



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

JOINT STANDING COMMITTEE ON THE NATIONAL CAPITAL  
AND EXTERNAL TERRITORIES

**Reference: Adequacy of funding for Australia's Antarctic program**

FRIDAY, 30 APRIL 2004

ALBANY

BY AUTHORITY OF THE PARLIAMENT



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## JOINT COMMITTEE ON THE NATIONAL CAPITAL AND EXTERNAL TERRITORIES

Friday, 30 April 2004

**Members:** Senator Lightfoot (*Chair*), Senator Crossin (*Deputy Chair*), Senators Colbeck, Greig, Hogg, Lundy, Scullion and Stott Despoja and Mr Causley, Ms Ellis, Mr Johnson, Mr Neville, Mr Snowdon, Mr Cameron Thompson and Dr Washer

**Senators and members in attendance:** Senators Hogg, Scullion and Stott Despoja and Dr Washer

### **Terms of reference for the inquiry:**

To inquire into and report on:

The adequacy of funding for the Australian Antarctic Division to meet the four goals set for advancing Australia's Antarctic interests:

- Enhancing Australia's influence in the Antarctic Treaty system;
- Protecting the Antarctic environment;
- Understanding Antarctica's role in the global climate system; and
- Conducting scientific research of practical, economic or national significance.

That the basis of the inquiry into the adequacy of funding for the Australian Antarctic Program be extended to include the Annual Report of the Department of the Environment and Heritage for 2002-03, which was presented in the House of Representatives on 4 November 2003 and stands referred to the Committee for any inquiry it wishes to make.

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**Committee met at 9.02 a.m.**

**ACTING CHAIR (Senator Scullion)**—I declare open this first public hearing of the inquiry by the Joint Standing Committee on the National Capital and External Territories into the adequacy of funding for Australia's Antarctic program. It is the function of the federal government to participate in developing law and policy, scrutinise government action and public administration and inquire into matters of public interest on behalf of all Australians. A system of federal parliamentary committees facilitates the work of the parliament.

A resolution of appointment, passed by the House of Representatives on 14 February 2002 and then by the Senate on 15 February 2002, is the source of authority for the establishment and operations of the Joint Standing Committee on the National Capital and External Territories. The committee is appointed to inquire into and report to both houses of parliament in an advisory role on a range of matters relating to the territory of Cocos (Keeling) Islands, the territory of Christmas Island, the Coral Sea Islands territory, the territory of Ashmore and Cartier Islands, the Australian Antarctic Territory, the territory of Heard Island and McDonald Island, and Norfolk Island.

In September 2003 the committee resolved to conduct an inquiry and report on the adequacy of funding for the Australian Antarctic Division to meet the four goals set for advancing Australia's Antarctic interests. They are: enhancing Australia's influence in the Antarctic treaty system, protecting the Antarctic environment, understanding Antarctica's role in the global climate system and conducting scientific research of practical, economic or national significance.

At the conclusion of the inquiry, the committee will table its findings, conclusions and recommendations in the parliament in a report which will be publicly available. The committee normally authorises submissions for publication, and they will be placed on the committee's web site. Some copies are also available here today from the secretariat staff. To date, the committee has received 24 submissions from interested parties. If you would like further details about the inquiry, please ask any of the secretariat staff present at the hearing for assistance. I will now turn to the proceedings at hand.

[9.04 a.m.]

**HAMMOND, Mr Andrew, Chief Executive Officer, City of Albany**

**MANNING, Mr Bruce W., Chief Executive Officer, Great Southern Development Commission**

**ACTING CHAIR (Senator Scullion)**—Welcome. These hearings are legal proceedings of the parliament and warrant the same respect as proceedings of the parliament itself. Giving false or misleading evidence is a serious matter and may be regarded as contempt of parliament. The committee prefers that evidence be taken in public, but if you wish to give confidential evidence to the committee you may request that the hearings be held in camera and the committee will consider your particular request. The committee has received submission No. 3 from the Great Southern Development Commission and the City of Albany. Are there any corrections or amendments that you would like to make to your submission?

**Mr Hammond**—Yes, I would like to add further to the issue of hubbing international scientific efforts and using Albany and alternative bases in Antarctica to further utilise the proposed aviation servicing to Antarctica.

**CHAIR**—Do you have, or do you intend to provide, a supplementary submission?

**Mr Hammond**—We will be providing a supplementary submission.

**ACTING CHAIR**—Mr Manning, do you have any other changes?

**Mr Manning**—Ours is a joint effort, so we will be joining in that research.

**ACTING CHAIR**—Before we ask some questions, would you like to make an opening statement?

**Mr Hammond**—The submission from the City of Albany and the Great Southern Development Commission looks at three major points. The first one is that, in light of the impending introduction of a permanent air link between Australia and continental Antarctica, Albany be considered as an additional base of operation for flights departing from and arriving in Australia. The second is that Albany be considered as a base of operation for undertaking increased sea and air surveillance of Australia's exclusive economic zone round Heard and McDonald islands. The third is that the concept of hubbing international scientific efforts through Australia be considered, to further utilise the existing aviation contract, and that on that basis a more strategic approach be taken to the location of the air base in Antarctica in relation to the current population weighting in Australian bases—and in those of other countries in that area.

**ACTING CHAIR**—During the proceedings in Hobart we took evidence from the Antarctic Division. One of their principal tasks in Antarctica is the amelioration of the consequences of a whole range of pretty dirty environmental behaviours that took place in the past—particularly



relating to the storage of wastes, hydrocarbons, old drums and all of those sorts of things. The City of Hobart has a process under which the environmental clean-up of those bases is going to take place. We have probably gone through just a fraction of the work that has to be done. What sort of capacity do you have? If those sorts of wastes were shipped to Albany, would the City of Albany have the capacity to deal with them?

**Mr Hammond**—We have had preliminary discussions relating to the waste issue with Dr Tony Press in Hobart. The City of Albany certainly does have the capacity to accept waste. It would obviously be contingent upon the type and magnitude of the waste. However, the city has just implemented a world's best practice approach to waste management. Our landfill management is certainly compliant with environmental protection conditions and we would be confident that we could accept waste, provided that the community was in agreement about the acceptance of the waste and that it met current EP guidelines. We certainly do have the logistical capacity, however, to accept waste.

**ACTING CHAIR**—Have you done any community consultation in that regard?

**Mr Hammond**—Not at this time—following our meeting with Dr Press, we are still awaiting advice from him on the actual magnitude of the waste that is involved. We understood that there were certain considerations that had to be dealt with with America in terms of some of the waste that they had left at some of those bases.

**ACTING CHAIR**—Yesterday the committee inspected the facilities at the airport at Albany—and thank you very much for the efforts you put in to make those available to us. Clearly, there are excellent facilities there. In the event that aircraft will be coming from Antarctica back to Albany, clearly whilst it is part of Australia there are some environmental issues that touch on quarantine issues. What sort of access do you have to quarantine officers in the Albany region and what sorts of processes do you think you could put in place to ensure that we are not bringing any mainland, non-endemic species into this area?

**Mr Manning**—Albany is well placed in terms of quarantine services because of the functioning of the port here and the need to protect our agricultural base. We regularly inspect ships—and seagoing vessels generally—here, and it is an accepted part of the practice of the Albany Port that quarantine inspection takes place. More particularly, when the recent controversy arose with regard to the sheep ship which was going to be sent back to Australia, it may be of interest to the committee to know that Albany was selected as the preferred site to take off sheep—if that ship had returned—because quarantine matters could have been best controlled at this port. So we are superbly placed in that regard.

**ACTING CHAIR**—As has been indicated, one of the issues in having a destination from Antarctica is clearly the movement of people. But, particularly because of your proximity to two of the Australian bases, there is also the possibility, in the event that an airstrip was put in, that it might be used for medical evacuation. Perhaps you could share with me information about the medical facilities in Albany. What sort of level of hospital and medical facilities do you have here? Perhaps you could give us an indication of the level of service that they could provide in an emergency. If you do not have comprehensive knowledge of that, you may take that question on notice. As a supplementary question, how far is it from the airport to the hospital?

**Mr Hammond**—The distance from the airport to the hospital is approximately 14 kilometres—I would need to confirm that. The Albany Regional Hospital has a full range of medical and surgical services. I would need to confirm with the director of that service technical aspects of the level of medical emergency they could provide. However, we do provide a very comprehensive medical service. There have been some emergencies that have been dealt with here. From memory, in the Volvo Ocean Race some two years ago there were some people who were quite severely injured on the boats when they came around Eclipse Island here. There were airlifts off those boats and the people were treated successfully at the hospital.

**ACTING CHAIR**—If you could take that on notice I would appreciate it, Mr Hammond.

**Mr Hammond**—I certainly will, yes.

**ACTING CHAIR**—In your submission, you have indicated the wider benefits of the port of Albany, which you have just mentioned, in providing an alternative shipping service to our Antarctic bases. Clearly, as we have seen in your submission, two of the destinations there are closer to Albany than they are to Hobart. I would just like to speak briefly about some of the capacity that you may have in Albany, with respect to your suggestion that this should be an alternative shipping berth, if you like. There were some quite specialist needs. Whilst I do not have the specific name, I think there were Haflinger all-terrain vehicles—and it was put to us in Hobart that these are specialist facilities. We observed some people working on those, and they appeared to be removing the cog drives on wheels. I understood from discussions with them that they would put those cog drives on a lathe and put a new insert in them. That is pretty serious engineering. Just in terms of the engineering side, could you give us a broad understanding of the sorts of facilities that would be available for that sort of stuff in Albany?

**Mr Hammond**—There is a comprehensive range of engineering services in Albany, and that has been developed over the years. Currently, the boats that come in from the Austral Fisheries operations—which do get a fairly severe treatment in the Heard Island areas—are serviced via a local heavy engineering firm here. I would be very confident that anything that came from the Antarctic could certainly be dealt with in Albany. Those engineering functions are on the port area, so it is adjacent to where the ships would be coming in.

**Mr Manning**—I will add to that, if I may. The fact of the matter is that the Austral Fisheries operation is a commercial one, and the making of money has a lot to do with how fast they can turn those large fishing vessels around. My understanding is that when they come into port here they are virtually worked on 24 hours a day. I do not know of the facilities elsewhere, but my view is that you would be battling to find a more compressed and efficient operation for servicing maritime and other light engineering matters than we have here at the moment.

**ACTING CHAIR**—As you would no doubt be aware, the principal mechanism by which we take cargo both to and from the Antarctic continent is containers. Could you give us a description of your capacity to move containers on and off ships? How do you go about that?

**Mr Manning**—At the moment, we do not have an overhead gantry to lift containers off ships, but in the short to medium term—let us say in the medium term—the ability to unload containers will eventuate at the port. We do not have an overhead gantry system at the moment.

**Mr Hammond**—If the port was starting to be used more for servicing Antarctica, that might provide the catalyst for investment at the port to provide these types of facilities.

**ACTING CHAIR**—Thank you. The other aspect of the capacity to use the port was the issue associated with providing a marine surveillance and compliance asset—a ship of some form—in the future. Obviously, the government would be very keen to look at the capacity for ports like Albany to be able to provide a base for that ship. One of the issues of great importance, I suppose, would be the capacity to secure an area in a physical sense so that you would be able to demonstrate that the wider community and the public would not be able to get access to a particular area. Would the port be able to provide that sort of facility?

**Mr Manning**—We can. The port, like most ports at the moment, is being reviewed by the Commonwealth with regard to its security arrangements. We have already taken the precaution here of being able to seal off the port with wire fencing et cetera. My understanding is that the port is currently going through a quality-control assessment of security aspects and a major upgrade is around the corner, in keeping with what will be happening in much of the rest of Australia as well. I do not see that as being a problem.

**Mr Hammond**—Discussions with the management of the port demonstrate that one of the berths could be kept available for an alongside berthing arrangement in the long term—a secure one.

**ACTING CHAIR**—As I asked the question of the port operations yesterday, you may recall, Mr Hammond, that the importance of an alongside berth would be the capacity to actually allocate that part of the berth for certain periods of the year—we would not need to be moved aside and we would also have direct access to fuelling facilities, power and the normal alongside security arrangements. Can you give some assurance to the committee that you have the capacity to provide that?

**Mr Manning**—Yes. We do that already, in the sense that military vessels do berth here, and the port manager has made us aware that he can seal off the end berth. I do not know its number, but we can give you that detail.

**Mr Hammond**—Berth 1 can already be sealed off.

**ACTING CHAIR**—Thank you.

**Senator STOTT DESPOJA**—I have a couple of brief questions. First of all, I get the impression that you have support from the Western Australian government for your submission today and for some of the lobbying work that you have been doing. Is that the case, and is there financial support as well from the government for your proposals?

**Mr Manning**—Yes. The minister responsible for the Great Southern Development Commission is the honourable Kim Chance MLC, and he is also the Minister for Agriculture, Forestry and Fisheries and has a vital interest in the operations of the port and in infrastructure of that type here. He has indicated to the commission that the state government is very supportive of Albany's interest in this matter. I cannot give you an undertaking at this stage of the type of

support, because I do not necessarily know what you are looking for, but I can indicate to you that this initiative that we are pursuing is heavily supported by the WA government.

**Senator STOTT DESPOJA**—In terms of the federal government, is it the case that you have already been to Canberra on one occasion at least to meet with Commonwealth government officials?

**Mr Hammond**—Yes. We have been to Canberra twice and we have also visited Hobart. The strategy that we used on our first visit was to talk to government representatives in the Department of the Environment and Heritage at the time about how we would best serve our case. Then we had a very active information exchange with all the prospective tenderers for aviation servicing and followed that up with a visit to the Australian Antarctic Division, where we talked to senior staff about what Albany had to offer. That was followed up some three or four months ago when we talked to senior government members and also went to Hobart again to talk to Dr Press in order to let them know that Albany exists and that we are very keen to provide services where we can, and to make sure that the services that we are offering are not being provided simply because we want them but because there are definite advantages in using Albany—it is those advantages we are trying to get across.

**Senator STOTT DESPOJA**—Indeed, I think you have done that particularly well, if I may say so. Could you elaborate on your additional comments this morning? Mr Hammond, you mentioned the strategic benefit of Albany because of international scientists, freight and whatever it may be. Can you elaborate for the committee on what you mean by that? Why do you have a comparative edge from an international perspective? You might also want to comment on where an airstrip should be designated or indeed on whether you have done any investigations into the benefits or otherwise of an airstrip in particular terrain—Casey, Davis et cetera. I think you know what I am trying to get at. I am curious as to what your views are about current placings and future airstrip decisions.

**Mr Hammond**—When the city first started investigations on how best we could become involved in this process, we looked at the distances involved with the Davis and Mawson bases. In terms of the number of people that work at these different bases, there is certainly a huge weighting. Davis has the biggest population and Mawson has the second largest. In terms of the return trip, Davis is approximately 550 to 600 nautical miles closer. In terms of maritime and aviation servicing, that is a significant difference and also gives us a significant comparative advantage over Hobart. The distance between Hobart and Casey and Albany and Casey is approximately equidistant.

We then looked at the reasons behind having the major airstrip at Casey. We could see only one reason, and that reason was that it was closest to Hobart. We could see no other reason. A blue ice runway is proposed. We understand that that has logistical and maintenance problems. We went and looked at Davis and we could see that there was a rock base opportunity there—to develop an airstrip which is safer. It is actually closer to the Australian mainland, in terms of being closer to Albany. In terms of a hub, it is obviously closer to Mawson and Casey—as opposed to Casey being closer to Mawson, if you can understand what I mean. It is centrally located. So that is the first thing. On a domestic level, we saw that strategically the decision to maintain Casey as the air servicing point may perhaps have had a historical or cultural basis—that that was why the Hobart servicing was required to exist.

In terms of the international hubbing opportunities, there are two major advantages. The first advantage of Albany is particularly in terms of European scientific efforts—and South African and Japanese scientific efforts. For example, in terms of coming to the Australian mainland to depart, it is far easier to travel from Europe to the western seaboard than to the eastern seaboard. That is simply a geographical fact. It is cheaper and quicker to get to the western coast of Australia than it is to get to the east when travelling from Europe.

Secondly, with regard to the geographical location of the international scientific effort, if you look at Davis and at the Japanese and South African bases—and we understand that Indonesia and Korea are also interested in establishing efforts there—you will see that Davis is a logical hubbing point from which to go further into the Antarctic. Once again, we see that as having a twofold benefit. There would certainly be a benefit for Albany, because Albany would be used as a disembarkation point. Secondly, it would provide quite a significant revenue opportunity for the Australian government, because existing aviation services can derive revenue from international scientific efforts using those flight services. Certainly, if the international efforts had the opportunity to purchase seats on an existing service, I feel sure they would be keener to do that than to go through the logistical nightmare of having to establish their own stand-alone service.

**Senator STOTT DESPOJA**—Do you acknowledge, though, that, because of the terrain and for other reasons, Davis is potentially an expensive option? Are you arguing that the benefits in the end would weigh up and it would actually be cost-effective for Australia?

**Mr Hammond**—My argument would be that before any final decision is made some significant strategic analysis needs to be undertaken, taking into account these international revenue raising opportunities.

**Senator STOTT DESPOJA**—I note that that is a theme of your submission. A number of your recommendations are for further consideration, investigation or analysis, so we will take that on board.

**Mr Manning**—I will add to that, if I may. The other air service which is widely used for getting down to Antarctica is the American one based in Christchurch. The research should include examining the revenue opportunity enjoyed by the Americans in servicing Antarctica. Our understanding is that convenience and streamlining are key considerations in people getting down to Antarctica—usually scientists. It is all about reducing the amount of time it takes to access that continent—the extensive preparations that have to go into the departure. People already find that they have to set aside a week or so to do that before departure. Our advantage may be that a departure from Albany can mean a considerable shortening of that time, compared to a departure from Hobart.

**Dr WASHER**—Andrew, I want to discuss Heard Island and McDonald Island and the progress there, because this would seem to be an area that is ideally suited to service at least those two islands. There was a proposal by Austral Fisheries to use a DC6. Has that progressed? Can you inform us of where we are with that—I have discussed this with you—and of the need for a hangar site for that at Albany, if they were to do that?

