



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

Reference: Further inquiry into aviation security in Australia

WEDNESDAY, 23 NOVEMBER 2005

SYDNEY

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

Wednesday, 23 November 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 and Nash and Mr Baldwin, Mrs Bronwyn Bishop, Ms Grierson, Mr Laming 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 9.18 am

ACTING CHAIR (Ms Grierson)—The Joint Committee of Public Accounts and Audit will commence taking evidence, as provided by the Public Accounts and Audit Committee Act 1951, for this inquiry into aviation security in Australia. I welcome everybody here this morning to the committee's second public hearing in Sydney. We are reviewing developments in aviation security since the tabling of our first report, Report 400: *Review of aviation security in Australia*.

Today the committee will canvass the views of aviation participants on current government initiatives in the aviation security environment. This morning we will hear from representatives of the Sydney Airport Corporation, which operates Australia's busiest airport, and then from Qantas, one of the largest airlines in Australia. This afternoon we will continue taking evidence from an array of aviation industry participants, including an association representing international airlines flying to and from Australia, a provider of labour services to airlines, a union whose members are responsible for conducting aircraft safety checks, Regional Express airlines and a number of organisations involved in the movement of air cargo. Tomorrow we will take evidence in Melbourne, before we begin to raise issues with the Commonwealth agencies responsible for aviation security in Canberra through the following weeks. I take this opportunity to thank today's witnesses for their submissions to the inquiry and to thank all those who have given evidence to date.

Although Sir John Wheeler has of course handed down his own review of aviation security, the evidence we have received will allow us to make recommendations beyond those contained in Sir John's report. As an interim measure, the committee have also written to the Prime Minister advising him of recommendations we will be making that complement those in the Wheeler report. This will allow the substantial evidence to our inquiry to be taken into account when the government finalises its response to the Wheeler report.

Before beginning, I advise the witnesses that the hearings today are legal proceedings of the parliament and warrant the same respect as proceedings in 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 this committee. Copies of this committee statement are available from secretariat staff.

[9.21 am]

ELLIOTT, Mr Ron, Manager, Airport Security, Sydney Airport Corporation Ltd

GILMOUR, Mr Rodney Charles, General Manager, Corporate Affairs and Human Resources, Sydney Airport Corporation Ltd

WOODS, Mr Grant, General Manager, Airport Operations, Sydney Airport Corporation Ltd

ACTING CHAIR—I welcome representatives from Sydney Airport Corporation Ltd to today's hearing. We have met before. Does anyone wish to make a brief opening statement before we proceed?

Mr Gilmour—We will make a short statement, just to recap. As you said, we have appeared before, and this is a follow-up proceeding. We made a submission to your inquiry. We also made a submission in similar terms to the Wheeler inquiry and, of course, since the time that we met with you Sir John Wheeler has reported. That report has been considered by government, considered by the Council of Australian Governments and, in broad terms, has been endorsed.

We support the Wheeler report. We think it made a sensible set of recommendations. The task before us all now is to get on with the implementation process. We note particularly that one of Sir John's recommendations was for the ring-fence funding by the Commonwealth of the counter-terrorism first response matter and of community policing. We note, and we are very pleased, that the Commonwealth has agreed to fund the community policing aspect, but we really think that, in terms of aviation security and security generally, the government should reconsider and adopt the recommendation that Sir John has made in relation to full funding of the counter-terrorism first response aspect.

We note also that implementation processes have begun. We understand that appointments of the airport police commanders will be made shortly. That will be a very important part of that process which will start the implementation. Also, our people from the airport have participated in meetings with the Commonwealth government to talk about the implementation processes, and that is under way as well. With that, I think we have come a long way since we last met, and we look forward to getting on with the implementation process of those Wheeler recommendations.

ACTING CHAIR—Thank you. Before we proceed with our questions, the committee have also been given a news item covering airport workers who are before the court system for security breaches. They were issued with an ASIC that was at an incorrect level which they were not screened for and, I assume, were given access to areas of the airport where they were not to be. I also make an assumption that their charge is for a breach of security because of that. Obviously they are not the issuer. Can you give me any information about that incident?

Mr Gilmour—I am concerned that the matter is before the courts.

ACTING CHAIR—It is sub judice. Let us ask some general questions, then, about ASIC. I do not think it is outside your realm to answer who issued those.

Mrs BRONWYN BISHOP—I think we have to be very careful because you have already prefaced your remarks by referring to this case. I think we are in grave difficulty of being sub judice.

ACTING CHAIR—All right. Let us move on to ASIC questions then.

Mr Gilmour—As I understand it, the committee has the option of taking evidence in camera.

ACTING CHAIR—We can. I would extend that option to you throughout today's hearings.

Mrs BRONWYN BISHOP—The standing orders still preclude us going against sub judice.

ACTING CHAIR—That is understandable. However, I think the news item does raise some general issues about ASIC issuing. Obviously the Wheeler report recommended that be centralised through the Attorney-General's Department. Do you have a response to that suggestion?

Mr Gilmour—It was in fact a recommendation in our submission to your inquiry and to the Wheeler inquiry that that function should be centralised, and we are very pleased that that has been taken up.

Mr Woods—I think the point is that the assessment of the background of the applicant is being centrally processed, not the issuing of the ASIC.

ACTING CHAIR—I see what you mean. You went through the whole rechecking process, and you gave us evidence before on that.

Mr Gilmour—We did.

ACTING CHAIR—The number of people who were caught up in that and did not have their ASIC reissued was very small at the time.

Mr Gilmour—We provided the committee with some additional information on that today in writing.

ACTING CHAIR—As a result of that, have you made any changes to the way ASICs are issued, who issues them or the questions you give to people who are applying for them?

Mr Elliott—We are still currently following the regulatory requirements set out by the Office of Transport Security in its regulations and we are awaiting new regulatory reforms to cover the issues that have been addressed by Mr Wheeler in having a centralised vetting service.

ACTING CHAIR—It is your suggestion that there be a national register, a national database, of ASICs. What are your reasons for that suggestion?

Mr Elliott—By having a national database and a central vetting service, it will be clear to all government agencies as to who has a background clearance and therefore has potential access to airports. In the event of intelligence or information coming to hand, government will be able to quickly ascertain, without going to a number of issuing authorities, who has access to airports. So we believe it will be an improvement to security and will help intelligence agencies manage threat issues in the aviation environment.

ACTING CHAIR—Are you looking at it in terms of a hiring system, a staffing situation, where you will have people who are already cleared so it will be a very easy process?

Mr Elliott—It will be done centrally by government in the central vetting service. They will keep a central database. It will be done by government—it will be a matter for government to deal with.

Mr Gilmour—One of the advantages of that, obviously, is that if a worker—say, a contractor—moves between two companies that are both involved in the airport then potentially they will already be pre-cleared when they move to the other company, and there will not have to be a whole reissue process.

ACTING CHAIR—At the moment there is no portability, is there? If you go to with a new firm, you have to reapply for an ASIC.

Mr Elliott—If you are at Sydney airport, you reapply. If we have a background clearance that still has a validity period—

Mr Gilmour—If that is issued by Sydney airport.

Mr Elliott—Yes, on Sydney airport, for Sydney airport.

Mr Gilmour—If it is issued by another issuing authority, though, they would have to go through the process.

Mr Elliott—They have to always reapply, but if we have an existing clearance in place we could share that information with the new issuing authority. If the movement is within Sydney airport and simply between companies, we have that information and can reissue an ASIC.

ACTING CHAIR—So you say it is internally beneficial, not perhaps using it across the country.

Mr Elliott—Yes. Also, having a central database would, I guess, stop the concept of ASIC shopping.

ACTING CHAIR—What do you mean by ‘ASIC shopping’?

Mr Elliott—People may be denied an ASIC at one port for various reasons and try and get it from another issuing authority. While the rules are the same and they should not be able to access an ASIC, it would assist that process.

ACTING CHAIR—The committee has always been concerned, as John Wheeler was, about the standardising of this in some way. Standards are very important. The day passes were also part of your evidence. There are allegations that day passes can be in process for one month. You suggest that that can happen. We have also found evidence that that happens for longer than a month. Could you comment on the issuing of day passes?

Mr Gilmour—If I can repeat the evidence I gave at that time on the issue of day passes, somebody with a pass of that kind must be accompanied by an ASIC holder at all times while they are in security areas. The notion that somehow somebody with a day pass has free access to areas is quite wrong. What is required, if they do not have an issued ASIC, is that they are accompanied and supervised by an ASIC holder.

Mr Elliott—That is how the system works.

ACTING CHAIR—Is there any trigger in the system that indicates someone has had a pass for too long?

Mr Elliott—For a day pass, we have internal policies. At Sydney airport, we do not allow a pass to be issued for any more than 10 consecutive days.

ACTING CHAIR—How do you know?

Mr Elliott—Through our electronic database that we have for issuing visitor passes—it flags.

Mr Gilmour—They are all registered. Somebody can have—

ACTING CHAIR—So the computer will pick up, if it has happened, more than 10 consecutive days.

Mr Elliott—Yes.

ACTING CHAIR—But it will not pick up if it has happened every second day for 10—

Mr Elliott—That is right.

ACTING CHAIR—continuously forever.

Mr Elliott—That is right.

Mr Gilmour—Mr Elliott will help me if I go off track a bit. There are day passes. There are also temporary passes that are issued pending somebody's issue of an ASIC. That is while the assessment process is being undertaken. That is different to a day pass.

Mr Elliott—We have a program for the issuing of ASICs that is approved by the department, and it allows for day passes and for what we call extended visitor passes. Our program allows for a period of up to three months. A lot of new employees obtain an extended visitor card to work, under supervision, until such time as their clearance comes through and we can issue them with a permanent pass. There is a lot of short-term work, whether it be fixing a photocopier or doing

short deliveries airside that require the provision of short-term visitor passes as well as extended visitor passes. The key point is that the conditions of issue to an ASIC holder require them to escort and supervise somebody who is on a visitor pass airside. There are regulatory penalty provisions for people who do not supervise and people with a visitor pass who are not under supervision.

Mr Woods—They also act as a sponsor by saying the person has a legitimate reason to be there and they take the responsibility of supervising those people.

ACTING CHAIR—We saw that in action.

Senator HOGG—Are checks made to see that that policy is being abided by?

Mr Gilmour—Yes.

Senator HOGG—How often? What sort of failure rate is there in the system?

Mr Elliott—The compliance on that is done through patrols by the Australian Federal Police Protective Service airside and by our own internal security patrols. We do random checks of persons with ASICs and/or visitor passes airside to ensure that visitors are with their escort or that passes that are airside are valid. That is done through a compliance patrol checking regime.

