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JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

Reference: Further inquiry into aviation security in Australia

THURSDAY, 22 SEPTEMBER 2005

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JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

Thursday, 22 September 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

Senators and members in attendance: Senators Hogg and Moore and Mr Baldwin, Ms Grierson and Mr Laming

Terms of reference for the inquiry:

To 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.

WITNESSES

CHALLIS, Mr Don, Program Leader, Passenger Transport, Department for Planning and Infrastructure 20

FITZGERALD, Mr Neil Francis, Security Operations Manager, Westralia Airports Corporation 1

GAYNOR, Mr Drew, Transport Security Policy Manager, Department for Planning and Infrastructure 20

PRICE, Mr David, Company Secretary, Westralia Airports Corporation 1

WHITMORE, Mr Steven Charles, Aviation Security Manager Perth Airport, Westralia Airports Corporation 1

Committee met at 1.34 pm**FITZGERALD, Mr Neil Francis, Security Operations Manager, Westralia Airports Corporation****PRICE, Mr David, Company Secretary, Westralia Airports Corporation****WHITMORE, Mr Steven Charles, Aviation Security Manager Perth Airport, Westralia Airports Corporation**

CHAIR—The Joint Committee of Public Accounts and Audit will now commence taking evidence, as provided for by the Public Accounts and Audit Committee Act of 1951, for its inquiry into aviation security in Australia. I welcome everybody here this afternoon to the fifth public hearing of 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 operator of Perth International Airport and the West Australian government. We are currently taking evidence from industry participants around the country to build a picture of the range and variation of conditions covered by the new aviation security regulations.

Before beginning, I advise witnesses that the hearings today are a 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 contempt of parliament. The evidence given today will be recorded by Hansard and will attract parliamentary privilege. Finally, I refer any members of the press who are present to a committee statement about the broadcasting of proceedings. In particular, I draw the media's attention to the need to report fairly and accurately the proceedings of the committee. Copies of this committee statement are available from secretariat staff.

I welcome representatives of the Westralia Airports Commission to today's hearing. Before we proceed to questioning, would you like to make an opening statement to the committee?

Mr Price—Thank you, Chair. Westralia Airports Corporation is pleased to attend this hearing and very happy to assist the committee in its deliberations and its inquiry. We have a long track record of working very closely with the industry and both state and federal governments on aviation security matters in particular. We see this inquiry as an important part of that process and it can only serve to strengthen aviation security in Australia. You have our submission and we are happy to discuss that with you.

CHAIR—Thank you very much. Whilst the committee is conducting its own independent review of aviation security and matters outlined in its terms of reference, we do note that yesterday the Wheeler inquiry report was handed down. The recommendations in that report are supported unanimously amongst the members of our committee and we look forward to seeing their implementation. Our committee is drilling deeper into not only those issues but further issues pertaining to not just airport and aviation security but also the criminality aspect of actions that may be taken around the airport.

We have had the opportunity this morning to briefly walk into your international terminal. The focus of our meeting this morning was to get a detailed operational brief from the Customs Service at the airport. We found that rather fascinating. Members of the committee, are there any questions?

Senator HOGG—Yes. I would like to ask a couple of questions about perimeter security. Have there been breaches of perimeter security at the Perth Airport in recent times?

Mr Fitzgerald—Yes. We did have a rather severe breach of security at the airport in March of this year. Three drunken youths got over the fence and made their way to an aircraft that was parked on the international apron.

Senator HOGG—One of the things that has been put to us is that you can build fences so high but you will not necessarily keep the terrorists out if they are determined to get in. My question then goes to an issue that I raised when we were at the international terminal before. Some aircraft carrying sensitive equipment that has been loaded, say, at Pearce Air Force Base when landing here at Perth to take on more fuel because they cannot fly out of Pearce with a full fuel load, are not necessarily given the amount of security that you would expect when sitting out on the tarmac. Do you know anything about that?

Mr Whitmore—The protection of individual aircraft and freight is the responsibility of the aircraft operator. This airport protects the perimeter and we provide protection on the apron. If a carrier that comes into Perth Airport asks us to provide some additional security, we can arrange that with them. But primarily, the aircraft operator will provide their own protection. With military flights we are often not advised of what is on the aircraft—flights that you talk about that come from Pearce.

Senator HOGG—If an aircraft, such as an Antonov or one of those, is doing a major lift for the SAS to take equipment to Iraq, Afghanistan, or one of those places, you are not necessarily made aware of the contents?

Mr Whitmore—Not in all cases, no.

Senator HOGG—Do you get an undertaking from the shipper in that case, which is not a military shipper but a commercial shipper, to undertake the security or do you get that out of Defence—that they will undertake to secure what could be some sizeable weaponry sitting out there on the tarmac?

Mr Whitmore—There is a requirement for them to disclose dangerous cargo, so if there is cargo that is considered dangerous, they are required to disclose that to us and we will make arrangements for the parking of that aircraft; but the protection of it, as I said before, is the responsibility of the aircraft operator and we will provide some additional resources should they choose to request that.

Senator HOGG—Have you had any requests in recent times?

Mr Fitzgerald—No, I am not aware of having any requests. Normally the military will provide their own guards on the aircraft.

Senator HOGG—Have any such aircraft that have been through had additional protection? It seems to me that, if there is going to be a focus for a terrorist attack, that is one of the prime sources.

Mr Fitzgerald—We have never been requested to assist with any security on that aircraft. As I stated, they have their own guards on the aircraft.

Mr Whitmore—I cannot comment in relation to specific military flights, but I have observed on occasions that the Australian Federal Police Protective Service or the old APS officers have put guards on aircraft from time to time at the airport.

CHAIR—Just a couple of quick questions in relation to baggage handling: in December 2002, the government mandated that 100 per cent of internationally originating baggage arriving at Adelaide, Brisbane, Melbourne, Perth, Sydney, Cairns, Canberra, Coolangatta and Darwin must be screened; by 31 December. The industry is required to see that same 100 per cent figure for domestic baggage by July 2007. Could you update the committee on what progress is being made by your airport?

Mr Whitmore—Perth Airport embarked on a project to completely replace our baggage handling system in the international terminal and install a completely automated screening process. The project cost for the baggage handling system and the x-ray equipment was in the order of \$13 million. At the same time, we chose to do some expansion of the international terminal to increase the capacity. That project is not yet finished but we did meet the deadline to implement 100 per cent check bag screening for international baggage departing the airport through a contingency plan that we submitted to the department of transport in how we would achieve that target of 100 per cent check bag screening.

CHAIR—So at the moment you are using wand detection measures?

Mr Whitmore—We are using a combination of x-ray machine—but it is not in-line. It is stand-alone x-ray equipment, where the bags are manually loaded through the x-ray machine—and explosive trace detection in front of check-in.

CHAIR—Which machine have you chosen to do your x-ray?

Mr Whitmore—Which brand?

CHAIR—Yes.

Mr Whitmore—Smiths Heimann EDtS.

CHAIR—There seem to be two brands. Some are running the Smiths and others are running the other one.

Mr Whitmore—With domestic, we met the target to have a continuous line of random check bag screening for domestic by December 2004 and we are currently in the planning phase for how we will implement the 100 per cent check bag screening for domestic.

CHAIR—In your submission you talked about items under regulation 1.07, prohibited items to be taken on an aircraft. Do you have any comment on the exemption from regulation of lighters, lighter fluids and bottles of alcohol being allowed in the aircraft while manicure scissors are prohibited?

Mr Whitmore—I cannot recall making any comment about regulation 1.07 in our submission. Sorry, what was the question again?

CHAIR—I am seeking comments about the fact that it is against regulations to carry on a pair of nail scissors or a Swiss army knife or indeed even knitting needles I think it is now, but you can still take on board alcohol, cigarette lighters. Do you have any comments on this?

Mr Whitmore—The comment that I would make is that we need to be consistent in the items that we do have on the prohibited items list, particularly with other countries coming in. There needs to be consistency in that prohibited items list so that we are all doing the same thing, otherwise we create a lot of confusion for the passengers. The list is something that the industry is working closely with government to try and rationalise, to come up with a list that is appropriate, given the risk of the use of those items as a weapon on board the aircraft.