**Mr Hammond**—We have a very good relationship with Austral Fisheries—obviously it is not a commercial relationship, but as a local government making sure that we can provide infrastructure that meets their needs the council has considered that proposal from Austral. We would look quite favourably on putting a hangar at our airport. That would require some financial negotiation with them. Our preliminary negotiations would say that there do not appear to be too many problems. That provides some other economic development opportunities for us, in that we understand that there is some shortage of hangar space at Perth Airport. It would provide the opportunity for larger planes to fly down to Albany to be serviced. So that proposition is quite favourable to us.

**Dr WASHER**—Can you flesh out what is happening about the vessel surveillance that we have around those islands? Do those vessels come into Albany currently?

**Mr Manning**—I am not aware of any regular vessel surveillance. There will be, I understand, a submission later this morning from Austral Fisheries, and they would be better placed to know. My understanding is that regular surveillance down there at the moment is restricted to satellite surveillance. I should add that surveillance is carried out by our own fishing vessels down there, so they serve that function as well. But I think it is restricted at this stage to ships going down when a ship has moved into our waters. It is a matter of someone being sent down there, if they can get there quickly enough.

**Dr WASHER**—If in the future a ship is especially built and designed—and I think there is a proposal that has been generally signed off by government to build a specially designed ship; the chair knows and I think that is correct—what, roughly, would be the difference in sailing times from Fremantle to these islands, compared with sailing times from Albany to these islands?

**Mr Manning**—Again, that is a question that could be addressed to Austral Fisheries. It is significant, and the evidence is in the fact that Austral have chosen to base their vessels here.

**Mr Hammond**—It is approximately 290 nautical miles, so it depends on the speed of the ship. If a ship was able to do 10 knots, it would take 30 hours, which is 60 hours return. That is a significant time. We believe it gives us a significant edge over Fremantle.

**ACTING CHAIR**—You made a suggestion in your submission that there was a great opportunity for the government to make a contribution to the area by the provision of a hangar. Have you made any application to the government in that regard?

**Mr Manning**—We have talked to senior government officials in Canberra in relation to that. They are open to the suggestion, provided that there are contributions from a state and local level, but we would need a more concrete proposal from Austral before we considered it. We have not received any negative responses though. We certainly took it upon ourselves to go to Canberra and talk to senior officials in Fisheries about this. They did not say ‘yes’, but they certainly did not say ‘no’.

**ACTING CHAIR**—So, as part of that, do you think there would be a consideration to provide the 1,600 square metres of hangar space at no cost? Would that be, for example, a contribution that the City of Albany could make?

**Mr Hammond**—The City of Albany could provide the infrastructure. However, we would require a contribution from the users, I would imagine, to cover the fixed costs of the facility more than the marginal cost. So there would be a significant contribution from the city—and a subsidy; however, some contribution from the commercial operators would be required. That has been discussed with them, and they are not unfavourable to the suggestion.

**ACTING CHAIR**—Thank you. In your response to one of Dr Washer's questions, you spoke of the capacity for Albany to act as a hub through Davis to other areas of the Antarctic continent that are not Australian territories. Has the City of Albany been in touch with any of those countries that are potential users—America, Japan or France—to hear their views on those issues?

**Mr Hammond**—Not at this time. We have undertaken significant research on which countries are active and which countries propose to be active, but we have not taken the next step of approaching them, simply because we probably require a bit more information from the federal government about their strategic plans for Antarctica and how they propose to service them.

**ACTING CHAIR**—Thank you. Thank you for your attendance here today. If there are any matters on which we need additional information, the secretariat will write to you. You will be sent a copy of the transcript of your evidence, to which you may make editorial corrections.

**Mr Manning**—On behalf of the Great Southern Development Commission, the state government and, indeed, the region, I would like to put on record our appreciation of the fact that the parliamentary committee came to Albany for this hearing. We also would like to recognise the cooperation we have had from individual committee members and from the secretariat of the committee. We look forward to seeing you back here again at some stage.

**Proceedings suspended from 9.35 a.m. to 9.57 a.m.**

**MORRIS, Mr Tom, Supervising Fisheries Marine Officer, Department of Fisheries, Western Australia**

**WALKER, Mr Andy, Manager, Marine Operations, Department of Fisheries, Western Australia**

**ACTING CHAIR**—Welcome. Do you have any comments to make on the capacity in which you appear?

**Mr Morris**—I am the manager of international operations.

**ACTING CHAIR**—These hearings are legal proceedings of the parliament and warrant the same respect as proceedings of the parliament itself. Giving false or misleading evidence is a serious matter and may be regarded as contempt of parliament. The committee prefers that evidence be taken in public, but if you wish to give confidential evidence to the committee you may request that the hearings be held in camera and the committee will consider your particular request. The committee has received submissions Nos 17 and 18 from the government of Western Australia. Are there any corrections or amendments that you would like to make to your submission?

**Mr Morris**—At this stage, no, although there are some points that we would like to amplify during the discussion.

**ACTING CHAIR**—Do you wish to make an opening statement before we proceed to questions?

**Mr Morris**—Yes. It would be appropriate to give the people an idea of who we are and where we are from, and perhaps that will help you in asking appropriate questions.

**Mr Walker**—I also think that it is appropriate to note that, since the submission in relation to the fisheries side of things was lodged by the Department of Fisheries, a lot of the recommendations have been put in place to resolve the issues mentioned.

**Mr Morris**—I concur with what Andy said. To help you in understanding who we are, the international operations section was formerly the Australian Fishing Zone Group. That group was put together over 25 years ago to undertake a service for the Australian Fisheries Service, now known as the Australian Fisheries Management Authority.

The group is a dedicated unit. There have been up to 11 people operating in that area. It is currently on the basis of 8.5 people to undertake surveillance. That surveillance provides surface and aerial surveillance personnel to accompany Navy patrol boats, Customs vessels and Fisheries vessels proceeding to the areas of the Australian Fishing Zone and the territories to undertake compliance activities, whether they are aerial or surface activities. The Fisheries Management Act 1991 and the state fish resource management acts are the primary acts that will impinge upon how we apprehend foreign fishing vessels. That really is the basis that provides



the reason that the international operations section was put together. It is still working with AFMA, and we are still undertaking those activities.

In 1997, as a result of Austral Fisheries being concerned about IUU or foreign fishing activity occurring in the HIMI zone I accompanied the Austral leader down to the HIMI zone and undertook a patrol of that zone. Part of that patrol required that I act as the scientific observer and get first-hand knowledge of what was going on with foreign fishing vessel activity. There were four vessels located on that occasion. My report indicated that, and the result of that was that we asked for Navy assistance, with Fisheries officers embarked, and we grabbed the first two boats, which were the *Aliza Glacial* and the *Salvora*—they were the first two vessels ever apprehended off HIMI.

Since then we have apprehended eight vessels, and we have done that using the surface platforms of Navy and the *Southern Supporter*, which was a chartered vessel required to go and perform Fisheries surveillance activities down there. As far as I know, that final charter will be completed on 30 June this year and, as Andy has indicated to you, the compliance measures funding has changed. I believe that the Prime Minister made an announcement of \$100 million late last year to provide surveillance of the southern oceans. That means that in the future there will be trained Customs officers and Fisheries officers going down to perform those duties.

As Andy has indicated to you, much of the paper is probably now by the way, in that there has certainly been a lot of movement towards supplying sufficient funding and sufficient staff and personnel to undertake the activity. I would note, however, regarding the \$100 million portion that has been allocated, that obviously the division of the cake is one of the things that is important. There will be provision for an armed vessel—we know that that is going to occur. We know that Customs is training up to 70 personnel to undertake the compliance side of armed personnel on board. But in view of that part of it we believe it is the iceberg, in that the first fifth of anything—the top bit that you see—is going down and getting the vessel. The next four-fifths of what happens occurs when the vessel comes back to the port—the processes of investigation and prosecution, sale of the product, sale of the vessel, if that is to be the case, taking care of the vessel and so on then come in. As I have indicated, there are eight personnel in Western Australia that are dedicated to this task. I would ask, as that cake is cut, that there might be some funding taken into account to perhaps increase fisheries compliance in that way.

The Heard Island and McDonald Island compliance, from my understanding of the 2004-05 financial year, is going to be quite substantial, based on the fact that there will be a new vessel, plus the additional staff required to do the work. As well as the adequate funding which must occur—and this is the primary reason you people are here—the committee must also look at the other areas that exist. Take, for example, Macquarie Island. I would suggest that the compliance and surveillance that exists down there is very limited. I think you should also look at the areas of the AAT. I notice that on page 9 of the submission made by the Department of the Environment and Heritage there is a reference to the exploitation of resources—or words to that effect—that are there. I believe Australia must look at that in future. In the world of resources per se, and fishing resources, the Commission for the Conservation of Antarctic Marine Living Resources is certainly a group that is there to conserve and set a scientific balance on what product can be taken from the CCAMLR area, but I think in the future that Australia should have some say about what product is coming out from AAT as well.

So, although Heard Island may be well protected in the future, from the point of view of coverage of financing and a future patrol boat, in my opinion it would certainly enhance Australia's future fisheries to have vessels and fisheries personnel capable of patrolling those areas of the AAT and also of Macquarie Island. Without that, it really means we are plugging up one hole of IUU fishing—and IUU fishing is not going to stop: while the value of the product is still there, they will continue to fish. They will certainly be looking at areas that they believe are beyond the tyranny of apprehension and prosecution because of the distances involved, and Macquarie Island certainly leaves itself open to that, and I would suggest that AAT would also be open to exploitation by IUU fishing.

I came in late, but I overheard part of what was said about the future of aerial surveillance. Aerial surveillance has been attempted down there in the last few years. The tyranny of distance does have an impact. Heard Island is 2,400 miles away from anywhere. It is a matter of getting a suitable aircraft capable of undertaking that task. But it is not only that: it is also a matter of having an alternative base in the event that something goes awry—which, according to sod's law, invariably happens in places where you are far from anywhere. So, in my opinion, it is not a matter of just plucking an aircraft from somewhere and sending it down there to do the task; it has to be well thought out.

I am aware of the submission that Austral Fisheries and Kailis and France have put forward with regard to their DC6 proposal. Personally, I believe it has some foundation and that operating out of Kerguelen—Port-aux-Francais—is a good option. The reason I say that is that it is probably around 300 miles, if you take it that there is a common country existing between Kerguelen and Heard Island. At around about 300 miles you are pretty close. The time on task would be a matter of an hour or so. Any aircraft taking off from Kerguelen would be on task at Heard and capable of undertaking a full patrol in that area within an hour or so. Again, the problem that I could see with operations out of Kerguelen would be that in the event of inclement weather—which is frequent down there—what would be the alternative for the aircraft? Would the aircraft have to return to a place such as Reunion Island, come back to Australia or what? So these are problems that could be there. Having an aircraft capable of doing that work certainly would enhance compliance operations. There is no doubt about that.

We have found difficulties from the point of view of operating even surface surveillance down there. Even when we close to within a couple of miles of vessels and they do not detect us, through reasons of foul weather or other things, it is then a matter of us being able to get on board, identify who is who in the zoo and see what we can get for a prosecution process to bring it back to court. Obviously a vessel found in the Australian fishing zone in its own right is not necessarily a foreign fishing vessel that has committed an offence. It could be that it has a right to pass through the Australian fishing zone in going from one place to the next et cetera. It certainly does not mean that, although it is passing through, it is searching.

The definitions of fishing are quite clear in the fisheries act. They say that, if a vessel is searching for fish, that can be classified as fishing in its own right. But there are certain reasons why foreign fishing vessels can be in the Australian fishing zone and not necessarily be seen as fishing. The advent of an aircraft that was able to fly and locate these vessels could probably give a better idea of what the vessels are doing. Then, if you have the surface response craft capable of going there, if the craft knows where the vessel is and that it is undertaking some

form of illicit activity, it is a matter of chasing around and trying to work out what is the best method of closing in on that vessel to board it and bring it back to port.

I have been talking about vessels in particular. I did take on board the fact that Senator Macdonald, or someone across the other side, has indicated that a building program is going to be undertaken that will provide for a suitable armed vessel. I would certainly hope that there is some provision there for a helicopter. In view of many of the discussions I have had with some of the people over there, I would have thought it would probably go without saying that a helicopter would be part of what it is about. Similarly, the types of launch craft used must be suitable to board in the conditions that are applicable down there. I think that those who are looking at any tender provided would certainly look at a suitable craft that is capable of doing that.

There is an item included with regard to the *Viarsa I* chase, which I think many people are aware occurred over a long period. The item relates to the inability of the *Southern Supporter*, which was down there with Fisheries officers on board, to stop the vessel. It took Fisheries and defence personnel from South Africa, and also the attendance of the Brits, to eventually blockade the *Viarsa*, stop it and bring it back. I think that was probably the final nail in the coffin for sending down unarmed surface surveillance platforms or unarmed Fisheries officers. Fisheries officers cannot board unless they have armed protection. The *Southern Supporter* on this occasion was not armed, and therefore there were limitations. It was really what we would classify as a barking dog operation. It was capable of doing little else. However, with the funding that is now available, I think that there will be no more of the 20-day or 13-day chases that have occurred as part of Southern Ocean operations.

There is an item included in the submission with regard to the powers of fisheries officers, and it relates to the Fisheries Management Act. I would suggest that this is not a place where this should be put forward; it is merely a matter of whether this act should be changed or amended accordingly to reflect what we believe should occur—and that has already been put forward anyway, I believe. Effectively, what this item refers to is section 108 of the Fisheries Management Act pertaining to obstruction. If a person fails to stop or fails to comply with an order given by a fisheries officer, then there is a chance that he has obstructed, and that would go from there. In order for that part of the act to be brought into force, there has to be a reason for the officer (a) to display who he is and (b) to stop the boat for the purposes of boarding. Again, for the purpose of boarding, fisheries officers cannot board unless they have an armed party, so that is how that came about. It is probably a matter of amending the act, and we will look at that, but there probably will not be another unarmed fisheries patrol going down there in circumstances in which this would apply.

The key recommendations of the remainder of the paper have been covered in view of the funding that has been applied. The second point of the key recommendations referred to the interaction with other agencies. Without getting too involved, I believe it has already been covered. There have been discussions with South Africa and other states on whether they would undertake joint activities, and I think France is looking at that. So there could be a situation in the future in which you get joint patrols—for example, a South African fisheries vessel with a contingent of Australian, New Zealand, French or South Africans on board—undertaking patrol activities in the southern oceans.

It augurs well to use other states. South Africa has been used on two occasions, and the French are certainly more than willing to assist us in compliance activities. Obviously, to undertake a joint activity such as that, I think Minister Macdonald and his group are still looking at that, and there would have to be some approval or authority on how other states interact between countries—who has the authority to act et cetera.

**ACTING CHAIR**—I will kick off the questioning to get a better understanding of the roles and responsibilities of the Western Australian Department of Fisheries in regard to these matters. I understand that you are responsible for compliance with the Fisheries Management Act within Western Australian waters out to the 200 nautical mile mark. You have also indicated that you play a significant part in assisting with operations around Heard and McDonald islands. Inside the 200 nautical miles of the Australian fishing zone—for example, off Western Australia—I understand that you have an arrangement with the Australian Fisheries Management Authority to provide compliance on their behalf inside those waters. Is that correct?

**Mr Morris**—Yes. We are a dedicated unit. The unit is now called the International Operations Group—it was the Australian fishing zone section—and, as I said, it has been going for nearly 30 years. It originated with the Indonesian situation up north where both acts—the Commonwealth Fisheries Management Act 1991 and the Western Australian Fish Resources Management Act 1994—are both applicable from the point of view of foreign fishing. If it is inside state waters, we can apprehend it under the state act. Obviously, if it is beyond three nautical miles, it then becomes a matter for the Commonwealth.

The dedicated unit exclusively undertakes that service for and on behalf of AFMA. That is all it does. It does not do any other work—for example, going down and checking boats on the beach or checking people coming in with rock lobster et cetera; that is not its role. Its role has been primarily in foreign fishing activities up north right around Christmas Island and Cocos Island from the point of view of tuna-like species, foreign fishing vessels and anything pertaining to AFMA's Commonwealth Fisheries Management Act.

**ACTING CHAIR**—Would it be reasonable to say that your usual mode of deploying patrols would be to put a fisheries officer, as part of the international group, on board a naval vessel, a customs vessel, or in some cases a dedicated fisheries vessel that would undertake effective border control in terms of compliance with fisheries, and that your expertise in terms of the operations of the vessel would be to ensure that there were correct evidentiary processes? Would you be basically responsible for the fisheries aspect of prosecutions?

**Mr Morris**—That is right—from the womb to the tomb. They investigate the process from commencement. They go through as investigating officers until they put it to bed—that is, until it goes to court and the judicial process is finished. When we first started our operations per se and the investigative process with large vessels—the large IUU or Southern Ocean vessels; forget the others, Taiwanese, Korean, et cetera, that we have apprehended operating down there—we found that we were able to achieve very good results. We got what we wanted from the search processes on board the boats when we had fisheries officers going directly onto the boats. Early apprehension and finding the elements that we needed and the bits of paper and log books et cetera was easy.

Foreign fishermen have learnt very quickly. There used to be a paper log book that said, 'In this position he caught so many fish,' et cetera. The log books disappeared; they went out the door. Next they had computers. Eventually we would get into a computer, although it was wiped, and find a plethora of information that was sufficient to satisfy us beyond all reasonable doubt that the offence had been committed. Then they woke up to that. The next thing that happened was that computers were being thrown over the side so we could not get that information. Some vessels had VMS on board. Fishermen were able to input VMSs to make sure that they were indicating that the vessels were operating 2,000 miles away from where they actually were.

**ACTING CHAIR**—Mr Morris, for the benefit of the committee, you might want to talk about the vessel monitoring system briefly.

**Mr Morris**—Looking at how Australia operates, the vessel monitoring system is a system on board that can be monitored at any one time via a land-earth station. It can be asked, 'Where's that vessel?' and it will give the accurate position of the vessel.

**ACTING CHAIR**—So you can actuate that and find out exactly where a vessel with a VMS on board is and where it has been at any stage?

**Mr Morris**—Yes, provided it has not been tampered with. We had a situation with one vessel where the VMS was thrown over the side. Some of this is sub judice.

**ACTING CHAIR**—Please do not provide that information to the committee. A brief overview of the VMS system would be quite sufficient.

