still very much under discussion, with the next scheduled meetings through the industry consultative group around 19 September, I think. I do not have further detail; it is a concept, and that is why it is articulated as such until that dialogue is worked through.

Ms KING—One of the witnesses giving evidence here this morning made the comment that—and it was not backed up by evidence, but I would like your comment on his comment—the more that the Australian Protective Service are involved in airports the less state police are involved in airports. Is that right?

Ms Fagan—Perhaps I should explain the role of the APS. The APS's role as a counter-terrorism first responder is not an investigative role. So they will go into a situation, assess that situation, cordon off, contain and then hand over command to the relevant state or territory police service. Resourcing is not to go to a prosecution brief so the distinction is quite clear. We work very closely with state and territory police in achieving a good, cooperative relationship with those services.

Ms KING—So you have not seen a decline at all?

Ms Fagan—No, not in my experience.

Ms KING—We are hearing a lot about processes and all sorts of activities being undertaken, but, given your security expertise, I would like to know how you would rate Australia's aviation security today?

Ms Fagan—The AFP undertakes fairly rigorous surveying and benchmarking—

Ms KING—I am not talking about the mechanisms here; I am asking you what you think. Is it good, bad or don't you know?

Ms Fagan—I think we are achieving a very good standard of security and I think it is underpinned by a couple of things: the goodwill and the work through the national counter-terrorism plan, which has been developed collaboratively with states and territories, and the operational will of the agencies involved and the airport owners. We are all motivated to achieve the same end: a safe and secure aviation environment.

Ms KING—Are we achieving it?

Ms Fagan—From a counter-terrorism first response perspective, we have the resources and are achieving our goals as set out.

Ms KING—What are the risks, in your view, in terms of aviation security that we should be looking at?

Ms Fagan—There is an evolving process through ASIO that produces threat assessments that we, in turn, examine and provide risk treatments to. I would think that novel capability is a potential issue for us in the future—that is, making sure that we consider possibilities not only from an intuitive sense but also from a counter-intuitive sense. So we must ask ourselves: what does this suggest this particular way or another way and then put treatments to those.

Ms KING—If an incident happened tomorrow—and if it were a serious incident, clearly there would be an inquiry such as this—would you be happy to sit there and say, ‘As of today, we have done everything we possibly could to make aviation as safe as it possibly can be’?

Ms Fagan—From my perspective, the training that we have for our staff—the APS counter-terrorism first response team have had enhanced training—the ASO program, the intelligence that supports it and the joint counter-terrorism teams are world class, and we have demonstrated that. Of course these matters would also be considered in a court of law should a prosecution take place. The training is ongoing and we can always learn more—and I was pointing out earlier that the exercise program is very important informing us and improving that practice all the time.

Senator WATSON—What is your relationship with air marshals given that you have the responsibility once the aircraft gets off the ground? For example, are you involved in the training of air marshals and advising them how to act in certain circumstances?

Ms Fagan—We take full responsibility for the air security officer program. That is now at its full complement. The training is done very closely with airlines and indeed with the flight associations, the flight attendants and the pilots. It is an ongoing program with a rigorous reassessment phase. Should an incident ever occur, we have practised handover arrangements with state and territory police. From recollection, in the order of 24 countries have ASO programs running. We are very keen to ensure that we keep international best practice in our program. Certainly the Stevenson review was very complimentary in terms of what has been achieved since it was started back on 31 December 2001.

Senator WATSON—Do you attend international conferences on a regular basis or do they come to Australia to assess what you are doing?

Ms Fagan—Yes.

Senator WATSON—When were they last here?

Ms Fagan—We use a mixture of everything you have said.

Senator WATSON—Do your protection people travel regularly on planes to familiarise themselves with the environment?

Ms Fagan—We are fully operational on domestic operations. We do not go into the detail of that. It is a covert program, and it has been policy that we do not detail that.

Senator WATSON—Fair enough. Could you outline how the border security legislation has affected what you do?

Ms Fagan—This is in relation to Customs?

Senator WATSON—Did the bill itself, the Border Security Legislation Amendment Bill 2002, impact on your operations in any way?

Ms Fagan—From a protective security point of view, not particularly. If I can take that question on notice, I will get some advice, because border security generally sits within a different portfolio in the AFP and I simply do not have that in front of me.

Senator WATSON—We now have a new Aviation Transport Security Bill. How is that likely to impact on your operations?

Ms Fagan—The role that the APS provide in relation to counter-terrorism first response is articulated in the air navigation regulations. At this point, I do not see the bill impacting on that counter-terrorism first response. But, as the bill passes through, I would imagine that the regulations may be revised. We have been in consultation with the department of transport in relation to both, and I do not see it impacting on the work that we are doing. One thing is that it may provide further flexibility in the work that we are doing.

Senator WATSON—If the bill does not address the issues, how is it that the regulations can address the issues that could affect your operations?

Ms Fagan—The Air Navigation Act points to the regulations that in turn provide—

Senator WATSON—I am talking about the Aviation Transport Security Bill.

Ms Fagan—I would imagine it would have transitional arrangements, but I do not have the legal knowledge on that. I could take that on notice.

Senator WATSON—Yes. I was just concerned. You said the regulations would pick it up, but if the direction is not given in the bill itself then there would be problems about the regulations picking it up.

Ms Fagan—I understand. I imagine there would be transitional arrangements, but I will answer that.

Senator WATSON—Would you comment on the scope and the findings of the Stevenson review?

Ms Fagan—The Stevenson review was conducted by the Attorney-General's Department. We did provide submissions and comment to that review. In turn, the government considered that review and it led to an endorsement of the Air Security Officer Program. The Air Security

Officer Program is what we have talked about as sky marshals. On CTFR—counter-terrorism first response—government endorsed a recommendation in relation to recasting the role into the proactive, preventive model that we are currently negotiating.

Senator WATSON—Are the emerging technologies—the backscatter centimetre wave X-ray screening et cetera and the biometric technology—being applied in each of the major airports? Are they installed at each of the airports? You use the word ‘may’.