Ms GRIERSON—In the Wheeler report it is suggested that the main airports, Perth being one, would have an airport police commander. Prior to that we also had the airport security controller position. Have you had an airport security controller appointed to your airport yet?

Mr Whitmore—Not as yet, no.

Ms GRIERSON—Not under those new regulations?

Mr Whitmore—No.

Ms GRIERSON—How do you feel about an airport police commander? Reading briefly, the report is saying it would be chosen from either the AFP or a state police person with those sorts of credentials and they would oversight all policing at airport, given the Wheeler report's findings that criminality, safety and terrorist security issues have an overlap that cannot be denied. How do you feel about these positions: airport security controller, airport police commander?

Mr Whitmore—We do not have a lot of detail to date as to what their specific role will be. Those positions were advertised in around June, believe. They called it an aviation security controller. The AFP advertised for those positions. We did have some discussion with industry and the AFP as to what roles those peoples would perform at an airport. On the basis of that discussion, and I am assuming that the new position will have a similar role, we would support that.

Ms GRIERSON—Do you need both?

Mr Whitmore—I think it is one position, isn't it?

Ms GRIERSON—No. Under the regulations this airport security controller predates the new suggestion by Wheeler that you have a police commander. It is getting complex.

Mr Whitmore—That is a policing issue.

Ms GRIERSON—Yes, it is for policing issues, but it is federal policing and community policing as well.

Mr Whitmore—As I said, we have not had an opportunity—and I did not see it as there being two positions, so that changes things a little. Certainly the need to coordinate resources on the airport is a real need and we would support any initiative that the government might choose to put in place that would achieve that. I think we made specific mention of that in our submission. There is a very robust process through the National Terrorism Committee to establish protocols and procedures for dealing with incidents, but the reality is that the rank and file people that often turn up, the first respondents to the airport, are not fully aware of their jurisdictional responsibilities. So we view any controller or commander on the airport that would help to coordinate that function as being a positive step.

Ms GRIERSON—The Wheeler report also said better training for the sorts of security people that you hire and in terms of issuing ASICs, which last for two years, ongoing checking processes that there is no new emergence of any criminal activity—those are big issues, I would have thought, for airport owners. What is your view on those.

Mr Whitmore—The industry consultative group, that the department of transport has set up and which we are a member of, has established a sub-working group that has been looking at training of screening staff for some period of time and they are working currently to establish a whole new training regime. We believe that the current training regime is appropriate but it can always be improved, so we would support any additional training or any advancement in training for screening staff.

Ms GRIERSON—What about the people I would see when I am getting out of my car at Perth Airport, those sorts of security personnel. Who are they? Are they yours as well?

Mr Whitmore—The armed people? They are the Australian Federal Police Protective Service staff.

Ms GRIERSON—So they would have been APS or AFP.

Mr Whitmore—Yes.

Ms GRIERSON—Do you have anyone outside, patrolling those areas?

Mr Fitzgerald—Yes, we do have a security company that performs the function of traffic management: keeping vehicles moving and reporting to AFP any vehicles left unattended out the front of the terminal so that they can assess those.

Ms GRIERSON—What was your view of the crime attached to leaving unattended baggage? How would you feel about policing that?

Mr Whitmore—It is going to be a challenge in how we apply that law. It will raise public awareness very quickly about the need to not leave baggage unattended in airports. It is an ongoing problem. We have static signage airports, we have ongoing public address announcements, telling people not to do it, but we still have a high number of bags that are left. People wander off to coffee shops and leave them. We see that initially there will be a negative response, but, providing those people that are responsible for issuing infringement notices are sensible in the way that they apply that regulation, we do not see it being a problem. Obviously people that intentionally leave stuff are the people that should be prosecuted, but it certainly will raise public awareness of the need not to leave bags around.

Ms GRIERSON—We have spent a lot of time with Customs today and yesterday. They certainly have very defined roles, defined processes and sophisticated methodology. They deal very much agency to agency. Do you feel that the relationship now between private airport owners and that sort of Commonwealth agency has improved in terms of trust and information sharing?

Mr Whitmore—No, I do not think it has improved. I still think there is a need for further information; not necessarily from Customs. Airport operators have to conduct a risk assessment of our operations and it is the only effective way that we can measure the threats and risks to our business. Without access to intelligence that tells us what the threats are and the likelihood of them, it is very difficult for us to do that.

Ms GRIERSON—You still think they are holding back information from you, not realising that you have the whole commercial operation to oversight.

Mr Whitmore—I would not use the term ‘holding back’, but it has not been made available. Once again, the industry has addressed that with the department of transport and, in recent times, through the Industry Consultative Group, and we believe that will be fixed. It is encouraging to see in Sir John Wheeler’s report that that has been identified as something that can be addressed.

Ms GRIERSON—Yes, he has identified it. He suggests that the aviation security committee has more or less two levels: an inner level where you have full information from all of the agencies with, I think, your CEO being the chair of that; then a wider group that meets and has all the retail and other information. You perhaps think that is necessary?

Mr Whitmore—Yes, I think it is, because there are a lot of people who attend the traditional airport security committee meetings that would not necessarily need to have access to high-level information. The two-tiered approach to security committees would be well received by us.

Ms GRIERSON—In Sydney we were told that often the first that Sydney Airport Corporation knew of incidents was after they had occurred. Do you find you are sometimes in that situation?

Mr Whitmore—It varies. It depends where the incident happens; it depends on how the incident is reported. In an ideal world, we have a process where incidents are reported firstly to us through our airport control centre. That unfortunately does not always happen and we have had the embarrassing situation where the state Premier has found out about a security incident on

the airport before we have. There are a variety of reasons why that happens. In an ideal world, it would not.

I will give you an example. There was an incident at Qantas domestic terminal, where a person rode a Harley-Davidson motorcycle in through the front door of the building and made a bomb threat and, because there were people in the terminal with mobile phones, they were immediately on their phones to the media to tell them what was happening. When that happens, it is outside of our processes as to how that information gets out. It is difficult to keep it working properly.

Ms GRIERSON—You had another airport incident in 2004, I think, which was someone wandering onto the tarmac instead of wandering onto his plane. Is that right?

Mr Whitmore—Was that the incident that Neil mentioned?

Mr Fitzgerald—We did have an incident on the departure level where a person went through a barrier—it was not a solid barrier—and continued down the stairwell and onto the apron area, and was sighted by one of the Qantas employees.

Ms GRIERSON—It was more at his own risk, rather than anybody else's risk, I suppose.

Mr Whitmore—He went through a fire escape door onto the apron.

Ms GRIERSON—In your submission you also make some comments on costs, cost recovery. You say that perhaps it should be on a national per passenger basis. Do you mean an absolute subsidy per passenger movement? Is that what you are suggesting?

Mr Whitmore—We have not made any specific comment about the manner in which that charge could be levied. We are saying that the measures that we have in place at Perth Airport—and we appreciate that Westralia Airports Corporation has an obligation to protect its assets and those of its customers, the passengers and the public that use the airport—also protect the economy of the state. A recent economic study of Perth Airport suggested that we contribute \$2 billion to \$2.2 billion, or three per cent, of state gross product. We employ 6,000 people directly on the airport, with salaries and wages around \$342 million and, indirectly, 16,800 jobs and \$850 million in salaries and wages. We have a significant impact on the economy of this state.

The security measures that we put in place at Perth Airport will not only protect our assets but protect the economic balance of the state. That was witnessed in the United States where there was a severe economic downturn following the events of September 11. If a similar event happened in Perth or in Australia, we believe it would—on a lesser scale—have a similar impact. Our argument is that our security measures protect more than our assets and our customers and our stakeholders and, because the state and Australia derive a benefit from our security measures, we believe the Commonwealth should contribute something towards that.

Ms GRIERSON—Have they contributed anything to Perth Airport, at this stage?

Mr Whitmore—There has been some contribution. Some of the Australian Federal Police officers are budget funded, but there is no ongoing commitment to that. In relation to the provision of check bag screening and passenger screening, they do not contribute anything at all to the provision of those functions.

Ms GRIERSON—Under your lease provisions, do you have any way of recovering those costs?