**Mr Morris**—The VMS system can be inputted to change it sufficiently so that it gives a false reading and indicates that you are in Albany when in actual fact you are 500 miles away, and that is precisely what has occurred.

**ACTING CHAIR**—You speak about your roles and responsibilities. Is there any other service, for example the Navy or Customs, whose officers are empowered to act as fisheries officers within the Commonwealth zone and the HIMI zone?

**Mr Morris**—Yes. The Australian Customs Service, all police officers and defence personnel are empowered under the fisheries act.

**ACTING CHAIR**—Is that specific defence personnel, maybe? Or is it automatic?

**Mr Morris**—It is, and it is in section 83 of the act.

**ACTING CHAIR**—So any defence personnel may in effect act as a fisheries officer under the act?

**Mr Morris**—Yes. The difficulty is—and I am not really sure whether I explained this correctly—that these cases are very complicated. As I said, it has gone from simple cases where you had the elements of a case relatively quickly, to the situation where now the cases are becoming harder and harder in terms of getting the evidence. It is reliant on first impact fisheries officers on the ground getting that information. Defence personnel and customs personnel are

primarily there to protect fisheries officers—that is their aim and game. Although they do have that power, they are not there to investigate cases of fisheries offences per se unless there are no fisheries officers on board. That is always going to be a difficulty, because they do not necessarily have the expertise to go down that line of gathering the evidence—like what types of evidence we need and what we need for a successful prosecution.

**Mr Walker**—I would like to add to that. Mr Morris mentioned the concept of an iceberg before—the one-fifth that you can see. Let us call that the platform that the officers are carried down there on. The four-fifths under the water that you do not see is the months and months of specialised evidence gathering, putting the case together and seeing it through the judicial system. That is what the fisheries officers are very good at, and certainly some of these other organisations do not particularly want to get involved in that side of things.

**Senator HOGG**—Is that effectively what the 8.5 people in your group here in Western Australia are dedicated to?

**Mr Morris**—In actual fact, it is eight people, because the 0.6—or 0.5, if you want—is the administration lady who sits at the desk making sure our pay gets out.

**Senator HOGG**—A very important role.

**Mr Morris**—It is a very important role, but really there are eight.

**Senator HOGG**—Let us focus on the eight.

**Mr Morris**—Yes. I am included as one of those eight as the manager. Up until two years ago I was performing the same task—it made no difference. I have recently been promoted as well. Andy was trying to give you an indication of the *Volga* case, which is due in court on Monday. They have entered a guilty plea, so they are going up for sentencing on Monday. That case has taken two years and three months to get to the point where we were due to go to trial on 3 May. When I talk about the one-fifth and four-fifths process, the four-fifths is the hard yakka that has got to occur to get these cases through court.

**Senator HOGG**—That is basically those eight people that work as part of the Western Australian government contribution, I presume, to this overall fisheries management.

**Mr Morris**—Yes, it is the dedicated unit that does that work.

**Senator HOGG**—In my own mind I am trying to establish whether there is a similar unit that operates in conjunction with the Australian Fisheries Management Authority in South Australia, Victoria, Tasmania or any other state.

**Mr Morris**—On our last patrol, we could not commit more staff to it—it was just impossible. The last patrol that occurred had South Australian Fisheries personnel on board.

**Senator HOGG**—But from what I have heard you say, the preferred option seems to be for Western Australians to be involved. You seem to play a more dominant role than, say, the other states would. Is that a fair way to describe it?

**Mr Morris**—Yes, it is. No other states have been tested, with the exception of the Northern Territory, as Senator Scullion is well aware. There is a dedicated group up there who have gone down and undertaken patrol activities doing the same thing.

**Senator HOGG**—But in regard to the Great Southern Ocean, it is predominantly you at the end of the day?

**Mr Morris**—Yes.

**Senator HOGG**—When it comes to the compilation of the evidence and the prosecution of the matter in a court of law, does that happen in Western Australia only, or is there a specific reason why it is Western Australia? Is that because of some legal implication in terms of the territory that is being covered?

**Mr Morris**—It is. It says that an apprehended person should be brought to the nearest point of justice. You could probably stretch a long bow and say, ‘Which one is the closest?’ but vessels have always been returned to the port of Fremantle. I see no reason why vessels cannot be taken elsewhere. I do not see a problem with vessels having to go to Adelaide or wherever else if there is due reason. It is probably more the expertise that we have already gained.

**Senator HOGG**—But, by commonsense and logic, yours is the closest point to where the offences normally take place?

**Mr Morris**—Yes.

**Senator HOGG**—I am not trying to get into any strict legal things here. I am just trying to get a broad picture and appreciation.

**Mr Morris**—I do not think it is any secret that, for this budget year, there are 300 days allocated to the first 12 months of compliance activity down in the Heard and McDonald islands area, of which WA gets the lion’s share of 250 days. The other 50 days are related to South Australia. Whether that means that when we undertake trial activity we have two fisheries officers from WA and one from South Australia or that we mix and match to suit those days is something we have to look at in the future.

**Senator HOGG**—I assure you I am not trying to promote interstate rivalry here.

**Mr Morris**—I understand that.

**Senator HOGG**—You have a local derby on this weekend. I think that will sort things out.

**Mr Walker**—You mentioned before that that is WA’s contribution. Just to clarify, the International Operations Group within the Department of Fisheries in WA is actually funded by the Australian Fisheries Management Authority and works solely for them.

**Senator HOGG**—But it is still a department or agency of the Western Australian government.

**Mr Morris**—Yes, it is a section of the Western Australian government.

**Senator HOGG**—I am glad you have clarified that particular point. You talk about the role of prosecution. That seems to me to be reactive. Everything seems to be reactive to the situation. There seem to be no deterrents in the situation. Is that a reasonable assessment to make? Everyone talks about locating the vessels, then pursuing them and boarding them and so on. Pardon my ignorance in this area, but is deterrence not also a reasonable option?

**Mr Morris**—It is. I will give you the benefit of what I believe. When we first started in 1997, it really was a bandaid approach to halting IUU fishing. We would get one, come back and think we were heroes. There is no doubt about that. There were fishing vessels that were running riot down there. We have become better at it. The paper that was submitted indicated it was a belief in an ad hoc approach, but things have changed. Certainly we have become far better at what we are trying to do and how we are trying to do it. I think the deterrence factor will continue while we are getting good results. A good result is every time we get a vessel and bring it through to the court process—so we get forfeiture of the vessel, the catch and the equipment and punishment of the personnel concerned.

In the last case we believed that all had equal culpability in the offence that occurred and, therefore, we charged all the crew. That has had a good effect because it has recorded an offence against a name. Previously, we charged the leaders and the remainder got off scot-free. Now, once it is recorded, if they go down and commit the same offence, they are recidivist per se—they have broken the conditions that were placed upon them—so we have something to enable us to do something concrete about it. That is how we believe the deterrent factor will be there.

It would be nice to deter in other ways. It is important for the committee to realise that this tyranny of distance and the horrible conditions that exist down there mean that it is not just normal run-of-the-mill surveillance activities. Often you get down there and you can waste days because the weather is so foul. Full credit goes to the industry people who work down there. I have been down there and worked with them. They are absolute heroes, in my opinion. It is more a matter of how we do our work. As I have said, even though we sight vessels we may not be able to board them because of the terrible conditions. It would be good to deter in other ways but the best deterrent is to prosecute personnel who have committed offences, and take their vessel, catch and equipment.

**ACTING CHAIR**—While we are on the issue of deterrence, do you have an understanding—perhaps you can take it on notice—of the value of catch and vessels that so far have been processed by the Australian government?

**Mr Morris**—I can get that for you. There are no concerns about that; it is public knowledge. The last vessel was worth \$2.3 million. I would be reluctant to say who the successful tenderer was. Anything relating to the catch, yes, we have that, and it is on the public record.

**ACTING CHAIR**—What was the value of the vessels if the vessels were bonded or amortised through that process?

**Mr Morris**—We can get that as well—we would have that. Bear in mind the variation in vessels from the point of view of price: what price is put on a vessel if it is purpose built or modified to suit the conditions down there; is the vessel for sale as is, or is it a fire sale? There can be many variations in Lloyd's and other things. You might put the value of a vessel at



\$400,000; it could be \$200,000 in other people's eyes. Yes, we can give you a pretty fair idea of those values.

**ACTING CHAIR**—In terms of deterrent—the total loss of the vessel, the catch and the equipment—obviously, as you say, these companies are visiting the Heard and McDonald area purely for economic gain. This is a significant economic deterrent. Do you think that it is having an impact on their activities?

**Mr Morris**—Slowly but surely it is. We have seen the movement of companies, if you like. Again, to prosecute companies it is like the tentacles of an octopus try to locate who's who in the zoo again. They spread out. Once you think you know who the owner of the boat is, it suddenly goes to another state or it is flagged somewhere else. There are problems, yes.

**ACTING CHAIR**—You and Mr Walker indicated that your first submission may be somewhat dated in regard to some of the most recent advances by government. I would like to clarify that. When I ask about the adequacy of resources, we can clarify what issues you may not continue to have in regard to your submission. As recently as yesterday I confirmed that expressions of interest closed last month for tenders to provide a marine platform capable of compliance and surveillance activities in the Great Southern Ocean. I understand that it will probably take up to six months to determine the successful tenderer. We imagine that a vessel that will meet the requirements is being planned; we have committed at least \$100 million to that process. I am making the assumption for the record that those issues that you mentioned very specifically about the provision of a dedicated platform were resolved. Perhaps the other issue—perhaps you can give me some indication if you are satisfied with it—is a more strategic approach, as stated in your submission. Would that still be a major issue for you in view of the platform provision?

**Mr Morris**—I believe so. As I indicated earlier, the question is whether the \$100 million and the platforms over the two years do cover the areas that I believe, strategically, Australia should be looking at as well—and I did indicate that the AAT and also Macquarie do come into question. Whether part of that \$100 million does provide surveillance compliance down there, I am unaware. Certainly, neither my people nor I have been given any indication that there would be patrols to those areas.

**ACTING CHAIR**—The remaining issue is resourcing. You have spoken about the provision of expert fisheries officers and, clearly, as evident through your submissions, it is a very important role because, as you say, the evidentiary process has to be extremely tight now. Those people in noncompliance are becoming more and more educated about how they go about getting rid of evidence and all of those sorts of things. Do you think that there are adequate funds put towards the training? You say that we are having to use people from South Australia and the Northern Territory. Is this a function, perhaps, of not been able to provide adequate funding to have the officers particularly trained for use in the Great Southern Ocean? You indicated some specific minimum requirements for them to go on patrol. Could you share that with us, briefly?

**Mr Morris**—I would say that training, in the past, has been ad hoc. Any training has been performed primarily by the states—that is, South Australia, Western Australia, Northern Territory have undertaken the training for their own personnel to be fisheries officers. That is the

first part of the training that occurs. That training that exists relevant to operating in the Southern Ocean is almost a learned process. We have not had a need for that training.

**ACTING CHAIR**—Do you have some specific training, for example, for rescue requirements and understanding of certain facilities? When you have to go into the ocean there is a whole range of different things you would have to know, for example, than when working off a vessel off the Northern Territory coast. Are there compliance training provisions before you can go on an expedition to the Antarctic?

**Mr Morris**—I believe that through the Australian Customs Service that is now being addressed. Up until just recently, that had not been addressed.

**ACTING CHAIR**—So you believe, as stated in your submission, that there are still insufficient resources going towards the training of officers that are dedicated not only to the processes of prosecution but, specifically, to actually having the capacity to undertake a long voyage in those sorts of circumstances and having an understanding of boarding and other arrangements.

**Mr Morris**—Yes.

**Mr Walker**—I think you are quite correct, Senator. Also, in regard to that issue, Fisheries Western Australia has recognised a specific need for state fisheries officers to be trained in excess of what they would normally be trained in to enable them to conduct these patrols in the south. The International Operations Group in Western Australia is currently looking at producing an additional training manual to cover those aspects of that specific specialised training. What would, of course, assist in this is if there were some injection of funds through AFMA to allow for additional training of this sort through their service level agreements with each of the states, not just Western Australia.

**Senator STOTT DESPOJA**—My question was going to carry on from Senator Scullion's in relation to your updating of your submission today. I want to get a more specific sense from you as to whether you are satisfied with the level of funding that has been allocated in the most recent announcement by the federal government. Is it sufficient to satisfy your concerns? I note that in your submission you are very specifically critical—and I think appropriately so—particularly in relation to the patagonian toothfish, as an example. You say:

From a WA perspective the Southern Ocean fisheries compliance program appears to operate on an ad hoc basis in response to reported illegal fishing activity. It would be timely to conduct a strategic assessment of Australia's future compliance needs to protect and manage our Antarctic marine resource.

I think what Senator Scullion was getting at, too, was: are you satisfied that there is a more strategic approach? Is the money that has been provided, or the resources that have been recently announced, satisfactory to mitigate this ad hoc approach to which you refer, or have we still got a bit of a way to go?

**Mr Morris**—Of the \$100 million allocation—I think I indicated this before—what part of that pie do we get? We can take it in two sections. The first part is in regard to the strategic future requirements of areas such as Heard Island, and I think we have that covered. We have a

300-man-day allocation, and one heck of a lot of compliance activity would occur there. I am happy that that is the case, but I still leave open Macquarie and AAT in regard to the future. I believe we probably should be acting now rather than later. I do not think we should have reactive compliance, and that is what has happened in the past. We have waited until an industry vessel is down at Macquarie and said, 'Hey, there's a foreign fishing vessel down here,' and the next thing that happens is that we try to generate something in order to act. That is not the way to go. I would prefer us to be more proactive in these areas, and that is external of HIMI. I believe that HIMI is adequate; it is covered.

From the point of view of the training that exists within the system, I would say it depends on how you divide the cake. What part is going to come back to the states—South Australia, Northern Territory or Western Australia? I have been in this job for 23 years, and we have always fought to get money to do the work that we should be doing Commonwealth-wise. I think this will continue. I know that the Commonwealth is not made of money, but we are a dedicated unit. I would prefer to tear the Western Australian badge off the hat and put the AFMA one on, or whatever it might be. We have to say: should AFMA run its own compliance; should AFMA have its own people and not have state people? Again, these are the questions that they must look at.

The states undertake and pay for the training of the personnel. On more than one occasion, I have got the impression that you end up with what is really like a fire station. The Commonwealth wants the fire station and the truck. They want the truck in the fire station until such time as there is a fire, and then they suddenly say, 'Send it out.' You cannot do that with foreign compliance. You cannot have trained personnel sitting in the office with no funding and, all of a sudden, say: 'We want 10 of your people. WA, give us 10 people to go and do that'—or South Australia for that matter—'Give us three people to do that.' It just cannot work. Again, with the complexity of the issues, you really need to have dedicated personnel doing that job on a continual basis, and it needs to be sufficiently funded. It has always been a funding argument. I do not think it is any different from any other area where the state argues with the Commonwealth; it is a continual dogfight.

**Senator STOTT DESPOJA**—By virtue of all these issues you have raised not only in your original submission but today and, indeed, in that response, I imagine your recommendation for a strategic assessment still stands, and that is something that we should perhaps consider.

**Mr Morris**—Yes.

**Senator STOTT DESPOJA**—Regardless of the resourcing, compliance or surveillance in relation to the territories of Heard and McDonald islands, do you feel that those territories and surrounding marine areas, and of course anything in it, are sufficiently protected under law? You would be aware of the EPBC Act and the fact that a couple of years ago we ensured that under that biodiversity and protection act those islands and territories were listed and, of course, that there were international conventions and World Heritage requirements et cetera. So there is no argument from you that there is insufficient protection under law; it is just in relation to surveillance, compliance and resourcing—is that fair enough?

**Mr Morris**—I think it is a pretty fair statement. The mechanisms are there; it is more a matter of getting the personnel to enact them, if you like. Certainly the EPBC Act—from the point of

view of the areas in that and the stringent controls that are placed on industry—is fine, but what happens in the event where you get a renegade IUU fishing vessel down there is that all of the work that Australia has put in to protect its birds, for example, goes out the door because there is some foreign fishing vessel there not complying with one damn part of it. To me, it is very frustrating to see the result of what some of these guys have done to get their product in comparison with what industry does. From the point of view of the scientific observer work that I did when I first went down there, I know how stringent it was. From the point of a small piece of fish meat stuck in the scupper, which can cost them, it has gone to the point of almost overkill on our own vessels, yet these guys can go down there and do what they damn well like and suffer no consequence should they get away with it. Perhaps—and we will probably look at it—the Fisheries Management Act, as I said, is the main piece of legislation that provides for the prosecution of these people. In the future it may be that, in addition to the Fisheries Management Act, we look at the EPBC Act—we are also officers under that—to see what we can do to further add to a prosecution process. The legislative processes, in my opinion, are there.

**Senator STOTT DESPOJA**—It is enforcement and all the rest that goes with it.

**Mr Morris**—It is the bits that hang off it that are somewhat deficient.

**Mr Walker**—Could I add to that from the strategic direction side of things, just in general discussion, it is all well and good having a platform with armed officers to go and apprehend a vessel, or maybe even two vessels, but in that area of ocean there are many fishing vessels. The economies of the activities of these people are such that they may well be quite happy to sacrifice one or two vessels so that the other 10 can come back in once you have done that and keep fishing away merrily. I guess that is one of the other sides of things that needs to be looked at when they consider strategies to look after the area in the future.

**ACTING CHAIR**—I understand that the Australian Fisheries Management Authority, through the Western Australian fisheries and through the same relationship with the Northern Territory fisheries, has previously prosecuted Indonesian fishers for the use of both dolphin and dugong as bait. I understand that prosecutions have occurred. Was that under the Environment Protection and Biodiversity Conservation Act?

**Mr Morris**—It has not happened in WA; I think it has happened in the Northern Territory and Queensland. I am not really sure about the classification of the fish. I may stand corrected on this, but I do not think dolphin or dugong are classified under the Fisheries Management Act 1991—the Commonwealth act.

**ACTING CHAIR**—Indeed. I was making an analogy that we need to go beyond our particular responsibilities in fisheries, because a whole range of potential Commonwealth breaches were already being made, and you would extend that and the range of prosecutions. I was just trying to ensure that there was a precedent to that in that we had extended beyond the normal role and functions of the Australian Fisheries Management Authority and their act to include the Department of the Environment and Heritage being able to prosecute and include what we consider to be endangered species under the act.