Ms Fagan—They are not at each and every airport. We have built that capability in a number of airports. I can give you that detail on notice, if I may.

Senator WATSON—Do you intend to cover all airports? Do you intend to cover airports such as the ones at Cairns and Brisbane—which accept international passengers—as well as Sydney, Melbourne, Adelaide and Perth?

Ms Fagan—I will need to take that on notice. I do not have that briefing with me. I will provide you with a timely response to that question.

Senator WATSON—I would be interested to know, if they are not installed, where you intend to install them. They can help detect, for example, weapons, contraband and other harmful items.

Ms Fagan—Certainly.

Ms KING—I understand that this is a covert operation, but are you able to tell us whether the Australian security officers have averted any incidents. I do not want details, but are they proving to be effective?

Ms Fagan—One incident on a flight to Cairns has been in the media. The air security officers responded appropriately in that situation and de-escalated it to the satisfaction of the airline and the operational people who assessed it. I have the detail here. It was a couple of months ago.

Ms KING—I remember the incident. Is that all?

Ms Fagan—Yes.

CHAIRMAN—Following up on that we heard from the Department of Transport and Regional Services this morning that to the best of their knowledge there has never been a terrorism incident with respect to aviation in Australia?

Ms Fagan—I was going to draw your attention to CHOGM. The formation of the AFP in 1979 came out of the terrorism bombing—but that was not aviation related. You qualified it?

CHAIRMAN—Yes, I did. I understand the Hilton—we are with it. Does that sound about right?

Ms Fagan—I am not aware. I will take that on notice and get back to you.

CHAIRMAN—I would appreciate that. We know that you had a very big role in the aftermath of Bali, and that has been well publicised. I add the committee's congratulations to that of everybody else on a fantastic job—well done.

Ms Fagan—Thank you.

CHAIRMAN—It would be good to know, because sometimes—perhaps I am wrong—I think we get overheated about some of these issues. We consider that aviation security is important. The public has a right to know where we stand, and that is why we are conducting the inquiry for the parliament. But that does not mean that we are all frightened to death to get on aircraft to go home either last night, this morning or tomorrow.

Ms GRIERSON—My understanding is that you would have Australian Protective Service personnel at some airports all the time. Is that right?

Ms Fagan—Yes. I mentioned in my opening that we have 11 airports: Canberra, Sydney, Melbourne, Hobart, Brisbane, Coolangatta, Cairns, Darwin, Alice Springs, Perth and Adelaide. That is a 24-hour service, seven days.

Ms GRIERSON—Did you mention the criteria for that allocation?

Ms Fagan—That is determined by government. They are category 1 and 2 airports—some are category 3 airports.

Ms GRIERSON—But I would never find Australian Federal Police permanently located at any of those places. Is that right?

Ms Fagan—The Australian Federal Police are at some. That sits with the deputy commissioner; it is not my area. We are in capital cities as well, so there is a close linkage that takes place. But the AFP are at some international airports, particularly in relation to drug interdiction and border work with Customs et cetera.

Ms GRIERSON—Airports, such as Newcastle regional airport in my electorate, has neither of those facilities nor is it well served by AFP personnel on the ground in that whole region. If there were incidents at the airport, the backup would just be the state police. Is that correct?

Ms Fagan—State police are the responder in that situation. The APS is not present at that airport. As I said, we have a role at 11 designated airports.

Ms GRIERSON—I understand that DOTARS may request that you report on different aspects of performance. Have you been asked to report on specified aviation and airport operators and how they are going about meeting aviation security needs and standards? I am told that, in theory, they can ask you to report to them with regard to airport operators' cooperation with you and the standard at which they are responding to DOTARS' aviation security needs. Have you been asked to give those sorts of reports?

Ms Fagan—Not that I can recall in the time that I have been in this role. We have a high-level policy group chaired by Mr Peter Yuile, the deputy secretary, that I and Industry sit on. We work

and discuss various issues in that forum. The contracts and agreements that are in place with the airport operators are the driving force behind our service, and we do have a direct relationship with those owners.

Ms GRIERSON—DOTARS do audits of security performance at airports. It is suggested that you are also part of their feedback on different airports. Is there a formalised process for APS to comment on the standards that are or are not being maintained by airport operators?

Ms Fagan—The process is that we would get a request from DOTARS for that technical advice or to participate in the audit that is taking place and, in turn, we provide that. That process is by a request and a response that we in turn give. There are quite a few examples of where we have done that.

Ms GRIERSON—So it is actually in response to a problem or a need; it is not a regular occurrence, it is not that you give regular reports at a certain time?

Ms Fagan—DOTARS have the audit role. We, in turn, are asked to give technical advice, which we would do. As far as a role in program goes, I will take that on notice. I am not sure.

Ms GRIERSON—All right, and I will ask DOTARS. But as part of their audit process they do not first talk to you or talk to APS about on-the-ground performance?

Ms Fagan—Articulated in our MOU is the practice that we have had, and it enables a system—and perhaps tabling this will make it clear—to provide that ongoing support. The key role for us is service provision, incident response and incident management. Of course, we have operational and technical expertise. In turn, theirs is about a regulatory audit regime. They have the lead on that, if you like.

Ms GRIERSON—It just seems to me that you are obviously the on-the-ground people most of the time who must observe all the time what does happen and the standards. You must have your own incident report system. How extensive is that? Is it minor? Is there a level where it cuts in or do you keep data constantly?

Ms Fagan—I think this is one of the synergies that has developed from integration from 1 July. I was very keen in developing the APS as an operating division of the AFP to ensure all the incident reporting was coming into a central area. Indeed, combining the AFP protective security with the Australian Protective Service under Steve Jackson's leadership is all about bringing that incident reporting into one repository. We have been doing that since last July—since we integrated—which in turn feeds into our protective security intelligence network and in turn feeds into our operations more broadly. That has been an enhancement of intelligence sharing and incident reporting.

Ms GRIERSON—I guess I still need some assurance that there is a formalised process for you sharing it beside you raising it at an aviation security committee meeting.