Mr Whitmore—Yes. We can recover them through passenger charges.

Ms GRIERSON—Only through passing it on?

Mr Whitmore—Yes.

Ms GRIERSON—Not always the most popular way.

Mr Whitmore—No, it is not.

Ms GRIERSON—You think that perhaps—not just looking at assisting regionally, of course—major airports that have to take on this cost burden should be given some direct subsidy by the government for security measures.

Mr Whitmore—One of the big issues is that when you introduce a measure such as 100 per cent check bag screening—

Ms GRIERSON—Which you do now.

Mr Whitmore—for an airport, any airport that had an international service had to implement that process. If you do not have the passenger numbers to offset that cost, the unit cost per passenger becomes astronomical, to the point where the services to those ports could be unviable. That would extend to regional airports for passenger screening as well.

Ms GRIERSON—It is all very fine when you have growth—and you do have growth at the moment, and you have projections of growth—but if you have a downturn, it certainly does—

Mr Whitmore—The unit costs go up very quickly.

Ms GRIERSON—Yes. As part of your lease, you have capital developments that you have to put in. We did an audit on that as well. Are you behind or ahead on those?

Mr Whitmore—Sorry, I do not understand.

Ms GRIERSON—As part of your lease terms, you have capital improvements that you have to do on major infrastructure.

Mr Price—Yes. I am not totally up to speed with that. I would have to take it on notice and perhaps come back to you in writing on that.

Ms GRIERSON—I only ask, because I wonder if the costs that have been imposed on security measures and the fact that aviation has been going very quickly has caused airports to put off some of their capital improvement programs. Is there a possible link? But without that information, it is hard to say. Thank you.

CHAIR—Who owns Westralia Airports Corporation?

Mr Price—The shareholders are Utilities Trust of Australia, which is a fund manager; the Australian Infrastructure Fund, which is a listed entity; Perth Airport Property Fund, which again is an entity owned by a fund manager; BAA Australia, which is a subsidiary of BAA in the UK, the largest private owner of airports in the world; Westscheme, which is a local Perth based superannuation entity; the Officers Superannuation Fund, which is the Commonwealth Bank super fund; Colonial First State Private Capital, which is a fund manager; and the Queensland Infrastructure Fund, which again is a fund manager, owned by the Hastings entity.

CHAIR—Is this the only airport that that consortium owns?

Mr Price—No. Various shareholders have various interests in other airports. As a group, no, this is the only—

CHAIR—You do not have any regional airports outside of Perth that you own?

Mr Price—No.

Senator MOORE—Following up on Senator Hogg's question about the people who got onto the perimeter, was that covered by the media?

Mr Fitzgerald—Yes, we had a lot of media coverage on those incidents.

Senator MOORE—We are interested in the role of the media in this whole issue and we have asked this question of all the airports. Were you given a fair shot?

Mr Fitzgerald—With the incident where the three youths got over the fence, my feeling is that we did not get a fair shot. The media had reported that they got over the fence and were sitting on the aircraft for a considerable period of time. From memory, I think that was about an hour. In fact, once those three offenders had entered the secure zone, they were monitored by Qantas staff on the apron, who followed the procedures that we have in place, and then they were apprehended by the armed forces at the airport.

Senator MOORE—And charged?

Mr Fitzgerald—And charged.

Senator MOORE—Is that all over? They have been charged and—

Mr Fitzgerald—Yes. They were charged, and I think the fine was \$2,500 plus court costs.

Senator MOORE—I had not been to the international airport until today, and it seems that the domestic and international terminals are significantly far apart. Does that create any particular issue for your security arrangements in terms of how you organise your security teams and that kind of thing? We contrasted it yesterday with the new facility at Adelaide, which is all going to be in one building. There is a bit of a difference in Brisbane, but it is not as far as here. Are there any issues about covering that whole precinct with a security plan?

Mr Whitmore—Yes, there are. Obviously, by having two separate terminal complexes, there is some duplicity required in the services. There will be further problems with that with the enhanced perimeter screening that the government is proposing to put in place, because if you had all your terminals in one complex you could then establish probably only one screening point, or maybe a couple going airside.

Senator MOORE—Yes, which seems to be the model that is going to operate in Adelaide.

Mr Whitmore—Yes, whereas at Perth Airport we will have to have airside screening at our international terminal and at the two domestic terminals as well. The terminal was never designed to accommodate airside screening, so we have some considerable work to do in designing and restructuring our terminals to accommodate that.

Senator MOORE—Do you have a joint security committee or two separate committees?

Mr Whitmore—Currently we only have one security group. That is something else that is under review because of the expanded role of that committee. We are hoping to bring in cargo people and general aviation people and we are currently assessing that. We note Sir John Wheeler's comments in relation to that, as to how we will structure our future security committees.

Senator MOORE—You have a general aviation area in your precinct?

Mr Whitmore—Yes, we do.

Senator MOORE—We did not get there, but it is in that same large precinct?

Mr Whitmore—It is pretty small.

Senator MOORE—In relation to standardisation, you mentioned earlier about being clear on the types of objects that are prohibited and how the customers relate to that. I am interested in the equipment as well, in that it seems to me that this is a growing business—the development of what someone referred to this morning as toys, and I have some sympathy with that description. There does not seem to be a standard product, and the kind of equipment you go through will have varying levels of sensitivity. Something will get through without a problem at one airport but not at another. If you are on a two-leg trip, you will get pulled at one airport and not at another. Do you have any comments about standardisation as opposed to that absolute flexibility and ownership of each precinct and its own issues? There are varying responses.

Mr Whitmore—I think it is a fact of life that advances in technology these days are happening very quickly, so it is very easy to buy what is state-of-the-art technology today and

then within a year, or less, something will come out that is a better piece of kit. I think that is always going to happen. The danger with standardising equipment across airports, from a regulator's point of view, if the regulator were to say, 'Your equipment must meet this standard,' is that you potentially commercially disadvantage other suppliers. That is our view of that.

We certainly welcome any direction that we can get in relation to equipment. The problem that we experienced at Perth Airport is that we were not experienced in purchasing x-ray equipment in the initial phases. The suppliers of the equipment would tell you what the standards were of their equipment, but to get actual authorities like the FAA and those sorts of bodies that will have conducted tests to give you access to their results was very difficult for airport operators. Certainly, from Perth Airport's experience, it was very difficult.

Senator MOORE—Has that got better?

Mr Whitmore—We have not purchased any equipment, other than the Smiths Heimann stuff that we recently purchased. Through our connection with BAA we were able to get some very good support from them as to their experience with that equipment. We were comfortable when we purchased that equipment that we were buying a good brand. It is something that we mentioned in our submission—not necessarily to standardise but to make available to us some real factual information on equipment so we can make an informed decision when we purchase.

Senator MOORE—It is a point that is coming up consistently everywhere. There seem to be a lot of consultative committees being set up by the various structures but, in terms of giving real practical support about what is the best method and how to do it, there is still commercial competition going on.

Mr Whitmore—I think Sir John Wheeler's report suggests that a committee should be set up to do that.

Senator MOORE—Thank you.

CHAIR—We did not get much time to wander through your terminal, but we will tonight.

Mr Whitmore—That is unfortunate.

CHAIR—Do you have garbage tins inside your terminal for waste?

Mr Whitmore—We do have some, yes.

CHAIR—What is your view on unattended baggage and having garbage tins? If somebody wanted to plant a device, they could put it into a garbage tin.

Mr Whitmore—We have done a risk assessment and it is our view that any future rubbish bins should be explosive containment type rubbish containers. Having said that, it will be on a replacement basis.

Senator MOORE—What is that?

Mr Whitmore—They are designed to contain an explosion in the event that an IED was to go off inside a rubbish bin. It does not contain an explosion, as such, but it directs it upwards.

Senator MOORE—So it is a safer—

Mr Whitmore—It is safer.

CHAIR—Directional.

Mr Whitmore—We have minimised the number of rubbish bins that we have in our terminals. We have taken all the rubbish bins out of the check-in counter areas, which are assessed as being high-risk areas because of the concentration of people. Our cleaners check the rubbish bins on a regular basis.

