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JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

Reference: Further inquiry into aviation security in Australia

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**JOINT STATUTORY COMMITTEE OF
PUBLIC ACCOUNTS AND AUDIT**

Monday, 10 October 2005

Members: Mr Baldwin (*Chair*), Ms Grierson (*Deputy Chair*), Senators Hogg, Humphries, Moore, Murray, Nash and Watson and Mrs Bronwyn Bishop, Mr Broadbent, Dr Emerson, Miss Jackie Kelly, Ms King, Mr Laming, Mr Tanner and Mr Ticehurst

Members in attendance: Senators Hogg, Moore, Nash and Watson and Mr Baldwin, Mr Broadbent, Ms King and Mr Ticehurst

Terms of reference for the inquiry:

To inquire into and report on:

The Joint Committee of Public Accounts and Audit will inquire into and report on developments in aviation security since its June 2004 *Report 400: Review of Aviation Security in Australia*, with particular reference to:

- a) regulation of aviation security by the Commonwealth Department of Transport and Regional Services, and the Department's response to aviation security incidents since June 2004;
- b) compliance with Commonwealth security requirements by airport operators at major and regional airports;
- c) compliance with Commonwealth security requirements by airlines;
- d) the impact of overseas security requirements on Australian aviation security;
- e) cost imposts of security upgrades, particularly for regional airports;
- f) privacy implications of greater security measures;
- g) opportunities to enhance security measures presented by current and emerging technologies, including measures to combat identity fraud; and
- h) procedures for, and security of, baggage handling operations at international, domestic and regional airports, by both airlines and airports.

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Committee met at 9.34 am

CHAIR (Mr Baldwin)—Welcome. The Joint Committee of Public Accounts and Audit will now commence taking evidence as provided for the by Public Accounts and Audit Committee Act 1951 for the inquiry into aviation security in Australia. I welcome everybody here this morning for this public hearing for the committee's review of developments in aviation security since the tabling of its Report 400: *Review of aviation security in Australia*. Today we will hear from representatives of the Regional Aviation Association of Australia and Recreational Aviation Australia. The committee is concerned that the regulatory regime of security measures in Australia is both effectively and appropriately applied across the aviation industry. The heightened security risk posed by terrorist threats to aviation security and acts of criminality at airports requires a response that employs intelligence based risk assessment procedures. While security from terrorists and criminal threats to the aviation industry is paramount, an unnecessarily burdensome regulatory regime may regulate some sectors of the aviation industry out of business.

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

[9.35 am]

CANDLER, Mr Brian John, Chief Executive Officer, Regional Aviation Association of Australia

WESLEY-SMITH, Mr Terence Malcolm, Chairman, Regional Aviation Association of Australia

CHAIR—I welcome representatives from the Regional Aviation Association of Australia to today's hearings. Do you wish to make a brief opening statement before we proceed to questions?

Mr Wesley-Smith—Firstly, thank you very much for the opportunity to come and speak today. The Regional Aviation Association of Australia represents regional aviation operators around the country. One of the factors which differentiates regional aviation from the major airlines is that we do not have the economies of scale that most of the major airlines have. That means that small costs have a much greater impact on regional aviation. Regional air services are vital to the economic and social wellbeing of the bush. This has been documented. The value of regional air services to the bush really increases as the distance of the community from the nearest major centre increases.

The regional airlines, despite the majors now operating and producing record profits, are still operating at around 20 per cent to 30 per cent below the levels which existed prior to the September 11 terrorist attacks in New York. Business is very price sensitive, particularly as you get further away from the major centres. The drought is still having an effect, and will have for some time, but there are other issues as well. So it is very price sensitive. It is also very convenience sensitive when you get into areas on the J-curve—the areas closer to the major centres of Melbourne, Sydney and so on—where road conditions are very much better. As a result of that, we are extremely affected by additional costs and additional inconvenience. The security issues that we are currently facing are costly and create a level of inconvenience for passengers.

The association support the rational security measures, obviously, but we point out that in many ways this is a defence matter. In some areas, where we are looking at criminality at airports, it is really a police matter. We are naturally a bit reluctant to have our passengers subsidising what is national defence and national policing. We believe that the measures that are in place should really be funded by either the federal government or state governments as appropriate, depending on whether it is a defence threat or a criminal threat.