Ms Fagan—When an incident occurs, it is recorded and it comes into the AFP. Those are recorded formally in our system and are then available to examine in what is known as our

Police Real-time Online Management and Information System. It is available out there for wider consideration.

Ms GRIERSON—Do you know if it is examined regularly by DOTARS?

Ms Fagan—Our incident reporting with DOTARS? Not the daily reporting, because that is operational matters.

Ms GRIERSON—Do you make your own assessment of that sort of data reporting? Is someone assessing that all the time?

Ms Fagan—Yes. That comes into what is called an operations management committee group, which is the Federal Police and APS—our operational people. Where an incident has something that needs follow up, then it is followed up through DOTARS in consultation with us and they can seek our advice. So there is sharing within the bounds of each other's roles, but DOTARS do not have carte blanche access to the AFP system.

Ms GRIERSON—I would imagine that exceptions or patterns are often what you are looking for, so if someone is not doing that all the time it can just become a responsive method rather than a proactive one where you are scanning what is happening all the time. I will leave that with you.

Ms Fagan—Our reporting is shared with the intelligence community, which in turn supports the threat assessment process that in turn develops the risk assessment treatment. We do share with intelligence agencies and then the threat assessments come out of that, so there is a very clear formal process for sharing. I think that may help.

Ms GRIERSON—I suppose I would like to know what that very clear process is. It is not clear to me yet, but perhaps it will be by the time the inquiry is over.

Mr JOHN COBB—Going back to the issue of which airports you oversee, I take it you have a presence at every international airport all the time.

Ms Fagan—It is the 11 that I mentioned, and they are all international.

Mr JOHN COBB—I think we only have about 11 international airports anyway.

Ms Fagan—Yes.

Mr JOHN COBB—I take it that you do not have any presence at anything that is not an international airport, but do you have a role in overseeing what security measures may or may not be involved in others?

Ms Fagan—Our role is in relation to the 11 designated airports. To my knowledge, Canberra and Hobart are not international.

Mr JOHN COBB—I think Canberra is actually an international airport.

Ms Fagan—The 11 that I mentioned is where we have a role, and that is our designated role. The APS are not at the other airports.

Mr JOHN COBB—Do you, as the Federal Police, talk to your compatriots overseas about how they are monitoring their own airports?

Ms Fagan—In a counter-terrorism first response role?

Mr JOHN COBB—Yes.

Ms Fagan—There has been dialogue, particularly in relation to the UK model. More broadly, we have dialogue with the 24 countries doing the Air Security Officer Program through conventions, law enforcement and ongoing dialogue.

Mr JOHN COBB—AQIS is responsible for setting up security measures. If there is an incident, do you then take control of that airport? Are you the boss when there is trouble?

Ms Fagan—We are the first responders: we cordon, contain and hand over to the appropriate police in a major situation. If you imagine a situation that will require a brief of evidence to go to a court, it is the state and territory police and AFP that will have that role; it is not the role of the Australian Protective Service counter-terrorism first responders.

Mr JOHN COBB—So, basically, you do not have an active role at all; you simply determine which section of the services does?

Ms Fagan—The role is to provide a uniform presence and counter-terrorism first response, which involves cordon and contain and calling in the police service to assist and manage that situation. The distinguishing feature is that the Australian Protective Service does not have an investigative role. As I was explaining earlier, if there were a counter-terrorism response, the National Counter-Terrorism Plan would articulate the various roles, state and territory; the joint counter-terrorism investigation teams could be called into play; and each commissioner, along with the Federal Police Commissioner Keelty, would have a discussion with the affected states about how they would manage that.

Mr JOHN COBB—If at any time it was thought necessary to have people on board planes, would that be you?

Ms Fagan—The Air Security Officer Program sits with us completely.

Mr JOHN COBB—That is yours?

Ms Fagan—Yes.

CHAIRMAN—The submission from Qantas says:

Two examples of non aviation specific security measures introduced since September 11 are:

- (i) The placement of an additional three Australian Protective Services (APS) officers on a round the clock basis, at considerable cost to Qantas, at Alice Springs and Ayers Rock airports. The Government was unable to demonstrate to Qantas a benefit linking the deployment of these officers with a reduced threat to aviation. It is assumed that the actual purpose of these officers was protection of a facility of political and strategic sensitivity in the vicinity.

Do you have comment?

Ms Fagan—On 9 October 2001 through to June 2002, the Australian Protective Service deployed two officers to Alice Springs airport to effect the additional security measures at that airport. As of 1 July 2002, that station was established with 13 Australian Protective Service officers doing the counter-terrorism first response role, and that is funded by the federal government. We have not had a presence at Uluru airport.

CHAIRMAN—Are you saying the considerable cost to Qantas does not exist?

Ms Fagan—The additional security measures from 9 October for the two officers at Alice Springs airport were funded by the airport. I understand, from reading submissions, that in turn is passed to the airlines, but our relationship is with the airport.

CHAIRMAN—But since then the Australian Protective Service officers that are there now are a federal cost and not a cost to Qantas or the airport?

Ms Fagan—That is correct.

CHAIRMAN—Has the recently passed Border Security Legislation Amendment Act 2002 affected your operations?

Ms Fagan—The senator asked that question and there is a little bit of detail that I have taken on notice.

Senator WATSON—They have taken it on notice. Obviously the security situation in Thailand must have deteriorated with the decision to move some families from the Australian compound in Bangkok. What role did the AFP have in this decision, and what was the basis of the decision in the nature of the heightened security risk? And did that risk extend to the airport?

Ms Fagan—The General Manager of International through Deputy Commissioner John Davies is responsible for our international network, which consists quite broadly of SLOs all around the world. I do not have specific knowledge that enables me to comment on that. I would be happy to take that on notice for you.

Senator WATSON—Thanks very much.

CHAIRMAN—Thank you very much for attending, for your statement and for your honest answers to our questions. If you would get back to us with those two or three that you have promised us a further response on, we would appreciate it, particularly the MOU. I would like to see that. I am very interested in that.

Ms Fagan—We will do that promptly.

CHAIRMAN—If we have any further questions, I assume you will not mind if we put them to you in writing rather than haul you back here again.