CHAIR—I was in Cairns with the inquiry the other week and I was looking for somewhere to put an empty drink container. All they have are flat trays there with sand in them, and that is where you put your rubbish. It can easily be identified at any time what is in that collection area. With the stand on unattended baggage, it would be as easy to slip a device inside a garbage tin, and not have it go as readily noticed, to cause some damage.

Mr Fitzgerald—Rubbish bins are obviously a place where something could be deposited at an airport, but, with the design of terminals, there are so many other places—toilet cubicles and other areas—where something could be left. It is something that we have to manage and we are doing that in relation to rubbish bins. There are a whole range of issues there as to how we do that. As I said before, public awareness about leaving things unattended in terminals will help us greatly.

CHAIR—I suppose if you wanted to conduct some mischief, the obvious place to be doing it would be in a toilet where there are no surveillance cameras.

Mr LAMING—Mr Fitzgerald, are you responsible for the issuing of ASICs?

Mr Fitzgerald—Yes, that is correct.

Mr LAMING—How many agencies issue ASICs for the airport in Perth?

Mr Fitzgerald—At Perth Airport we have Qantas who issue their own ASICs, issued from Sydney; we have National Jet Systems who issue them, again from Adelaide; we have Customs who issue them; then we have ourselves.

Mr LAMING—For visiting passes, you do not use a photo ID on the visitor pass at this airport?

Mr Fitzgerald—No, we do not use photo IDs for visitors.

Mr LAMING—You do not see any marginal benefit for using a photo type system for visitor passes, on top of what you do at the moment?

Mr Fitzgerald—Not the way that the system is set up at the moment, where anyone operating with a visitor's pass has to be supervised all the time with a valid ASIC holder. So I do not really see that there would be a necessity.

Mr LAMING—Moving on to two situations, one with departing passengers and one with arrivals: do you have a security firm that you employ for operating x-raying of carry-on baggage at the airport?

Mr Fitzgerald—Yes, we have a screening for departing packs.

Mr LAMING—That company is?

Mr Fitzgerald—Group 4 Securitas, now known as Tempo Security.

Mr LAMING—How do you know that their staff are adequately trained to operate that equipment?

Mr Fitzgerald—Their manager keeps a training program on her computer, and I have access to that through our server. It is well set out, and I can see what officers require training, when it needs to be conducted, and when it has been conducted.

Mr LAMING—On a simple sensitivity analysis, where you put through packaging knives for instance, is anyone able to say how many of 100 packaging knives that are put through that system as carry-on luggage are actually being picked up by the Group 4 staff as an example of how sensitive or how effective that x-ray screening is?

Mr Fitzgerald—We are looking at TIPS at the moment.

Mr LAMING—You are not doing that yet?

Mr Fitzgerald—Yes, we are doing TIPS on both the international and domestic side of the terminal. The current rate that we have with the screening is 92 per cent.

Mr LAMING—Excellent. I have one question for an arriving passenger at an airport like Perth, where you have international flights that then transit on to a second destination.

Mr Fitzgerald—Currently we do not have any transit flights going through Perth. When we did have transit flights, they went through the transit process and then went back through the screening process.

Mr LAMING—No flights come from, say, Johannesburg; people get off in Perth; the rest of them are in the transit lounge and then continue on?

Mr Fitzgerald—No, not at the moment.

Mr LAMING—Thank you.

CHAIR—Were you referring to particular passengers?

Mr Whitmore—We used to. Emirates used to do it. They do not come here any more, and Qantas and South African used to but they all terminate now in Perth—the South African flights. They transfer across to the domestic terminal.

Senator HOGG—I would like to refer to part of your submission and get your comments on a couple of areas. You say:

Aviation security measures should be developed to counter risks identified through a robust risk assessment process or in response to credible threat information obtained through intelligence gathering.

You go on to say:

Measures hastily conceived and based on a perception of risk engendered by a media beat up of isolated incidents or a misunderstanding of airport/airline operations by the public have the potential to be costly to implement with questionable security outcomes.

The first issue I raise there is the robustness of the risk assessment process. How robust do you believe it is, and are there ways in which it could be improved?

Mr Whitmore—I believe that the majority of the security measures that we have in place are based on robust intelligence—passenger screening and check bag screening and those sorts of things. The comments in the submission relate primarily to additional security measures or temporary security measures that are put in place in response to an incident, and are based on the fact that aviation security predominantly or historically is in place to prevent acts of unlawful interference with aviation. There has been a shift away from that in recent times.

Senator HOGG—You are saying that there is not a general understanding in the community of the difference between criminal acts and acts against aviation?

Mr Whitmore—No. I am saying that we have a layered approach to security, so that if somebody was to get through one measure of security, there is a back-up process behind that that would prevent the act from occurring. If there is a publicised event that happens on the airport, it is very easy for the public, through not understanding how aviation security works, to perceive that as being a failure of the security system—

Senator MOORE—The whole system.

Mr Whitmore—as opposed to one layer. If the media gets hold of that and if there is enough noise made about it, to get back public confidence and to reassure people that something has been done about this perceived failure of security, we will implement measures. We are saying that those measures are not necessarily cost effective and do not treat the risk.

Senator HOGG—So I take out of that two things: firstly, there needs to be an education process for the media so that they understand the processes that airports such as Perth have in place. Is that currently undertaken by your organisation—to make the media aware and to give

them the understanding of the various security levels that you have within your operation to meet any contingency that might arise?

Mr Whitmore—Certainly. We have had the example of the motorbike rider who got into the terminal building and there was media perception that airport security had failed. We went to the media and put our case forward to suggest that it had not failed; in fact, it had worked very well, because the person was apprehended and taken into custody and he did not get anywhere. When it is in our area and when we have the capacity to do it, we will talk with the media and try and point out how security works, given the limitations that we cannot define the processes that are in place because that would then compromise the effectiveness of our security measures.

Senator HOGG—I accept that there is a bit of a catch-22 situation and you cannot compromise your systems. I am not seeking that you do that. But it seems to me that if there is a general lack of awareness and understanding—and I must say, as a person who travels on aircraft myself quite a lot more than many other people throughout the country, I have learned a great deal out of this inquiry, and some of it could be quite easily disclosed to the public and demystify some of the things that are taking place at airports—there is a need in this era of heightened security for some association of various airports or, in conjunction with the federal government and/or state governments, to run some sort of campaign to focus on the heightened level of security at airports and what this really means for the travelling public, without people becoming necessarily alarmed at what is happening, because I believe there is a great deal of ignorance on the part of the public.

Mr Whitmore—I think there could be a lot of benefit in that. It would require a bit of work to determine exactly how you would do that.

Senator HOGG—I accept that.

Mr Whitmore—Certainly I think we could only hope to benefit from that. Indeed, we made the suggestion some time ago, when there were considerable changes happening in security, that the government should have a public campaign—other than media releases where they come out and state what they are doing—using some educational TV advertisements or other forms of media to educate the public as to how effective aviation security is.

Senator HOGG—Surely if the public understand the intent of the security that you are putting in place, that will lead to greater cooperation from the travelling public in assisting you to resolve potential security difficulties that might exist on airports. That would be reasonable, wouldn't it?

Mr Whitmore—Yes, we would agree with that.

Ms GRIERSON—I think the media have their own campaign, which is very much to alert the public to all incidents and there certainly have been many. I keep a record of every incident that is reported in the media and they continue to occur, so I just want to run a few of them by you. In New South Wales there was concern expressed in September about the lack of electronic screening for security passes at all perimeter gates. Do you have any perimeter gates that do not have security screening where people have to show their pass electronically et cetera?

Mr Whitmore—We have three entry points that are swipe access that come straight out of cargo facilities, so the cargo operator has a security process in place that limits access to the airside through his premises to those gates to people that are security card cleared. The other two entry points that we operate at Perth Airport are all staffed entry points where there is a physical check.

Ms GRIERSON—A physical check?

Mr Whitmore—Yes.

Ms GRIERSON—There was an incident in August where a pilot apparently had accidentally used a secret code word for ‘hijack’ and it sparked a national terrorism emergency plan. Were you briefed about that? Was there any sharing of that information? Was that real? Is it a media story? I have no idea.