Senator HOGG—How often is there noncompliance? That is what I am trying to find out.

Mr Elliott—Very limited. I cannot give you exact numbers now—I can take that on notice and come back to you. But a very small number of people are found unescorted airside. I guess the only other comment is that with the recent implementation of enhanced access control measures at airports, with the guards at access points, people are now being vetted coming through in terms of their passes and their escorts, so that has also enhanced compliance with ASIC requirements.

Senator HOGG—Along with the numbers, can you provide me the severity of the breaches? That would be interesting as well. It seems to me as if some things can happen purely by accident. The sponsor might get separated from the day visitor, for example. If you can qualify that for us, that would be good.

Mr Elliott—It also goes to the view of supervision: as long as you are in line of sight and depending on where you are working and you are in a controlled environment, then that is considered supervision.

Mr Gilmour—Usually the person who has a day pass is working in an area; they are not—

Senator HOGG—They are in a controlled environment?

Mr Elliott—That is right.

Mr Gilmour—They are not wandering around.

Mr Elliott—They are in a controlled part of the airport under supervision with a group of people.

Senator HOGG—All right. I just want to know whether there have been any breaches recently, how many breaches and the nature of those breaches? Are they what you would rank as severe breaches?

Mr Elliott—As far as I am aware we have had no serious, severe breaches. It would be more an administrative breach, of somebody wandering a bit far from their supervisor or that their work has taken them out of sight, and they are simply reprimanded.

Senator HOGG—Can you give us some idea of the frequency with which random checks are made?

Mr Elliott—We do an average of 5,000 checks a month on pass holders randomly. But now, with enhanced access control, people going through access points at airports are checked as they enter the airport.

Mr Gilmour—Breaches are taken very seriously and usually result in immediate suspension of people's ASICs while the matter is being investigated. Obviously once the investigation is complete an appropriate course is then determined from there.

Mrs BRONWYN BISHOP—Give me a clear understanding of the nature and type of passes that are issued to people who work airside and of just who is responsible for the issuing of all those passes?

Mr Elliott—There is only two types of passes under the regulations: there is an ASIC for airside and there is a visitor pass. Responsibility for issuing ASICs and visitor passes falls to issuing authorities approved by the Department of Transport and Regional Services. Sydney Airport Corporation issues passes for Sydney airport as does Qantas Airways and Virgin Blue airline. The Australian Customs Service issues ASICs and visitor passes on behalf of Customs, Quarantine and Immigration. CASA has recently been approved as an issuing authority and will be shortly issuing passes.

Mrs BRONWYN BISHOP—So, although there has been this recommendation for central issuing of passes, you still have a whole range of issuing authorities?

Mr Elliott—The recommendation is about central background checking. There will be one agency checking backgrounds and saying who can and who cannot have an ASIC, but it will still be left to issuing authorities to issue the card.

Mrs BRONWYN BISHOP—Why?

Mr Elliott—That was the recommendation in Sir John Wheeler's report. Those issues I think will be discussed between industry and government in determining the exact policy. We are not there yet with government in determining that exact policy.

ACTING CHAIR—You have had an advisory forum with DOTARS already. Was it discussed at that forum?

Mr Elliott—Matters have been discussed but the policy has not been formulated or approved by the ministers.

Mr Gilmour—I think the important thing in what we are saying is that there needs to be a central database, a central assessment process, so that—

Mrs BRONWYN BISHOP—Who is responsible for the central database?

Mr Gilmour—It has been recommended that Attorney-General's will be responsible for that. The actual physical issuing of the card is a fairly simple administrative process from there. That is why we are not as firm that that needs to be centralised. It is quite possible that you could have a number of organisations actually issuing the card, but they will be doing so on the basis of the centralised assessment process.

Mrs BRONWYN BISHOP—It seems to me that, with quite a lot of things that are raised, some of the so-called confusion, even in this area, relates to the nature of the privatisation of the airport. You are there on a lease—the lease is in place for 40 years for Macquarie to operate Sydney airport.

ACTING CHAIR—I think it is longer, isn't it?

Mr Gilmour—I think it is 99 years. Anyway, it is a longish period.

Mrs BRONWYN BISHOP—The long and the short of it is that federal jurisdiction still remains in the area because we still own the land?

Mr Gilmour—Correct.

Mrs BRONWYN BISHOP—So when it comes to the question of who polices it, whose responsibility it is, and when it comes down to the question of who is going to pay the bills, one of the problems with privatisation is: where does the risk move to? Obviously, if you sell it off holus-bolus then all the risk moves, but when you have a lease arrangement it becomes a bit of a grey area. What is your understanding of the original terms of the agreement on privatisation regarding the shift of risk? What was said about policing and security arrangements? They have all been heightened, post the sale, because of the terrorism events, but it was always known that there was a need for tight security at airports. What is your understanding of the original arrangements?

Mr Gilmour—We accept that the airport has a level of responsibility for normal business risk and taking measures to protect our staff and what have you. That is accepted. We are making a distinction between that and what are in fact national counter-terrorism first response issues. That is a national issue. Whether it is a matter for airports or for the public transport network of trains, buses and what have you, whether it is protection of other critical assets, be they Commonwealth, state, private or what have you, that is where we are making the distinction. That is a national issue. At the moment we believe that, because that cost is passed on ultimately

to passengers, they are bearing an unfair burden in that process. In other areas, it is generally the view that counter-terrorism first response is seen as a government responsibility and is funded accordingly.

Mrs BRONWYN BISHOP—I hear your words, but the problem lies in the fact that there are many areas of the airport which have been proven to be sloppy which come within the ordinary operating criteria of an airport, and I mean airside. A lot of those matters have been exposed in stories in the last 12 months, highlighted by the man in his camel suit parading and frolicking around the airport. Surely those sorts of things are the responsibility of the airport. It seems to me that there is a bit of a push and a shove to say that the responsibility for the excess risk that comes with the terror risk is being merged into ordinary policing or protective activities which ought to be the responsibility of the operator.

Mr Gilmour—The security regime, if you like, is very clearly established—and Mr Elliott will perhaps fill in some of the detail—by a regulatory environment that is mandated by the federal government. The security measures that we are required to undertake are set down and heavily regulated by the Commonwealth government.

ACTING CHAIR—Because of time constraints, I think we have to accept that, whether you are privatised or whatever the ownership is, you come under the regulations under legislation and you have to respond to them, and they are being progressively amended. Do you have specific questions?

Mrs BRONWYN BISHOP—I have. I saw a picture the other day in a newspaper of someone wearing a backpack—who in fact was a reporter—walking through a gate, totally unauthorised, into the airport.

Mr Gilmour—It was not at Sydney airport; it was at another airport.

Senator NASH—You mentioned earlier that further regulatory reform was needed with regard to the ASIC issue. Can you expand on that a bit further?

Mr Elliott—That was in relation to the Wheeler recommendations. The reforms that he suggested obviously need to be actioned, so the regulations need to be drafted around that and then we will be able to comply. We are just waiting for government to do that and there will be some consultations.

Senator NASH—Was it specifically on his recommendations? Was there anything else you wanted to put forward as well?

Mr Elliott—No, I think we were supportive of Wheeler's recommendations on ASIC improvements and we are just keen to have them regulated.

ACTING CHAIR—At another airport we have seen the issuing of day passes with photographs instantly appearing on them. Your day passes do not have photographic ID on them; is that correct?

Mr Elliott—That is correct, at this point in time.

ACTING CHAIR—Other airports are using an instant photograph process that looked, to us, cheap and fairly effective in that you can actually see who that person is. Have you considered or looked at those options?

Mr Elliott—Yes, we are looking at that process, because there needs to be a new day visitor pass format from 1 January. We are looking at how we will address that.

Mrs BRONWYN BISHOP—You have suggested that, for improved crime management, you could: increase the scope and responsibility of the APS officers at the airports, provide a permanent state policing unit at airports, integrate the roles of state police and the APS, and provide that the AFP officers be responsible for community based policing. Those suggestions really do go right to the heart of ordinary day-to-day management of the airport. Again, I go back to this point: it is going right to the heart of who pays for it.

Mr Gilmour—Again, this is a matter that Sir John Wheeler has addressed quite specifically. He has indicated that, particularly in relation to what we were addressing there—the community policing function—the Commonwealth should pay for that, and the government has accepted that. So what we are now going through is a process where the Airport Police Commander will be appointed. They will then put together a policing force, and my understanding is that that would potentially involve seconded officers from state policing authorities and/or other policing authorities.

Mrs BRONWYN BISHOP—And the state policing authorities, you are saying, are going to be seconded into the AFP?

Mr Elliott—That was a recommendation—the unified policing model suggestion—of Sir John's in his report, that they take seconded police officers. I think that matter is currently being addressed—chaired by PM&C—between state and Commonwealth, in terms of how that would work. We have not heard—

Mrs BRONWYN BISHOP—But you have identified an area—

Mr Elliott—We have made a recommendation—I guess, a suggested model. Sir John Wheeler has slightly altered our suggestion in his recommendations.

Mr Gilmour—We had a number of options for the way it could be pursued. At the end of the day, we were simply saying—and we believe that this has been taken up—that there needs to be an appropriate policing regime at the airport. The airport cannot be responsible for policing.

Mrs BRONWYN BISHOP—I do not deny it at all.

Mr Gilmour—Sir John has taken that up and made a quite clear recommendation, and that is what is in process of being implemented.

Mrs BRONWYN BISHOP—I do not think he touched on the question of who pays, did he?

Mr Gilmour—In relation to community policing, yes, he was quite specific that—

Mrs BRONWYN BISHOP—And the others?

Mr Gilmour—the Commonwealth would pay, and the government have in fact accepted that recommendation and announced that they will. In relation to community policing, the government have made it quite clear that they will pay.

Mrs BRONWYN BISHOP—And the scope and the responsibility of the APS at airports?

Mr Gilmour—The issue that we are saying needs further consideration is the counter-terrorism first response issue. At the moment at Sydney airport that is undertaken by the Australian Federal Police Protective Service officers and that charge is ultimately passed through to airlines and on to passengers.

Mr Elliott—That is correct.

ACTING CHAIR—In a related area, Wheeler also raised concerns about private security firms—contracted-out security firms. He was not satisfied with the background checking and some of the processes involved. How many of the work force at Sydney airport, or under your command, are actually private contractors in the security area?

Mr Elliott—We have a security firm that provides our passenger and checked bag screening as well as protective security and surveillance. They have in the order of 550 people to provide that service to us.

ACTING CHAIR—And how do you review performance? How long is your contract with them? How do you review performance and make sure that those very essential and strategic security services are being effectively implemented without risk or with minimum risk?