We sometimes feel that some of the measures that have been put in place are aimed more at public perceptions than actually achieving a viable result, and I will get on to that a little bit later. We would question whether any regional aircraft, and certainly the greatest percentage of our aircraft, are in fact terrorist targets. They simply do not have the mass or the fuel load to do any great damage—they are simply too small—or they are located too far away from any prospective target area to be a major threat. We do not eliminate the threat, but it is not a major threat like the bigger aircraft.

In any event, we believe that any terrorist organisation, particularly one that has lasted as long as al-Qaeda has, is not going to be stupid and that it, like any other military or paramilitary organisation, will identify an enemy's strengths and its own strengths and weaknesses and will try to maximise its own strengths and minimise its opponent's strengths. September 11 demonstrated that: an organisation was identified as lacking security and there was an opportunity to get aircraft of sufficient size to be viable weapons—that is what happened there. Now that aviation security around the world is very much tighter, one has got to question whether terrorists would be best served by tackling aviation again or by going to another type of attack where security is not so great and they would have a greater possibility of success. Certainly it would be a normal procedure for them, having now got governments around the world working on one area, to switch their attention somewhere else. That does not mean that you can ignore it, but it means that we are probably not the prime target.

There is a concern that to concentrate on aviation security to the extent that we seem to be doing is really being prepared to fight yesterday's war. That is a very typical thing that countries have done since time immemorial, and it has never done them much good. In general, our position is that the current and projected security activities bring a level of expense and inconvenience to the traveller which is negative. It is particularly negative on regional services because we do not have economies of scale. If you have to have a 24/7, or something approaching that, security presence it has to be divided up amongst a very much smaller number of passengers than would be the case at Sydney. For example, looking at security costs at Darwin versus Sydney, you can see exactly in a different context the differences in economies of scale.

We think that the security measures, if they continue to grow unfettered, will cause at least a distortion in what is going on in the bush. The oft-quoted example is that you will have very sophisticated X-ray equipment and the staff to man it at your local airport but you will not have it in your local hospital—if you have a hospital. So the question comes back to this: if the aim of this exercise is to save life, is money being spent in the best way possible? What we would like to see is a review of the actual threat to regional air services, as distinct from aviation overall—and we tend to get lumped into aviation as a whole. We would like to see a review of the actual threat to regional air services to try to eliminate any unnecessary cost and inconvenience that would cause our passengers not to travel at all and, alternatively—if they live on the J-curve—to take their car instead. We would like to see the cost allocated to where it really ought to be. If we are talking about a security issue, then it is a national defence issue. If we are talking about criminality, then perhaps it is a police issue and should be funded appropriately. But I believe the most serious need that we have at the moment is for a public education campaign, because there are so many furrphies and so many myths flying around about what really is being done and what the threat to regional aviation really is that the public really needs to be educated about that. Screening at regional airports is a classic example. Those are my opening remarks.

CHAIR—Thank you. Do you represent regional airports as well as regional airlines?

Mr Wesley-Smith—We have one regional airport as a member but, no, we represent regional airlines, charter operators and the aeromedical organisations.

CHAIR—How many members does your association represent?

Mr Wesley-Smith—We have in excess of 20 airline and aircraft operating members and 35— or thereabouts—members who are people who support that industry—fuel suppliers, aircraft suppliers and so on.

CHAIR—You started your opening statement by saying perhaps terrorists would not be interested in members of your organisation or regional airlines because the aircraft fuel loads and masses are too small and they are too far away to create any damage. I would put to you that Newcastle airport is a regional airport, that it has Dash 8s and other jets which can carry a reasonable load and that if you ever did want to do some serious damage to a lot of people there are things called football and cricket finals. So I think your statement perhaps lacks a little bit of justification. Could you perhaps outline to the committee members what additional security measures have been required for new security classified airports when compared with the previous arrangements?

Mr Wesley-Smith—Can I, first of all, respond to the statement you made. September 11 was very carefully planned. They selected aircraft of the 767 and 757 size and they selected aircraft which would be fuelled to close to maximum capacity because they were on long-distance flights. The Dash 8s are twin turboprop aircraft with a very limited mass and a very limited fuel load. You will notice that the terrorists did not even go for 737 sized aircraft because really, they are not big enough. You can certainly do some damage but the serious damage is going to be done, in general, by a much bigger aircraft than any of our regional aircraft.

CHAIR—I suppose you would relate that to the recent bombings in Bali which have had a smaller target and were designed to create fear, rather than the initial ones which were carloads full of explosives designed to take out buildings?