**Mr Morris**—Yes, that is right. The other thing that does apply is that, if you look at the EPBC Act as it is, there were some restrictions as to how it would be used. Again, it was a restrictive

process—whether it would be used in marine parks or elsewhere. That may have to be fleshed out to allow open slather, for want of a better term, and for us to deal with events as they occur in the Southern Ocean and elsewhere.

**Dr WASHER**—You mentioned, Mr Walker, that there is a problem with those multiple boats when we only have one platform to apprehend. Do we have any agreement with the French or South African governments to assist in these circumstances when we know there are many boats? Do we have any agreement with them to come and help?

**Mr Walker**—To be quite honest, I have no idea. Do you, Tom?

**Mr Morris**—There is an attempt to try to enhance compliance programs by undertaking a joint arrangement with the French and also South Africa et cetera. As it stands at the moment, in the event that something goes down, I think it really becomes a matter of an arrangement that Australia makes direct with the particular state, whether it be South Africa or France. Again, this is probably a little bit out of my line, but I do not think there is any formal mechanism that has been arranged between France, Australia, New Zealand or South Africa that says, ‘We are all in together’—the jolly musketeers. I do not think that exists as yet. But I can see in the future where it will occur, and that would be of some assistance to us. Bear in mind with the *Viarsa* case that South Africa was only too willing to assist, and that is on the second occasion. It was very good. Also the British, from the point of view of what they had operating over in Georgia or somewhere across there—the Falkland Islands—came to assist. So it was really a merger of the powers to stop that vessel. Certainly South Africa was more than willing to put their personnel on board, to put our people on board, to go down and do that task. It seems to work in a good relationship. How formal that is, again, is probably up to Canberra.

**Mr Walker**—I think this is where the aerial surveillance would be probably most useful. Certainly it would paint a better picture of: is that really happening?

**Dr WASHER**—The other question I wanted to ask is whether legislation is adequate to protect our rights to require that vessels in our waters accurately keep things like vessel monitoring systems properly in order, functional. Should they have to identify themselves when they come into our waters and state their transit path? Have we got all those things in place? With air safety, these people are in there: why shouldn't they have to identify themselves—why they are there, their intent, where they are heading—and make sure the equipment is accurate? If we catch that they are not accurate in their equipment, do we penalise these people adequately by saying, ‘Your equipment is not working. You are in our waters; there are requirements in our waters that you have the gear operational and functional and accurate’?

**Mr Morris**—The right of innocent passage is still paramount and it ties itself in with UNCLOS. Fine, UNCLOS is not the municipal law of the state of Australia. There are certain aspects of UNCLOS that are not tied but probably copied to a certain degree within our municipal law and our Fisheries Management Act. I think the right of innocent passage is still one that is paramount. In other words, a vessel can transit from one point to the next providing it is transiting in such a manner that it has all gear stowed as part of it and that it is travelling the shortest distance from one point to the next et cetera. These have been defences that have been put forward that they were transiting the zone et cetera. But transiting the zone does not necessarily mean, as I indicated earlier, searching for fish or putting fishing lines down. I do not

know whether we could ever amend our act to say, 'Any fishing vessel entering the Australian fishing zone, the AFZ.' Years ago we used to have what they call an AFZH. There were certain four-letter acronyms, starting with AFZ and ending in H for harbour, E for entry, X for exit et cetera that had to be transmitted by fishing vessels. These were ostensibly Japanese fishing vessels when they were undertaking a joint venture.

Again, IUU boats would not give a damn. They are not complying with anything else, so why would they suddenly want to comply with telling you that they going through the zone? I could see some value in a blanket approach from, perhaps, CCAMLR that all vessels with good reason to fish there will be required to indicate precisely when they are going through someone's zone. Bear in mind as well that not a lot of nations have landmasses below the zone of Antarctic convergence. Australia has one, France has the other, Macquarie is north of that and then you have South Africa. If that is the case there is not really a lot of requirement for every vessel going down to the Ross Sea or elsewhere to transit via the Heard Island and McDonald Island fishing zone; there are many other routes that could be taken rather than coming through ours.

Again, if you look at where the fishing took place over the period when the IUU fishing first started, you see that they hit parts of South Africa and then knocked that out, and then they moved to Crozet and knocked that out. The last bastion for fish appears to be the Kerguelen Plateau. The Kerguelen Plateau happens to be the Australian fishing zone surrounding Heard Island and the French fishing zone. That is the last bit—or what we believe to be the last bit—so it is in our interests to make sure that it is protected as much as possible.

**ACTING CHAIR**—Can you give some of your views about the comparative analysis of the *Viarsa*? In your submission you stated that the vessels should be armed and you referred to the ineffectiveness of the current program and the inability to stop the vessel in situ. We have a comparison between having an armed vessel to ensure that we stop the vessel there and an international network of friends, if you like, who are prepared—as you say, the British, the French and the South Africans have indicated that this is the case—to interdict. It does not matter if the vessel runs; we are in a globe—it has to stop somewhere. No doubt, Mr Morris, you understand some of the operational challenges in making half-inch holes in a 90-metre ship in 10-metre seas; there are obviously a range of real issues there. I am not so sure that I would like to be part of a government that says, 'Yeah, pull the trigger; crack on.' As a seaman, I think it is horrific to think about the consequences of that. I understand that you are concerned about the frustration in spending an extra 21 days at sea, with the obvious costs involved in that, but what are the relative benefits of having an international arrangement rather than an armed capacity to stop someone?

**Mr Morris**—As with the *Viarsa*, as indicated, fisheries officers cannot undertake the process without arms—that just would not be on, for a start. So that was the difficulty that arose with that. That is why I mentioned the amendment to the act that would be required. It probably will never happen again—any vessel that goes down there would be armed. You might say: 'We will still send vessels such as the *Southern Supporter* down there without arms. Yes, we have this arrangement between France and elsewhere, so eventually that vessel will stop.' It probably will stop. But it then becomes a matter of what evidence you have. If a vessel has 20 days to run, any evidence that exists goes over the side. That is the difficulty that we are always going to have. It is the same as with any other process of investigation: the sooner you get onto it and the sooner you detect those elements of the case that exist for a successful prosecution the better. If we give

a boat 20 days, 10 days, five days or one day it will have a chance of disposing of those elements that make prosecution of a case so much easier. I am not saying that the case is going to go down—that is up to the judicial process at the end of the day—but it certainly does not help to put the case together if a vessel has 20 days of running.

**ACTING CHAIR**—So maybe it is a suite of things, at the end of the day?

**Mr Morris**—Yes.

**ACTING CHAIR**—You also suggest that the Fisheries Management Act 1991 be amended to provide adequate powers. I am aware of some amendments that took place in 1999; perhaps you could give me a brief indication of what extra powers you believe are needed.

**Mr Morris**—Again, I would need to sit down and figure those out. The one that came to mind was the section that I referred to, section 84, which relates to the powers of officers, along with the provision of section 108, which relates to the obstruction of officers. That is why 108 could not be enacted: it meant that it required a fisheries officer with ‘go-go Gadget’ arms to be able to go to a boat and say, ‘I’m a fisheries officer,’ and the other part of it was, ‘Stop your vessel; I intend to board you.’ If that is the order given—‘Stop your vessel; I intend to board you’—it means one thing: I am going to stop you and get on board. How can he get on board if he does not have armed personnel? Within the act it does not say that we must have armed personnel before we go on board; it just an OH&S requirement.

**ACTING CHAIR**—It is a policy issue.

**Mr Morris**—Yes, it is a policy thing that does apply. The state of Western Australia would not sanction Fisheries officers going on board foreign fishing vessels without some form of armament. Whether that means that in the future Fisheries officers will become armed is another issue that has to come forward.

**ACTING CHAIR**—I will just clarify that: that would be ‘or in company with defence personnel who are armed’?

**Mr Morris**—Yes, and again, with good reason. A fisheries officer really looks at everything that happens in the ocean and tries to get cases together et cetera. You are changing what a fisheries officer is at the moment you issue him with a firearm. His responsibilities, in my opinion, become far greater.

**ACTING CHAIR**—So it is an OH&S issue. It is just that you actually said adequate powers to direct and stop fishing vessels found within the Australian AFZ. That was in relation to OH&S rather than the capacity to make people stop under the act.

**Mr Morris**—It was twofold. Firstly, the act would apply if we have armed personnel on board—that is the first part of it. The provision of that power does exist within the act. It is definitely there: you can stop vessels—there is no doubt about that, but it is a matter, as you say, to be considered from the point of view of OH&S.

**ACTING CHAIR**—There was just some clarification needed on that. Thank you both very much for your attendance. If there are any matters on which we need additional information, the secretary will write to you.

**Proceedings suspended from 11.08 a.m. to 11.16 a.m.**



**AXE, Ms Janice Margaret, Officer, Great Southern Development Commission**

**ACTING CHAIR**—Welcome. Do you have any comments to make on the capacity in which you appear?

**Ms Axe**—I am representing industry representative Mr Ray Woonings from Wallace Engineering.

**ACTING CHAIR**—These hearings are legal proceedings of the parliament and warrant the same respect as proceedings of the parliament itself. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The committee prefers that evidence be taken in public, but if you wish to give confidential evidence to the committee you may request that the hearings be held in camera and the committee will consider your particular request. The committee has not received a submission from you. Do you wish to lodge a submission?

**Ms Axe**—I have a presentation on behalf of Mr Woonings which should take no more than five minutes to present. I can leave a copy.

**ACTING CHAIR**—Is it the wish of the committee that the submission tabled by Ms Jan Axe on behalf of Wallace Engineering be accepted?

**Senator HOGG**—Yes.

**ACTING CHAIR**—There being no objection, it is so ordered. I invite you to make your presentation before we proceed to questions.

**Ms Axe**—Thank you. The Great Southern Development Commission is pleased to make this brief presentation to the parliamentary inquiry today on behalf of the industry representative and managing director of Wallace Engineering, which is one of Albany's major marine and general engineering manufacturers. Mr Woonings is currently in the far north of Western Australia and unable to attend today's proceedings. This presentation is designed to lift the awareness of the government and senators and members of parliament in attendance of the ability of Albany to act as a service base for the proposed vessel that will undertake surveillance of illegal fishing activities in the Southern Ocean.

Industry representatives are aware that recommendations have been made to the federal government to examine the viability of Albany as a base of operations for undertaking surveillance and the potential for Austral Fisheries to be involved. Wallace Engineering is currently involved in the servicing of Austral Fisheries vessels. Albany has an efficient and productive engineering industry and an experienced work force well placed to undertake the maintenance of the proposed surveillance vessels whilst in port. Albany's proximity to the subantarctic, a distance of some 3,660 kilometres at its shortest point, makes it geographically the most strategic location for the housing of surveillance vessels. Albany, being one of the three best natural anchorages in the Southern Hemisphere, also has outstanding port facilities. It has a

newly constructed \$21 million berth, which was built to service the plantation timber export trade, worth some \$300 million. It is one of WA's major export ports.

Austral Fisheries, an arm of Kailis and France, takes some 70 per cent of Australia's annual quota of patagonian toothfish from Australia's fishing zone in the subantarctic. The fishing zone has relatively close proximity to Albany. Therefore, Austral currently has two vessels home ported in Albany. These vessels are maintained and serviced by the port, local engineering firms such as Wallace Engineering and local tradespeople. In 2001-02, the value of the fishing industry overall in the region was estimated at \$6.4 million, with a total catch of 3,922 tonnes.

There are a number of economic benefits generated by having vessels home ported in Albany. Due to the proximity of fishing grounds, which are approximately 4,500 kilometres, an extra six days sailing per round trip is avoided that would be required if vessels were housed in the port of Fremantle. Vessels already have to travel for up to one week to reach fishing grounds from Albany. The savings as a result of reduced sailing is considerable in terms of time, fuel and overheads.

Albany's current population is 31,550. The population in Albany continues to grow, with an average growth rate of 3.1 per cent per annum over the last 10 years. Creation and retention of employment opportunities is vital to ongoing sustainable economic development and population growth. Choosing Albany as a home port for such vessels creates these opportunities. For example, Austral vessels currently home ported in Albany create employment for carpenters, engineers, boilermakers, caterers, cleaners and a host of other tradespeople involved in major refit or general maintenance programs—not to mention the increase in visitor spending by ships' crew in the city of Albany. For example, a recent refit of an Austral ship amounted to \$1.3 million being spent on the refit alone and employed the services of no fewer than 53 local tradespeople.

In terms of general maintenance programs, \$150,000 is spent per maintenance, of which there are 10 each year, resulting in a total spend of \$1.5 million per annum on maintenance. Again, up to 53 tradespeople are employed at any one time during these maintenance programs. It is estimated that over 500 tonnes of fuel, lubricants and oil, amounting to more than \$½ million per year is spent with the local BP company alone. This equates to some \$3.3 million in total spent per annum and does not include additional spending that occurs every six to eight weeks when Austral vessels come back to port to refuel and reprovision before returning to fishing grounds.

Further, one could argue that the environmental impacts of choosing Albany as a home port can be measured in terms of reduced fossil fuel consumption, reduced fuel emissions and the general impact to the environment as a result.

The capacity of the region's industry to manage large maintenance issues is well demonstrated by this example and others in view of Albany's very strong light engineering capacity. This is due to the strong economic base of the region, with companies like Wallace Engineering servicing the wine industry, being close to the largest wine growing area in the state, servicing the timber industry, having the largest plantation concentration in Australia, not to mention the robust agricultural and fishing industries—hence Austral's decision to base their ships and process here due to Albany's capacity to service its needs.

As can be demonstrated, the ability to service vessels of this magnitude is legitimate and the economic value to the region is considerable. We appeal to the Joint Standing Committee on the National Capital and External Territories to consider Albany as a home port for the proposed surveillance vessel and its operations.

**Dr WASHER**—Thank you for your excellent presentation. The engineering site is close to the dock, is it?

**Ms Axe**—They are on Princess Royal Drive, Albany—with close proximity to the port.

**Dr WASHER**—This may sound an odd question, but what do you do? I know it is a marine engineering facility, but what do you do? You are in the wine industry, so I guess you are doing stainless steel welding of tanks and things like that. What type of things are done by them?

**Ms Axe**—In the absence of Ray Woonings, I probably cannot answer that question to the full extent that it requires, but I can take on notice that question as to their range of services and certainly feed that information back to the committee.

**Senator STOTT DESPOJA**—Ms Axe, I am happy for you to take my question on notice, if required. The sentence that leapt out at me from the submission—and you have just articulated it here—related to the perceived positive environmental impact of a changed location. I am just wondering whether you have done any analysis or have any specifics that might actually support that theory that there would be a benefit to the environment. I understand what you mean in terms of potentially reduced fuel consumption et cetera, but I think it might be an interesting argument for us to have and it would be assisted if you perhaps had some more detail, if anything is available.

**Ms Axe**—I could certainly try to access statistics on just how much fuel consumption there is and the reduced fuel that would be consumed through those round trips and those return trips that would be required for those vessels if they were ported somewhere other than Albany. I can certainly pull those statistics together and speak with some of the environmental people in the region, of whom there are many, who could probably give us some statements with regard to the impact on the environment from the burning of fossil fuels et cetera and the impact on the aquatic environment, as large vessels have an impact on the ocean.

**Senator STOTT DESPOJA**—My final question relates to the surveillance of illegal fishing and cost recovery. Does the Great Southern Development Commission or Austral Fisheries have a perspective on the appropriate contribution from the private sector in relation to illegal fishing surveillance?

**Ms Axe**—I am sorry, I do not have an answer to that, but again I will be very happy to take that question on notice and get information back to you. I will confer with the heads of the development commission and with industry.

**Senator STOTT DESPOJA**—That would be great—just if there is a policy generally as to an appropriate contribution, if at all, and if there is an industry perspective. A commission and/or industry perspective would be appreciated.

**ACTING CHAIR**—I have a question on notice, and the secretariat will provide it to you. What aspects of the Austral fleet's refit and maintenance engineering program cannot be undertaken by Wallace Engineering or other firms in the Albany region?

**Senator HOGG**—Following on from that, is there a disadvantage in servicing vessels when there seems to be no slipway available for vessels in this region?

**Ms Axe**—Again, Mr Woonings returns on Sunday. When I am at the development commission next week, I will contact him and get answers to your questions.

**ACTING CHAIR**—The secretariat will provide you with those questions on notice. I am quite sure that Austral Fisheries, who will make a submission after 12 o'clock, will have the opportunity to enlighten the committee on those issues.

Thank you for your attendance here today. If there are any matters on which we may need additional information, the secretariat will write to you. You will be sent a copy of the transcript of your evidence, to which you may make editorial corrections.

[11.27 a.m.]

**MORENO, Mr Frederick Earl, Co-founder, Chief Executive Officer, I3 Aerospace Technologies Pty Ltd**

**ACTING CHAIR**—Welcome. These hearings are legal proceedings of the parliament and warrant the same respect as proceedings of the parliament itself. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The committee prefers that evidence be taken in public but if you wish to give confidential evidence to the committee you may request that the hearings be held in camera and the committee will consider your particular request. The committee has received a submission, numbered 19, from I3 Aerospace Technologies. Are there any corrections or amendments that you would like to make to your submission?

**Mr Moreno**—No.

**ACTING CHAIR**—Before we ask you some questions, would you like to make an opening statement?

**Mr Moreno**—Yes. I have prepared a brief opening statement and given a copy to the secretariat. My focus today is on the monitoring of the Australian-Antarctic fisheries. My goal is to make the committee aware of an emerging technology option that may have application to the challenges associated with such monitoring activities.

By way of background, there is a rapid worldwide growth in the introduction and deployment of unmanned aerial vehicles, called UAVs. Nearly all UAVs can be categorised today as either military vehicles or small vehicles used for research applications, such as those supported by universities. These small vehicles are unsuited to the challenges of monitoring Antarctic fisheries. While the UAVs developed for military applications are extremely expensive to acquire and operate because of the requirements imposed by military operations, and while some military UAV manufacturers have proposed use of their products in civilian applications, the extreme cost of these vehicles and their high support cost make them unattractive in cost sensitive applications.