Mr Woods—We do have specific measures within the current contract, but at the moment we are out to tender for a new contract commencing next June. That is very specifically having service monitoring capabilities and KPIs written into that contract. The contract that currently exists is a 1999 contract—

ACTING CHAIR—Pre-2001?

Mr Woods—which we have rolled over, in accordance with the contract. But on a day-to-day operational basis, we have a level of supervision and monitoring through Ron's group.

ACTING CHAIR—Can I just stop you there. You said 1999—it is now 2005—and June 2006. Is that a rolling contract?

Mr Woods—It was on a three-plus-three, but with letters of agreement that changed the circumstances of that contract throughout the period of time. For example, with the government's enhanced security measures that came in in June-July, we used the same contract to extend those services to the monitoring of all the airside access gates under that contract by letters of agreement. But now the contract has got to the point where it needs to be tested in the market.

ACTING CHAIR—There is a much bigger market now, I think, too. What sort of indicators have you put in?

Mr Woods—We are just doing that now.

ACTING CHAIR—You are putting in your KPIs. Are you considering what would happen if there were a breach?

Mr Woods—Yes, we are. The ramifications on the organisation will certainly be written into the KPIs.

ACTING CHAIR—And you are politely telling us that these were not there before.

Mr Woods—They were there, but they are being updated.

Mr Gilmour—As you say, it was something that was done in 1999 and it needs to be continuously updated. Again, this was an issue that Sir John addressed in his report. He identified that the training of security personnel ought to be enhanced, and we agreed with that.

Mr Woods—Just to go back to your point: the conditions of the previous contract concentrated heavily on compliance issues as opposed to improvement issues, and that is the change to the current contract.

ACTING CHAIR—That is a strong point that Sir John makes in his report—that targeting compliance or noncompliance rather than building up a culture gives people less faith in security.

Mr Woods—It is a matter that we have taken on board.

Mr Gilmour—We agree that that needs to be addressed, and we are addressing it.

ACTING CHAIR—Will there be training and development requirements?

Mr Woods—Yes, there is recurrent training and development.

Mr Elliott—I think it is important to note that to be a security guard and to provide services at Sydney airport you must be licensed in the state of New South Wales in accordance with their rules, which means you have to have a certificate II, that you have a level of competence. There is a further level of competence to be an airport screener and to provide protective security. I just want to make sure that the committee is aware that there is a level of competence and licensing.

ACTING CHAIR—We are aware of the level.

Mr Elliott—It can always be improved.

ACTING CHAIR—We have taken evidence from them in the previous inquiry. How long will your next contract be? Have you decided?

Mr Gilmour—We are at an early stage of considering that and, at this stage, we have not determined it.

ACTING CHAIR—Would it be one contract for all of them, or are you breaking it down?

Mr Woods—No. We have now gone for one contract for all.

ACTING CHAIR—That is not how it has been in the past?

Mr Woods—Two separate contracts were awarded to the same company under a tendering process. We are now combining both contracts and we are going to go to tender.

Mr TICEHURST—I have some questions on personal security, not ASIC. There have been some issues relating to the screening of individuals in airports and some of the situations that have arisen with elderly people in particular. When they go through personal searches, they are sometimes required to take their shoes off and the shoes are then put through the X-ray separately. Very rarely is there anywhere for people to sit down while they are doing that. I receive a lot of complaints about that from elderly people who do a bit of travelling. In fact, only one airport—I think it is Darwin—has seats both sides of the X-ray unit so that people can sit down to do that. During the week on talkback radio, on the Ray Hadley show, I heard about an incident—you are probably aware of it—where a lady was screened rather inappropriately. There was another incident involving a gentleman who had obviously had a hip replacement. The hand device of course was triggered off by the metal components, and he was asked to lower his pants so that staff could see the scar on his hip. That sort of stuff is very intrusive personally. What is your view on the necessity to go to those extremes?

Mr Gilmour—We have obviously investigated those matters. As you said, they were raised on talkback radio. The regulations on how those matters ought to be handled are very clearly set out and I might, in a moment, get Mr Elliott to outline what they are in quite specific terms. But those regulations quite specifically protect privacy and cover any intrusive nature of searching and the way in which that should be handled. The events were indeterminate in terms of date but we were able to determine that there had been no specific complaints made. We approached the security firm both to review their arrangements, to make sure that they did comply with the existing regulations, and to ensure all their staff were very clearly informed and reformed about what those procedures are. Mr Elliott, do you want to go through what the specific procedures are?

Mr Elliott—In terms of procedures, the government provides a guidance document called *Methods, Equipment and Techniques for Passenger Screening* and that sets out, in quite explicit detail, how persons and other matters concerned with screening need to be dealt with. Probably the greatest issue for screening these days is people with disabilities or elderly people who are challenged in moving around. It is fair to say it is quite complex for a passenger screener to deal with these individuals. We can no longer take on face value an assertion that, because a person has a hip replacement or is in a wheelchair, they should be left alone. Or people who say, 'I have a baby—don't wake the baby up,' because those are potential places that people can put threat items.

Obviously we need to deal with people with dignity and to respect that they probably do have what they say they have. There are private search rooms available when an alarm cannot be cleared. We must be satisfied that a person does not have a threat object on them—that is the purpose of the X-ray and the walk-through metal detector. When a person continues to alarm we need to resolve it, and that can be done in a variety of fashions. We try and do it as quickly and as simply as possible, but when it comes down to things that are hidden away, that cannot be cleared and cannot be shown in order to stop it alarming, then people potentially need to be taken, under their consent, into search rooms and other areas to clear it. We do not strip-search people. Frisk searching and searching of individuals to clear alarms is done by consent only; people do not have to submit to it. It is just that if they do not wish to submit to a search to clear an alarm then they are not allowed to enter the sterile area. So the policies and procedures are quite clear. Dignity is taken well into account for persons with disabilities and for the elderly.

The design of screening points, we probably agree, needs to be looked at by the industry. Sydney airport is looking at the design of its screening points in terms of facilitation, seating and the like. So we probably support your questions but there are clear guidelines. There are occasional human failures; unfortunately with aviation security it is a combination of technology and human factors, and human factors unfortunately fail from time to time.

Mr Gilmour—Let me make it absolutely clear that we would find it totally unacceptable if somebody was asked to take down their pants in front of a screener. That is just totally unacceptable. And in terms of the other issue, which was the use of a wand, it is quite clear in the regulations that it is to cover only the outside clothing of an individual.

Mr TICEHURST—Would some of these newer microwave technologies lead towards better identification? Because with our ageing population we are going to have more and more of these knee replacements and hip replacements, which are very common these days.

ACTING CHAIR—I am looking forward to it. I am feeling much better now, thank you!

Mr Gilmour—Thank you, Mr Ticehurst. That is something we can all look forward to, is it?

Mr TICEHURST—I was the Chair of the House of Representatives Standing Committee on Health and Ageing and I have seen a prosthesis operation here in Sydney and it is quite a complicated process.

Senator HOGG—I am in one piece.

Mr TICEHURST—You may not be, John, in the future. My mother-in-law has two titanium knees, so she triggers the alarm every time. Will the new technology be able to more accurately define the location of these metal objects in people's bodies?

Mr Elliott—The next generation of technology that industry is keeping its eye on—and I think it is fair to say it is early days and most of it is in testing at some airports—would allow screeners to see the body more visually and see where threat items are or where there are implants and so on. Obviously that technology currently has some privacy issues with it because it does reveal the body, and manufacturers are looking at different ways to deal with that. I think it is under active consideration by the international community.

Mr Gilmour—I had that technology applied to me going through Heathrow recently. It was done in a private area, and they indicated that it was a trial project and asked whether I was prepared to participate.

Mr TICEHURST—The other point that causes some concern for people is the requirement to take laptop computers out of bags and run them through separately. I understand that in some other jurisdictions this is now not necessary. Is that the case to your knowledge?

Mr Elliott—That is correct. I have recently travelled overseas, and not all countries require it. It was identified as a potential methodology to conceal items, and we believe it is a sound practice. At this point in time, we have computers out of bags to ensure we have the best advantage to find threat items as they pass through screening.

Mr TICEHURST—Some new computers have magnesium cases so you really have to see inside.

Mr Elliott—We have a mix of old and new computers; that is the problem, and existing X-ray technology.

Mr TICEHURST—In the early days, I think the thought was that batteries may be plastic bombs, and you used to have to make sure that the item would actually function, but that is not done now. I wonder whether it is necessary to still carry out a test to that extent.

Mr Elliott—At this point in time, as an industry we believe it is.

Mr TICEHURST—But international industry does not always do it.

Mr Elliott—There are various practices used around the world. Our screening methodology is different to other countries' methodologies. In other countries, they use walk-through metal detectors or hand-held metal detectors.

Mr Gilmour—There are international standards. I think it is correct to say that the Australian standards are in advance of the international standards; they are more rigorous. Is that a fair comment?

Mr Elliott—We believe they are. We believe our methodology for screening is very sound and has the best way of detecting threat items.

Senator NASH—I have a question about air cargo. The Wheeler report recommended that the screening of cargo be 'expanded and include mandatory screening of all cargo on passenger aircraft where passengers' checked baggage is screened'. Do you think that current arrangements for air cargo security are sufficient? Should they be stronger? What is your view?

Mr Gilmour—We think that Sir John's recommendations are sensible. I note that you are meeting with Freight Forwarders this afternoon. It might be best if you put that specific question to them.

Senator NASH—Okay.

ACTING CHAIR—Do you have any concern with baggage coming through from regional airports? I am from Newcastle, and we fly direct to Melbourne, Sydney and Brisbane, and baggage is not checked. People are checked and screened and, if a trace comes up, their baggage is checked. Do you have any concerns about flights coming into your airport with baggage that has not been screened, even with random checking?

Mr Elliott—At this point in time, we would have to say, based on threat advice and knowledge of where threat is, that we do not have a concern. The regime that has been set up by the government through the Office of Transport Security requiring screening at some airports and not at others has taken account of the threat environment, and we—

Mr Woods—I think that is correct. The regional end-to-end traffic is a very different risk to the regional traffic connecting with other domestic or international services. Shortly, domestic baggage will be screened; currently, the national baggage is screened, so regional traffic feeding into either of those services presents no more risk than any other baggage. At the moment, the assessment is that end-to-end regional traffic does not present the same threat as others.

Mr Gilmour—Again, and without wanting to always fall back on Sir John, it was an area that he specifically addressed—

ACTING CHAIR—He said it should be revisited and reviewed.

Mr Gilmour—As I said, generally we found his approach quite sensible.