Mr Wesley-Smith—If you look at the overall picture the bottom line is that the car bomb is a particularly effective terrorist weapon, which is why it is being used so widely at the moment.

CHAIR—I would disagree with that. I would say that no-one is free from being a possible target of terrorism.

Mr Wesley-Smith—We would not disagree with that all, and that is the point that I have made throughout: not that you can disregard the aviation terrorist threat but that it has to be put into perspective, and the major threat comes from the bigger aircraft and not from the little aircraft.

Mr Candler—I think we would argue that we have had the advantage now of Sir John Wheeler's report, and he does make a clear distinction between the regional airports with small aeroplanes and the major airports. Basically what he is saying is that, firstly, having visited places as far away as the small RPT airports in the Torres, the appropriate response to the risk is a wider education program to make people security-aware. We would accept that and, in fact, that is what we have just advocated; and secondly, that the keeping of unscreened passengers, from places like Newcastle coming into Sydney, away from the screened passengers and the sterile area be more overt. It is there now, in the sense that you do not get off a regional aeroplane and go straight into a sterile area. You are bussed under supervision outside the sterile area and then you have to go back through screening to get onto a major airline. If that is made more overt then it will be clearer that access through regional aeroplanes to the major trunk

routes is not there. And if you get a security expert like Sir John, who spent quite a lot of time looking at the structure of the airports and airlines in this country, coming to those conclusions, we think that is the right place to be.

Ms KING—Can you tell us, under the current regulatory regime, what sort of costs have been imposed on regional airlines? You are saying that your concern is that if those costs continue or escalate in different areas then that will threaten the viability of regional airlines and regional airports; that is part of your submission.

Mr Wesley-Smith—Yes, it is.

Ms KING—What sort of costs are we talking about?

Mr Wesley-Smith—It varies dramatically depending on where you are, and again that is because of the economies of scale. If you have a lot of people travelling through, for example, Sydney the costs per ticket are going to be very much lower than elsewhere. We have some figures here: in Sydney the airport security cost is \$1.21 per ticket whereas in Darwin it is \$7.17 per ticket.

Ms KING—Is that being passed on to passengers?

Mr Candler—Directly, yes.

Mr Wesley-Smith—If we look at the Darwin example, I am assuming that Darwin costs are so high predominantly because there are far fewer people travelling through Darwin Airport to bear the cost; there may be some regional issues there as well but predominantly that would be the difference. If we look at a Qantas discount fare from Darwin to Brisbane, for example, the cost of the ticket is \$300 and the percentage of that security impost is 2.4 per cent of that ticket. If we look at an Airnorth flight going from Darwin to Kununurra, which is a very much shorter distance, the ticket price is more than half: it is about \$180. But the percentage of the ticket that is the security cost is four per cent. That is just one particular issue, one aspect of the security costs. If we look at other security costs, for example the hardened cockpit doors which some of our members have had to put onto aircraft like Brazilias, which is a 30-seat aeroplane, the cost of that per door—can you remember, Brian?

Mr Candler—I do not have the costs off the top of my head. We are grateful for the government supplementation there, but the real issue becomes that, whilst the capital costs of the door itself and defitment were provided for by government, CASA fees for modifying the aeroplane were not covered by government. And there are the ongoing costs of those doors. Essentially, in the Brazilia, the door adds 37 kilos, which basically means that either you lose a passenger or you lose freight. It is more often the freight because, with aeroplanes, they fill up the passenger seats, work out the fuel load that is necessary for the flight and then fill up the rest with opportunity freight. The freight is always there. One of our members estimated that just that lost freight from carrying the extra weight of the door around is costing them at least \$16½ thousand a year. Then, at the end of the exercise, that aeroplane is now not saleable on a world market—and these aeroplanes sell on a world market. They have to demodify the aeroplane, as it were, and at this stage we cannot tell you what that cost is.

Mr Wesley-Smith—The other ongoing cost is that with the cockpit door you cannot do line flying with a third crew member on board, so any flying that you need to do like that flying training has to be done without passengers on board, because you just cannot physically put in the third person with the door in. So there is a substantial ongoing cost associated with the cockpit doors. And of course there are other screening costs. One other estimate that has been done was for Karratha, where at certain times of the year a jet service is used. The additional cost for the jet service, I am told, is about \$45 a ticket.

Senator NASH—You mentioned in your opening statement that you would like to see a review of the threat to the regional air services. What process has taken place to date to determine what the current threat level to the regional air services is?