Ms Fagan—That would be fine. Thank you very much.

[2.51 p.m.]

CULLEN, Captain Simon Terrence, Commanding Officer, HMAS *Albatross*, Royal Australian Navy

FLETCHER, Mr John, Director, Property Services, Corporate Services and Infrastructure Group, Department of Defence

KERR, Lieutenant Colonel Darren Alexander, Commanding Officer, Army Security Authority, Department of Defence

LAX, Air Commodore Mark Roger, Director General Policy and Planning, Royal Australian Air Force

McCARTHY, Ms Margot, Head, Defence Security Authority, Department of Defence

CHAIRMAN—Welcome. We have received your submission, for which we thank you. Do you have a brief opening statement, or may we start asking our difficult questions?

Ms McCarthy—We do not have an opening statement, but my colleague Mr Fletcher does have an update for you in relation to some information we provided in the submission on HMAS *Albatross*.

CHAIRMAN—Do you want us to accept that as evidence, rather than have you read it into the record?

Mr Fletcher—Certainly.

CHAIRMAN—I appreciate that. In the overall scheme of things, where is Defence positioned in the overall aviation security environment?

Ms McCarthy—Defence has a number of airfields which share boundaries with civil airfields, and in relation to those locations, as we indicated in the submission, Defence shares responsibility with the civil operators for the security of those locations.

CHAIRMAN—Is it not also true that in a strategic sense you also have a very major role to play in terms of information gathering and assessment?

Ms McCarthy—The defence intelligence agencies certainly contribute.

CHAIRMAN—They are part of the Department of Defence.

Ms McCarthy—They contribute to the overall intelligence picture. We prepared our submission very much in the context of the terms of reference, and in relation to those we concentrated on the physical security of those locations rather than the threat. The threat information that the defence intelligence agencies may provide is coordinated in relation to the domestic threat by the Australian Security Intelligence Organisation, and they are the appropriate authority to comment on the domestic threat picture.

CHAIRMAN—So, when it comes to Coastwatch, you feed information into the common security evaluation barrel, so to speak. Do you have a collaborative role with the Australian Federal Police—who just appeared as witnesses here—or is your information shared directly with ASIO who then would work with the AFP? I am just trying to understand the relationship. We are concerned about more than just specific locations, Ms McCarthy. If our terms of reference confused you, let me unconfuse you.

Ms McCarthy—I am not an expert on the intelligence sharing arrangements, but for any information relevant to the domestic threat picture, as I said, ASIO is the main coordinating area in terms of intelligence assessments. I am not sure if any of my colleagues would like to elaborate on that.

Lt Col. Kerr—Yes, I would. In regard to Coastwatch, for instance, you mentioned the Coastwatch National Surveillance Centre. We have military officers in there and there is a very healthy exchange of information. Similarly, with the full range of national agencies, we have strong links from the regional through to the strategic level. So I think there is a very healthy exchange of information there in both formal and informal settings.

CHAIRMAN—Is there any central strategic point, like in the national surveillance centre, where all information about security threats is brought to one, single focus so that decisions can be made at an instant's notice, if necessary, with respect to the broad issue of aviation security all over the continent of Australia?

Lt Col. Kerr—As Ms McCarthy has said, at the end of the day ASIO has that overall responsibility for domestic security. So if you are looking for a national surveillance centre equivalent, you have ASIO and the Protective Security Coordination Centre. They would be along the lines of what you are getting at. In the unique aviation security setting, I would say that there is no equivalent body.

CHAIRMAN—That national surveillance centre was quite innovative, and I think it probably still is in world terms. As you operate at some airports, how do you cooperate with those airport authorities and/or the Department of Defence and/or the AFP and/or the Australian Protective Service and/or Customs, or all of the above?

Air Cdre Lax—I might answer that on behalf of the two official joint-user airports, which are Darwin and Townsville. The other airports which the Air Force and civil operators operate from together include the Air Force base at Williamstown and the Air Force base at Tindal.

CHAIRMAN—What about Canberra?

Air Cdre Lax—No, that is a separate matter altogether because that is managed now by Canberra International Airport Pty Ltd. They own the property. The defence department sold what is notionally called RAAF Base Fairbairn some several years ago. As of 1 July this year, the defence department is just managing part of the property—I can come back to that in a minute, if you like. In regard to the other bases, essentially we have regular meetings with the civil airport management authorities—in some cases that is the airport manager; in most cases it is the local shire council, operating body or governing authority—which include an exchange of information upon local intelligence matters, service police and civil police matters, incidents that may have been reported at both sides of the bases, and any other matters which it is felt are appropriate to be discussed. That is the case certainly for Townsville and Darwin. Williamtown is a much smaller civilian base—it is called a Newcastle airports facility but it really is a commuter airline airport.

Base management, including the service police, have regular meetings with the Port Stephens Shire Council and the Newcastle airport operators. With respect to the RAAF base at Tindal, there may be no formally planned, regular briefings on the security situation, but the civil terminal is very small and it is managed by a small local authority. It is within the precinct of the RAAF base perimeter fence, and it is only unlocked and opened when the terminal is manned and there are flights scheduled. However, RAAF security police maintain regular liaison meetings with both the civil police in Katherine and the airport management authority, and we take responsibility for patrols of the perimeter fence at all hours of the day and night.

CHAIRMAN—The lead story in today's *Australian* newspaper is about the potential threat of a civil aircraft coming under attack by a SAM. Can any of you give us your evaluation of whether or not that is a reasonable threat domestically in Australia?

Ms McCarthy—Again, comments on the threat situation are very much the province of our colleagues in ASIO. In terms of the way—

CHAIRMAN—They are military weapons.

Ms McCarthy—They are. Our joint responsibilities are for the security of defence assets and establishments so we can certainly tell you about how defence assets are protected.

CHAIRMAN—Have you lost any?

Ms McCarthy—None of the kind that you have just been referring to, to my knowledge.

Ms KING—That leads to the question: what have you lost?

CHAIRMAN—That was the next question. I understand that your accounts have been qualified by the Auditor-General, and probably will be again this year and next year, because of inability to accurately value inventory, but I would hope that that does not include losing strategic missiles.