ACTING CHAIR—The other point that Sir John made very strongly was that any suspicion or suggestion of criminal activity was an absolute threat to security. In the past we have had evidence to this inquiry that criminal activity and aviation security were two different things. He linked them implicitly. We know that in the past Sydney has had some criminal activity—detected, fortunately—regarding drug smuggling. How do you feel now that you have responded to minimising criminal activity? How have you responded? Are you confident that you have done what you can?

Mr Gilmour—We do need to come back and say that we are not a policing authority and that criminal activity is a matter for policing authorities. We do support what Sir John said about that matter—that while there is criminal activity and there is a potential terrorism threat, if there are some avenues that show potential to be used for criminal activities on airports, those same things could potentially be applied by people seeking to undertake threats against aircraft. So that is where the link was made, and we agree with that. That is why we think that—and this is what is so pleasing about what has come out of the Wheeler report—the policing aspect needs to be enhanced, and that is what has been recommended.

ACTING CHAIR—You would make it your business to know, and there were regulations that said you would have aviation security committees operating where you would share that sort of information. How active is that? Sir John also said they should become more strategic in their focus. What is happening in terms of coordinating any information so that Sydney Airport Corporation actually can feel that everything is being done? I guess it is your reputation on the line.

Mr Woods—From our point of view, the move towards a more strategic airport security committee that shares criminal and terrorist intelligence is, again, one of the matters we are working through. The issue we have is that its membership needs to have the Airport Police Commander. Yet we are not sure of how that Airport Police Commander is going to represent the law enforcement agencies that he has been established to represent—for example, Customs. Is he capable of committing Customs to certain tasks and activities on the airport, or is he really just a person that goes back, and Customs have their own rights and their own roles to play? We have actually put that on the table for a meeting with the department in three weeks time. We are saying, ‘These sorts of roles need to be clearly established before we can actually bring down the responsibility from the department to the airport level to make those decisions.’ So while we are progressing it—and that has been addressed at, probably, different levels and different rates at various airports—certainly Sydney airport is working to try and establish that committee and the roles that people are in.

ACTING CHAIR—So you are suggesting that that is not coordinated at this stage. Do you have reason at this stage to feel that it is going to be coordinated?

Mr Woods—Yes, we do.

ACTING CHAIR—Will there be turf wars? Are there turf wars already between government agencies?

Mr Woods—No, it is just a question of how the Airport Police Commander is established, his responsibility and his ability to commit those law enforcement agencies to a level of action. We need to understand that. That has not been provided to us by the OTS, the Federal Police or anybody else. Until we understand what function he is going to provide and how he is going to link with the engagement of the airport, it is a very difficult situation to put forward at Sydney.

ACTING CHAIR—Has recruitment begun for a commander for your airport?

Mr Gilmour—Yes.

ACTING CHAIR—Have you been involved in that?

Mr Woods—No, the Australian Federal Police have a task force headed by a lady from the APS who is developing that. They are doing the recruitment and will tell us when that person may be in place.

Mr Gilmour—But we understand that appointments of these airport police commanders will be made shortly. That, as I said, is an extremely important step in this process of implementation. Obviously once that person is in place they will be able to then clarify these aspects that Mr Woods has been talking about. They will be able to begin the process of putting together the team that will undertake the broad policing function at the airport.

ACTING CHAIR—If you were Melbourne Airport I would be assuming you would want that person in place pretty soon. Do you also want that person in place pretty soon?

Mr Woods—We do. We need to have that person in place to move forward.

Mrs BRONWYN BISHOP—Can I ask you specifically about recommendation IX of the Wheeler report, bearing in mind that the government's response, I think, has been just an acceptance that in principle it will all be accepted. Recommendation IX says:

It is recommended that the *Aviation Transport Security Act* ... and—

its—

Regulations be reviewed by the Department of Transport and Regional Services to ensure that they encourage a culture of proactive and ongoing threat and risk assessment and mitigation and not a passive culture of compliance.

In the discussions that you are having now, what role are you playing in ensuring that you are not going to simply passively comply, and what proactive action are you taking in the negotiations?

Mr Woods—I think that covers a range of issues. The first one is the intelligence issue, in that to be proactive we need to be part of the intelligence community and to understand what is going on in the airport. One of the reasons why we certainly support the appointment of the Airport Police Commander is that it also comes with some joint intelligence task force and it is to be established on the basis that the airport security committee receives the appropriate intelligence about what is going on at the airport. At the moment, we are not part of that law enforcement system. We receive intelligence updates from the OTS from time to time. We are not involved with intelligence with the state police. Therefore we believe that there are a lot of operations at the airport that we do not become aware of. So, to become rather proactive, we need to be part of that intelligence community, as opposed to just complying with the government's legislation.

Mrs BRONWYN BISHOP—Is that being accepted? Is that part of the negotiations?

Mr Woods—It is part of the negotiations, and the framework around the appointment of the Airport Police Commander provides that intelligence network—or the objective is to provide that intelligence network when that committee is established.

ACTING CHAIR—But when we met with you at Sydney airport there were incidents and information that you had not been told of. You were quite open with that—

Mr Woods—There are still operations out there—

ACTING CHAIR—and you, just like the public, were learning through the media of events that had occurred at your airport.

Mr Woods—Not necessarily through the media, but there are operations at the airport that happen from time to time that we become aware of after the event. We are saying that that is unacceptable, given our responsibility on the airport.

ACTING CHAIR—Is there any improvement in that information flow?

Mr Woods—I think we are heading towards a slight improvement, but I would not suggest that it has improved at the moment.

Mr Elliott—Our understanding is that there may be some legislative impediments for the Crime Commission and other people to share information publicly with us, so it is part of the review process to streamline that.

Mr Gilmour—But I think we ought to point out, Mrs Bishop, that the Wheeler report is relatively fresh. The implementation process has commenced, and we want that to happen as quickly as it possibly can. It is happening—we are pleased to be participating in that process—and everybody needs to ensure that these things move ahead as quickly as possible.

Mrs BRONWYN BISHOP—You have in-principle approval that this will go ahead, and you are already engaged in negotiations to play your part in its implementation.

Mr Gilmour—Yes.

Mrs BRONWYN BISHOP—Do you find that there are any points where you are not in agreement, shall I say, with government agencies? Are there areas that are difficult to resolve? If so, what are they?

Mr Gilmour—I think I will make a general statement and perhaps ask my colleagues if they are able to comment on the specifics. We have a report. The government has broadly endorsed that. We support it, and we are going down that path. At the broad level, I think it is supported by all the parties. I think there is a lot of agreement that this is the right way forward. Like all of these things, some of the devil is in the detail: as you go along, how do you actually make it happen? It is also worth noting that Sir John made it clear that the arrangements that exist have a long constitutional history about levels of responsibility between governments and what have you. What we are doing here—what he has recommended—involves some change to that: change to the culture of the organisations involved and the way they operate. So it is quite a significant step, and it is going to require a lot of hard work and a lot of support from all those involved to make it work and make it work effectively. But, to date—

Mrs BRONWYN BISHOP—Have you come to specific areas where you are reaching a difficulty in agreeing about how implementation should occur?

Mr Woods—I do not think we have come to any blockages in terms of the direction of and support for the Wheeler committee and the recommendations that came out of it. Probably the major issues that have slowed the implementation are the issues between state and Commonwealth agencies in regard to the restructuring required by some of the recommendations that came out of it. We have to wait until those are resolved before we can implement many of them.

Mr Gilmour—They are being worked through. There is good will, and that is important.

Mrs BRONWYN BISHOP—Does that mean that you are excluded from recommendation 17? It says:

It is recommended that the arrangements for State or Territory Police to take over from airport AFPPS CTFR personnel in the event of a terrorist incident, along with arrangements—

that should occur—

under the supervision of the Secretaries' Committee on National Security.

Are you privy to that, or is that something that is between the state and territory agencies?

Mr Elliott—That is part of the detail we have yet to see on the implementation strategies.

ACTING CHAIR—I want to draw your attention to a very specific part of the Wheeler report. When we were at Sydney airport, you gave us a very good tour of the closed-circuit television rooms that are watching different aspects of the airport. Some were airport owned and some were Customs owned. Some were airline owned, and looked at their baggage areas. The Wheeler recommendation is that that be centralised under the control of Customs. Have you a response to that recommendation?

Mr Woods—We have. We have received a letter from Customs. The issue is about standardising the technology so we can share the information CCTVs can give us. Customs have written to us. We have written back agreeing to the study proceeding, and Customs are about to embark on that within days at Sydney airport.

ACTING CHAIR—So you are very happy for that to occur?

Mr Woods—We are more than happy to share that information with Customs.

ACTING CHAIR—What about airlines and other people? We will ask them.

Mr Woods—You will have the opportunity to speak to them. We are not aware of anybody being opposed to that at all.

CHAIR—I apologise for being late. It was the first flight that could get me up from Cairns this morning.

Mr Woods—I could see that one coming.

Ms GRIERSON—We have no sympathy for him! With the closed-circuit television system, I have real concerns about OH&S. It is really intense. It is an environment in which people are looking at many monitors. I would have thought that concentration powers and comfort would be a major concern, along with being able to respond to them all. It seemed to me to be a very challenging task. Have you reviewed its effectiveness in any way and the difficulties that system faces?

Mr Woods—Do you mean monitoring the CCTV system?

Ms GRIERSON—Yes—the role of the people who are monitoring the system constantly.

Mr Elliott—There are no established standards for CCTV. One of the things that came out of both Wheeler and COAG was that a review of CCTV standards has been established under the Victorian police. Customs is doing a review and Standards Australia are currently undertaking a

number of reviews of protective security standards, one of which is CCTV. So we have three groups working, and they will work together.

Ms GRIERSON—Do you know how long a person can be in front of those monitors without a break?

Mr Elliott—As I said, there is no established standard. The thing is that they are not meant to look at all the cameras all the time. As you grow CCTV networks, we will need intelligent software to support cameras, so that the software does the work and the operator intervenes when he has to. They are there to support alarms that occur. The system notifies an alarm and the camera is used to support that. It is not always just about looking at the camera all the time; it is also used to look back at incidents to find out what happened.

Mr Woods—Referring to your concern, we have specialist OH&S staff within our group, and we do not have an issue with that at the moment. We certainly have specialists who concentrate on those issues.

Mr Elliott—Our control room was designed with OH&S in mind. It is ergonomic.

Ms GRIERSON—There is great variation around the country, and we have the benefit of seeing that variation. How long do you keep your records? Have you changed the time you keep your video evidence in case it is needed?

Mr Elliott—28 days.