Mr Wesley-Smith—I cannot answer the question. I simply do not know what has been done within DOTARS on that.

Senator NASH—So you are asking for a review, but you are not sure what the process was initially? What I am getting at is that you obviously want it to be looked at again. I am just trying to determine how they arrived at what the threat level is currently.

Mr Candler—The process was that the so-called new entrants each had to prepare a transport security program in accordance with the Australia-New Zealand standard—which I think is 4360; I cannot remember off the top of my head—and present that plan to DOTARS, who then decided whether they had properly assessed the risk and provided the appropriate countermeasures for the risks that they perceived. So to a large extent, for each of those airports, it was a self-examination process. Whilst it is anecdotal, the sorts of things we have heard are that some airports have said, ‘Great, this is a chance to get some government money to do some capital upgrades,’ and others have said, ‘We don’t want to be involved in this, because once we accept that a certain thing is necessary we are going to get some ongoing, recurrent funding to meet the capital we’ve put in.’ Again, if I can refer to Sir John Wheeler, you see him making an interesting comment about the worth of fences at regional airports. Fences seem to be one of the primary things that most of these airports have gone for—extra money for extra fencing—and you have to ask what is the security advance of a fence in the middle of nowhere when you have an RPT service once or twice a week.

Mr Wesley-Smith—I think the key part of your question was: what review have DOTARS or the Office of National Security or whatever actually carried out? We have not been taken into their confidence. We simply do not know what they have done or how they have done it. We have not been briefed.

Mr Candler—But I guess part of why we are saying that maybe it needs looking at again is that we understand that we have had quite a lengthy and expensive process for airports going through a transport security program, and then we have Sir John, having been around the country with officers from DOTARS, saying that some of those measures really do not have any advantage and suggesting that all we need to do now is a security awareness program in those regional airports. That suggests that there is a mismatch between what has been done previously and what Sir John has seen in his time in Australia as a security expert.

Mr TICEHURST—How appropriate do you find the level of expertise of DOTARS staff in providing additional regulations or operational procedures?

Mr Candler—Can I be both very polite and very rude! I think some of them are excellent. They really understand what is going on and they are very concerned themselves. You have probably heard the phrase ‘one size does not fit all’. They are very concerned to get the rational levels into this. But I have also been to meetings where a security inspector who was briefing the industry just did not know what was in the legislation, to the extent that he could not explain why an ASIC pass is required at Emerald but not required at Bankstown. That is a fundamental misunderstanding of his own legislation. Quite frankly, I think it is a problem in a lot of Commonwealth departments. There is very good knowledge in the central office where the legislation and the program are being planned, but when it gets to being done at the regional and at the area office level, it is not quite so good.

Mr TICEHURST—I think the earlier example you used of the doors on the Brazilia is a case where it seems as if they overreacted for no real gain.

Mr Candler—We would argue that. We think that if you are going to do that, the proper level to do that at is at the distinction between low capacity RPT and high capacity RPT, which is the 38-seat aeroplane. Brazilias—and there were 15 of them in the country at that time; I think there is an extra one now—are a 30-seat aeroplane. The minister originally announced it would be more than 30 seats, so we thought, ‘That’s great.’ That is not entirely rational because it is another dividing line that does not exist in the current regulation, but after the minister made his announcement it was reannounced that it was 30 or more seats, so 15 aeroplanes that had appeared to be out of the system were suddenly in it. For the life of me, I cannot think why the 31st seat makes a difference. I can think why you might say that the appropriate cut-off is 38 seats, because that is where we say there is a cut-off in the existing arrangements.

Mr TICEHURST—Is your organisation consulted before any of these regulations are changed or new ones are introduced?

Mr Candler—Again, I would say, ‘Define for me what “consult” is.’ Sometimes consultation is a genuine two-way process. At other times it is, ‘This is what we are going to do. What do you think?’ and we express a contrary view, which is duly ignored.

Mr TICEHURST—Even in this place we have knee-jerk reactions to certain things. We have a situation here where members of parliament are screened every day when they walk in, to the frustration of some of the security officers and to the members.

Mr Candler—I can give you an example that has really got regional pilots very frustrated. It makes managing a schedule and industrial management difficult. It is illegal to depart, for example, from Sydney, Melbourne or Brisbane without being screened. So a regional pilot who is going to do three or four runs out to Dubbo or three or four runs out to a regional port in Queensland is screened when he goes out in the morning. He comes back and he has to get out of the aeroplane, take his flight bag out of the aeroplane, go back into the terminal and be rescreened before getting back into his aeroplane. He does that three or four times a day.