Ms McCarthy—Certainly not.

Ms KING—Ms McCarthy, on the last occasion that you appeared before the committee we were discussing the security clearances for defence personnel. I cannot remember the figures but I think it was in the order of about 13,000 that were not up to date—I could have that wrong. How are you going with that?

Ms McCarthy—The security clearance backlog is declining steadily. I actually provided this committee some months ago with an update of those figures that I provided in May.

Ms KING—What is the situation at the moment?

Ms McCarthy—The figures are actually higher than the ones we provided to you because we did quite a lot of work on our internal database and found that the figures for initial clearances were higher than we had first understood them to be, and that the figures for clearances which were due for regular review were also higher. I do not have the exact figures with me today, but the figure for the initial clearances that are part of our backlog—and we define our backlog in terms of initial clearances that are falling outside what we call our benchmark time frames; that is the time frame in which we think it is reasonable to process the clearance—is around 5,000. The figure that relates to clearances overdue for regular re-evaluation is much higher and is in the order of 20,000—and I do not have the exact figure with me today. They are not people without clearances, let me stress. They are people who have been cleared but they are due for regular review in line with Commonwealth security policy.

Ms KING—Your submission notes that you have been given an exemption from the provisions of the Aviation Transport Security Bill, and I understand there are some logical reasons for that, but perhaps you could expand on those a little bit, particularly in light of the continued problem that Defence has in keeping up to date with its security clearances.

Air Cdre Lax—Air Force raised a number of concerns with DOTARS when the bill was first tabled. I understand its first reading in parliament occurred on 27 March 2003. We formally wrote and a number of our concerns were taken into consideration, and I will come to them shortly. Essentially, the bill entails what we saw as a limitation on our management of our airfields, our access to civilian parts of the airfield where we share them, and our normal operating procedures which have been extant for some years.

In its previous form, as it was tabled, the bill would have made it illegal for defence personnel, for example, to carry any form of weapon on any of our shared airfields without specific written permission from the Secretary to DOTARS. It would also have become illegal for defence personnel to move through any other civilian airport with weapons on duty movements for deployment or otherwise, even on defence aircraft; or for any other aircraft carrying weapons, including military aircraft, to land at a civilian airport, even in transit. Consequently, we put in the counter-submission to ask DOTARS to review their extant policy and the draft of the bill.

We sought and gained access to amendment, and I point out that there are three exclusions now. Firstly, the exclusion of defence areas from the boundaries of a secured controlled civil airport was included. Secondly, the act was not binding on defence aircraft, whether owned, leased or chartered; and thirdly, defence members may carry weapons and other prohibited items within the civil air side and land side security zones, provided they are members on duty and duly authorised to be there.

Ms McCarthy—Can I just provide some reassurance in relation to your concerns about the impact of the security clearance backlog in relation to defence aviation security. If people do not have their initial clearance, they are not given access to either classified information or sensitive assets that require a security clearance. In relation to the overview—

Ms KING—Does that include going on defence aircraft?

Ms McCarthy—No. It is not the case that everyone who goes on defence aircraft needs to be security cleared, but local commanders can make arrangements in relation, for example, to the people who regularly come on and off the base who may not be accessing sensitive information or assets to have—

Ms KING—Sorry, I am just getting a bit confused. Does that mean that you would not classify defence aircraft as a sensitive asset?

Ms McCarthy—It is not that we would not classify it as a sensitive asset, but it would not be the case that every contact that somebody has with a defence aircraft—or, indeed, any other kind of aircraft, civil or defence—requires them to be security cleared.

Can I just comment in relation to the re-evaluations? We immediately re-evaluate any clearance of a member who has been drawn to our attention as needing to be re-evaluated for cause. That is, if there is a concern about the person's behaviour or changes in their circumstances, we give that the highest priority. Our overall training and awareness campaign in Defence is concentrating very heavily on reminding supervisors of their responsibilities in relation to knowing their people, observing their behaviour, and drawing to our attention any security concerns. That is part of the risk management of our backlog problem.

Ms GRIERSON—Again, when you look at your co-locations—and your aviation assets always are assets you would want to protect from any risks—what sort of criteria do you look at when you have got a civil partner next to you? Do you look at their security practices, or what are the risks if they do not do it properly?

Lt Col. Kerr—It is certainly a key part of what we do. For instance, in Army's case, where we share the facilities at Oakey, the outer perimeter fence, which encompasses our portion—and then, of course, the civil portion surrounds the entire base—someone could gain access across the runway. Within our portion, though, we then have additional layered defence of our assets. For instance, within Oakey we have a restricted area in which the aircraft are then kept inside this perimeter. As far as the assessment of the external perimeter provided at a civilian airport is concerned, it really just factors in as one portion of the overall security that we provide, and I know the same applies with the RAAF approach as well.

Ms GRIERSON—At Newcastle airport you are the flight control operator as well. Is that the case at the other airports too in terms of co-location?

Air Cdre Lax—I would like to answer that question. The airports in question are: Darwin; Townsville; Tindal, at Katherine; RAAF Base Williamtown, which is the Newcastle airport to which you refer; and Canberra, to a lesser extent. Those are the four. Darwin and Townsville are staffed by Australian Air Force air traffic controllers. We are looking at, under a number of other

initiatives with DOTARS, an integrated operating environment for the future. Williamtown is staffed purely by Air Force controllers. Canberra, I understand, is staffed by civil controllers. The two mix very well and have done for many years. So it varies depending on location. Usually the rule of thumb is that the other states' Air Force bases, which are not joint or community users, look after themselves. The so-called joint user or community use airfields sometimes have air traffic controllers from both DOTARS and the Air Force.

Ms GRIERSON—When your most senior personnel fly into or out of those airports are they usually on defence aircraft or commercial aircraft?

Air Cdre Lax—It can vary. It depends on the task and on availability. We often use our civil airline colleagues to provide standard regional services these days. It is very rare for us to have an aircraft tasked specifically with carrying people around unless it is an operational deployment. So it is extremely rare for a Hercules to be called to go to Tindal just to take some senior officers for a visit, unless it is a scheduled service.