Mr Whitmore—I am not familiar with it.

Mr Fitzgerald—I am only aware of what I read in the media about that incident, so we were not briefed by anyone else.

Mr Whitmore—Can you trust the media?

Ms GRIERSON—That is right. You would think there would be a counterflow of information, wouldn’t you, or an update for you on those sorts of incidents or alleged incidents, so that you can deal with them?

Mr Whitmore—If I can just comment on that. Incident reporting and the sharing of information in relation to incidents is a complex process; the classification of them and how that is managed. The department has recognised the need to get some consistency in incident classification and reporting and, at the last industry consultative group meeting that I attended, there was a commitment made at that forum that we would start to share and we would do some case studies on some identified incidents that happened at other airports, so we are moving towards doing that.

Ms GRIERSON—I think that is probably very important because we do not know how many incidents there are. We can only read the ones in the media. You do not know how many. You may know at your own airport how many critical incidents are reported—some serious, some very minor. If it is an aviation safety incident, it is reported with no fear of reprisal because of the safety of the industry. Do you think there should be a different approach to reporting of incidents?

Mr Whitmore—I think the reporting mechanism is okay; it is the sharing of the information.

Ms GRIERSON—What do you do when you have an incident on your airport? What do you do to report that?

Mr Fitzgerald—Any incidents that we do have on the airport, we do not share with other airports at all. It is sort of confined to our airport.

Ms GRIERSON—Do you share it with DOTARS?

Mr Whitmore—Absolutely.

Mr Fitzgerald—Yes, we do share it with DOTARS. We will share it with Federal Police Protective Service. If it is an incident to that scale where they would be involved, we would need to share it with them.

Ms GRIERSON—But you keep a list of all critical incidents on your airport, whether they are minor or major. Maybe as part of a DOTARS audit that information would be looked at. Are you required to keep a critical incident register?

Mr Whitmore—We do keep a list or a database of incidents on the airport. Each incident is investigated and assessed against our risk assessment for the airport and we review our procedures on airport following any incident. Any significant incident that requires the activation of responding agencies we do a debrief following that with those responding agencies.

Ms GRIERSON—I will save you going through other ones. The only other one I want to raise is that in August it was reported that Qantas said their reporting of theft from baggage rate was 9.6 bags per million. That does not sound too terrible, does it? Would you have any understanding of what it might be through baggage in your airport— reports of theft from baggage?

Mr Fitzgerald—I would not be able to give you the total of that, but I do receive some calls or reports from passengers alleging that they have had something stolen out of their bag or their bag tampered with. Some of those would go directly to Qantas or the airline that they were flying on.

Ms GRIERSON—Do you think it is high or low? Do you feel there is any trend about that theft from baggage?

Mr Fitzgerald—I think there is definitely a trend there. We tend to get a lot more complaints or allegations of theft from bags when it is released in the media that there has been a theft of any bag.

Ms GRIERSON—That there is a baggage handling problem?

Mr Whitmore—I would suggest that Perth Airport is very low. In my previous role, when I used to do Neil's job—and I was in the chair for five years— from recollection there would be fewer than one a year alleged reported theft from baggage.

CHAIR—Would it be an object? Can I just get a clarification on that? Would it be more that a bag has gone missing than an actual object from a bag taken?

Mr Whitmore—We would not necessarily get a report of a bag gone missing. They would go to airlines with that. It is tampering with baggage.

Ms GRIERSON—There is a suggestion that people are not showing photo ID to the same extent that they have done. Can anyone go through your airport without showing photo ID?

Mr Whitmore—To go airside? No.

Mr Fitzgerald—Sorry. Yes, there are access points within the international terminal but that access is restricted to Australian Federal Police Protective Service officers and Customs officers. Those officers also have an exemption to enter the sterile area, which would also give them access through to the restricted areas.

Mr Whitmore—That is under the sky marshal program.

CHAIR—What about military personnel wearing ID and a uniform?

Mr Whitmore—Yes, they are acceptable.

Mr Fitzgerald—They are accepted but they would have to go through the security checkpoint to access the apron areas.

CHAIR—When there are reportings of breaches and subsequent actions taken to address those breaches, or if there is a drug smuggling attempt that has been caught by Customs and reported in the media, it is a very perplexing question. Is it that we should congratulate people for the action they have taken on addressing those incursions or is it condemning the airport operators or Customs for it actually happening? Any views on that?

Mr Whitmore—I am not sure I really fully understand the question.

Ms GRIERSON—Which one do you want: the praise or the guilt?

Mr Whitmore—I would suggest that the airport operator or Customs do not allow it to happen. Drugs are primarily detected coming into the country, so the act of bringing the drugs in is not the responsibility of us. The detection in that case should be praised. It gets back to the acts of interference to aviation. We do not screen for drugs through our check bag screening processes. If we detect something in a bag through our normal detection process for improvised explosive devices and we see something that we consider is drugs, we will notify Customs. But the equipment is not programmed to look for drugs. I do not think we could be condemned for allowing drugs to get through the process. Certainly anybody that detects drugs should be praised.

Senator HOGG—The last issue that I am interested is audits. What audits are you subjected to and how often are they conducted? What are the results of those audits?

Mr Fitzgerald—The Department of Transport and Regional Services come out and audit annually. They also come out and do ad hoc audits to a reasonably high level every three months. Other than that they are out on the airport on a regular basis auditing the screening process, the access points and those types of audits.

Senator HOGG—So you rely on the DOTARS audits ?

Mr Whitmore—Can I just add to that? In addition to that, through our connection with the British Airports Authority, we get them to do a peer review of the airport on an annual basis.

Senator HOGG—That is what I was coming to.

Mr Whitmore—And we do our own. I conduct a series of internal audits. I do ad hoc audits where I will come out at night and just have a look around, and each premise that has airside and landside interface, I do a formal audit on them annually as well.

Senator HOGG—Do the general results of those audits expose any weaknesses or do they support that the programs that you have in place are operating successfully?

Mr Whitmore—Security standards are a moving feast.

Senator HOGG—I understand that.

Mr Whitmore—We continue to improve on our security. In days gone by, a hard key locking system was acceptable on buildings where we are moving now towards having swipe-card access, which is more secure. We are in transition. We have changed with a lot of our tenants on some of those issues. In general, in terms of our compliance with security, our audits are positive. The peer review we had conducted by BAA in August this year did not identify any material deficiencies in the processes in how we manage security at Perth Airport, and the last department of transport audit was very complimentary on how security is performing at Perth Airport. But we can improve. There are always things that we can continue to improve on.

Senator HOGG—I accept that, but the reason I put the question is because I am a person who believes that unless there is a fairly robust audit process in place—and I am pleased to hear that you have a peer review as well as independent audits from DOTARS, but of course it means that there is a possible fail-safe mechanism in what you are doing. I can only say congratulations.

Mr Whitmore—Thank you.

CHAIR—Any further questions? Thank you very much for providing the information to the committee today. The proceedings of today will be a published record and will be available to the public and also on the parliamentary web site in due course. Thank you very much. If we have any further questions, we will put those on notice to you in writing. We take on board that you have taken one question on notice and will provide an answer back to the committee.

Mr Whitmore—Thank you.

Proceedings suspended from 2.32 pm to 2.40 pm

[2.40 pm]

CHALLIS, Mr Don, Program Leader, Passenger Transport, Department for Planning and Infrastructure

GAYNOR, Mr Drew, Transport Security Policy Manager, Department for Planning and Infrastructure

CHAIR—The Joint Committee of Public Accounts and Audit will now commence taking evidence, as provided for by the Public Accounts and Audit Committee Act of 1951, for its inquiry into aviation security in Australia. I welcome representatives from the Western Australian government here this afternoon to the fifth public hearing of the committee's review of developments in aviation security since the tabling of its *Report 400: Review of aviation security in Australia*. We are currently taking evidence from industry participants around the country to build a picture of the range and variation of conditions covered by the new aviation security regulations.

Before beginning, I advise witnesses that the hearings today are a 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. Again, 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.

We have received your submission, but does anyone wish to make a brief opening statement before we proceed to questions?