Planned turnarounds for us are getting more difficult in places like Sydney because we are getting more and more standoffs. So when we plan for a 30-minute turnaround to meet a slot time in Sydney—and if we do not meet a slot time, we cop a penalty et cetera—that turnaround time is being expanded by the need for the crew to get out of the aeroplane, go back into the terminal, be rescreened and hop back into the aeroplane. That gets the pilots somewhat annoyed, because they see refuellers and baggage handlers et cetera on the tarmac who are not being screened. They find that the screeners, with all due respect to them, are not in a highly paid, highly intellectual job, and some people like that little bit of power and they use it.

We had one crew where the captain explained that he had already been screened in the morning and that he was running late. The screener decided that he was going to get the explosive trace detector as well, which was a further delay. The ETD is supposed to be a random check but, funnily, the copilot was the next random candidate. So that aeroplane was delayed for 45 minutes, largely due—we would argue—to unnecessary and bureaucratic screening.

CHAIR—How long did the screening take?

Mr Candler—ETD can take 30 seconds if done well, unless someone is trying to be painful, as on this occasion. The screening for those two pilots took over 20 minutes, I am told.

CHAIR—How does the screening take 20 minutes?

Mr Candler—You can be very slow about getting the pilot to open his briefcase. You can go through it—

Mr Wesley-Smith—There is further time involved in getting from the tarmac back in.

CHAIR—I am talking about the screening process. You are saying that they held them up at the screening check-in for 20 minutes—

Mr Candler—That is what we were told. They did it to two pilots. The ETD is what can take the time. The pilot goes through the screening and is then subject to the ETD—you are probably aware of it.

CHAIR—Been there, done that.

Mr Candler—Yes. If you want to take your time doing that by screening the person, getting him to open his bag and screening the bag—which are two separate processes—and you do that to two pilots then the time blows out.

CHAIR—I find it hard to comprehend it being 20 minutes.

Mr Candler—I cannot swear it was 20 minutes, because I was not there.

CHAIR—I think we have all been exposed to trace detection, but I do find 20 minutes to be extraordinarily long.

Mr Candler—So do I. That is why we are concerned. It is that sort of thing and I would ask: what has that achieved?

Mr TICEHURST—They are regulation requirements, aren't they, rather than anything else? I certainly understand your point there.

Mr Candler—Yes.

Mr Wesley-Smith—Apart from the time, another significant issue is the frustration caused by that whole process—whether it takes 20 minutes or five minutes it is the frustration. The last thing you need is a crew that are distracted by being angry about having been forced to go through something which is manifestly unnecessary in their opinion when they are trying to get out of a busy area like Sydney.

Mr TICEHURST—I share that view when I walk into the House at times and take all the metal stuff out except for a watch and maybe a belt buckle and I have got some fellow there insisting that they want to run over me with a scanner. I know if I am running a bit late I ask, 'Who are you trying to protect? What is it all about?' It is not those people's fault but somewhere along the line we have probably got to review these regulations. Pilots certainly need to be comfortable with what is a realistic requirement.

Mr Candler—One of the other things we are concerned about is that in the legislation there is no exit strategy. If the threat level goes down, how do we wind this regulatory regime back? One of the very specific issues there is the ICAO prohibited items list. Australia is still an oddity in the sense that we have plastic knives. Now that we have got hardened cockpit doors why are we banning—

Mr TICEHURST—That seems a real anomaly. I think that we are one of the few countries now that have plastic knives.

Mr Candler—That is looking rationally at where the risk and the preventative measures come together. It possibly made sense prior to hardened cockpit doors to insist on plastic knives. Now we have insisted on hardened cockpit doors why are we not looking at going back to the ICAO, the international prohibited items list, rather than having this Australian oddity?

Mr TICEHURST—We have another problem. I have heard members of the chamber on a number of occasions complaining that the level of bag screening is not the same at Devonport or Launceston as it is at major airports. I think that there is a perception problem there that if you are going to screen baggage 100 per cent you eliminate problems. I think that we have to overcome that because clearly it is unaffordable.

Mr Wesley-Smith—That is exactly the point we are making with the public education call. People do not understand that and they think that because they are not screened at outer Oodnagalabi, for example, and they come to Sydney they think that they are going straight into the sterile area. If they are unscreened they are not going into the sterile area; they go through screening in Sydney. That is a point that needs to be made to the public.