There is now emerging a new class of low-cost UAVs being developed for civilian applications. Our company—which, I should emphasise, is an early stage company—is focusing on development and deployment of highly capable, long range, long endurance UAVs for monitoring and surveillance activities. We plan to offer surveillance and monitoring services to government and private enterprise customers. These services will include deployment, continuous control and data transfer, and ground maintenance and support. The UAVs will be capable of a range in excess of 4,000 nautical miles and a cruise speed of 140 knots, and they will provide an endurance of greater than 30 hours. The sensor suite will include maritime radar, high resolution video, infra-red—which is used for night—and sophisticated software which will permit automated target detection and tracking.

Our approach is to use off-the-shelf commercial products and technologies, modified as necessary for our use and knitted together through a sophisticated program of technical integration and highly capable custom software. Command and control will be via commercial satellite communications services. The system will compress data for transmission by satellite, but it will store on board high resolution imagery that will be suitable for judicial proceedings. This data will be downloaded after landing.

Our focus is offshore and land surveillance and monitoring services initially in Australia and then in overseas markets. Our initial focus is Coastwatch, as I indicated in our submission. Our operations are based here in the Albany region. We will produce highly capable, long range, long endurance UAVs for civilian applications at costs far below those of current military products. Such UAVs may—I emphasise ‘may’—be technically feasible and cost-effective for Antarctic fisheries monitoring. The key restrictions arise from hostile weather conditions. In my discussions with David Carter, the CEO of Austral Fisheries, he disclosed that his organisation has evaluated deployment of manned aircraft, which appears technically feasible if flights are planned to synchronise with the weather cycles that occur in the area. Such flights would start in the summer months. Deployment sites evaluated included Albany and Kerguelen Island in the South Indian Ocean. Cost impediments have impeded this deployment.

Because of the endurance limits of manned aircraft and human beings, and the risks associated with deploying manned aircraft over Antarctic waters, it would seem natural to consider using UAVs for these applications. Previous evaluations of existing UAVs have shown them to be either too limited in their capability or too expensive to acquire and deploy. The emergence of highly capable UAVs could permit cost-effective, highly persistent surveillance, including radar tracking and collection of high resolution, low altitude imagery that would be immediately transferred via a satellite link to the ground control facility. Evaluation of the data would permit decisions about subsequent activities, if any, that could be ordered.

This technology is not available today. Our time line shows deployment of potentially suitable vehicles in about three years. Therefore, I would recommend that the committee stay abreast of the technology developments in this area and, if possible, push for the accelerated deployment of low cost, highly capable UAVs, because of their potential benefits in this and other missions important to Australia. That completes my statement. I will be happy to answer your questions.

**Dr WASHER**—Mr Moreno, they were doing quite considerable amounts of work on unmanned flight equipment at the University of Western Australia. Are you working in conjunction with UWA?

**Mr Moreno**—Actually, it is not UWA; it is the University of Sydney. There is some work which is being undergone there. Let me expand a little bit, if I may, upon the nature of the UAV marketplace. The UAVs have been driven primarily by military requirements. They are now being developed and deployed in about 80 countries. They are used for a variety of hot battlefield and surveillance applications, and the primary reason is, in some cases, persistence—because they can stay in the air for a long period of time—but more typically it is because you can put vehicles that watch what is going on in harm’s way where you would not want to deploy manned aircraft.

The nature of military UAVs and their requirements, and particularly the ability to defend yourself in a hot battlefield environment, coupled with the requirement to distinguish, for example, a jeep from a truck from a tank and this kind of thing, on land applications and the nature of military procurement drives them to the ultimate in performance—being able to see the best under the worst conditions in any battlefield around the world—so costs are extraordinarily high. One UAV which you have probably heard about which is commonly used in Afghanistan and in Iraq is the Predator. There are several classes of Predator. They are frequently referenced in the news media. My footnote states:

... operational systems consist of four aircraft (with sensors), a ground control station (GCS), a Predator Primary Satellite Link, and approximately 82 personnel for continuous 24-hour operations.

I have read elsewhere about the cost of a Predator in 2002. Another footnote states:

Today's Predator ... costs ... \$5 million.

The last procurement in the United States of the top-of-the-line UAV, the new Global Hawk, which has flown to Australia, cost \$90 million a piece. That may be appropriate in that application—I cannot judge it—but in many applications such as this in the rest of the world, the civilian world, where cost is an issue, that technology is completely inappropriate. Moreover, the people who develop those technologies—Boeing, Raytheon and all the various very large airspace carriers—are constitutionally incapable of addressing commercial markets. That is just not the way they are built.

What we found in our work is that all that technology is available today off the shelf. There are advancements being made in certain areas such as the universities, and there is a lot of research being done. Most of that research is being done either to enhance the military capability of the UAVs—to see better in dark conditions, to develop synthetic aperture radar to be able to resolve targets better—or it is being done in a whole class of what are called tactical UAVs which are being developed. These are very small devices, some of which would be actually hand launched and used to go within a building to beam data back out to handle situations such as urban fighting. These small UAVs require whole new classes of technologies to be able to communicate, fly, navigate et cetera. And that is the focus of a lot of university research: how do you build them, how do you fly them, how do you stabilise them and how do you transmit the signals? That is wholly inappropriate to the missions we are talking about here.

For the missions we are talking about here, we take off the shelf those pieces which we need to address the mission which we have specifically undertaken, which is both offshore and onshore surveillance. As I said, we have looked at UAVs in various applications, and our initial focus is the Coastwatch application, because there is currently a very large area of ocean to be covered at an average cost of about \$3,500 an aircraft flying hour. The best aircraft being used there is the de Havilland Dash 8, with a crew of four and a \$3 million Raytheon radar. That costs \$8,500 an hour with about seven hours of mission time. We can accomplish a sizeable proportion of the same mission at \$350 an hour with 30 hours of endurance, using an unmanned aerovehicle. It is about the size of a Cessna and is built based on a kit airplane. Kit airplanes today are now made of carbon composite fibres. They are far in advance of the airplanes you can buy because of the nature of the experimental market and the diffusion of technology into the marketplace. We have also found that many of the technologies that you can buy today as

consumer items are, in terms of their performance, far in excess of military technologies. You go out and buy a modern camcorder today and it is better than what the military has in the milspec regulations.

So, as we have gone through, we have blown the entire system together—which is not only the UAV but also the ground station and the satellite links—and examined every segment along the way looking for showstoppers. The only showstopper we have is in infra-red, where we can get a fairly low resolution infra-red camera, because high resolution infra-red cameras are restricted in our export limitations. Every single other element of technology we can buy—for example, instead of the \$3 million Raytheon CV radar we can buy a Furuno maritime boat radar for \$30,000 and install it in the UAV, which provides about two-thirds the range. Its signal processing is primitive, but we have some of the best signal processing people in the world as part of our team that come out of Pine Gap. This is a mix of American and Australian expatriates, including Americans like me who have come here, like it and stay—we live here now.

By taking the off-the-shelf technologies together and combining them, we can produce a product which is fairly high performance—that is on paper; we have not done it yet. We are now in the stages of lining up the financing to do that in the first development stage. That is a long-winded answer to your question—but I want to try to give you the character and nature of the business. When someone says ‘UAV’ you might think ‘truck’, but that can cover everything from a road train down to a small Suzuki ute and everything in between, and they all have their place in the market. Most of the university research which is done is driven by military applications. It is looking for new technologies which allow them to make UAVs requiring technologies that currently do not exist—for example, an eye the size of an insect eye which can deliver an image to a soldier someplace else.

The nature of flying an airplane—taking it out offshore, flying it for 30 hours and bringing it back—is, from a technological viewpoint, duck soup today. I can buy pieces for all of that. The challenge is the technical integration. Technical integration does not require an advancement in the state of the art—it is an art form of its own. Technical integration requires a lot of sophisticated work. The best technical integration skills in the world are in the US air force. Our technical guy is an ex-US air force satellite reconnaissance guy. So we have those skills on board and we do not really need the skills of the university in those areas.

The place in which we do need the skills of universities and where those skills do exist in Western Australia—and I have not addressed the fact that we can use this overland precision in agriculture, vineyards, salinity and a whole host of other applications—is in the sensing of ground targets, the gathering of the data and the processing of that data to make a useful product for the farmer, vineyard owner, land manager or environmental management specialist. Those skills do require linkages with universities and other units of government.

As an example, the Centre of Excellence in Natural Resource Management is right here in Albany. Peter Davies is the director. I have spoken with Peter. I said, ‘If we had this as a platform for you, would it be useful?’ He said: ‘Yes. In river monitoring, there are huge areas to watch. The satellites do not provide the resolution or give us oblique views and they cannot look into the clouds. We could put our own sensors on there and gather data very cost effectively.’ So, in the area of sensing technologies for specialised applications, yes we are, and that does exist in



CSIRO, in Perth, at UWA, within private enterprise and within the centres of excellence. I am sorry for my long response.

**Senator STOTT DESPOJA**—You mentioned the time line of three years. Is that related primarily to the funding? I note in your submission that you say that, because of the nature of the work that you are doing, you do not use traditional funding sources. I think you said that traditional business funding sources are not necessarily able to be taken advantage of. So does the time line relate primarily to funding issues or is that to do with the technology?

**Mr Moreno**—I have made some assumptions which are broad and, in some cases, indefensible. We have a very detailed work breakdown structure and project plan. It is broken down into several hundred tasks. We have laid that over time and matched the resources. We think we can do it in about 30 months. Our confidence level on that is pretty high based upon, in my case, 30 years of doing technology development projects. I look at the various elements, and the risks are relatively straightforward and low.

We have broken it into three phases. We are actually replanning phase 1 in order to accelerate the program. We had a very slow, cautious and thinly funded first phase because we wanted to make it as palatable as possible for government funding. In spite of the excellent support we have received from the Great Southern Development Commission here, we have come to dead ends, primarily. There is a lot of enthusiasm in government, but we have a round peg and rectangular, square, triangular and star-shaped holes. There are no round holes for this kind of thing. We are neither fish nor fowl. So we are now making submissions to the federal government and pursuing private financing. My assumption is that phase 1 will start in six months, although I have no basis for that assumption. If funding were available sooner, we would start sooner; if it were available at a higher level, it would occur as a more accelerated task.

**Senator STOTT DESPOJA**—My last question is about the specific applicability of this to Antarctic fisheries because, obviously, that is the angle that the inquiry is concerned with.

**Mr Moreno**—That is right; I understand. The answer is no, it is not. We are producing a generalised platform for surveillance operations. We have looked at the problem statements put forth by a variety of agencies. Again, our primary focus initially has been Coastwatch. We have briefed Coastwatch; but they are in the business of buying services not developing products. We then looked at the other applications for that technology, because it is a generalised technology. Most of those have been other coastal applications—natural resource and environmental monitoring—and the other activities I have described, such as for salinity monitoring and precision agriculture and those kinds of things. The ability to get very high resolution data in a vineyard down, for example, to the plant size at which you can determine the stress of the plant and those kinds of things is of extreme value to the planters.

The same technology used by Coastwatch—that is, the maritime radar—requires extended persistence; the key is persistent, enduring surveillance. You have to go out there and stay out there. You go out for 30 or 40 hours at a crack, loiter at 100 knots, look around with the radar and send the information back. Exactly the same problem statement exists in the Southern Ocean with the fisheries, so I was asked to specifically look at that as an opportunity for the technology.

Absent the problems of weather, about which I am not knowledgeable, it is a natural fit. Everything we are talking about is a natural fit. In fact, it is easier because our problem statement that we have addressed for Coastwatch is finding a four-metre boat with a 95 per cent probability under a certain set of search conditions. The boats there are much larger and therefore much easier to find via radar, in spite of the fact that sea states are higher. Very high seas tend to clutter radar and require more processing to give the signal. You cannot really deploy from here in Albany and get there, do a lot of work and then come back because the deployment distances are too large. But you can conceivably do it from onshore Antarctica. Certainly you can do it from Kerguelen Island.

I have a document here from David Carter which is a piece of a feasibility study that they did on the climate of Kerguelen Island. As I understand it, this was done in support of a feasibility study to deploy a twin-engine turboprop aeroplane because it is only a few hundred miles offshore to the fisheries area. The point I came up with while preparing for this hearing was that I know we can do the job if we can fly the weather—and I do not know that much about the weather. We can de-ice the aeroplane—that technology is available. That is a primary concern; I have been a pilot for 40 years so I worry about these things. You do not want to fall into the ocean with an iced aeroplane and we can prevent that from happening. But the winds are horrendous and the sea states are horrendous. This report from David Carter includes references to a meteorological observation station at Kerguelen that is fully staffed—that is a real benefit—but the strategy would be to fly primarily in the summertime. In the wintertime—July through September—the weather is extreme approximately 50 per cent of the time so you cannot deploy all the time. But the weather patterns, as I understand it, are predictable; they are fast moving. Once they move aside, you can go out and deploy and then come back again; so you can get some reasonable level of coverage.

The second issue about UAVs, which relates back to something one of your previous witnesses spoke about, is the question of—

**ACTING CHAIR**—Is it your wish to table that document?

**Mr Moreno**—Yes. The representative from Austral Fisheries emailed it to me and he has just given his permission.

**ACTING CHAIR**—Is it the wish of the committee that the document be accepted as evidence to this inquiry and authorised for publication? There being no objections, it is so moved.

**Mr Moreno**—The other issue is putting human beings at risk over the ocean. This is an issue that we originally learnt about through Coastwatch, as they are sending aeroplanes 200 or 300 miles offshore. That requires them to have a big aeroplane—a twin-engine. They have search and rescue services. If you take a Dash 8 and put it in the ocean it will cost you \$30 million, and it will cost you about half a million dollars to drag those people out of the ocean. In the Antarctic Ocean, of course, it would be much worse. Our objective is to keep the costs low and that the aeroplanes can literally be disposable. It is cheaper to drop the aeroplane than it is to go and look for people. I do not like dropping aeroplanes but it is another option to consider because it is a hostile and horrifying environment for people to live in.

**Senator HOGG**—As I understand it, your corporation have not flown a UAV at this stage.

**Mr Moreno**—That is correct.

**Senator HOGG**—Are there direct competitors of yours that have?

**Mr Moreno**—Let us define UAV. If you define UAV as the broad class of all military vehicles, there are 80 UAVs currently flying in military applications, from small to large. Virtually all are deployed by military industrial aerospace suppliers. That technology is out there and on that basis there are lots of competitors. On the civilian side, most of them tend to be small research things. Let us call them large model aeroplanes. They are very useful.

There have been a few UAV civilian companies—and the Australian example is Aerosonde. They have been around for several years. They are a very capable company. They built a small UAV. It has been acquired by Saab, the Swedish aerospace organisation, specifically as a vehicle to mount Saab's aerospace warfare sensor suite, which they have developed for the Eurofighter. So it is being deployed in the military direction. There are several US companies, one of which has purchased an experimental kit aeroplane company just to get a platform to go after that military market. In that sense, yes, there are competitors.

In our specific area, we have identified none who are trying to undertake the same mission. There are three reasons for that: first, the technical integration problems are significant; second, the funding required is significant; and third, the market is very thin. That is to say that, if I put on my businessman's hat and look at the government markets, such as Coastwatch, for this particular application—which is speculative at this point—and things like onshore monitoring and environmental monitoring, all of those are government funded markets. A venture capitalist does not walk from a deal like that; he runs. It is not a normal marketplace.

If you look at it in terms of a commercial marketplaces for what are called spatial information technologies—the normal aerial type of thing—those are very fragmented markets. The amount of missionary work that is required for you to penetrate one of those markets means you will run out of money and resources before you really make a significant contribution. Will it happen in the next 10 years? Absolutely. One of our key strategies is to try and get first mover advantages by bringing the skills that are necessary together. But to directly answer your question, we do not see anybody who is doing exactly the same thing. But that is not unexpected. I come out of Silicon Valley. My biggest threat is another one of me somewhere else.

**Senator HOGG**—So what is to stop one of the companies that is involved in the development, manufacture and operation of a current existing military version adapting that to a civilian version?

**Mr Moreno**—That is a wonderful question. I am so glad you asked that of me. I do not know how long I can go on but let me just briefly describe it in the following way. The best summary of the business model that we are using is contained in two books by someone from the Harvard Business School, a fellow named Clayton Christensen. It is called disruptive innovation. I will give you a very brief example, because intuitively you will get the feel for it.

In the emergence of technologies you get a deeply seated infrastructure of existing incumbents who serve their known markets and their general trend for economic reasons is to continue to go upmarket—produce bigger, better and more wonderful devices. The trend of technology is that it can improve its capability more rapidly in many cases than the customer demands increase. The example you and I have today is that you can buy a PC today that far exceeds anything that you can do with it. You do not really care whether it is two, four or eight gigahertz. It does not matter any more.

**Senator HOGG**—And the same with mobile phones.

**Mr Moreno**—It does not matter. That is called technological overshoot. When that happens, generally it is accompanied by an infrastructure which has very high cost and a customer base which is fairly demanding of product. The example I give to you which you can relate to, I believe, is when I was a boy—and perhaps when you were a boy—the best and newest radio that came out was FM radio. It was high resolution. It did not have the static of AM. My father was an electrical engineer and he bought one and it sat in a mahogany cabinet. It was pretty big. It was filled with vacuum tubes. It had very high resolution sound compared to what you could get and it was very expensive. As a kid, I was not allowed to play rock n' roll on my father's FM radio.

Sony introduced the first transistor radio, the transistor of course having been developed by Shockley at Bell Labs in the United States. My father, being an innovative electrical engineer, bought one of the first transistor radios, and he allowed me to tinker with it. It used a nine-volt battery and had two transistors in it. The sound was awful, the batteries ran out, the reception's sensitivity was miserable, but I could take it outside and listen to the transistor radio when it was not plugged into the wall.

Sony and others recognised that the competition there was not the existing vacuum tube radio—the equivalent of a military UAV—but the non-consumption of the service because the cost was out of sight. So in such a situation you bring in a less capable, much cheaper product and then introduce it to a series of consumers—whether they be Coastwatch; fisheries surveillance; salinity management; or precision agriculture, where you can only pay a few cents per hectare to survey the land—and allow them to consume the product. You have then created a new market and a cost basis which the other competitors will not enter into because they are constitutionally not capable of doing so—and you will have to take that on faith, unless I give you some business cases. So, to go back to Sony, they introduced a transistor radio. It was an awful product—it was cheap, its performance was lousy—but people began to consume the product and it was on its own trajectory of technological improvement, so pretty soon it became highly capable and addressed the needs of the bulk of the marketplace. That is called disruptive innovation.