Mr Woods—Working out the exact length of time that we do need to keep CCTV footage is part of the Customs study. We are currently going through a network design issue at the moment to cover the volume of cameras and also the network that is required.

CHAIR—You may have covered this previously this morning, so I do apologise if I am asking a repetitive question. How many visitor day passes to the airport do you issue per annum?

Mr Elliott—We issue in the order of 1,200 passes a month.

CHAIR—One would extrapolate that to be about 14,400 per annum. How many of those are issued to the same person in a 12-month period? What I am getting at here is: are there people who use visitor day passes once a week, once a fortnight, once a month, or are they all used for one or two visits per year?

Mr Elliott—There is no standard set down. We have a policy at Sydney airport, which we mentioned earlier, about no more than 10 consecutive passes. The regulation to have an ASIC is when you have a frequent need to access airside. So if they do not have frequency or if they come once a month, their visit can best be satisfied under escort with a visitor pass, and that is the methodology and thinking today.

CHAIR— I assume you keep an electronic database version of day passes. Can I ask you to take on notice to provide back to the committee an analysis of how many there were in a 12-month period, the scale of people, perhaps on a bell curve, who had used one once in 12 months

and what the peak loading was? I think the committee needs to understand how many people do not go through the process of an ASIC. Other people go through scrutiny to get an ASIC. Even though they may be accompanied or under the surveillance of a person, there is an area of concern that those that have repetitive access should be applying for an ASIC and have the security clearances to be able to access airside. I ask you to take that on notice.

Mr Gilmour—We will do what analysis we can to get the answer to your question.

Ms GRIERSON—Qantas identified the South-East Asian region generally, and Indonesia and the Philippines particularly, as areas representing most significant concern for aviation security practices. Do you vary your operations in any way to respond to that sort of risk from different incoming air traffic?

Mr Gilmour—In the past—this is before we moved at the beginning of this year to a 100 per cent check bag screening—there certainly were more stringent requirements for aircraft going to certain regions. As I say, we have moved on; we have 100 per cent check bag screening, so that has changed. I think in general terms that the authorities that are involved take the intelligence they get. Obviously the policing authorities and the border authorities target where their intelligence suggests they need to. As you say, I think it was the Qantas submission that identified that. I am sure Mr Askew would be happy to take that question.

Ms GRIERSON—To use a real example, when the Bali bombings happened, what was your involvement? Was there intel? Was there information provided to you? Was there a change of risk assessments? Were there security briefings to Sydney airport? What happened?

Mr Elliott—We were advised by the Office of Transport Security that the issue had been looked at by government and there was no change to the current threat assessment and no requirement to take any further preventative security measures in relation to Bali.

Mr Woods—At Sydney airport.

Mr Elliott—At Sydney airport.

Mr Woods—That threat assessment is towards aviation, not actually the country.

Mr Gilmour—It is quite a different thing. One of the things we have seen—this is no argument for complacency on our part—is that the strength of the aviation security requirements and the regime is such that it has obviously become a much harder target, if you wish. As I say, that is no argument for complacency. Obviously, with Wheeler, things are being enhanced and are evolving significantly, but we do need to separate the issue of aviation security from other matters.

Ms GRIERSON—Have you seen an improvement in the collection of intelligence in the time you have been involved at Sydney airport?

Mr Gilmour—I do not think we are really in a position to assess the intelligence issues; if you wanted to do that you would probably need to talk to the intelligence agencies.

Ms GRIERSON—We are.

Mr Elliott—We will need to see the sharing of it.

Mr Gilmour—We are not in a position to make a judgment.

Ms GRIERSON—Is that in a more coordinated and controlled way? Is the communication more effective? Do you feel you are a part of those processes?

Mr Woods—In our submission, we make the point that we see a need to be more involved in the intelligence community because, going back to our previous remarks, we probably get advised of things after the event. We think that there are certain things that the airport needs to be involved in and therefore we rely on the intelligence community to tell us.

Ms GRIERSON—Wheeler makes the comment that aviation security should be more intel driven, basically. Have you seen any evidence that that is the case?

Mr Gilmour—I can really only answer that by saying that that is something that the agencies that are more specifically involved in that would have to answer.

Mr Elliott—I think it is fair to say that some of the recommendations from Wheeler were to improve the Office of Transport Security and the Australian Crime Commission and how all that worked together to provide intelligence information to the industry. Once again, I think that all the detail of that and the implementation is yet to come to fruition.

Mr Woods—And the delegation down to the newly formed airport security committee, which is the high-level group.

Mr Gilmour—Importantly, again—I know this is perhaps a little repetitive—the indications we have got are that that is supported by the all the agencies involved and we believe that that is going to happen and that things will improve as a result. There is no doubt that the appointment of the Airport Police Commander is an absolutely critical first step in this process.

Ms GRIERSON—So DOTARS has held its first aviation security advisory forum. You participated in that?

Mr Gilmour—Yes.

Ms GRIERSON—What were the greatest benefits that flowed from that? Mr Gilmour, I saw that face but Hansard cannot record that in any way!

Mr Woods—There was a particular meeting not just to talk about the recommendations of the Wheeler committee. The first discussion was purely the introductory discussion regarding how the security forum was to be developed and the types of issues that would be discussed. It was more a commencement of a—

Ms GRIERSON—A process. Did you put agenda items on for next time? What did you do?

Mr Woods—There is a security advisory forum in early December and we have put two items on the agenda, which are the terms of engagement of the Airport Police Commander, which we have discussed earlier, and some issues regarding VIPs and how we need to handle those under the new legislation, effective 1 January.

Ms GRIERSON—What do you mean by that?

Mr Woods—There is not a dispensation at the moment for taking people like the Prime Minister out to his aircraft without giving him passes. We think that, for the facilitation of VIPs and others, that is a fairly awkward system. We need to discuss how the OTS would see us handling that post 1 January.

Mr Gilmour—And incoming heads of government et cetera.

Mrs BRONWYN BISHOP—That is a very real question.

Ms GRIERSON—That is a very interesting question.

Mrs BRONWYN BISHOP—What happened with Michael Somare, if I can say, caused major problems. I happened to be subsequently in the Solomon Islands when Michael Somare detoured by the Solomon Islands to another destination because he would not come through Australia. The feeling both from people within the Solomon Islands and in Papua New Guinea, where you insulted the big man, was very poor. So what have you done to make sure that that does not happen again?

Mr Woods—That is why we are asking the department what it will allow us to do to comply with their new regulations from 1 January to meet that.

Mrs BRONWYN BISHOP—If George Bush had come in, you would not have done it to him.

Mr Woods—We would have spoken to the department of transport before that to try to get some dispensation.

Mrs BRONWYN BISHOP—So it is not beyond the wit of man to actually be able to think of something yourselves to make sure it does not happen again.

Mr Woods—We handle it very adequately now, and we would get four or five visiting dignitaries of some level per week. It is handled very efficiently and well. The change in the legislation from 1 January says that we can no longer handle those people in the same way as we currently do. We need to seek some advice from the department, as all airports will, to find out how to do that.

Mrs BRONWYN BISHOP—I go back to that splendid recommendation that says you should not be simply passively compliant and you need to be proactive.

Mr Gilmour—That is right, and we believe that.

Mrs BRONWYN BISHOP—That is a first-class example where you need to be proactive.

Mr Gilmour—For the record I want it to be noted that Prime Minister Somare did not come through Sydney airport on that occasion.

Mrs BRONWYN BISHOP—Terrific. Proactive is what I would like you to be.

Mr Gilmour—Indeed.

Ms GRIERSON—Do you think that the risk can be balanced with diplomacy?

Mr Woods—Yes. That is why we have put it on the agenda, so that it can be discussed in an open debate.

Ms GRIERSON—Obviously the policing must be absolutely critical to all counter-terrorism response airports. Did you say that that will be dealt with in December at the second forum?

Mr Woods—We understand the role of the Airport Police Commander, and it is consistent with our submission to say that the public expect to have the same degree of safety in regard to terrorism and unlawful interference as they do with criminal activity in airports and, therefore, the police commander is required. We are trying to say, ‘How is that person going to engage with the airport and terminal owners and what responsibility is he going to have to be able to commit some of those law enforcement agents that he is representing to courses of action?’ Those are the issues that we do not know at the moment and need to—

Ms GRIERSON—They require cross-state, federal and agency coordination.

Mr Woods—Exactly.

Mrs BRONWYN BISHOP—On the fact that you brought up just then, Michael Somare came through Brisbane airport. Can you just remind me who owns Brisbane.

Mr Gilmour—Shareholders.

Mrs BRONWYN BISHOP—But who is the major shareholder? Somebody will check for me. That brings up quite an important point.

Mr Gilmour—It is Dutch and is backed by Schiphol airport.

Mr Woods—That is right.

Mrs BRONWYN BISHOP—That brings up another quite interesting point. What degree of information is shared between the owners of the airports, what is the nature of the relationships and what security measures are in place, bearing in mind that many of these recommendations extend to Brisbane, Sydney, Melbourne, Adelaide and Perth? What is the degree of interaction that you have and how particular do have to be about security issues?

Mr Gilmour—There are a number of levels, obviously. All the major airports participate in the private airports group and the Australian Airports Association. We participate fully in that. In fact, the Australian Airports Association national conference was held in Hobart just last week and was addressed by the minister for transport, who covered some of these issues, and by the head of the Office of Transport Security, Mr Tongue, who spoke on security matters. That is a forum where we participate and talk with other airports. Other airports participate in the national forums—

Mr Woods—The security advisory forum. I think the main area of security of the main or primary airports is through the private airports group, where our CEOs are briefed on the issues particularly relevant to aviation security. As CEOs, they regularly get together to discuss those points. We spoke before about the airport advisory forum. We are looking for a forum with government where the main airports can talk about their issues as opposed to some of the issues of more regional operators, which are very different to Sydney's.

Ms GRIERSON—But was everyone at that first forum?

Mr Woods—Yes.

Ms GRIERSON—Are you suggesting that it would be wise to have the 11 counter-terrorism response airports?

Mr Woods—Yes, because they are very different issues that—

Ms GRIERSON—Need to have their own forum with government?

Mr Woods—That is right.

Ms GRIERSON—That is something that we should note.

Senator HOGG—I have a question that you will probably need to take on notice, which is why I have saved it until the end. In your submission you referred to the costs associated with upgrading to meet all the requirements of the government and so on. Are you able to provide us with a table that says what the costs are that you have met so far, how much was funded through government, how much is passed on to the operators and so on, so that we can get some idea of how much is being fed back to the consumers?

Mr Woods—Yes.