Mr Gaynor—I do. In the first instance, could I say that this was submitted from the Department for Planning and Infrastructure and, in that respect, I cannot answer certain questions from a whole of government perspective of the Western Australian government. But I will do my best. The second point is that we would like to limit our comments specifically to this submission, although if there are any particular questions that we can answer we will.

CHAIR—For the benefit of Hansard, the members of the committee and the public here today, could you outline the airports which your government owns and operates.

Mr Gaynor—We do not own and operate any airports. I should correct that. We have one small airstrip in the Pilbara, but we would not class that as a major airport.

CHAIR—Is Newman yours?

Mr Gaynor—No. Newman is owned by the Shire of East Pilbara.

CHAIR—I note that in your submission you have put in a recommendation that the Commonwealth government allocate surplus funds from the transport security program towards building a new terminal at Newman Airport.

Mr Gaynor—Yes, that is correct.

CHAIR—You do not own it, but you are advocating for it?

Mr Gaynor—Yes, we are advocating for it.

CHAIR—Very adventurous and ambitious, I might say.

Senator HOGG—That is the issue that leapt out at me from your submission—that is, the difficulties at Newman Airport. Could you elaborate on those for the committee.

CHAIR—You might tell us where Newman is, to start with.

Mr Gaynor—Newman is in the Pilbara. It is the major iron ore processing centre. There is a big mine there. The state government fully supports the \$35 million transport security program allocation towards regional airports that do not have jet services and therefore do not attract passenger screening. There are certain airports that have jet capabilities that do not have sufficient funds for the passenger throughput to pay for all of the facilities required. When passenger screening came in—for Newman, as the example—it facilitated the need for a new terminal to be built, which was many millions of dollars, and the Shire of East Pilbara did not have the capacity to pay for that.

At that time, Newman had about 40,000 passengers per year going through. To give an example, a turboprop airport of, say, Geraldton in the mid-west had about 60,000 passengers. Jet services in the north of the state are disproportionate on the basis that they service the resource sector and are not necessarily solely based on passenger numbers and, therefore, demand for aircraft. With some airports, such as Newman, we believe that, if there are any surplus funds from the transport security program, those funds should be redirected back into those airports on a needs basis, not solely on the basis of the sort of aircraft that they operate.

Senator HOGG—Are they basically what they call closed charters that go into Newman or are they more broader commercial services?

Mr Gaynor—They are broader commercial services—RPT services. There are some charters that go in there, but they are commercial services as well, and the state government supports the consolidation and the growth of RPT services for the general public.

Senator HOGG—What percentage of those would be closed charter for the mining industry and what percentage would be for general aviation?

Mr Gaynor—I cannot give you those figures exactly. Don might know.

Mr Challis—I could not give you the figures exactly for Newman but, by way of example, Paraburdoo—which is a similar town—has around 10 services per week by Qantas and about two to four charter services per week; something along those lines.

Senator HOGG—So it is not on the basis of it being a place that operates on closed charters; it is mainly because of the infrastructure costs that have to be met by the shire that the submission is made in respect of Newman. Is that correct?

Mr Gaynor—Yes. To put it another way, we are talking about a matter of equity here. Some airports had access to Commonwealth funds through the transport security program and other airports—which, through no fault of their own, had jet services in there, such as Newman—could not access the funds. But at the same time they did not have the capacity to pay for all the required infrastructure that had to be put in place to accommodate the Commonwealth's regulations on passenger screening. The original Newman terminal was quite inadequate, and they have had to spend many hundreds of thousands of dollars in the interim to upgrade the existing terminal.

The reality is that in the longer term they need to have a new terminal, and they are undertaking to design that terminal. The state government has provided some funds towards that, and continues to do so. Don can give you those figures, if you so wish, that come out of our Regional Airports Development Scheme, which has provided about \$20 million for regional airports around the state over the last 12 years. Don can elaborate on that.

Senator HOGG—What is actually happening at Newman at this stage? Is it still operating out of the old terminal?

Mr Gaynor—Yes, with some major modifications. They are working towards designing and building a new terminal for the longer term accommodation of their requirements for passenger screening and the like.

Senator HOGG—If I understand it, that will be at a cost of some \$3½ million.

Mr Gaynor—Yes. That is for the terminal only. There are a number of other associated costs that will probably bring it up closer to \$6 million: new taxiways, new apron parking and all of the things that go with the terminal.

Senator HOGG—And with the upgraded security that is required.

Mr Gaynor—Yes.

Senator HOGG—There is no Commonwealth funding, you were saying, for that.

Mr Gaynor—No.

Senator HOGG—There is some state funding.

Mr Gaynor—Yes.

Senator HOGG—How will the Shire of East Pilbara fund the balance up to \$6 million? That seems to be a substantial amount of money.

Mr Gaynor—There are only two courses of action, and I do not wish to be speaking on their behalf.

Senator HOGG—No, I accept that.

Mr Gaynor—One way is that they raise those loans and reflect that cost back on the ticket price and the other way is to get some direct government contribution, or perhaps a combination of both. This is wherein lies the dilemma for an airport like Newman, and there are others in the Pilbara and in the Kimberley as well. To recoup the money from such small annual passenger numbers adds significantly to the cost of the ticket and it cascades onto other things, such as mining companies saying, ‘Well, perhaps I shouldn’t use the RPT service because it’s far more expensive for us to take our employees up there,’ and look at alternative means such as charter. If we then extrapolate that out, that could well diminish the RPT service’s strength because passenger numbers go down. We believe that some airports are in a bit of a conundrum.

Senator HOGG—How many such airports would there be in Western Australia? You said there are a number. I do not expect you to roll the names off the top of your head, but—

Mr Gaynor—I can.

Senator HOGG—You can? All right. If you can tell us, that would be handy.

Mr Gaynor—That are in this particular position, you would have Kununurra in the east Kimberley; you have Newman. Paraburdoo is in that same category. However, that is owned by Rio Tinto, so I guess that is a special case. We have Exmouth in the Gascoyne, and Port Hedland in the Pilbara. Jet services also go into Broome and Karratha but they have very large passenger numbers and so they have the capacity to wear those costs. There are other turboprop airports that, within the next few years, could well make that leap into jet services, but that is a commercial decision by airlines. Don, have I missed any?

Mr Challis—No. I think the main point here is that some of these airports are kind of on the margin, where, because they have jet services, they do not receive the Commonwealth security funding, but they are in the smaller end of the jet size ports. Drew mentioned Karratha. Kalgoorlie is also a sizeable airport. It probably has the capacity to cover most of its security requirements, but as some of these airports, like Exmouth, go from a turboprop size operation to a jet service they incur very substantial costs to upgrade their security and they are not eligible for any funding.

Senator HOGG—And the services from these airports mainly operate to Perth?

Mr Gaynor—Yes.

Senator HOGG—Do they operate to other ports as well?

Mr Gaynor—No. Intrastate air services in this state are basically a hub and spoke. They go out from Perth in the morning to all points and the majority come back in the evening. Of course, you have some midday flights, depending on the port, like Broome and so forth; but Karratha would be a perfect example, where you have Qantas flights and Skywest flights going out in the morning to take the businesspeople up to the Burrup Peninsula and so forth, and then coming back in the afternoon.

Senator MOORE—Are they all mining towns?

Mr Gaynor—Newman, Paraburdoo, Hedland and Karratha are ports for the mines.

Senator MOORE—What about Exmouth?

Mr Gaynor—No, although Woodside has got extensive oil exploration going on around the North West Cape.

Ms GRIERSON—I know that in the original inquiry in 2003-04 there were five airports in regional Western Australia identified as security categorised, then two more were added. Now it is up to 18 but you still have anomalies like Newman that are not covered. Is it still up to 18 regional airports in Western Australia that are security classified?

Mr Gaynor—It was my understanding there were 18 airports that were turboprop services that were captured by the transport security program. That did not take into account the airports that had jet services that had heightened airport security through passenger screening. Can I just draw upon that particular point?

Ms GRIERSON—Yes.