By way of example, take steamships. The first steamships were not in any way competitive with clipper ships, but clipper ships could not go up the Mississippi River. Steamships blew up, and they were expensive and polluting, but they advanced and, eventually, when they got into the open ocean, they took over the world of sailing. What was the number of surviving clipper ship companies? None. If you take earthmoving, it was originally thought of in terms of dollars per metre of earth moved. There were huge steam shovels. Some guy put a small hydraulic thing on the back of a Ford tractor and started digging in people's backyards to make trenches. It is a

terrible piece of hardware—it is called a backhoe. The cost per metre of earth moved was hundreds of times greater than that of a steam shovel, but it met a new market need, which was the need for digging trenches in narrow spaces. Hydraulic excavators have today, 50 years later, displaced steam shovels from the marketplace entirely. How many steam shovels have survived? None.

If you take a look at disk-drive companies, the first very large disk drives were developed by IBM for large mainframe computers. The figure of merit was dollars per megabyte of data stored, until you came up with minicomputers, such as the VAX produced by Digital Equipment. I do not know if you remember them, but they were big disk drives—as big as refrigerators. They would not fit inside a rack for a minicomputer. Therefore, the 8½-inch disk drive had a higher cost per megabyte. It was technically inferior but it would fit into a rack of a minicomputer, which would fit into a closet. A new disk drive generation was born—IBM did not participate in that one. Then it went to five-inch disk drives and three-inch disk drives and now to one-inch disk drives. The number of survivors from each one of those generations to the smaller ones today is almost none. There are economic forces for that.

That is a long answer but it is an important one, because disruptive innovation provides a huge barrier to entry for the existing competitor. Boeing is not going to upset my problem and Raytheon is not going to upset my birthday party here—it is going to come from somebody else using the same kinds of models and the same kind of low-cost approach. Incidentally, that strategy is an important one for Australia, because you are just not going to go up and punch the big guys in the stomach and watch them fall aside.

**Senator HOGG**—So what separates your particular development from other developments in this area? For example, you are referring to Coastwatch. I have actually been on a Coastwatch flight out over Ashmore Reef and so I have experienced that, but when you contrast that area and environment and the environment over the Great Southern Ocean they are chalk and cheese, I would imagine.

**Mr Moreno**—Yes.

**Senator HOGG**—How would you develop a product that services both regions? Or would you develop separate products for each region?

**Mr Moreno**—In my view it would be a derivative product for the Southern Ocean. Let me first of all say that this is all couched on ‘may be applicable’, because I have not done enough homework. It is not a primary market and I would not go out into that first. You do not solve the most difficult problem first. In my vision today I would use a larger engine because of the need to go faster and fight icing conditions and to be able to fly in worse weather and to handle higher cross-wind conditions. I would put de-icing equipment on the aircraft so it could have a reasonable chance of persisting until you could fly it into non-icing conditions, which I would not have to do with other applications. But it would be a derivative product.

**Senator HOGG**—Would it be fair to say that what you are proposing in terms of particularly the Great Southern Ocean is probably the second or third stage of the development process?

**Mr Moreno**—Absolutely. Not the first stage, no.

**Senator HOGG**—If you get to the stage where you actually operate a UAV, firstly, you would develop it and, secondly, I presume you would manufacture it.

**Mr Moreno**—Yes.

**Senator HOGG**—Would you then be the operator of that or would there be an independent operator: would you make it for Coastwatch or for AFMA or someone else? Give me an idea there.

**Mr Moreno**—We have spoken to AFMA and they just referred us directly to Coastwatch.

**Senator HOGG**—I understand why.

**Mr Moreno**—Our initial model was to produce aircraft but as we get into the technical issues we realise that really we have an integrated system which consists of the aircraft, the satellite link to the ground station, the capability of the ground station to download the data and control the aircraft and the people in the ground station. Incidentally, they can be anywhere because it is a satellite linkage. We propose that they be right here, for a variety of reasons. The system is not easily transferable as a system. If I give you one of those vehicles, it does not do you very much good. Moreover, in a technological world that is rapidly changing, the best way I can improve my product is not only to build it but to fly it, service it, take care of it for customers, be close to my customers and then continue to refine it on a constant basis, which I cannot do if I sell it to someone else.

So our business model is to do it as a service. For example, in the case of Coastwatch they just buy services; those are the products they buy. We would deploy the aeroplanes to airfields and we would take advantage of the people who are there who can service general aviation aeroplanes on a contract basis, just like taking care of a Cessna or a Piper. They push it out in the morning, fill it with fuel, launch it, it comes back three hours later, they bring it in, inspect it, pull out the data packages, refuel it et cetera. So we would be a service business, as I see it, because the vehicle itself is probably useless in the hands of those who do not know how to use it.

**ACTING CHAIR**—Thank you for your attendance here today. If there are any matters on which we need additional information, the secretary will write to you. You will be sent a copy of the transcript of your evidence, to which you can make editorial corrections.

**Mr Moreno**—Thank you very much.

[12.03 p.m.]

**ELVIN, Mr Richard James, General Manager, Operations, Austral Fisheries**

**ACTING CHAIR**—Welcome. These hearings are legal proceedings of the parliament and warrant the same respect as proceedings of parliament itself. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The committee prefers that evidence be taken in public, but if you wish to give confidential evidence to the committee you may request that hearings be held in camera and the committee will consider your particular request. I understand that the committee has not at this stage received a submission from you. If you wish to make a submission subsequent to giving evidence here today, I understand that that is possible. Do you intend to make a submission?

**Mr Elvin**—I will put a submission together after I have finished speaking, and I can give that to the committee at a later date.

**ACTING CHAIR**—Before we ask you some questions, do you wish to make an opening statement?

**Mr Elvin**—Yes. I think it is beneficial for the committee to know a little bit about Austral Fisheries and the background of the company. Basically, Austral Fisheries is part of the Newfishing group, which is also part of the Kailis and France group, which is a WA based company group. They started their life in the prawn-fishing business in the early seventies. It was in 1991 that we purchased the *Austral Leader*, which is the 86-metre factory boat—Australia's largest fishing boat—and moved from being a prawn-fishing company into the world of large factory trawlers.

We spent the first three years of our life trying to develop deep-sea resources around the Australian waters, and it was not until 1994 that we obtained a licence for Macquarie Island, which is south of Tasmania. We discovered the patagonian toothfish resource in 1994. Previous to that, we did not know a lot about patagonian toothfish. It was while looking for orange roughy results that we came across the fish, quite by chance. Once we found out what the fish was, and the background of the fish, we quickly realised we were onto something pretty special. So we operated out of Macquarie Island from 1994 to 1997.

In 1997, we obtained a licence from AFMA to explore and develop the patagonian toothfish fishery potential down in Heard and McDonald islands. We had no idea whether there would be a resource in that area, but that is really what brought our focus back to where the best port would be to operate from. In support of Bruce Manning and Andrew Hammond in their presentation for Albany this morning, we had a look at Albany. It presented a unique harbour—a very special, protected, deepwater resource. It also had a freezer capacity alongside the wharf with 1,800 tonnes of cold storage capacity, which is very convenient for any deep-sea fishing activity. With respect to engineering businesses, we have heard from Wallace Engineering this morning. We have worked alongside Wallace Engineering and other engineering businesses in the town of Albany since 1997, so we are looking at seven years, and I can honestly say that they are very capable of looking after and doing engineering on large vessels such as the two we own.

In 1997 we went down to Heard Island. It was basically a big punt; we did not know what we would find. Vessels the size of *Austral Leader* are very expensive to run, as you can imagine—they cost \$20,000-odd a day—so to go on an exploratory trip down to Heard Island for two months and come back with nothing is a very expensive investment. We were thinking very positively about the opportunities, because the French had caught patagonian toothfish only a few hundred miles north of us, so we thought there was a reasonable chance of success.

The patagonian toothfish was named for the Patagonian Shelf—it was originally discovered off South America. A fleet of long-liners working off South America had depleted the resource within the EEZ of Argentina and off the Patagonian Shelf. The pirate fleet was then systematically moving across the subantarctic towards Kerguelen and Heard Island and systematically raping and pillaging the patagonian toothfish resources of Prince Edward Island and Crozet Island. Our information is that they arrived in our backyard, down at Heard Island, around the same time as we got down to the fishery in 1997. So the first trip was a failure.

The second trip was a success for us. When we went back down into the fishery, we also bumped into four or five toothfish pirate long-liners fishing inside our EEZ. Consequently, we realised that we had a real problem, and we have been fighting very hard since 1997, trying to deal with all the facets of the pirate situation. We purchased the fishing vessel *Southern Champion*—that is owned by the Kailis and France group, our parent company—so we have had two vessels that have been working the patagonian toothfish fishery since 1997. We have had a real presence on the ground, as best we can.

We work very closely with AFMA in trying to locate and identify the pirates. As the operations manager, I dedicate time during each one of our trips down to Heard Island to look for potential pirate activities, so we send the boats off around the fishery on a surveillance run. Of course, our boats are not armed. There is not much we can really do if we come across the pirates, bar identifying who they are, taking photos of the boats, writing a report and sending it straight back to the head office, where it is fed back into the system.

There is no question that there is a big problem with the pirates. I am personally quite passionate about the importance of getting a plane in the air. We heard from various individuals today that they also believe that is essential and a good idea. Last year, we looked at the opportunity of setting up a Twin Otter out of Kerguelen Island, Port-aux-Francais. We sent a consultant to the island and they identified the airstrip that would be suitable. There was a lot of cooperation from the Port-aux-Francais management on the subject, and we put together a proposal that we codenamed 'operation sentinel.' We were very excited about the proposal. Unfortunately, when it went to the French parliament it got shot down in flames, for a whole host of all the wrong reasons. So we sat back and had to regroup, and we thought: 'Where to from here? What is the next best move?' Our consultant identified a number of aircraft that would be suitable and safe enough to be able to fly all the way from Albany and/or Mauritius down to Heard Island, be able to undertake four or five hours of surveillance and then be able to fly back again.

Dr Washer asked earlier on about the DC6. They stopped making the DC6s in the late 1950s. You would normally think that the plane was too old and you would not consider it, but I think there are some 130 DC6s in active use around the world. There is a big support network to supply parts for the planes, and in the airline business there are very strict regulations on



conditions of aeroplanes and conditions of airframes. We looked at the possibility of putting an operation together with a DC6. We are a fishing company and not in the airline business, and so it was a board decision to try and pull together other interested parties that could utilise the service. Consequently, we would like interest from the French, interest from the Australian government—and, if the plane were doing a run back to Mauritius, possibly a Mauritian contract—for some EEZ work plus or own EEZ, domestically. That is an ongoing challenge for us to try and get other interested users for the service to help pay for it. That is where we are at with the DC6 side of things. I think it is an integral and very important part of the whole big picture, if we are spending this huge amount of money on a surveillance vessel for the fishery. We spend a lot of money on undercover work, trying to identify where the pirates are working from, who is behind the scenes, who the companies are, who the company directors are and how many boats they have in the fisheries. There is a huge amount of information that we have made available to the government and to the system; it is in the system.

Thinking about a few of the questions that were asked previously about how you deal with the pirates and whether catching one or two boats is really going to solve the problem, you need to look at the mass of money the fish is worth. Each one of the pirate boats probably has a 250-tonne capacity to hold fish—250 tonne of patagonian toothfish in its head and gutted form is probably worth \$US10 a kilo wholesale, so that is \$2½ million worth of fish that would be caught in approximately three months. If you have a pirate fleet of 10 boats running around, that is \$25 million worth of fish being stolen out of the fishery.

Another question asked of Tom Morris was the value of the boats that have been arrested so far. Early in the fishery the *Aliza Glacial* was, I think, the second illegal boat arrested. She was only two years old: an \$8 million, state-of-the-art boat that was a great catch—it really was—but unfortunately there was a loophole in the legislation and we lost that case and lost the boat. But the pirates quickly realised that it is best to have older boats, not worth a lot but still capable of doing the job so, if they get caught, they are not losing a lot. A lot of the boats that have been caught subsequent to the *Aliza* are probably only worth \$1½ to \$2 million. You have a catch worth \$2½ million on the first unload so, if it gets caught the second or third time down the track, the boat has been paid for several times over, so it is a difficulty.

The problem is that your surveillance boat in the fishery identifies a pirate and, as soon as the pirate has been identified and realises he is busted, he puts the word out to the rest of the fleet, 'The Navy is behind me, and I'm not going to get away,' and then the rest of the fleet moves outside the EEZ of the 200 miles around Heard Island. Consequently, the pirate is arrested and taken back to Fremantle and the others know that once the Navy boat and the pirate are gone it is going to take a week to get the boat home, then the process time in port and another week before it is back down. So you have this huge gap where they all just come back and have a free-for-all, knowing that there is not going to be any Navy boat in the area.

From a pirate's point of view, if they lose one or even two boats in the process, I truly believe they see it as just a casualty of war. I think it is just, 'That is unfortunate but we still have the rest of this fleet to carry on.' So we have to think of means and ways of supporting our boat in the fishery that are going to have a maximum impact on the pirate fleet—really hit them where it hurts. There is no question there has to be cooperation with the French. There is no question that the operations sentinel based at Port-aux-Francais that I mentioned has to be resurrected somehow. This is where you have a plane based in Port-aux-Francais, which is only 300 miles

from Heard Island, that can run surveillance effectively for the two fisheries. Ideally, I would like to see a helicopter able to fly from Port-aux-Francais to where the boats have been identified by the plane to arrest them, but I do also appreciate the occupational health and safety concerns. With the last arrest, unfortunately they dropped somebody in the water from the chopper and there were a lot of problems attached to that. I do appreciate there are challenges with it, but we have to think of some means of effecting multiple arrests to really solve the problem.

The irony of the whole situation is that every year Austral Fisheries goes down on behalf of the Australian government and the Antarctic Division and undertakes a random stratified trawl survey of the fishery. So we have a shot in all the different areas over a fixed period of time and then the scientists work it through their modelling process, decide how large the biomass of the fishery is and how much fish they are going to allow the legal operators to catch every year. The problem is that the pirate intake is factored into the modelling process and dealt with by the scientists as a predator in the same way as if you had killer whales eating the fish or information that fish is being removed—they deal with the pirates as a predator.

The problem from there is that, if the 12,000 or 15,000 tonnes of fish that we believe is being stolen from our fishery were factored into the modelling process, then the scientists would be recommending a total allowable catch for the legal operators of zero. I am very sorry about this, but with a scientist you have to speak to the managers of the fishery and they say, 'This year the quota's not 3,000 or 2,800 tonnes; it 100 tonnes or it is zero, but come back next year and we will do another survey and I'm sure things will have improved.' For that to happen, we have lost the war. We as the legal operators are shut out where the pressure to keep the boats in the fishery and protect the fishery and all the other issues is backed off. The system to date has only factored in a very small amount of illegal fish in the whole modelling process, which has still allowed a commercial amount of fish to be caught by us. But it is a little bit of a 'head in the sand' situation: when you look at all the evidence that is there, there is obviously a lot more fish being taken. So it is a big problem. I am very proud and excited about the money that has been allocated to deal with the problem. It is a matter of how we support the ship that will be going down to the fishery with other tools in the box to be able to effect a better picture to get the boats out. I believe a plane is very instrumental as part of that.

With the satellite imagery that they are using, you have a huge problem in overcast weather. The fishery may identify a small target that could be a ship—or could be an iceberg—but that does not help you in identifying who it is or how big the boat is. Consequently, we would go and investigate. However, they are very smart. They have got a lot of very sophisticated electronics. They have got the best radar in the business. It has these huge extended towers on the top so that they can see us and/or the Navy before we can see them, being a much smaller boat and lower in the water.

We have heard reports from some of the people working on these pirate boats that they have a very sophisticated system where they only turn the radars on once an hour for a few minutes to identify what is around them so that the Navy boat—or maybe a Austral Fisheries boat, that perhaps has some technology to be able to pick up the radars in the area—does not catch them. So it is a very well-organised pirate operation. I truly believe we need to work very strongly at getting a plane in the air that is safe enough to be able to go down low, that can take photos, identify the boat—what boat it is, where it is—and the true extent of the problem, because unless

we do that our beautiful new surveillance boat is not going to be capable of solving the big picture.

**ACTING CHAIR**—Thank you, Mr Elvin. You have painted a very comprehensive picture of the issues that the industry is facing in the Great Southern Ocean. Before I go to the other members of the committee, who I am quite sure have a number of questions, while it is fresh in our minds I would just like to touch on the particular issue of reducing the capacity of a vessel in the HIMI zone. If one vessel is apprehended, there is an assumption that a vessel will escort the apprehended IUU vessel back to Fremantle, and that is the process at the moment. Does the industry have a particular view about prize crew manning of vessels? In other words, the compliance vessel would stay in the area, you would put a prize crew on board—as you are probably aware, it has been done in other parts of the world and in Australia—and that vessel would then be escorted. It goes back to Fremantle, after an audit of its capacity in terms of fuel and that sort of stuff.

**Mr Elvin**—I think it is absolutely essential to be able to keep the vessel in the area. If you are cooperating with the French then you can have the boat escorted into Port-aux-Francais, which is a very safe harbour. They have got a proper little community in Port-aux-Francais—there are over 100 people living there. You could have the boat taken into Port-aux-Francais, rounded up and processed and then have a delivery crew take the boat back so you leave the contract surveillance vessel on the grounds. Yes, I think that is essential.

**ACTING CHAIR**—So it is a very important aspect of it.

**Mr Elvin**—Yes.

**ACTING CHAIR**—Thanks, Richard. That was a good presentation. What was the problem with the French government with respect to the Port-aux-Francais? Why would they not allow the plane to land?

**Mr Elvin**—I am not too sure. There are a whole host of reasons. The French are fairly arrogant in their own right. I think the Australian fishing industry offering up a solution to a surveillance problem that was not their idea in the first place offended them somewhat. I think the environment minister had a problem with planes landing on the island, worrying that next thing there would be a whole bunch of tourists going up and down the island. I think that was a pretty weak excuse, personally. It was very unfortunate. I am not too sure of the real reasons behind it, but we were all disappointed that an initiative that was very special, very cost effective, very beneficial to both Australia and France, was squashed. I firmly believe that that initiative has to be Sentinel mark 2. Guardian of the gate has got to be reinstated somehow—at a government to government level would be fantastic.