Senator HOGG—Also, can you tell us what future costs are likely to be, because I note that in your submission you say that it may require additional investment of about \$50 million, with operating costs adding to about \$20 million per year. I think that the public, whilst they are very much security minded, would also be very much interested in how much this is costing them directly through airline costs and operation costs on your airports.

Mr Gilmour—We will take that on notice. Certainly, in relation to past expenditure that is quite easy to do. It should also be noted that the security charge to passengers is separately identified on their ticket, so that component of the ticket price is quite clear.

Senator HOGG—It would be good if we could weigh up your extra charges, which might be reflected in landing charges. I do not know whether any of that is happening. That is what I want to clarify for the record. Can you tell us what the costs were and how they are reflected?

Mr Gilmour—We will take it on notice.

Ms GRIERSON—Have you had to delay any of your development commitments under your lease?

Mr Woods—With regard to security?

Ms GRIERSON—No, your capital development commitments.

Mr Woods—No.

Ms GRIERSON—So you are on target with all of those. Many airports are not on target with their capital development commitments and I am wondering whether there is an impact on meeting those obligations through now having to divert funds to security measures.

Mr Gilmour—No, whenever we undertake specific development works we build in any new security arrangements or costs.

Mrs BRONWYN BISHOP—You told me earlier that the government had agreed to fund the additional policing at Sydney airport. The recommendation was that the Commonwealth provide ring-fenced funding for all policing functions at CTFR airports, which includes the CTFR function and the general police presence. The Prime Minister put out a response on 21 September to that, including a commitment for \$200 million. That issue is not covered in any of those specific allocations of funding shown in this document. I looked through the remainder of it. Could you tell me where the commitment to fund what you say is community policing is located and how it is arrived at? I will hand the document to you; please tell me where it is.

Ms GRIERSON—I am sure it is in very fine print.

Mr Gilmour—Certainly, the indication and the intention was that the community policing functions be funded. Certainly, as I said earlier, we support Sir John's full recommendation that there should be ring-fenced funding for CTFR—

Mrs BRONWYN BISHOP—What do you understand by ring-fenced funding?

Mr Gilmour—That would be specifically provided by appropriation for that purpose.

Mrs BRONWYN BISHOP—I would just like to know where it is.

Mr Elliott—It is not in there. There is another communique that says that the costing arrangements—

Mr Gilmour—It is in the COAG arrangements.

Mr Elliott—It has not been announced yet.

Mrs BRONWYN BISHOP—It has not been announced yet.

Ms GRIERSON—I thank Sydney Airport Corporation for presenting. I know that you have been through a great deal this year. I do not think we have done a random check on you but I know that Sir John Wheeler did do a random check on you and turned up unannounced. You have in the time we have had with you shown that this is an area that you have responded to. For the sake of the Australian public we hope that that continues.

[10.46 am]

ASKEW, Mr Geoffrey, Head of Group Security, Qantas Airways Ltd

GRAY, Mr David, General Manager, Group Security Strategy and Support, Qantas Airways Ltd

JONES, Mr Trevor, Manager, Group Security Policy and Compliance, Qantas Airways Ltd

CHAIR—Welcome. In case any of you were not present at the beginning of the hearing, I advise you that the hearings today are legal proceedings of the parliament and warrant the same respect as the proceedings of the House and the Senate themselves. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The evidence given today will be recorded by Hansard and will attract parliamentary privilege. Does any representative of Qantas wish to make a brief opening statement before we proceed to questions?

Mr Askew—Qantas appreciate the opportunity to give evidence before this committee. Qantas have built a reputation for excellence in safety and security over our 85-year history. We are committed to global best practice in aviation security and see ourselves as a leader in this field. But we are not complacent. The threat environment has changed very significantly in the last four years, along with the regulatory requirements and public expectations about aviation security. Qantas's security measures have similarly been developed through investment in technology and capability, and we are continuing to seek ways for improvement, including through cooperative engagement with other stakeholders. Our risk-driven approach regards the legislated measures as important, but not the sole determinant of appropriate security measures.

Part of the impetus for the committee to resume its inquiry came from a small number of incidents where Qantas and its staff played a part. Representation of those incidents and public commentary about them has included a good deal of inaccurate information. We therefore welcome the focus of this committee and other processes on aviation security, not least as an opportunity to correct the public record.

The Qantas submission to the inquiry is a detailed document reflecting the complex issues involved and the extent of our operations. We have since provided the committee with two supplementary submissions, one dealing with the issue of transit passengers, which was raised by the committee at an earlier hearing, and a second submission—actually a short multimedia presentation—to assist the committee in relation to baggage-screening processes. I do not propose to repeat the contents of our main submission to this committee, but I would like to briefly draw attention to some key points which take into account subsequent developments, including the government's decisions about the implementation of Sir John Wheeler's recommendations.

Shortcomings in airport policing arrangements are now being addressed, consistent with the findings of the Wheeler review. Qantas and other industry participants have borne public criticism over the last 12 months because of perceived levels of crime at airports. However, we

are not law enforcement agencies and this issue needs to be addressed principally by the Commonwealth, state and territory governments. So we are pleased to see the commitments recently made to filling the gap, particularly in relation to community policing and investigations of organised crime. The appointment of airport police commanders and other measures flowing from the Wheeler review should also facilitate better direction, cohesion and exchange of information between all stakeholders in aviation and airport security.

The government's decision to tighten background checks for ASIC cardholders, including the option of a new central authorising agency, is welcomed by Qantas. The ASIC 'fit and proper person' test is potentially the key measure to ensure the integrity of those working airside at our airports. The criminal element of the check should involve an assessment process that is not dependent solely on recorded convictions. Getting this right is not straightforward. Qantas looks forward to working closely with the government to arrive at a practical formula that achieves the desired outcomes.

Qantas endorses the government's judgment that CCTV is a powerful tool to prevent and detect crime with a lot more potential than has previously been achieved. Qantas had already committed to a major investment in enhanced CCTV for security purposes before the government's announcement. We are now implementing that plan and working with other stakeholders to develop common standards, maximise interoperability and enhance effectiveness.

Qantas's views on the regulations covering air cargo security have been articulated regularly to DOTARS before and during development of the legislation that came into force on 10 March 2005. We continue to conduct screening of international air cargo carried on Qantas group aircraft, despite the absence of any mandatory requirement. We therefore welcome the government's endorsement of Sir John Wheeler's recommendation to mandate screening of cargo carried on international regular public transport services.

The aviation transport security regulations have laid a good foundation for more robust aviation security in Australia. However, the regulations still require amendment to remove a number of unnecessary and ambiguous provisions. It is our view that it would also be helpful to ensure that each regulation has a clearly articulated security outcome.

Risk assessment is an important element of the new regulatory framework. Risk assessment methodology needs to play a genuine central role in judgments about appropriate security measures. We welcome recent acknowledgments from DOTARS that the role and responsibilities of the Office of Transport Security extend beyond setting standards and auditing compliance.

As Qantas has stated previously to the committee, a more appropriate alignment between responsibility for aviation security outcomes and responsibility for funding should be introduced. We believe that the Australian government should be responsible for the provision and funding of national and border security, including CTFR arrangements at airports, and that the aviation industry should be responsible for the provision and funding of protective security measures for aviation. We welcome the government's commitment to a unified policing model with state and territory police participation, but remain concerned that the funding may not be permanent and

does not exclude the longer term option of cost recovery from the industry and that there is silence regarding the future funding of CTFR activities.

In conclusion, the aviation industry is diverse and complex. Any regulatory or policy change in support of aviation security needs to be well thought through in order to achieve a real improvement in security outcomes and public confidence. Despite some of the public debate over the last 12 months, the system is not broken. Genuine improvements in aviation security have been achieved and cooperation between stakeholders significantly enhanced. Additional measures required must be proportionate to risk, be sustainable and have due regard for any associated impediment to the commercial viability of the industry. Qantas is an active driver of positive change in aviation security and is keen to assist the committee in its efforts to identify scope for improvement. Thank you very much.

CHAIR—Thank you very much and thank you for your submission that you have provided to the committee. One of the aspects of the terms of reference is directly related to the Schapelle Corby incident on 8 October. Your submission has gone through in some detail appropriate steps and measures that were taken after the fact. However, there is one thing that does concern me. It comes from your manual, where you state:

...when two or more passengers travelling together on the same flight and to the same destination present themselves and their baggage at the same time at check-in, airlines will allow the total free baggage allowance, by weight or piece, equal to their combined free baggage allowance to be checked in ...

I know that you weigh for your measures and for your manifests so that you can get your loadings correct. I accept that. How hard would it be for the airline to put the weight of the individual baggage on the individual sticker that you place on the bag?

Mr Askew—That would certainly take an upgrade of the current software that we use. Some carriers do attach a weight to the baggage. The weighing of the baggage is a safety issue, as you rightly pointed out. It is about getting the weight and balances right. If you go into any house in Australia, I am sure that the personal weight of an individual will vary from scale to scale. I think we need to be careful here. If we believe that we can weigh baggage at a port of arrival and it will be identical to the port of departure, there is a risk that that will not be the case.

CHAIR—Why would there be a difference if it is weighed at the check-in, whether it is Brisbane or Sydney—or even if it were in transit, as it was in this situation—to arrive then at Denpasar when no-one has opened the bag to add clothes, cosmetics or duty-free purchases to that bag? If it had been weighted individually at the check-in it would then have been able to support or disprove those claims made by the Corby defence team that it was actually added in transit. I forget what the individual bag weight was. I think you say there is 65 kilos collective between the four bags that were weighed. But, if it was on an individual bag weight and a sticker was put on that bag with the weight, then it could have been weighed straightaway. If there is a difference in weight—and let us forget about Ms Corby and talk in general—then you know it is not the person who owns the bag who has been responsible for it, that something has happened to that bag on the way through.

Mr TICEHURST—It is about the accuracy of the scales.

Mr Askew—That is my point. The scales used by us are not scientific instruments. If you went to two adjoining sets of scales at a Qantas check-in, you would probably get a variance of several kilograms. That is the risk in what you are proposing. We are not there for precision; we are there for a general weight for the safety and weights and balance for our flying. So we are not down to the detail that you are referring to with that weight.

CHAIR—It is an aspect of security that a lot of passengers are concerned about—and I make that statement on the basis of the various airports I have been to where people are now into strapping or wrapping bags to make sure their bags are harder, but not impossible, to be tampered with. Outline the cost of a software upgrade and perhaps a more accurate reflection of the baggage weigh-in that would provide an opportunity for this to be pursued.

Mr Askew—I would need to come back to you. You are assuming that a port of destination has scales. This is a very complex industry. Qantas in the main does not operate its own terminals. We are reliant on airport operators and terminal operators around the world, not just in Australia. I would really like to make the point here that, despite an AFP investigation, the Queensland Police—

CHAIR—These comments are not made specifically against Qantas.