Ms GRIERSON—So if they are travelling on commercial airlines would the APS be involved at the points of destination and departure?

Air Cdre Lax—They usually travel as normal commercial passengers and go through the normal check-in and screening procedures. They would just travel as normal airline passengers.

Mr JOHN COBB—Commodore, in an unarmed situation would the larger Air Force planes have the same destructive capacity as an airliner or similar?

Air Cdre Lax—In terms of if one were taken hostage or similar, I am not a structural engineer but I would imagine that a larger aircraft would be very similar to a civilian aircraft.

Mr JOHN COBB—Have you upgraded your Air Force security in the last two years? Have you acted on that in places like Bankstown?

Air Cdre Lax—Air Force has always had a very strong security conscious and safety conscious approach to airport operations. Post September 11 we did a full review of all our bases—not just the Air Force ones, but all our 'air heads', if you want to call them that. We do have regular security patrols, both at night and during the day. You would be aware that we also use military working dogs to apprehend unauthorised or illegal trespassers. The statistics show that, as I indicated, there has been very little change in terms of reported cases of unauthorised access. So essentially we are fairly comfortable that within our perimeter fencing we have a pretty good handle on the security matters at the bases.

Senator WATSON—The Navy has assets based at HMAS *Albatross* and there have been some problems with the Shoalhaven City Council proposing to open up HMAS *Albatross* to commercial operations. Defence has objected on the grounds of safety, liability and costs that would be prohibitive to both the department and the civil aviator. What are the most recent developments in that impasse?

Capt. Cullen—I might address that. Navy did raise concerns but things have happened since we made our submission. Mr Fletcher from corporate services had a statement, which he was going to read out but which was tabled. He can discuss those issues now, if you wish.

Mr Fletcher—Since the original submission we have met with the Shoalhaven City Council as recently as a number of weeks ago and we have discussed with them a more modest proposal in relation to commercial use via their aviation technology park alongside HMAS *Albatross*. Whilst it is early days, it would seem that we have made some progress with the council in terms of the issues of security liability and cost in that we are going to seek to limit the type of activities that occur at the technology park and the way they interface with HMAS *Albatross*. We are confident that we can put in place an appropriate arrangement with the council via a deed of agreement that addresses Defence's concerns.

Senator WATSON—If that cannot be achieved, would it be likely that the Navy would have to move from the Shoalhaven?

Capt. Cullen—No, the Navy will not move from the Shoalhaven. As Mr Fletcher said, we are pretty confident that we can negotiate a way through this, and we are very much in the early stages of those negotiations now. A deed of agreement with the Shoalhaven City Council and the individual user companies should address all the concerns that we have.

Senator WATSON—How was this impasse able to get to the stage it has without negotiations at an earlier stage than this?

Mr Fletcher—The proposal from the Shoalhaven council has been discussed for a number of years with Defence. It is really only in recent times that they have sought more clarity on the arrangement they proposed to put in place. Originally, their proposal related to what were broadly termed as defence related activities, which Defence were happy to encourage in the technology park as an opportunity for users at the technology park for defence related activities on our base. The council, subsequent to that, has sought to broaden the definition of 'defence related activity', which raised the original concerns. We are comfortable now, though, that we have brought those expectations back to a more modest proposal that is acceptable to Defence.

Senator WATSON—So there is no security risk involved?

Mr Fletcher—Like with any proposal such as this, there are risks associated with it, but we believe that, with the appropriate agreement in place, those risks are manageable.

CHAIRMAN—You state in your submission to us, that:

Defence is broadly satisfied with the boundary security provided by the civil operators at these airports.

Could you tell me why you are just broadly satisfied, rather than completely satisfied? You did not expand on the caveat.

Ms McCarthy—My colleague Air Commodore Lax can comment on one work in progress at a particular airfield in relation to some increase in perimeter security. Use of the term 'broadly' is probably in relation to our aspiration that security be as good as it can possibly be. The only

caveat I am aware of is the situation in relation to Defence at Tindal, and we can give you some information on that now.

Air Cdre Lax—The Air Force base at Tindal is situated approximately 280 kilometres south of Darwin. It is also a major fighter base and is used regularly for operations and exercises. After the September 11 incident, we did a review—as I mentioned before—of our perimeters and our security measures. We assessed Tindal's fence, which was erected in the mid-1980s, whilst the base was being formally reconstructed. Essentially, it is a cyclone fence. It has got a lot of rust and problems with it, and maintenance is very high and expensive.

We subsequently raised a building submission which was put through the Public Works Committee of this parliament last month. They are yet to table their report; however, I have read the tabling submission. The public works committee have recommended that we proceed with a new perimeter fence, to be constructed once the wet season next year is completed, for completion in approximately October 2004, which will enhance the entire security around the base. It will also affect the civil airline terminal, in that it no longer will be within the base perimeter. It will be on the outside of the fence, and civilian passengers and other persons will need to get access through the normal airport controls. The public works committee were very pleased with the outcome and fully recommended the proposal. It should be tabled within the next few weeks.

Ms McCarthy—I would like to provide an update for Ms King. I mentioned I did not have the exact figures on the clearances. On searching my memory, I think the re-evaluation figure is higher than the one I gave you. I think it is probably more in the order of 25,000. But, as I said, I do not have the exact figure. Would you like the exact figure?

Ms KING—Yes, if you could provide it, that would be good.

Ms McCarthy—Certainly.

CHAIRMAN—We would appreciate receiving the information that you have promised. Rather than invite you back again if we have further questions, you will not mind if we ask you in writing, will you?

Ms McCarthy—Not at all.

Air Cdre Lax—Mr Chairman, if I may, I would like to complete the record. In your first question to me you asked about liaison procedures between the military and the civil operators at airfields. I covered all but Canberra. The situation in Canberra is only slightly different because it is now owned by Canberra International Airports. The old air force base site is presently leased back to the department until May 2004, excluding the VIP area, which has been a longer-term lease. I am not sure how long that lease will extend to.