**Dr WASHER**—Do you know if our foreign affairs department is now working on that? Is that happening, to your knowledge?

**Mr Elvin**—I believe that there are discussions going on. Regarding the query about whether Australia and France are working together in joint surveillance activities, I can confirm that is happening. Last week our vessel, the *Austral Leader*, was returning from one fishing spot and going to another and it saw a vessel on the radar, assumed it was a pirate boat and made a

beeline straight in there for photo identification and to read the riot act to them. It turned out to be a French naval patrol vessel with a gun turret on the front. They identified themselves and what they were doing, and they wanted all the details of the *Austral Leader*. That came as a bit of a surprise to us. We had not heard of that happening, but it is definitely going on. So some positive moves are obviously afoot in that area.

**Dr WASHER**—Are you aware of whether we have put forward a proposal to use their port in the event of this new boat coming? The problem is obviously that it cannot be an escort vessel. Has that been explored?

**Mr Elvin**—I cannot answer that question. I do not know. I would like to think so. It makes a lot of sense.

**Dr WASHER**—I do not know what design the boat will take, but one proposal is to have a helicopter on board. With the conditions they have down there, is it feasible, under reasonable conditions, to land people, via helicopter, onto these pirate boats?

**Mr Elvin**—For around 90 per cent of the illegal boats that have been apprehended to date, the Navy have used a chopper. In nearly all the arrests, they have used a chopper. They go out there and drop the SAS boys down the wire and take control of the boats very quickly. I have been an absolutely passionate supporter of the new vessel having capacity for a chopper on the back deck. I think what happened during the last boarding was very unfortunate. I cannot say whether it was due to inexperience or what exactly transpired. That is a complication with the OH&S issues, but I am still very passionate about having chopper capacity, when the circumstances and conditions are right. It definitely offers maximum clinical efficiency. The plane can identify the extent of the resource and the boat could even be sitting at the back of Heard Island and send the chopper out to deal with the pirates. That is something I think should definitely be part of the program.

**Dr WASHER**—Did the French boat that you encountered have a chopper on it?

**Mr Elvin**—No.

**Senator HOGG**—I want to ask a couple of questions on an area that you have not mentioned—that is, how we deal with the nations which themselves sanction the pirates. I presume that is more an issue for Foreign Affairs than for AFMA. Do you have a view on that, and can you tell us whether any progress is being made in that area?

**Mr Elvin**—I think it is very difficult. We have been applying a lot of pressure. As you may be aware, we were the founding members and we pulled together the legal toothfish operators around the world in an operation called COLTO—the Coalition of Legal Toothfish Operators. Instead of it just being an Australian fisheries push continually, we are trying to pull together everybody who is legally involved in this business to make a contribution and to try and work together. It is definitely having an impact. There is no question that the heat has been turned up in Uruguay with the Uruguayan fisheries minister. In some of these left of centre happenings that are going on in some of these South American countries, a lot of international pressure is being brought to bear, and it is definitely having an effect.

For instance, Mauritius was known as a pirate haven. When we started in the fishery in 1997, I flew over to Mauritius and took video footage of the Glacial fleet—*Christina Glacial*, *Caroline Glacial*, *Alida Glacial* and *Aliza Glacial*—unloading. These vessels were purpose-built for poaching patagonian toothfish. I think that was under Norwegian government subsidy, too. It was very controversial, and the Norwegians dealt with it very seriously when we arrested the *Alida Glacial*. A lot of work is being done. Mauritius has been a lot more serious about dealing with the boats that potentially are illegally fishing. The fact is that we know how much fish is coming from the legal operators and who is legally allowed to catch it. A lot of the pirates are saying they are catching the fish in international waters, but that is simply not true. All these countries should look down through the list of legal operators and the names of the vessels. If one of these boats is not on that list, there is a high probability that there is something shady about their activities.

It makes it very difficult. It is like a pea under a hat. They change the names of the vessels, they change the flag state of the vessels and they change the ownership of the vessels. So it is continually a moving, changing feast. You have to try to identify the boat at source. If we can get the legislation in place where fisheries officers in a plane or on a boat can identify a boat in the zone, there is a high probability you would get a successful arrest when it arrives wherever around the world. I think that would be very beneficial and it would put a lot more power into the option of the plane.

**Senator HOGG**—But surely one of the real breakthroughs will be if you can severely restrict the number of ports in which these vessels can seek safe haven. That would assist your cause a great deal.

**Mr Elvin**—The problem is that they are very smart and cunning and, because such a huge amount of money is involved, there is a huge resource capacity to get around the rules. What they are doing is unloading at sea. They are putting reefer boats out that unload the long-line fleet and supply them and then the reefer boat ends up heading into somewhere like Singapore. And, instead of calling it patagonian toothfish, they call it cardinal fish from the Indian Ocean. So it slips through the system, it ends up being reprocessed in China and it has once against slipped through the net.

One of these large cargo boats could have 1,000 tonnes or 1,500 tonnes of fish on board as they have been supplying all these long-liners. So they go into port—to save face, for engineering repairs or to store up—and they have very little or no fish on board, and everybody thinks that the problem has gone away but in actual fact it has been dealt with a different way.

**Senator HOGG**—That raises a secondary issue in my mind, and that is that not only is it about surveillance in the EEZ itself but also there is a need for surveillance outside of the EEZ for the tracking of these boats to where they may well be unloading their catch at sea to a mother ship.

**Mr Elvin**—I absolutely agree.

**Senator HOGG**—So, under those circumstances, who does that?

**Mr Elvin**—Very true. This is all part of the bigger picture surveillance program. From a government perspective, they would be putting an Orion on the job—or you could have a plane like a DC6—and part of the Orion's job would be to fly around the edges of the EEZ, both Australia and France, and identify the true extent of the problem. There is no doubt in my mind that unloaded reefer vessels have pulled into the back of Kerguelen Island and Heard Island and had their boats come in and service them in the lee of the island and they have gone back fishing again. So there should absolutely be surveillance outside the EEZ and also around the islands—in the bays where the calmer weather conditions would be.

The senator also brought up some environmental issues. As we know, Heard and McDonald islands are World Heritage national parks. Last year they were announced as one of the largest marine protected areas in any fishery. That is very special, but who do those rules apply to—Austral Fisheries? Are they the only ones that are not allowed to go into the fishery and the only ones that keep everything on board their boats? Nothing comes off our boats. Everything is kept—all the tails and all the fish guts. Everything is retained on board. Nothing goes off to provision the birds in the area. All the waste products are kept on board. This whole pirate fleet are throwing all the garbage over the side and they have long-lines with 30,000 hooks that are killing thousands of bird a year. And they flaunt this in the face of all that we are trying to do in this pristine World Heritage national park. So it is not only a fisheries issue; it is also very much a sovereignty issue.

**Senator HOGG**—I have two other quick questions. One is in relation to the fact that there is a compliance vessel in the planning stage which seems to be very good. But what about the issue of deterrence? Compliance is more or less, 'We've spotted a pirate; let's now go in and ping the pirate'—so to speak. But what about the need for a deterrence capacity there in the first instance to ward away those that might be illegally fishing in the area? Is that practical?

**ACTING CHAIR**—Just to clarify, are you speaking of the legislative impost, penalties and those sorts of things?

**Senator HOGG**—I have not thought this right through. I am just thinking in the broadest of senses at this stage. Is that an asset, Mr Elvin?

**Mr Elvin**—I cannot think of any feasible way or method of doing that, because there is so much money involved in the pirating of the patagonian toothfish and because it is so remote—it is so difficult to deal with the rough weather and the remoteness of the fishery. We talked about the VMS monitoring before. It is a fantastic initiative. All legal operators of fishing boats should have their governments monitoring their vessel through an effective VMS program. Even at the CCAMLR sittings, you have 23 member nations from around the world that get together and put a lot of very strict environmental rules into the sub-Antarctic. VMS comes up every year, as every CCAMLR registered boat should have a VMS. For any member nation to get up and put an argument against that is pathetic, quite frankly. You are just putting up your hand and saying you are guilty. If you are doing the right thing, you should absolutely 100 per cent support it across the board.

Then we have the problem with the electronics that was mentioned earlier with Tom Morris, where they have developed this technology and the government that is monitoring it ends up

thinking the boat is in international waters when in fact it is at Heard Island. That is a whole new problem with our VMS that we thought was going to be such an important tool.

**Senator HOGG**—There is one last issue I want to raise. I raised the question of slippage with the previous witness. Do you want to comment on that?

**Mr Elvin**—Yes; no problem. Wallace Engineering is a great local business. Our two large boats—*Austral Leader* is 86 metres and *Southern Champion* 87 metres—are Australia's largest fishing boats bar none. Wallace Engineering and some of the support engineering companies have done a huge amount of work for us. For the slippage requirement, you steam one day up to Fremantle and you go straight to Tenix up on the synchrolift.

**Senator HOGG**—So that is not a problem.

**Mr Elvin**—No, it is not. It is one day around the corner and you are straight up on the slip. That only happens every few years anyway. So that is not a problem. For all of our general engineering and for any of the requirements for a support vessel out of Albany, they absolutely can deal with it. They have rebuilt our engines; Wallace Engineering have completely rebuilt our 2,000-horsepower Deutsch engines. They do all the steelwork that is required on the fishing boats—which you can imagine is quite enormous because there is huge wear and tear with all the fishing gear coming up the back. From an engineering supply point of view, I could not speak highly enough of Wallace's support.

**Senator HOGG**—Thank you.

**Senator STOTT DESPOJA**—First, thank you for that environmental aspect, Mr Elvin. That was quite important, and you pre-empted one of the questions I had. I think we might get a more detailed response for the French. Just to warn you, whenever an organisation—or even a government—feels that they may have been adversely reflected upon in a committee, they have the right of reply. So we might ask them Dr Washer's question as to what the rationale was.

I am interested in two specific things. You talked about the modelling for the quota. Are you advocating a change in the way that modelling process takes place, or were you just bringing up some of the difficulties for the benefit of the committee? I understand the difficulty. If you are playing by the rules and doing the right thing, it is annoying that, inevitably, the modelling determines that the number that you are entitled to fish is reduced as a consequence of illegal activities. Of course, at the end of the day there is an environmental consideration. How do you get around that? I just wanted to know if you were recommending something specific to the committee.

**Mr Elvin**—There is no question that the CCAMLR-accepted modelling process is very conservative. Australia is the host nation to CCAMLR. The meeting happens every year down in Hobart and they take a lot of pride in the fact that Australia is the host nation to CCAMLR. There is a facility within CCAMLR where, if you do not agree with the process or if, for national interest you must disagree with the process, there is the chairman's statement at the CCAMLR meeting. So you exercise the chairman's statement to say, 'I am sorry that the CCAMLR modelling process has determined that the TAC for our fisheries should now be zero. That is not suitable in our national interest or for the legal operators here, so we will make our own decision

with this. We will put effective, conservative and responsible fisheries modelling in place; however we will make the decision on that.'

The French do it every year. The French sit back, work it out and say: 'We have determined that the biomass of the fishery is this. We are taking a conservative amount of TAC for our legal operators, and this is it.' CCAMLR says, 'The French should be getting this amount,' and the chairman's statement says, 'Fine. This is what we are declaring our TAC to be.' It is an absolute necessity for Australia and the government to take this initiative. The process has to be worked on now to make that happen for us. It is very important. Otherwise, we will get caught out in our own system and we will be fighting it when the fishery has been shut down. It will be: 'Come back next year Austral. I'm sure things will get better.'

**Senator STOTT DESPOJA**—My second and final question relates to funding contributions to the surveillance effort. You may have heard me ask Jan Axe a similar question previously. You have indicated in your comments today that you are spending a lot of money on undercover work and a range of things—none of which is cheap, I presume—so there is obviously that private contribution that you are making. I would be curious to know how much you spend each year, if you have an estimate, on trying to assist with tracking down and preventing illegal activities. Do you make a specific financial contribution to surveillance that is undertaken by the government?

**Mr Elvin**—We do it in boat time. As I said, our vessels cost \$20,000 a day to operate, and we help in any way we can. As I mentioned earlier, I direct the boats on every trip to spend at least two or three days turning around and doing a broader look for any activity that may be going on in the areas that we are not fishing. We work very hard with our undercover work to try to obtain information on where pirates may be fishing so that at least we know more areas where we can potentially go and have a look at.

There have been times when we have had information that there may be a boat in a certain area, and I have sent the boat off for a week to go and check out the issue. It is a huge financial contribution by us to leave off what we are doing to be a part of it. But that is why we are there—we are a commercial operation, and we will do everything we can to turn around and do our bit to save the fishery.

**Senator STOTT DESPOJA**—So is that based on \$20,000 a day for a two- to three-day effort, or are there other costs that you would factor in if you had to estimate this?

**Mr Elvin**—We have two boats. It would be three days for each of the boats for each trip down to the fishery, and there are probably four or five trips each year. I could take that on notice and come back to you with an estimate of how much money we have invested in the last few years on the undercover work that we have turned around. It is very substantial. I could get you an exact figure on that if you would like.

**Senator STOTT DESPOJA**—I would like it. I hope the rest of the committee would.

**ACTING CHAIR**—Perhaps you could take that on notice, Mr Elvin, and provide it in your submission. There is an issue that is best described as remote noncompliance evidentiary collection. For the benefit of others, that is being able to take a photograph through a machine



that is accepted in court that gives you both time and position. In a global context, it allows people to be prosecuted on the basis that they were in a place conducting an operation that was not in compliance with, in Australia's case, the Fisheries Management Act 1991. Clearly, arrangements between CCAMLR members and other wider global coalitions would be a significant step forward on this, rather than moving to helicopters and so on. In view of your comments about the CCAMLR membership and the reluctance of certain countries within that membership to provide even basic VMS—VMS is on the agenda at every CCAMLR meeting and at every meeting a number of them take it in turn to veto it—do you think that a global coalition with regard to prosecuting remote noncompliance evidentiary processes is a possibility?

**Mr Elvin**—It is absolutely a possibility. It would be a very special result if that could end up happening. To date, it has been very frustrating and difficult. We have identified pirate boats going into Jakarta. There has been nothing we or the French have been able to do to seize the boats. When we had information that a boat spent its whole trip, in this particular case, in the French zone, we and the French could do nothing to lay our hands on it. We had a means of tagging one of these pirate boats. I will not go into the detail of that, but we successfully tagged it through the whole time it was in the French zone and followed its course, so we had plenty of notice about when it was going to arrive in Jakarta. We saw exactly where it was heading to, and we notified the French. It was a very difficult one. The tag was duly removed after the boat entered the port, so we had some real concerns about how tight the French system is regarding information, because it would be highly unlikely that they would have searched for this particular tag that we had placed on the boat. A warning must have come from somebody within the system. There is real concern about leaks in the system. But to answer your question, it would be a very special initiative if that could get some serious legs.

**ACTING CHAIR**—Clearly for this committee there are issues that perhaps do not primarily rest with Fisheries and Customs. Perhaps the issue should be widened to ensure that Foreign Affairs are continuously involved in that. Thank you very much for your attendance here today. If there are any matters on which we need additional information, the secretary will write to you. You will be sent a copy of the transcript of your evidence, to which you can make editorial corrections.

[12.46 p.m.]

**SMITHSON, Mr Neil Ramsay, Managing Director, Smithson Planning**

**ACTING CHAIR**—Welcome. These hearings are legal proceedings of the parliament and warrant the same respect as proceedings of the parliament itself. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The committee prefers that evidence be taken in public, but if you wish to give confidential evidence to the committee you may request that the hearings be held in camera and the committee will consider your particular request. I understand that, whilst you have not made a formal submission, it is your intention to provide a submission and then take questions.

**Mr Smithson**—I would like to table a submission now.

**ACTING CHAIR**—Is it the wish of the committee that the submission tabled by Mr Neil Smithson be accepted?

**Senator HOGG**—Yes.

**ACTING CHAIR**—There being no objection, it is so ordered. I invite you to make an opening statement before we proceed to questions.

**Mr Smithson**—The submission includes an abstract of a project called Rainbow 2000—a regional planning strategy for Albany and the Great Southern. There is also a more specific statement on the transport task that is the underlying cause of the strategy. It is, in fact, a summary of a presentation I made to a conference in Geelong late last year. There is a financial statement on the particulars surrounding the Rainbow 2000 planning strategy. There is also a black and white copy of the central initiative in the strategy, and that is port relocation. The following two pages short-list the PowerPoint presentation. The second last page is a letter that was referred last year to a number of places—principally every foreign diplomatic mission within Australia; every federal member of parliament, particularly those from Western Australia; and every member of state parliament in Western Australia. The back page of the submission is a photocopy of a number of lead headline items from the local newspaper, giving background to the level of development that is taking place in Albany and the Great Southern.

*A PowerPoint presentation was then given—*

**Mr Smithson**—Thank you for receiving my submission. Smithson Planning is a consultancy group based in Albany. We provide town planning and organisational management and environmental assessment services. In November 1997 I published a planning strategy called Rainbow 2000, a regional plan for Albany and the Great Southern of Western Australia. It comprises six main elements, including an overall planning policy statement, a Great Southern Region planning initiatives statement, a metropolitan Albany planning initiative statement and an Albany Central Business District planning initiatives statement. Further, there is an event called the Albany 2014-18 Re-enactment, which is a major marketing tool, and there is an Albany 2026

bicentennial celebration of European settlement in Western Australia. Essentially it revolves around those subjects.

If you understand the nature of the problem, Albany presents a unique situation. To put it into context, I regard the terms of reference of this committee as looking at the Antarctic theatre of operations. I would like to talk to you today about in what context Albany might serve that role in the future. In the context of Rainbow 2000, because you are politicians I have to outline the whole thing as opposed to focusing on what might interest you most of all. It only takes about 30 minutes. The problem is that we have a system under pressure, if you like. There are a variety of responses on the right-hand side there. I think most of those things are self-explanatory; we will not dwell on them.