Mr Askew—Yes, but I would like to make the point, if I may, that there is no evidence to suggest that a Qantas employee tampered with Ms Corby's baggage.

CHAIR—I am not making that allegation. I am talking in general about people's state of mind—that when they check a piece of baggage in, there is a weight on the way in and, if a bag is contested, then the bag can be weighed.

Mr Askew—We are of like mind and like objective here, for the safety of our operations—

CHAIR—It does not matter whether they are flying Qantas, British Airways or Cathay Pacific.

Mr Askew—I am not sure that the industry can achieve your objective. I am not sure that a bag that is weighed and checked in at Sydney would have the same weight recorded if it were weighed again in Denpasar, London or Bombay because of the scales, the mechanism of weighing. I wonder whether that would actually give confidence to the passengers or give concern.

Mrs BRONWYN BISHOP—If you say that there is an inaccuracy, what is the degree of tolerance that you allow for two purposes: first, the safety of the aircraft and, secondly, the imposition of additional payment for having overweight luggage?

Mr Askew—We certainly set the standard there. But we do not weigh passengers. We make an assumption—

Mrs BRONWYN BISHOP—No, I am not talking about passengers; I am talking about luggage. You say that the scales are out by several kilos, what is the degree of tolerance that you build in on those two issues?

Mr Askew—We do not build the tolerance in. I am saying that between two sets of scales, I am sure there could be differences—

Mrs BRONWYN BISHOP—No. You say that between two sets of scales it could mean that yours are inaccurate.

CHAIR—I understand what you are saying. In business class you have a baggage allowance of 30 kilos, I think, and in economy class it may be 20 kilos and at some of our regional airports it is 14 kilos. If you are saying that your scales are inaccurate and then you get charged excess baggage per kilo over that, if your bags are within a two-kilo limit does that mean you get whacked extra baggage?

Mr Askew—I am saying that the scales that you wish to weigh this baggage on at the port of arrival and the bags that we have—

Mrs BRONWYN BISHOP—He did not say that at all.

CHAIR—My original question to you was: you check in and weigh a bag at counter 11 and it weighs five kilos; it then goes somewhere else and somebody else claims that it has been tampered with. Then surely that bag, in the course of getting accurate evidence, would be allowed to be shipped back to Australia and weighed on that exact same scale if it needed to be. It is not a question of whether the scales in Denpasar or in Washington or London are different. In the course of making sure the accuracy of evidence was taken it could be flown back, under security, and weighed at that—

Mr Askew—It could be. Yes, that could occur.

CHAIR—As I understand it, and as was reported to me by one of the other operators, the number of incidents of this occurring internationally are very minor—below 0.1 per cent or 0.3 per cent. So it is not a lot of bags, for the purposes of accuracy of evidence, to fly back to a set of scales.

Mr Askew—No, it is not, but there are some complexities there in the law enforcement arrangements between countries that would need to be taken into account.

CHAIR—I accept that, but I have to tell you that what I do not accept is people always coming up with excuses instead of actions that can resolve a situation.

Mr Askew—This would be a law enforcement issue in the country of arrival of the baggage.

Mrs BRONWYN BISHOP—I accept all that, but nonetheless there was a lot of argy-bargy that went on when Schapelle Corby first said, ‘Someone has put this in my bag, not me.’ There was a lot of argy-bargy that said, ‘Well, no, we did not keep weight records. No, they would not be accurate.’ It just was not convincing.

Mr Askew—I just repeat that there is no evidence at all that Qantas staff interfered—

Mrs BRONWYN BISHOP—Nobody is talking about Qantas staff.

CHAIR—No-one is making that allegation.

Mr Askew—The argy-bargy that is referred to—Qantas participated in that investigation with the defence team and with the family significantly, and I think it is appropriate that we make sure that that is on the public record.

CHAIR—That is here and I have already acknowledged that. I was talking about generally in aviation, in checking in baggage, having a recorded weight which then could be referenced back to. The other thing in your submission in relation to that—and I know that very quickly your team went up to meet with Mr Rasiah within a few days of it happening; that is to be commended. However, there is something that concerns me, and I accept that the screening is done, in our situation down here, by SACL. Why would you not be keeping records of bags screened yourself rather than SACL that are flown on a Qantas airline?

Mr Askew—In this case, departing Sydney—

CHAIR—No, in general.

Mr Askew—Well, it is not our baggage system. It is not our security system. It is the airport operator's. In this case it is the terminal operator's. Our obligation is to present the bag to the terminal operator. They process the bag, they screen the bag and they hand it back to us for loading. It is their system.

CHAIR—But they are your planes and they are your customers.

Mr Askew—Yes, but it is their system, it is their software. We can seek records from them but it is held, fundamentally, by the airport and terminal operator.

CHAIR—How long do they keep those records for?

Mr Askew—I do not know. You would have to ask them.

CHAIR—We will put that on notice. We will put that to SACL: how long do they keep screening X-ray images?

Mr Askew—Can I just say there too, if I may, that there is an assumption that the screening of bags means that there is an X-ray and there is therefore a lasting image. That may not necessarily be the case. Screening can also be achieved by trace detection, so there is no X-ray image kept or undertaken for that screening purpose.

CHAIR—I accept that. But your trace detection only picks up traces of explosives that it is programmed for. However, an X-ray, whilst it is primarily focused for that, does—and we have been down to see the screening sometimes inadvertently pick up 10 pills or 200 pills or leafy organic substances in bags. What we are saying to you is that, whilst we recognise that the images are taken in Sydney by SACL, why would there not be a record-keeping process for 30 days? I assume that, if a bag was lost by an airline—any airline—there would then be the opportunity to examine to see whether the person did have a gold watch or a camera or suchlike in there.

Mr LAMING—Can I add to that as well?

CHAIR—Yes.

Mr LAMING—I know that you do not operate in the airports in this country, but in countries of origin often your staff are some of the first people there when there is a problem, because you are obviously manning on-arrival international flights. You do not need to transport baggage, Chair, back to the country of origin and encounter those law and order issues; you need to have a set of calibrated scales brought out by the high commission and that exact weight placed back on your scale, back in Australia, without moving any baggage. If you do it that way, you have a precise measure through triangulation.

CHAIR—There are always solutions, Mr Laming.

Mrs BRONWYN BISHOP—Yes, I would just like to add to that the point I brought up with the last witness. Recommendation IX of Sir John Wheeler's report was:

It is recommended that the *Aviation Transport Security Act 2004* and the 2005 Regulations be reviewed by the Department of Transport and Regional Services to ensure that they encourage a culture of proactive and ongoing threat and risk assessment and mitigation and not a passive culture of compliance.

I have to say that a lot of those answers we just had today really sounded like passive compliance. You had a good reason why it could not be done every time any of us put a proposition. What I would like to know is the proactive role that you might start to take on these issues. It may not be marijuana next time; it might be something more serious that has happened, and to have a permanent record for 30 days could be very important in tracing whoever did what.

Mr Askew—There is no airline in the world that is more proactive about protecting its lives than Qantas.

Mrs BRONWYN BISHOP—That is terrific. That is lovely.

Mr Askew—Can I answer the question, please? We are not in the business of detecting drugs. Aviation security is about detecting prohibited articles, explosive devices, and that is what we have done. We are a complex industry. We depend on so many other stakeholders—airport operators and terminal operators around the world. We fly the aircraft. Yes, we audit the security measures that are applied to our passengers and baggage at those terminals to ensure that our standards are met, but we are reliant on other people and other organisations.

Mrs BRONWYN BISHOP—Can I tell you what 'proactive' means to me? 'Proactive' means to me that we have identified a problem and, in the question I last put to you, I said it may not be drugs next time; it could be something far more serious. An act could have occurred and you would want to have that evidence. You immediately went back to talking about drugs. It seems to me that we have identified a problem. 'Proactive' means asking what we can do about contributing to a solution, as well as saying, 'We can't do that because we depend on everybody else'—because that was the answer you gave me.

Mr Askew—If I acknowledge that we have identified a problem, I am acknowledging that Schapelle Corby's bags were interfered with. It was not by a Qantas pass. Can I also say that, being proactive, we are there about detecting—

Mrs BRONWYN BISHOP—Sorry, I give up.

Mr Askew—explosive devices prior to travel, not post travel.

Ms GRIERSON—Mr Askew, you might like then to tell us more about the review that Qantas have instituted on baggage handling. I gather that you have contracted someone to review baggage handling, arising from all these issues that have occurred in Qantas and at Sydney airport?

Mr Askew—We commissioned a review specifically at our international terminal in Sydney to look at all our processes from recruitment of staff and management and supervision to the handling of baggage. We are constantly reviewing our processes.

Ms GRIERSON—So do you have any report on that review yet or any interim findings or recommendations?

Mr Askew—There was a report being provided to the company by the consultant who has undertaken that review for us. But can I just say, again, that our records show that, of the number of bags that are interfered with around our network, the majority of those incidents occur at airports overseas and not in Australia.

Mrs BRONWYN BISHOP—The majority.

CHAIR—That is where I was going. I am not talking about Qantas; I am talking of aviation in general. I just want your comment on this. If somebody were to put 100 pills of a banned substance in a bag, weight detection would not be to the gram, and I accept that. However, if a record was kept of the screening—the person had checked it in and nobody had touched that bag prior to the screening—so that there was a screened image showing that there were pills inside there, would you agree with me that the person who put the pills in was more than likely the owner of the bag? It could not be anyone at the airport because, when it goes down the carousel, from what we have observed, by the time it goes through the screening it would be pretty hard for somebody to interfere with that bag.

If, indeed, there were pills found in the bag on arrival somewhere and they do not show on the screen, then it would be fair to say—whether it is at an airport in Australia by one of a variety of people or at an airport where they have been overseas or in transit through various countries—that someone other than the owner of that bag has put them in there.

Mr Askew—Can I just reiterate: screening does not mean that taking an X-ray. That image you refer to may not exist. You can comply with the requirement to screen by tracing the bag. Certainly, at ports of arrival, bags are not screened, X-rayed or traced for security purposes. They are for border issues, customs and quarantine.

CHAIR—I am not talking about arrival; I'm talking about check-in before takeoff.

Mr Askew—At a number of ports around the world the image taken to meet the screening requirement is not an X-ray.

CHAIR—Except we are talking about Australian security and Australian aviation, and that is why I am asking in relation to people who check in here in Australia. If they do not keep that image of a tag then one of the considerations of the committee may be that for a period of X amount of days that image should be kept against a tag number. We note that when a bag goes through the bar code comes up and that is how they identify it back to the passenger.