Mr TICEHURST—I know that I have been screened on a Dash 8 going to Sydney when we have been screened in Canberra. They do not do it all that often now but it has happened on a couple of occasions.

Mr Candler—I think that was the point that Sir John was making when he talked about making the separation of regional passengers coming into screened airports a little more overt and forceful. I think that is an important point.

Senator HOGG—I want to follow up on an interesting point you raised about the inconvenience to your pilots when they, let us say, fly out to Dubbo and back to Sydney, that when they get back to Sydney have to go through the screening again. What sort of solution do you offer to that scenario, given that there is not necessarily I would imagine a guarantee of security at the other end at Dubbo, in the same way there is security—

Mr Candler—Who is the person least likely to hijack the aeroplane?

Senator HOGG—I understand that.

Mr Candler—That is the point.

Senator HOGG—No. If the pilots leave their craft at Dubbo then someone may well have access to the craft and its possessions.

Mr Candler—To leave it unattended at Dubbo would be an offence.

Senator HOGG—All right.

Mr Wesley-Smith—To elaborate on that a little bit, where that problem is really aggravated is particularly up around Darwin where you have a lot of little regional communities fairly close together and the aircraft are shuttling out and back all day. To go out to the Tiwi islands, for example, might only take 10 minutes or so each way, yet there is a screening every time they go into Darwin because they have been to an unscreened airport.

Senator HOGG—So you are saying that the security lies in the fact that the pilot cannot leave the craft whilst it is on the ground.

Mr Candler—An RPT aeroplane cannot be left unattended—

Senator HOGG—During its turnaround?

Mr Candler—Yes.

Senator HOGG—So you are saying that if that is abided by then it overcomes the need for rescreening on a regular basis. What about in a place like Broome—because that is one of the areas we have considered looking at, or somewhere in that area in north-west Western Australia—where there are a lot of aircraft that fly in and out. I do not know the screening procedures in Broome. Are they the same as at other major airports?

Mr Candler—No. The line they have tried to draw in Broome, and it is a rational line, is that screening will apply to RPT jets and not RPT turboprops. So when a jet goes into Broome, a screening is done, and RPT aeroplanes depart an hour before and an hour after the RPT jets. But if they go there at other times of the day, the small aircraft are not screened. That is common at regional ports that receive jets. I think that is a rational way of drawing the line because what you are saying is that the jet is more likely to be used as a weapon than a turboprop aeroplane is. If you have to draw the line somewhere, that is probably a reasonable place to do it. We think that if you look at some of the smaller jets, that does not make a lot of sense and you need to draw the line somewhere further up, but that is where the line is drawn at the moment. It has a rationality about it.

Senator MOORE—I want to touch on something Mr Ticehurst mentioned on the environment of consultation, because through the various reviews that have gone on there has been a stress placed on the need for communication and shared involvement. The view is that this whole process must involve goodwill from all parties. Can you add to your comments about the type of consultation, from your perspective, that has gone on between your group and DOTARS. I think it is important for the record to get that very clear.

Mr Candler—The consultation arrangements have recently changed. There was a group called the industry consultative meeting, under which there were a number of various subgroups, including the regional industry consultative meeting and the ASIC working group. It has now been changed to the aviation security advisory forum. The substructure is very much the same.

Mr Candler—The consultation arrangements have recently changed. There was a group called the industry consultative meeting, under which there were a number of various subgroups, including the regional industry consultative meeting and the ASIC working group. It has now been changed to the aviation security advisory forum. The substructure is very much the same. Right through that process we saw draft legislation, draft regs and that sort of stuff, but on a number of occasions we were told, ‘That’s the way it’s got to be.’ It was more or less a question of how we can implement this in the least inconvenient way rather than whether it needs to be implemented. One of the issues for our members is that we have to have transport security programs just like the airports do and there gets to be a lot of to-ing and fro-ing. Again, that does come down to the issue that central officers may have had a very clear idea but field officers then get a bee in their bonnet about something, and documents can go backwards and forwards for no real gain.