As I mentioned, the policy statements govern the overall intent of the strategy. You can see the different spatial areas of planning analyses that need to be done concurrently in order to get to the centre of the issue. Essentially each of the strategies addresses those things on the right-hand side. I would focus most importantly on self-determination. Next are the three plans. On the left-hand side is the regional planning strategy, the metropolitan Albany strategy and the Albany CBD strategy. What you have got at the moment, succinctly, is a port and a city that share the same waterfront. It is not an unusual situation in Australia, but it is a particularly challenging one for Albany for the future.

I would say there are 118 particular planning initiatives outlined in those three strategies. When you add them all up they are worth about \$5 billion in investment. That is about 30,000 jobs. The population for the region, as indicated previously, is about 31,000 for Albany. Under this strategy it is a 30-year plan and the intention is to grow to about 150,000 people in Albany and about a quarter of a million people in the region. The main commercial initiative associated with the strategy is the relocation of the port of Albany from its current location on the north side of the harbour around to the south side.

**ACTING CHAIR**—What is the time frame for the actual movement of the port?

**Mr Smithson**—That really depends upon the community and whether they take it to a referendum, but I would suggest to you that in the current context, where we have a state election in 2005 and the federal election in 2005, I believe the relationship between the port and the city will be a core issue in determining who wins the seats of Albany and O'Connor. Those in turn will be very influential decisions relative to winning Australia and winning Western Australia.

**Senator STOTT DESPOJA**—I do not think the election will be in 2005 on a federal level.

**Mr Smithson**—We will see what happens.

**ACTING CHAIR**—With regard to the physical capacity to actually move the port, just so I have an understanding of how long that would take, are we talking 20 years or something?

**Mr Smithson**—No.

**ACTING CHAIR**—Ten years? You can actually just put—

**Mr Smithson**—To set up the new port would probably take about 12 months from the decision to go. I will keep running through and explaining it. What we have is a port. Roughly speaking, it is 10 times the land backed area. It has a total of 22 berths, 10 outside in King George Sound and 12 inside in Princess Royal Harbour. The dotted line along the bottom is a combination road-rail freeway. It is grade separated and there is controlled access. The problem with the current port's location is it is only 90 hectares of land, it is on the end of the peninsula and there is a single railway line and a two-lane road running along our foreshore that provide access to the port.

I would urge you to get a copy of last Tuesday's *Albany Advertiser*, in which a plan of the foreshore development was published, as it is currently being pursued by the current state government. I would ask you to take particular note of the remarks by Ian Peacock, who is the chairman of the Albany port users liaison group. He suggested that once commercial or residential development takes place on the south side of that access route that effectively would determine the role of the port for the future. That would not be an unrealistic consideration relative to a number of other locations around Australia. I could mention 17, in fact.

But the issue as it stands right at this point in time is that we have a brand new woodchip industry, which everybody agrees is a fantastic potential opportunity. It is currently only doing 200,000 tonnes of exports, whereas the final scenario for all of the operators is in the order of about three million tonnes of exports. I would suggest to you that woodchips has a three to one volume ratio relative to grain. Therefore, it represents a net five or six fold increase in the volume of product going to the port.

Only one of those players at the moment is committed to rail freight, and that means that currently there are two trains in and out a day. I am led to believe that when they reach maximum capacity in 2007-08 that will equate to 14 train movements a day in and out. That represents quite a heavy load in terms of motor vehicle crossings, because none of them are grade separated at the moment.

Also, the major player, APEC—the Japanese contract side of it—is roughly one-third of the market. The other two-thirds of the market are private industry operators looking to do road freight transport. The indications, based on a traffic management plan presented by the proponent a couple of months ago now, are that it equates to one prime mover with either a single, a double or a triple wood pan on the back every minute going into and out of our port.

What I would suggest to you is that is basically an unacceptable volume of truck traffic along our foreshore, based on the design configuration existing. It is also likely to be extensively challenged by port foreshore development under the state government's plan. Do not get me wrong: I support the timber industry and I also support the foreshore development. It is the combination of those two factors that have brought on the need to review the entire situation. Politically, very few organisations are prepared to look at the whole scenario.

What I can say to you is that it is in my opinion technically feasible to put the port across there. It is certainly going to be a challenge politically, so the decision to actually move the port is premised on a referendum of the region: in other words, a community mandate to do so, which neither the state nor the federal government could ignore. That is also a fundamental of the financial solution, too. It is estimated that it will cost about \$1 billion to move the port. However,

once you do move the port it frees up the entire city waterfront for redevelopment potential. That is worth around \$2 billion.

The particular solution for achieving this strategy is to form an Albany port corporation. It would be a port corporation that would look after both the seaport and the airport. That is premised on a partial privatisation realising about \$400 million in investment from 60 per cent partial privatisation. That means all I have to achieve out of the port's redevelopment is about \$900 million, which is entirely achievable in my opinion, and it still leaves a good deal of the waterfront ready for redevelopment as well. It is a huge change but it is very achievable. You can have a look at the financial statement in the submission—it supports it.

The alternative is that the port stays put, and realistically whoever is in government—whether that is local, state or federal—is going to have to propose a transport solution that will do this port not only now but probably for the next 30 years. I would suggest that ultimately, if the port was to stay put in its current location, it would be really ending its term, which is exactly the comment Ian Peacock made last Tuesday in the newspaper in response to the state government's planned strategy for redevelopment of the foreshore.

Suffice to say that there are a number of very big players, all with different opinions on which way this should go. My background is in town planning and environmental assessment. I had a good look at this situation before I published the strategy, and I have to indicate to you that it is the subject of intellectual property ownership. Basically, I could not find another solution. I spent the best part of three months developing this plan and the best part of three months basically going through it and finding out why it had to be done that way.

What I am showing you is a significantly different seaport. You have asked a number of questions about slipways, but I would indicate to you that included in the proposals is a proposal for a small naval base associated with that facility for vessel services. The dovetail to that is that I used to manage Mildura's airport, in Victoria. The current airport has a 2.2-kilometre runway. The planned one I am showing you is a full international airport with a three-kilometre runway which would service planes of all capacities. That also includes an Air Force base, which is a corollary, if you like, of the nature of the services you are looking to provide to service Antarctic operations.

Between the two there is a significantly enhanced seaport and a significantly enhanced airport. The justification for the airport relates to Albany's Anzac connection. Just last week, when the acting Premier of Western Australia—normally the Deputy Premier—Eric Ripper, was attending the Anzac services, Albany Anzac was declared the fourth heritage icon for Western Australia. I have had a number of discussions over a long period of time with our federal government, urging them to consider the role of the Anzac. We are talking about the first Australian military operation in our Commonwealth history. It basically left from Albany. Unfortunately, I do not have a PowerPoint illustration to show you, but if you get a chance, in the *Albany Advertiser* there is a report called 'The Australia New Zealand Expeditionary Forces'. The centre spread has a picture dating from 1914 showing a collection of ships in King George Sound. So when I refer to the Albany 2014 re-enactment, the idea is to re-enact the assembling of those ships in King George Sound. Three weeks ago I met with Gerry Brownlee, who is the Deputy Leader of the National Party in New Zealand, and some people from the New Zealand Ministry of Defence and briefed them on this project. Over the last several years we have been regularly visited by

United States, British, French, New Zealand and Canadian consulates, all because they understand the significance of Albany in the Anzac tradition relative to 2014.

From a marketing point of view it is not just about 2014; it will be from 2014 right through to 2018. Late last year, I briefed the state executive of the RSL, the Tourism Commission, the Chamber of Commerce and Industry in Western Australia, the Western Australian Airports Corporation, the Chairman of the EPA of WA and any number of bodies. There is a document about it but, over the past six years since publication, there have been in the order of about 700 presentations of this strategy to various people just to start bringing them into line.

**ACTING CHAIR**—Do you wish to table the document?

**Mr Smithson**—The one I have here is my copy. I can get you one, if you like, without any dramas at all.

**ACTING CHAIR**—We can get another copy. Is it the wish of the committee to accept this ANZEF document? As there are no objections, it is so ordered.

**Mr Smithson**—It is a tremendous thing to have. Bear in mind that Gallipoli received a million visitors last year. Albany has around 350,000 commercial tourism visits and, I would suggest to you, the dawn service at Albany is growing in stature every year—by the time we get to 2014 the Anzac re-enactment will be a huge event and a real focus for Australian interests. The event in 2015 in Turkey will be bigger, but the Albany event will be quite significant, I would say. This is probably the best hotel accommodation in Albany at the moment, but, aside from that, there is very ordinary accommodation. Basically there is a need for far superior accommodation and there is a need for international travel capacity.

I could go into an entirely separate argument which I made to the Westralia Airports Corporation. An international airport and an international seaport here in Albany dovetail very nicely with Perth, which is 400 kilometres away. People enter internationally into Perth, travel through the south-west, which is where 80 per cent of our Western Australian population is—the lion's share of the tourism experience—and exit from Albany. You can obviously do it the other way. In fact, earlier this year we had four cruise ships, which is a target strategy area, and several thousand international travellers came to have a look at Albany and our port. It is all part of the bigger component.

The seaport and the airport are a big chunk of the activity. They are basically ideal, especially in regional economic development strategies. I call them national investment growth paths. I regard Albany and the Great Southern region as the best opportunity for regional development in Australia. That is why I base my operations here and why I published this plan back in 1997. Suffice to say that when I first arrived I offered the planning strategy to the local council and also the state government, but it is very politically challenging. However, it is infrastructure oriented, it includes asset privatisation and it has multiple industry targets. There are 118 planning initiatives in total.

To give you an idea, relative to some of the things that people have said here today, there is a proposal for Mount Melville in relation to a communications tower, which other people described as a ground base, and it is described as a ground base in this documentation. There is

also a proposal for satellite communications technology relative to the whole of the Great Southern region and Western Australia, and perceivably to the Antarctic areas as well. That can work back in a communications capacity. It is employment focused. I believe the central task for our governments at the moment is to really focus on job creation, so that is a central part of it. I think regional development is also Australia's future.

From a federal perspective, the opportunity for social change is huge. It is a very big thing, so built into the challenge are 30,000 jobs—that is, more jobs than there are currently people in Albany. There is a systemic opportunity to phase out the dole and replace it with a redundancy insurance program, which is very much federally orientated. There are also programs for optional national and community service built into the strategy and tertiary training and development programs. There is also direct entry into the work force, which is basically part of what people are talking about a lot at the moment.

The third component—bear in mind that this was written back in 1997—is basically establishing an Indigenous development commission on a regional basis, saying 'sorry' and extinguishing native title, and then funding the activities of the Indigenous development commission on a regional basis, which is very akin to what certain people are looking at at the moment for models. There is a five per cent company tax based on existing staffing costs. I will explain this simplistically. I have a company that has three employees, and our staffing costs are \$100,000 a year. None of those people is Indigenous. Therefore five per cent, which is \$5,000, goes out of my existing tax base—not a new tax base—to fund the activities of the Indigenous development commission. If I had an Indigenous person on staff, they would be credited relative to the value of their salary against the component that I would have to take out of my taxation base. So it is not double dipping.

What you are trying to achieve here is get Indigenous people into employment and maintain jobs. My understanding of Indigenous Australia, but more particularly the way it works in Western Australia, is that there is a state focus and a federal focus. There is a state response and a federal response in the Public Service, if you like, but, more particularly, within the Indigenous people there are families aligned to the state system and there are families aligned to the federal system. Whatever works, but essentially there would be two competitive groups competing for funding to basically maintain and continue jobs for Indigenous people.

**ACTING CHAIR**—We have a number of those details as part of your submission.

**Mr Smithson**—I will not linger on it.

**ACTING CHAIR**—I am just saying that, when you had a requirement to fit in at the end of this, we actually have another engagement in about four minutes. I am just saying that there will be some capacity for flexibility, but perhaps you can prioritise the issues that we can focus on.

**Mr Smithson**—I am almost finished. That is Anzac Day. There is a whole program over six weeks. It has been communicated to various government groups, particularly those you would associate with being related to Australia and the allies. It is a new start. I attended the Commonwealth study conference in Sydney in October last year. I was one of seven Western Australians invited to attend. If I came away with anything, it would be self-determination and

wellness empowerment. Hence, the referendum. If we go with the referendum, it sets a political mandate but also a financial mandate.

The airport and the seaport are institutional assets. The predetermined growth path for the seaport is woodchips and for the airport it is international travel associated with Anzac. What you are doing is bringing in both solutions under the auspices of a political mandate to change. Therefore, you still have to do the right environmental management side of it, but you have a mandate to go right ahead with it. From a financial investment point of view, I was originally targeting about \$400 million from partial privatisation. The financial advisers are now saying they are more likely to go to about \$600 million because it is such a good thing to get into—provided everybody agrees with the plan, which is the purpose of the political mandate.

I think the true value of a community referendum will be in empowering the people. A couple of weeks ago, when the state parliament sat in Albany, I had the opportunity to brief The Nationals. The Nationals were more inclined towards having the government make the decision. I said: 'No, I am more interested in empowering the people. All you have to do is facilitate the referendum. It is not federal legislation but state legislation that does that.' There was a bit of a bite there, but I think they will get used to that idea.

Why is everything that I have said to you going to take place? Here is an aerial photograph of the port of Albany. The port is linked along the foreshore by a single railway line and a two-lane road. The single railway line passes between the old jail and the Residency Museum. These are the two oldest buildings in Western Australia—in the first European settlement in Western Australia. They are both on the Register of the National Estate. However, because of the transition from the Australian Heritage Commission Act to the Environment Protection and Biodiversity Conservation Act, there are currently no registrations under the national environmentally significant program for heritage buildings. Hence, there is no legal role for the federal government. However, we are talking about a property that was protected under the AHC Act from the early eighties—or maybe the late seventies—right through until 2001. And now, for whatever reason, there is no real legislative role for the federal government. That is a disappointment. I argued very strongly for the federal government to take an interest in the state government's processing of the environmental approvals for the woodchip industry. Needless to say, they backed off big-time because they did not want to know about it.

Anyway, aside from the railway passing between the oldest European heritage precinct, a second railway line could be put in if you wanted it. I would say Westrail or the Australian Railroad Group would want to fence off the whole precinct and put in little pedestrian bridges over the top. Frankly, that would destroy the entire heritage precinct and the heritage value of it. Alternatively, as was shown in the port's planning strategy published in 1997, they would prefer to have three parallel railway lines. A third parallel railway line would require partial demolition of one of those two heritage buildings. That is never going to happen.

On top of that, further back here, west along the foreshore, the railway line passes under Princess Royal Drive. It is a single railway line with solid granite on both sides, and it has a two-lane bridge over the top. If they are upgrading everything else in the road network to four lanes, they are not likely to bring it back to a bottleneck there. To systemically address that problem—assuming that you want to put in a four-lane road—you have to remove the existing road bridge, do the granite work, put in the second railway line and then put a four-lane bridge over the top.



That would involve at least a six-month construction period, in which time everything still has to reach the port, which is only growing in capacity as the years go on and will max out in 2007-08. I suggest to you that the engineers would say: 'Forget about that location. We may as well just build a whole new foreshore.' There is the bite, because basically that is not going to happen either. I suggest to you that, while the community of Albany want the port and the foreshore, they have not been able to reconcile it. This is a 20-year-old issue relative to Albany. It is a core issue that they have not been able to come to grips with and address.

Here is the old gasworks. There is a lot of contaminated land there. In fact, when you go along the causeway that is the current alignment of Princess Royal Drive, it is my understanding that some of that landfill came from the gasworks site and is contaminated. The state government produced contaminated site legislation last year, and it is hardly fair for them to impose that legislation on the private sector if they are not prepared to deal with their own legislation for their own problem in the first place. So what do they do? Do they actually excavate all that contaminated land under the current road alignment and move that for whatever period of time before they replace it?

Up Hanrahan Road is the big roundabout here and there are logistical problems about getting traffic through. I will not even go into the regional road network because basically the port user group cannot rationalise that itself and it has not got any money to build the network that it needs to transport goods in and out of Albany. This is not a unique problem.

It is an amazing city. The next 10 years coming up to Anzac should be huge for tourism and the next 20 years coming up to the Bicentennial also should be huge for tourism. To squander that opportunity I would regard as amazing. However, to move the port and maximise both the city and the port is a huge investment opportunity. The alternative is leaving the port here, and in 20 years time I just cannot see anything providing the justification to look again at relocation of the port. Yet that port is absolutely fundamental to the economics of this region and it would be unacceptable to close the port of Albany. But it is also unacceptable to build a freeway along the foreshore. The only solution, in my opinion, is to relocate the port. What is happening at the moment is that we have a number of players coming to the fore. The white bordered area is the extent of the foreshore marina.

I urge you to get a copy of the plan. It is on exhibition this afternoon at the Stirling Club. It is a tremendous plan. I think it is a fantastic plan for the future of Albany but of course it compromises the port, which is why the port has taken exception to it. I will wind up by saying it is a very interesting option and requires a lot of politics to come together, which is what I have been doing for the last six years.

**ACTING CHAIR**—Mr Smithson, this committee is very interested in the current facilities in Albany and obviously if we felt those circumstances would change it might put a different slant on how we would consider Albany, beneficial or otherwise. For example, on the diagram you have provided in the attached notes under 9 we are looking at the effect on the inner harbour, the highlighted area. Would the existing freezer facilities currently available in the port that make it so attractive both for existing industry vessels and for noncompliant vessels that were potentially apprehended and brought here still be available? The great advantage to Albany is that you have somewhere to store the product. Would that still be available?

**Mr Smithson**—Everything that currently features in the port would be redeveloped in the new location. Basically the existing port would be retained for a tourism function and the new port becomes the industrial operating port. I stress that it is about materials handling as opposed to processing. There is a very good industrial estate connected out the back of Albany that is for materials processing.

**ACTING CHAIR**—Excellent. Thank you very much for your attendance here today. If there are any matters on which we need additional information, the secretary will write to you. You will be sent a copy of the transcript of your evidence, to which you can make some editorial corrections.

Before closing, I would like to thank all the witnesses who have appeared before the committee today. For the record, on behalf of the committee I make a special thank you for the wonderful hospitality that has been extended to us by the City of Albany.

Resolved (on motion by **Senator Hogg**):

That this committee authorises publication of the proof transcript of the evidence given before it at public hearing this day.

**Committee adjourned at 1.19 p.m.**