Mr Gaynor—There were originally four jet airports that had passenger screening: Broome, Karratha, Port Hedland and Kalgoorlie. I believe it was 2003 when there was a review of airport security. Four airports in Australia and the territories were captured in that, because they had jet services. They were Gove in the Northern Territory, I believe Christmas Island, and there were two in Western Australia: Paraburdoo, owned by Rio Tinto, and Newman. Getting back to the Newman issue, Newman changed overnight, and we argued at that time that there should be some special consideration given for Newman for some extraordinary funding because it was the only airport out of those extra four that were captured that was owned by a local shire and did not have access to any other means.

Ms GRIERSON—Yet it has jet services and it has fairly high passenger movements. Is that right?

Mr Gaynor—It does not have very high passenger movements relative to jet services. In other places where you do not have it distorted by the mining sector, it would tend to be turboprop services. Historically, in Western Australia there have been more jet services than turboprop services for the north of the state. It was there when Ansett was here with the one airline in the state, and they have just had jets all the way along—and it is long distances, of course.

Ms GRIERSON—Did the mining industry contribute to the infrastructure of the airport originally or was it all state government?

Mr Gaynor—I cannot say exactly if the mining company did. They have contributed towards the airport over the years. I do not know exactly what that figure is.

Ms GRIERSON—But you do say very much that Newman is an anomaly and you are saying that, if there is any money left in that upgrade funding, you certainly would put a strong case for Newman.

Mr Gaynor—Certainly for Newman, but I would not like to think that Newman was the only case. For example, Exmouth was a turboprop port and they now have two jet services a week in the season, so all of a sudden they have been tripped into requiring passenger screening. What we are saying is that Newman is the big issue at the moment—

Ms GRIERSON—But you see more to come.

Mr Gaynor—but there are airports like Kununurra, Exmouth and others that will fall into that. What we are saying is, if there are some surplus funds, offer some degree of flexibility and do not just make the cut-off point turboprop or jet services if they can attract some Commonwealth funds.

Ms GRIERSON—And, of course, you would project that, with the growth in Western Australia, that is going to remain a major problem; it will just increase the use of those sorts of airports.

Mr Gaynor—Other airports may come on stream for jet services, such as Albany and perhaps Esperance and so forth. It is difficult to say at this time if they are going to require any assistance because we do not know when that will happen, how many passengers they will have and their capacity to pay. At this point in time we believe that Newman is a prime example of being caught between the devil and the deep blue sea.

CHAIR—The committee is going to look at Broome. We have been recommended to go and have a look at Broome Airport because it is a regional hubbing airport for a lot of the smaller outlying airports around there. Are you familiar with the operations at Broome?

Mr Gaynor—Yes, we are.

CHAIR—Could you perhaps elaborate to the committee so that we are a bit more advanced in our information before we go up there.

Mr Gaynor—I will pass it over to Don. Don actually looks after some of those air services that come from the outlying areas into Broome and are subsidised by the state government.

Mr Challis—There is a variety of users of Broome Airport. For instance, the state government subsidises an airline that operates some of its services out of Broome, and it operates services from Broome to Derby, Halls Creek and Fitzroy Crossing and return, and also down to Port Hedland. The idea of that is to bring passengers from the small communities into a place like

Broome, where they can either access the facilities in Broome or make connections to flights back to Perth or beyond.

CHAIR—It is a consolidation point?

Mr Challis—Yes. There are a number of charter operators and that sort of thing who also operate out of there.

CHAIR—Do they do international charter flights in and out of Broome?

Mr Gaynor—Occasionally. There has been a history of that, but I do not believe it is happening on a regular basis at this point in time.

Ms GRIERSON—Would it be best to shift the cost to the major airports so that passenger screening happens when they come into a major airport rather than at the regional airports when they go on board?

Mr Challis—I am not qualified to make that judgment.

Mr Gaynor—At which level?

Ms GRIERSON—If you are leaving Newman, a passenger screening occurs before you get on the plane, and you can see that if it is a jet plane it has the potential to be used in other ways—as a weapon, as we have seen in the past—but where are you going to fly it into, or where to? It seems that it might be more important that they are screened when they arrive at a major airport. Is that feasible? If they come to Perth, should they be screened then? Their baggage will be screened then.

Mr Gaynor—I think a security issue like that really rests with the Commonwealth government in terms of the policies and practices and what standards they want to set.

Ms GRIERSON—Do you think there is a security risk in all these regional airports?

Mr Gaynor—Again, we are not qualified to make those comments—whether it is correct or not. The Commonwealth has determined that passenger screening occur for jet aircraft based on knowledge, expertise and standards around the world. That is a matter for the Commonwealth. We focus on the costs that come with that line of security and the impact on regional airports.

Ms GRIERSON—You are particularly saying that costs should not be put onto states and regional airport providers—council areas, I suppose.

Mr Gaynor—In this state, 95 per cent of regional and smaller airports are owned by local councils. They took up that option under the ALOP scheme in the early nineties when the Commonwealth was selling the smaller airports and regional airports, before moving on to the major airports and GAAPs.

Ms GRIERSON—Is it a case if you are going to improve your airport because of security requirements, then you are going to add on a few other things—the cost of doing business? If

you are going to do those improvements, you may as well do the next bit and the next bit. Is there too much expectation that the Commonwealth pick up the next bit and the next bit, or are people perhaps being ambitious with their infrastructure improvements just because of the security measures? If you are going to put security equipment in and you are wanting a bigger building or a better building, and then you are wanting the apron to come closer to it and then you are wanting all sorts of things, is the cost escalating because of that?

Mr Gaynor—I guess there is always an element of, ‘Are they building something a little more extravagant than what is required to meet the Commonwealth requirements?’ I am not qualified to say if that is happening or not, but they would certainly be putting in place associated infrastructure to meet those requirements. We always go back to Newman, but using them as an example, to build a new terminal then triggers a number of other infrastructure costs such as new car parks, new access road, new taxiways, and all the rest of it, for where the new terminal is. Is it adequate or is it more? I am not in a position to say if it is or not. We would think that the airport owner, being the local council, would be putting in the appropriate amount of infrastructure, and nothing more.

Ms GRIERSON—What is the process for putting Newman and, say, Exmouth up? If you know that there are going to be infrastructure needs there and that mostly they are activated because of the growth and that eventually they are going to come under security provisions, how do you put that to DOTARS or the government: ‘Hey, let’s look at these ones. Let’s look at these anomalies. Let’s look at these future possibilities’?

Mr Challis—We are really suggesting at the moment, I think, that if there is any money left over out of the \$35 million, rather than not spend it you give consideration to some of these airports. As Drew has mentioned, Newman would be a good case. In relation to the sort of criteria that you might use and how you distribute that funding, we are probably talking more about the principle at this stage rather than the actual mechanics of it.

Mr Gaynor—Are you talking also about other avenues where the state government would raise these matters?

Ms GRIERSON—Yes, very much.

Mr Gaynor—Certainly we have been advocating this prior to the \$35 million. The Shire of East Pilbara applied for Commonwealth funds.

Ms GRIERSON—Regional Partnerships or something like that.

Mr Gaynor—Regional Partnerships, yes. It was not successful, so they have applied for Regional Airports Development Scheme funds through the state government. We have provided some funds for that, and Don can provide those figures for you. We have lobbied in other forums such as the Australian Transport Council—the ATC—and through the minister and department to department. This is just another opportunity, if there are some surplus funds, of perpetuating an argument that we have been putting for some time that some airports in regional locations are finding it extremely difficult to cost recover, and perhaps there is a need for the Commonwealth and the state, with respect to state governments, to provide partial funds to alleviate the cost so that it does not impact on the paying public.

Ms GRIERSON—Where do you fly to from Newman?

Mr Gaynor—Predominantly it is Perth. There is some triangulation with Paraburdoo, but those services will terminate back in Perth.

Ms GRIERSON—I assume it is the same passengers all the time. Is that a wrong assumption? Are we looking at miners who come to Perth regularly? What are we looking at? Do they live in Perth basically and go out there and work for a month?

Mr Challis—Places like Newman are towns that predominantly service a mine or the mining industry.

Senator HOGG—These people are fly in and fly outs.

Mr Challis—There would be a variety of people. There would certainly be a very high percentage of people associated with mining—either fly in, fly out, or just associated with the mining industry—but then you have families living in the town that might want to come to Perth for various reasons—medical reasons, visiting friends and relatives et cetera—and then you have people that might fly up there, like public servants and those sorts of people. There would be a variety of people on these aircraft.