Where we sit in the industry, we are dealing with reasonably large operators—as large as Rex and Skywest in Western Australia—but we also deal right down at the other end. Some of our members are flying schools, do private hire and that sort of stuff. The weekend pilot or the guy who is using his private aeroplane as his business tool are really feeling right out of this system. They cannot see an advantage for the idea of security locks on aeroplanes. Now, when you get an ASIC at a regional airport that is an RPT airport, to put it at a very personal level, if I want to have a beer with my wife in the hangar after we have brought the aeroplane back at the end of the day, I have to have an ASIC and she has to have a visitors pass. If I have to get that aeroplane to load it—it is out on the flight line and I need to get the luggage in, untie it and do all that sort of stuff—I have to leave her outside in the car, I have to go in and do all that and then go and collect her to bring her out to the aeroplane. She cannot come out and help me.

Senator MOORE—Not unless she gets her own ASIC.

Mr Candler—She needs her own ASIC or a visitors pass, and that becomes very difficult. It is not too bad for me here, when I am based in Canberra, but that becomes very difficult for the guy who is based out at Emerald or Mount Gambier or places like that. It is that sort of stuff. It is the classic problem—and I am not really in a position to offer you a direct answer to it—of the system looking good on paper but how does it work in practice? And, if it does not work in practice, the very people you want to be aware about security are then turning around and saying, ‘This is a load of rubbish.’ You know what Australians are like. They get antsy about it, and they just look for ways around it.

Senator NASH—I was interested in your comments about the economies of scale, and I certainly take on board what you were saying there. I think you also mentioned airlines operating at 20 to 30 per cent below what they were before September 11. Was that correct?

Mr Wesley-Smith—Yes. About November 2004 we finally arrested the downward spiral in growth. We are now on an upward but a very gentle upward slope. But our departures are down by 30 per cent—that is on the last figures issued by BTRE—on pre- September 11 figures, and our number of passengers carried is down 20 per cent.

Senator NASH—So are you making a direct link for that downturn to the September 11 events? If so, is that an assumption or is there some sort of hard evidence that you are basing that on?

Mr Wesley-Smith—It stems from a number of factors. One of the prime factors that has to be borne in mind is that there is a great demographic shift of people away from the bush and into the dormitory suburbs and cities around the coastline. That is part of the reason for the decline, but September 11, September 16, which was when Ansett collapsed and all Ansett’s extensive regional network disappeared, the SARS epidemic and the reduction of foreign tourists and so on all combined to really knock regional aviation around. There were fewer people to travel, there were a lot of people who chose not to travel and then there were people who decided that they would rather go by car because it was more convenient. So there are a number of factors in there. But September 11 is really where the graph that was growing rapidly turned around and went down. So it has to be a primary cause, but not the sole cause.

CHAIR—Thank you very much for giving evidence today.

[10.16 am]

MIDDLETON, Mr Paul, Executive Director, Recreational Aviation Australia Inc.

CHAIR—I welcome Mr Middleton from Recreational Aviation Australia to today's hearing. I invite you to make a brief opening statement before we proceed to questions.

Mr Middleton—I would like to thank the committee for seeing me—I realise it was a late submission. Our organisation has not been affected to any great degree at this stage apart from a bit of fear of the unknown and confusion. The locking of aircraft and that sort of thing while they ran around at the time has been accepted and has all been handled. As for threats to the public at large, our aeroplanes of course are pretty slow and they are very small and of low mass. While we would have to concede that there would be a possibility of putting together one of ours with an RPT aeroplane while the RPT aircraft was either taking off or landing, that would be the only time one of ours could ever get near it. As far as attacking infrastructure, it is about the same as a grasshopper on your windscreen. We do not really pose a big threat.

I would support Brian's comments re the perceived difficulties we can see coming up after 1 January when the regional airports come fully on stream for security requirements. We have considerable confusion amongst our members out there as to what is required: 'Does my wife have to have an ASIC?' and things like that. Our members right now are fronting up to airports saying, 'We have been told we have to get an ASIC,' and the airport operator saying, 'Well, you don't need one here. Go away. We don't want to know you.' I guess our biggest problem at the moment is confusion, which we are trying to assist with. We have been dealing with DOTARS. Our organisation has been approved as the issuer of ASICs, but at this stage, because of the proposed changes to the legislation, they cannot tell us exactly how we have to go about it. Once again, I guess, confusion reigns. That is about it. I am happy to answer questions.

CHAIR—Could you outline the types of aircraft your association covers?

Mr Middleton—We are responsible to CASA for the administration of aircraft weighing less than 544 kilograms maximum take-off.

CHAIR—That is without a pilot in them?