CHAIRMAN—That sounds a little better.

Air Cdre Lax—The VIP section has separate security arrangements in place. The VIP section is managed through security policing, and we have regular liaisons with the AFP and APS. In terms of liaison with Canberra International Airports, base management—which includes both

the military and the civilian members from the department—meet at least quarterly with CIA management and look at both security and safety matters on the base.

CHAIRMAN—Thank you very much. Is it the wish of the committee that the document entitled ‘Updated information on HMAS *Albatross*’ be incorporated in the transcript of evidence? There being no objection, it is so ordered.

The document read as follows—

UPDATED INFORMATION ON HMAS ALBATROSS TO BE PROVIDED TO THE JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

Chair

- I would like to provide the Committee with updated information on the commercial use of HMAS Albatross.
- The Defence submission advised that Defence has objected to a Shoalhaven City Council proposal to opening HMAS Albatross to commercial operations on the grounds of safety, liability and costs.
- The Shoalhaven City Council proposal is linked to its development of the Albatross Aviation Technology Park. This business decision by the Council was initially underpinned by a number of Defence-related contractors and the Council is now seeking to expand the operations of the Park into other areas of general aviation.
- The Defence objection was based on the level of commercial use proposed by the Council. Over the last few weeks, however, Defence has consulted further with the Council and a more modest proposal is being developed based on limited and controlled access to the Albatross runways for commercial operations from the Park.
- Defence will conduct a detailed study on this more modest proposal, in consultation with the Council, covering issues such as the impact on Defence’s operational and training activities, costs, military manning, security, and noise. If these issues can be resolved satisfactorily, Defence and the Council would sign a commercial agreement.

CHAIRMAN—Thank you very much, Ms McCarthy and gentlemen. We appreciate your attendance and your cooperation.

[3.25 p.m.]

CAHILL, Mr John, Executive Manager, Australian Quarantine and Inspection Service, Department of Agriculture, Fisheries and Forestry

MURPHY, Mr Robert, National Manager, Border, Australian Quarantine and Inspection Service, Department of Agriculture, Fisheries and Forestry

CHAIRMAN—Do you have a brief opening statement? I hope not. You don't, do you?

Mr Cahill—I know about your need for brevity so I will keep it brief but there are a couple of points I want to make, by way of context more than anything else, if I may.

CHAIRMAN—Sure.

Mr Cahill—In the context of the terms of reference of this inquiry, I think it is fair to say that AQIS's role is fairly secondary but it is worth reminding the committee—as the committee learnt through the recent inquiry into the quarantine function—that our main involvement in the context of this inquiry is at international airports. That role has increased quite substantially over the last two years as a result of the government's decision to put another \$600 million or so into the quarantine function over four years. In terms of our operations within international airports since that decision, we have seen our program increase from something like \$19½ million per annum to a bit over \$60 million per annum. Our staff has increased from about 220 at airports to about 650. We have doubled the numbers of detector dogs and also dramatically increased the number of X-ray machines. It is also worth noting that, as you have observed in the previous inquiry, there have been major changes to airport infrastructure, which has also been funded: \$19.4 million has been spent on redeveloping the barrier areas at international airports and a further \$7.7 million is expected to be spent at Melbourne airport during the next 12 months or so.

CHAIRMAN—Thank you for that, Mr Cahill. We realise that you do not have a primary role in this respect but you do have a role and you function together with Customs, the Australian Federal Police, the department of environment, everybody in Defence and everybody else that gets involved with border protection in terms of Coastwatch and airport security. When you find, through your inspection procedures, items which might be considered to be dangerous, what kind of records do you keep of those items and what follow-up do you make to see that we are doing a better job of keeping them out or detecting them?

Mr Murphy—When our staff detect material of interest to us and other border agencies we keep reasonably comprehensive records of those. We refer straight to Customs material such as drugs, guns and other things we find in airports. Our role there is simply one of ensuring continuity of the evidence we pass over to Customs. We keep records of those incidents and, now that we are screening over 90 per cent of passengers' baggage that comes through airports, we regularly find that sort of material and pass it straight over to Customs. In relation to material we find of an animal or plant quarantine interest, we have a large national database where we

keep quite comprehensive records of each interception and action that happens: be it a warning, issuing of an on the spot fine, or prosecution. There are quite comprehensive records.

CHAIRMAN—Leaving aside drugs and contraband of that nature and focusing instead on items that might be considered to be a threat to aviation security—to an aircraft, an airport or personnel—can you tell us what you have found?

Mr Murphy—We do, from time to time, find firearms. That is probably the main issue that we have been involved in. We pass those on to Customs

CHAIRMAN—Are there very many?

Mr Murphy—No, there are not many, but there are certainly some cases nationally.

CHAIRMAN—Have you ever found a SAM?

Mr Murphy—No, we have found nothing of that order. We have found, essentially, small firearms and passed them on to Customs.

CHAIRMAN—In the nature of hand guns and pistols?

Mr Murphy—Yes, and we have found bullets and some other materials, such as knives, which we pass straight on to Customs. We do find knives more frequently, of course.

CHAIRMAN—From your perspective and your overall knowledge of these sorts of issues, can you tell us how our border security rates internationally?

Mr Cahill—We can judge it from a quarantine perspective; that is probably all we are qualified to do.

CHAIRMAN—I knew you would say that.

Mr Cahill—Our border control arrangements, based on what we have seen in operation overseas, are second to none.

Ms KING—The Australian Customs Service said that five per cent—I think that was the figure they gave—of the items that they are interested in actually come to them because AQIS has X-rayed baggage. Is that figure about right, do you think?

Mr Murphy—I do not know. Do you mean five per cent of their total interceptions?

Ms KING—Yes.

Mr Murphy—I would not know whether that figure is right or wrong, because I do not have access to their total seizures. But we do refer material to them pretty regularly.

Mr Cahill—Intuitively, it sounds about right.

Ms KING—We have looked at this pretty extensively through the quarantine review, but, in terms of the training for your officers at airports, clearly it is different picking up plant items et cetera, which might be of quarantine interest, versus seeing a gun—although I hope guns are pretty hard to hide from X-ray facilities. What specific training do they get to try to pick up guns versus plants, equipment and other things?