Mr Gaynor—Also third party contractors that will go up to repair things on site; go up in the day.

Senator MOORE—Is there a significant Indigenous population in Newman? The reason that I ask is that I have recently been to Port Hedland on another committee and the issues of transport came up consistently with the public hearings that we had there—the travel from Port Hedland to Perth for hospitals, medical treatment. The particular issue that we talked about was mental health and coming to and from. Are those similar issues in Newman?

Mr Challis—There are a number of transport issues in the Pilbara, particularly involving Indigenous people. The state government subsidises two bus services in the Pilbara.

Senator MOORE—How many hours by bus is it from Newman to Perth?

Mr Challis—I am guessing.

Senator MOORE—About.

Mr Challis—About 10, 12, 15—something like that.

Senator MOORE—About 12 hours by bus. An hour on a plane?

Mr Gaynor—Hour and a half.

Senator MOORE—Hour and a half.

Mr Gaynor—On a jet.

Mr Challis—There are some passenger transport issues in the Pilbara: connecting the main towns, and connecting some of the smaller towns to the larger regional centres like Port Hedland, and connections back to Perth, and whether people have the capacity to fly on jet aircraft, whether they can afford it or whether they need low-cost transport options. The state government looks at all of those and, as I said, in some instances it is subsidising bus services from the Pilbara to Perth; also within the Pilbara it subsidises bus services. Some of those are specifically tailored for and go to some of the Indigenous communities.

Senator HOGG—Earlier you mentioned, I think, \$20 million as a figure that seems to be given out to air services by the government in this state.

Mr Gaynor—Airport infrastructure.

Senator HOGG—That is what I was going to ask. Is it primarily or only for airport infrastructure, or does it cover the cost of the subsidy in some areas as well, where you subsidise?

Mr Challis—The \$20 million essentially has been paid out over the last 10 years for capital works at airports, to upgrade and improve airports. There would have been small amounts of money from time to time that would have gone into things like helping develop master plans, but that would be a very small part of the overall funding. The payment of subsidies to either airlines or bus operators is separate from that—a separate budget item.

Senator HOGG—Is there an ongoing program of grants for capital works at airports and, if so, what is the recurrent figure?

Mr Challis—Two million dollars a year.

Mr Gaynor—It is a grant scheme. Applications are made and the state government assesses those and approves grants up to \$2 million a year.

Senator HOGG—My point would be that it would take at least three years of grants to just fix the Shire of East Pilbara.

Mr Gaynor—Notwithstanding all of the other applications that come in from around the state.

Senator HOGG—And the screaming and the yelling that would happen if you did that. I can understand that.

Ms GRIERSON—You made the point about Kununurra, too, that originally it was a jet airport and received support—money for infrastructure improvements. Now it is not as critical. Do you see perhaps a changing function of your airports that is not being accommodated—an escalation and de-escalation? You can put a lot of money into one area, then it is not needed any more, but you still have ones like Newman that stick out and perhaps do need the money.

Mr Gaynor—Kununurra is quite a difficult one, because it had jet services, then it lost jet services and then it came back in and had jet services. That is quite an extraordinary case.

Ms GRIERSON—What benchmarks would you use? Ability to pay by the shire? The government has put in some benchmarks for deciding whether they need to have this sort of screening equipment.

Mr Gaynor—Yes. What we said also to the Wheeler inquiry from DPI's perspective—and it was only a small part of the Wheeler inquiry in total, in the coordinated state government's submission—was that you have these rules in place, but perhaps there needs to be some degree of flexibility, taking into account local conditions. If there is only, for argument's sake, hypothetically, one jet service a week and it is seasonal, then does that airport need to spend all of the money to build that up because it has tripped the requirement for passenger screening?

To elaborate on that, Ravensthorpe in the south-east of the state is a perfect example. Ravensthorpe will grow, but it was a town of about 600. It is primarily a sheep/wheat-growing area. BHP are building a very big mine there, currently under construction. BHP decided that, rather than fly in, fly out, dedicated charter, they would have a RPT service so that it would be open for the general public to use. What they are doing in the course of the construction is to have turboprop services becoming more frequent, then there is going to be a period of jet services, which will then go as the construction is nearing completion and go back to turboprop services, and then there may not be too many air services on a long-term basis at the completion of the mine. However, because there will be a jet service down there and it will be RPT for a period, they have had to put in passenger screening at that airport. BHP provided \$5 million to build the airport and the state government put some money in also, through the Regional Airports Development Scheme. Also, there are passenger screening requirements at National Jet at Perth Airport. It is a false economy in the sense that it is not a long-term prospect to have a jet RPT service down there, yet they have had to do all the passenger screening.

Ms GRIERSON—Western Australia is a fairly unique state in terms of its needs. Is there a place for some sort of advisory body that advises the Commonwealth government on that, rather than stick to those very rigid benchmarks?

Mr Gaynor—There are two. Don can talk about it, with aviation policy being within his area of passenger services, and I am a member of the Transport Security Working Group. I have raised it through that forum as well, although that group is primarily about surface transport and critical infrastructure. From time to time we raise aviation and maritime issues, those being the domain of the Commonwealth. We have done that. Don has other means—department to department.

Mr Challis—If there was some thought of looking at some of these airports that are currently not eligible for funding and may become eligible, and you needed criteria in order to assess that, I am sure DPI would be quite happy to work with the Commonwealth in looking to establish the benchmarks or criteria that could be used.

Senator HOGG—Are there any other states with problems similar to yours? I am from Queensland and we have not heard of any similar problems. What about the Northern Territory?

Normally when you have a problem, you generally try to find people with a similar problem. They either seek you out or you seek them out and you meet up somewhere.

Ms GRIERSON—But the distances from major centres is so significant here in Western Australia, isn't it?

Mr Gaynor—We have this unique problem of having jet services to airports that in other states would have turboprop services—historically, but also because of the economy. It is all driven by the resource sector in the north of the state, and the distance, which brings a rather unique set of circumstances for why we have jet services. But there are many turboprop services around the country, or airports with larger passenger numbers than Kununurra and Newman, that would not have jets. It is not underpinned by the resource sector.

Ms GRIERSON—Any more questions from the committee?

Senator MOORE—I have more of a comment, Chair.

Ms GRIERSON—Yes, certainly.

Senator MOORE—Your submission is very diplomatic, as has been a lot of the evidence, but you have given the same evidence for many years.

Mr Gaynor—Yes.

Senator MOORE—And it has been premised on the basis of, 'If there is money left over, this is where it should go.' But it seems it should not be a matter of 'if there is money left over'. It should be one of the components of the original planning. I know it is me saying that, but all the way through your evidence you have been saying, 'This is the real problem. We are going to have to cope with it and, if there's any money left over of the \$35 million, it should be looked at.'

Mr Gaynor—Quite true. We have always advocated, prior to the \$35 million, that, yes, this is an issue.

Senator MOORE—And it is an issue that has been around a long time now.

Mr Gaynor—Yes. This is just the latest chapter. We have identified an opportunity, that there could be surplus funds, so we are going in to bat for regional airports, similar to Newman, around the state.

Ms GRIERSON—I think you were supported by the Wheeler report in that, too. There is a real cost burden that has to be met. You have raised the problem and we see it. We know that, for aircraft coming into Perth, if those passengers are not screened it is a major risk; therefore, someone does have to make sure that they are screened when they are leaving places like Newman. I would think we would be very sympathetic if no funds that are designated for transport security reasons are put back into consolidated revenue when there are still risks and needs. Everyone has concluded.

On behalf of the committee I do thank you for coming along and putting that evidence to us today at this public hearing. Certainly the inquiry is supported by the other investigations that you have been part of, including the Wheeler inquiry. Many of us are from regional airports—the chair himself is from a regional airport—so we do understand that regional aviation has been bearing the cost and has been escalating its commitment to security. Certainly we do need to look at those anomalies you have passed on to us. Thank you very much for your evidence today. I declare this public hearing closed.

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

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

Committee adjourned at 3.17 pm