Mr Middleton—No, that is all up—fuel, passengers baggage, the whole lot. It is 544 kilos or 1,200 pounds and a maximum of two seats. So the split in our membership would be roughly fifty-fifty between the single-seat aircraft and the two seaters. We cover things like powered hang-gliders, the trikes. We do not have any straight gliders. We have the genuine ultralight, which is referred to as 'the rag and bone'—that is, the kitchen chair on a broomstick! And we have quite sophisticated fibreglass and metal aeroplanes now but, once again, they are subject to a 544-kilo maximum takeoff rate.

Senator MOORE—I have one really short question and one long one. My short one is: do you cover a lot of the people who build their own?

Mr Middleton—That is correct.

Senator MOORE—A few of those come to see me. I think that would be your organisation. As one of the players in the industry who has been caught up in this process, I want to ask the same question that I asked the previous witnesses about the form of the consultation. What is your understanding of the effectiveness of the form of the consultation and how do you feel representing your members in that process?

Mr Middleton—I am interested in your question. I do not believe there has been any consultation with us at all. There has been education, like when we had to fit the locks to the aircraft. We put a full-page ad in our magazine and that sort of thing for DOTARS, and they gave us advisory material at that time. With the changes now coming up on 1 January, there has been no consultation at this stage, although I am now sitting on one of the ASIC committees, and we have a working group this week. So they are certainly involving us now, but up until the last three or four months, no.

Senator MOORE—When you put your ad out to your members, was there genuine interest?

Mr Middleton—There was confusion. We got a lot of angry people ringing up and going crook.

Senator MOORE—But did people want to come and find out what was going on? I take it that you put an ad out saying, ‘Come to a meeting and you’ll find out more about this.’

Mr Middleton—No. DOTARS ran a full-page ad. They had an 1800 number to ring. I was getting complaints that people would ring and then whoever was taking the calls could not really answer their questions. I got those sorts of complaints.

Mr TICEHURST—What has been the cost impact of these regulations?

Mr Middleton—As I said, to date it has not been a problem because we fly outside controlled airspace and we have only a very small involvement in going into controlled airspace. But come 1 January, 190 airports are coming on stream. Certainly, in relation to having to have the ASIC, presumably a lot of people with the two seaters would carry family and that sort of thing. Our membership—and it is nearly 6,000—statistics show that they are older people in the community and a lot of people on fixed incomes. After any cost increase, they look very seriously at whether they want to stay in aviation. And between fuel and extra security costs, the costs are increasing. The locking was not a big deal. They were concerned at the time but, once they looked into it, most of them got over it with a bit of bent metal or a bit of chain in the lock.

Mr TICEHURST—A pretty simple device was all you needed.

Mr Middleton—That is right. It was not that hard.

Mr TICEHURST—Do your members operate out of any larger regional airports or are they all smaller ones?

Mr Middleton—They operate from almost any regional airport. Some airports do not like them and will not have them, but there is only one or two of those. These days we have just on 6,000 members and 2,000 aeroplanes. They are all over the place.

Mr TICEHURST—Do you find that the regulations that are going to apply to your people are essentially the same regulations applying to the larger single-engine types of aircraft?

Mr Middleton—After 1 January that is so. The new regulations are exactly the same. That is why there are concerns there. It is like somebody operating at Longreach, where to the best of my knowledge there are only two services a week, yet they are going to have to have an ASIC at any stage that they are at the airport there. I know DOTARS was addressing that a little while ago and had some changes in the wind, but at the moment that is the deal.

Mr TICEHURST—Is it a particular problem for your members to have to have an ASIC?

Mr Middleton—It means an extra cost. It is something that they do not have to have at the moment. They see it as a further monetary burden.

Mr TICEHURST—Do they need a special licence as well?

Mr Middleton—They have a pilot's certificate which is issued by us, but the training is the same. Because they are limited to flying in daylight hours and to visual operations, they do not have to undertake any instrument training. Other than that, the basic training is exactly the same.

Mr TICEHURST—So it is the same cost essentially?

Mr Middleton—Yes, except that we are operating cheaper aeroplanes, so there is a saving there—smaller fuel burn and that sort of thing.

Mr BROADBENT—Do you think there is an understanding among your 6,000 members that one individual in charge of a fibreglass and metal weapon that is in his or her control could do some very specific damage?

Mr Middleton—There is a feeling that they could do a lot more in their Holden ute. That is the sort of feeling and that is the reaction we get.

CHAIR—Thank you very much for coming along today. On behalf of the committee, I would like to thank all witnesses who have given evidence at the public hearing today.

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

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

Committee adjourned at 10.27 am