Mr Cahill—The key to the operation of the X-rays at airports—and, indeed, at mail centres and cargo entry points—is that mostly they are operated jointly with the Australian Customs Service. The identification of items of interest in an X-ray is first and foremost based on the image and the identification of shapes. Our officers, as well as Customs officers, are trained to identify the shapes. Also, through the technology, the way in which organic material shows up on X-rays draws attention to the things that we are particularly interested in.

Mr Murphy—I have two other comments to make on that. We have a joint accreditation program with Customs, and our staff are accredited to a common standard. We have also established a national database, where we have X-ray images of items and what those items look like in reality. That is on our intranet. Our staff have access to that database, and we continually add to that if something new is found. That is part of the ongoing training and reinforcement. We have two specialist officers, in particular, who continually train and review those people in the field.

Mr JOHN COBB—I think you have already alluded to the beefing up of resources for AQIS. By some coincidence, not necessarily a happy one, the foot and mouth outbreak in Britain certainly brought that on some time before September 11. Is there an area where you still feel you could contribute more than you already are to the security question we are talking about today? I realise you are not looking to become security experts—and nor would you want to—but is there an area that you believe you could contribute more to?

Mr Cahill—I note that Customs, in their evidence, talked about the safety net that we provide. I think that is a fairly accurate description from an aviation security point of view, at least in relation to inbound passengers. The levels of intervention that we have now are really 100 per cent at all border entry points, except probably at Sydney Airport. But the national average intervention is 90 per cent plus, which means we are doing 100 per cent at most at national airports.

Mr JOHN COBB—You are on the 100 level, are you?

Mr Cahill—Our target is 81 per cent. We are achieving a national average in excess of 90 per cent, which means at some airports we are achieving 100 per cent. Darwin airport is an example of that. With those sorts of numbers it is pretty difficult to see what further improvements we might make to intervention and border security. There are, of course, constant developments in technology and we, along with the other border agencies and other agencies generally, are looking at ways in which we might use that technology better. In particular, I think we may have talked about the prospect of a trial that we were proposing to undertake with New Zealand during the quarantine inquiry using remote images on X-rays. That trial was underway last week and this week at Sydney Airport.

The essence of that is that with the changes to general aviation security, checked baggage and so on there are a lot of X-ray images that are being taken. What we are looking to do is to see how we might better tap into that database so that we actually have the image before the aircraft lands. There is a proof of concept trial, as I said, going on at Sydney Airport at the moment involving ourselves, Customs, New Zealand MAF—our counterparts in New Zealand, Air New Zealand, Qantas and an X-ray manufacturer. We are going through that process now. Those opportunities are there and we are exploring those as fully as we can.

CHAIRMAN—Are the images available to security screeners?

Mr Murphy—The image that we get is the one taken by security screeners as the bags exit Australia. They are the images we are getting back to re-evaluate from a quarantine point of view and see whether we can detect material of quarantine interest. We then send that detail and the passenger details to our colleagues in MAF in Auckland. When the passengers arrive they go through the traditional quarantine border screening process. We are trying to check our effectiveness in using the technology at this end, pre-screening passengers and bags, against the traditional screening process that we and MAF in New Zealand have used at point of arrival.

Ms KING—Have you picked anything up with that so far?

Mr Murphy—The early indications are that it is going quite well. There are a large number of logistic issues we need to work our way through. Of course, we are focusing at the moment on whole baggage. There is a whole range of issues about how you organise an airport to make it work, including how you handle cabin baggage, how you handle passengers and the bags that you want to identify and how you marry passengers with baggage using the manifest available from Customs.

Ms KING—Clearly a security person has already looked at the images that you are looking at. Are you picking anything up from a quarantine point of view now that you have a bit of time while the person is in flight to look at them? Have you seen anything?

Mr Murphy—As far as I know we have not found anything that the security person has missed from a security point of view.

Ms KING—But you are finding quarantine things?

Mr Cahill—All we are doing at the moment is proving the concept.

Ms KING—I am just interested because it is a very smart idea.

Mr Cahill—There are a very small number of flights and a small quantity of bags.

Ms KING—But you are clearly finding quarantine things, which is interesting.

Mr Murphy—And the issue then is: is this as effective as the traditional methods we have used?

Ms KING—It is interesting.

CHAIRMAN—We are well aware that you have an MOU with Customs in respect of Coastwatch procedures. Do you have an MOU with the department of transport in respect of aviation security?

Mr Cahill—No, we do not. But, again, I was interested in the comments from Customs this morning. With Customs and Immigration, you will be aware that the heads of those agencies—the secretaries of Agriculture and Immigration, and the chief executive of Customs—meet regularly in a coordination sense to look at what is happening across the whole of the border and to discuss issues of mutual concern. It has been agreed that that will now include the secretary of transport as well. There has already been one meeting and there will be a further meeting next month, so we are engaging at that level. There will be a similar group involving people at my level, division head level, and we will be meeting regularly. Whether that then leads to an MOU, I know Gail Batman was interested—

CHAIRMAN—I think you would agree that meetings can be helpful, but they are perhaps no substitute for vehicles like memorandums of understanding which clearly delineate responsibilities.

Mr Cahill—I agree with that. It is about establishing the right framework to perhaps lead up to that.

Mr JOHN COBB—Your job is more about looking at what is coming in. Security services are more worried about what is getting on the plane rather than off it. I would have thought your expertise was pretty relevant. Have they come to you for help as to how they ascertain what is going on, or is it a separate issue?

Mr Murphy—I think this current trial has essentially brought us a bit closer together. There could well be some benefit derived from that about sharing expertise and experience.

CHAIRMAN—Thank you very much. If we have further questions—you know the pack drill—you would not mind answering them, would you?

Mr Cahill—No, not at all.

Resolved (on motion by **Ms King**):

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.

CHAIRMAN—I thank the witnesses, the observers around the room, our secretary and staff, my colleagues and, as always, God bless Hansard.

Committee adjourned at 3.43 p.m.