Mr Askew—That is correct.

CHAIR—Do you think it would be fair and reasonable to keep those images for a period of 21 or 30 days?

Mr Askew—Yes.

Ms GRIERSON—I will go back to the baggage situation. It has been one in which the public has shown interest and there have been major incidents. Throughout this inquiry and in your submission you refer to it: we had a Customs report leaked to the media that was on one hand at a low level and on the second hand could not even be given to this committee. You also had a New South Wales Police report on policing and crime in Sydney airport. It is my understanding from your submission that you have had no information given to you directly about those reports. Is that correct?

Mr Askew—The first thing we knew about both of those reports was when it was reported to the media.

Ms GRIERSON—Yet you would have a critical role in responding to any allegations that affected your baggage-handling procedures. And you are saying that neither New South Wales Police nor Customs have given you any briefings on those reports or the status of them?

Mr Askew—No, I am saying that the first we knew about the existence of both those reports to which you refer was when we read about in the media. Since that time we have been provided with a copy of that report by the Customs department.

Ms GRIERSON—Excuse me. You have a full copy of the report from Customs?

Mr Askew—I do.

Ms GRIERSON—Mr Chair, you should find that very interesting, as we ourselves do not have a full copy of that report.

CHAIR—Is it a full copy?

Mr Askew—I am not sure. We have a copy of that supposed report from Customs that was referred to in the media.

Ms GRIERSON—And have you responded to that in any way or is it part of your review? Has Customs worked with you on any areas identified as risks in that report?

Mr Askew—No.

Ms GRIERSON—What about the policing element? Have you had any dealings with the New South Wales Police regarding the criminal investigations or the NCCS?

Mr Askew—We enjoy a very good working relationship with all police services, and certainly the New South Wales force. But we have not specifically addressed that report. We have had conversations about it but I understand that we have not addressed the specific issues raised in the report with the police.

Ms GRIERSON—I want to take up Mrs Bishop's point about culture. Surely there has to be some trust and information flow for a culture to build up that has a shared responsibility and a shared response to terrorism. What you are saying concerns me. Are you seeing any hope that there is change?

Mr Askew—I think that there is a great will between organisations both public and private to share information and intelligence. We welcome that. I think that the difficulty here is that there was a report. As I understand it, the Customs report was not commissioned by management. Had it been so then I would have expected it to be shared with us. I understand that this was the workings of an individual and that it was unknown to the management. It is a bit hard for them to share something with us that they do not know exists.

Ms GRIERSON—But after the revelations in the media some actions were taken?

Mr Askew—Yes. And I think Sir John Wheeler and all of us agree that the success of aviation security will depend on a culture of exchanging intelligence and information, particularly between government agencies and between the government and the private sector.

Ms GRIERSON—There will be cynics who might say that the success of aviation security might depend on the media exposing flaws. Do you think that that is going to change?

Mr Askew—I think the media has a very important role to play in our democracy, but I think there has been some mischievous reporting also in recent times, and it needs to be balanced. Aviation security in this country is not broken. It can always be improved. We do have one of the best aviation security systems globally, but we need to constantly work on it. It is not one organisation's responsibility. It is the responsibility of the government and every stakeholder in the industry to do that.

CHAIR—That is fantastic, Mr Askew. That is one of the reasons this committee is having this inquiry—to see what can be done to improve aviation security in Australia.

Ms GRIERSON—In your submissions you talk about your cooperation regarding the Corby case and your offers to provide images. You say the closed-circuit television images were not date timed but were in a month period, that the images themselves were not, perhaps, evidentiary or of use in evidence, but you did make them available. When a critical incident occurred, with

allegations affecting your organisation, and you looked at those images, did you then assess the effectiveness of closed-circuit television and make changes accordingly?

Mr Askew—I do not believe that had we been able to recover the images they would have assisted Ms Corby in any way whatsoever. The fact of the matter was that this was on a cycle and the recording of her time and date of check-in had been overridden by a future date. We sought forensic assistance to try to recover those. Part of what was lost was the index, the date time. So we were actually unable to recover the image of her checking in or any image of a date and time of her check-in. The CCTV system—this is my own opinion—that she was looking for was to look at the volume, if you like, of her boogie board as she walked in there.

Ms GRIERSON—Some comparative images, perhaps, yes.

Mr Askew—This was one camera at the end of a check-in hall. As a result of that and the public's concern and our own, we have certainly taken a review of CCTV, both airside and in the public areas. We will continue to work with other stakeholders, because again I think there are lessons learnt from London that the CCTV arrangements at all our airports can be improved—inside terminals, airside and out the front of terminals.

Ms GRIERSON—I gather in Brisbane there was not CCTV coverage of the actual baggage area, of the handling of that baggage. Is that correct?

Mr Askew—That is correct.

Ms GRIERSON—Have you located extra cameras in baggage handling areas?

Mr Askew—We are undertaking a major project at the moment that hopefully will be completed very early in the new year to do exactly that.

CHAIR—I do note in your submission that, in a letter you wrote to Mr Rasiyah on 24 December, Qantas offered Ms Corby's defence team the opportunity to review those files, yet no response was received to that offer. Does that still stand?

Mr Askew—No, they came back to us sometime this year when the defence team changed and we made some images available to the new defence team.

CHAIR—And they found nothing in those images. But you made the offer to review those through her original team?

Mr Askew—Yes, we did.

CHAIR—You also offered to show them through your baggage handling and aircraft loading processes between Brisbane and Sydney. That was in March 2005. Again they did not bother accepting the offer of the inspection. It seems interesting that if you are developing a legal case you do not have to explore all avenues.

Ms GRIERSON—Finally on baggage handling, do you think it is currently possible for baggage handlers to remove or introduce bags without attracting any attention or being detected or screened in any way?

Mr Askew—One would not say anything is impossible, but these are areas that change from airport to airport. The infrastructure is different, the lighting is different, the people are different. Sometimes bags transfer between terminals and they are transferred by an individual of a night-time or daytime. It is possible, and Qantas is working very hard to make sure that our transfer bags are always under some sort of supervision and observation so that we if do not eliminate, we certainly reduce that opportunity. That is one of our proactive strategies, if you like, that we are working on not only here in Australia but throughout our network.

Ms GRIERSON—I would think you would welcome the airport commander role in airports that you are flying in and out of.

Mr Askew—Very much so; we are very supportive of that. It has been very consistent with our approach. I think it was Qantas that brought to the public's attention that, of the 100 largest airports by passenger throughput around the world, there are only three that do not have a community policing presence. Two of those are in Australia. We find that totally unsatisfactory, and therefore the recommendations, and the government's agreement with Sir John Wheeler's recommendations, were very much supported by Qantas.

Ms GRIERSON—One of the things that was introduced as a result of previous reviews of aviation security was air security officers on your planes. Have you seen any change in the way you are informed about those or the way they are allocated? Do you know the intelligence that guides the placement of those officers? Do you have any role in that? Are you aware if they are on your planes, which flights et cetera?

Mr Askew—Yes, we do. We were concerned originally at the haste with which the government sought to deploy the air security officers at the end of 2001. However, the Australian Protective Service and the Australian Federal Police need to be given credit. They involved us and we were able to develop a process that, again, I think is probably at the leading edge of the deployment of sky marshals throughout the world. We are advised of their intended flying some time before.

Ms GRIERSON—When you say 'we', do you mean at your level?

Mr Askew—That is correct.

Ms GRIERSON—Does the cabin crew et cetera know?

Mr Askew—No, the cabin crew are not made aware, and that is mainly for their own safety. However, the captain and the other people in the cockpit are made aware prior to the entry of those people into the aircraft. We have protocols in place for diversions into other airports. Again, we compliment everybody who has been involved in the program. We would prefer that the government pay us for the seats, but at the moment they are still reluctant to do so.

Ms GRIERSON—There is a consistency there, yes. And they do not, obviously.

Mr Askew—No, not domestically at least.

Ms GRIERSON—It must work both ways. Have you seen any changes in the allocation of those? Have you made any recommendations for changes to particular flights or for particular purposes?

Mr Askew—Yes, we have. For the operational security of the service, I need to choose my words carefully. When the program started, Jetstar was not in operation. Of course, it is now, and they are flying on Jetstar operations within Australia. Australian Airlines was not flying in 2001. It is now, and they are deployed on some of its flights. So, yes, we have seen changes since their introduction.

Ms GRIERSON—I preface my next question by putting on the public record the thanks and appreciation of the Newcastle people who were fulsome in their praise of Qantas for bringing them back from Bali after the recent bombings. I also want to put on the record my appreciation of Qantas for handling some local matters in Newcastle, including staffing matters. An article in August in the *Australian Financial Review* reported that Qantas had axed 200 managers in an effort to stay on top of rising costs and an anticipated outlay for updates to the Qantas fleet. We are seeing major changes to staffing, yet, as users and passengers of Qantas, security would always be paramount in our minds. Can you reassure the committee that the positions that have been made redundant or done away with will not impact on security and were not key to security operations in Qantas?

Mr Askew—Thank you very much for the opportunity to do this. It is a pleasure to work for an organisation that is under financial pressure yet is very consistent in its support for safety and security. Expenditure in my area has increased enormously over the years. In the last financial year it exceeded \$260 million. That is more than the expenditure of the Tasmanian police and of the ACT police. We have not seen a reduction in the number of people employed, including contractors, by Qantas. In fact, it is quite the contrary; they have continued to increase. As the financial burden of security has increased there have been pressures on the industry, but Qantas has been very resilient in providing support to me. We invest in security and we will continue to do so. I know that I have the support of the board and the CEO on this. Unfortunately some of my colleagues in other carriers around the world do not enjoy such support.

Ms GRIERSON—I would like to explore that a bit further. We have had evidence in the last inquiry and in this inquiry about—and we have always had concerns about this—the staffing levels and the low level of staff payments. Recent practice in Qantas has been to outsource jobs, at a cost. There is still a concern that if the bottom-line cost is driving those decisions they may not be optimum for security and a culture that enhances security may not be able to be sustained. Are you able to say to your senior management, board et cetera: ‘Don’t cut costs in these areas. Don’t cut staff in these areas. This will be a burden that aviation security shouldn’t have to bear’?

Mr Askew—Yes, if that was the case, I would feel very comfortable with making that comment. In fact, I am invited to do so. Again, we are a global company and we are dependent in the main on people from other organisations, third parties—not our own staff. That is also the case in Australia. Certainly overseas the majority of people who service our aircraft and provide services to us are employed by other organisations. So it is our objective to create a culture

amongst those third-party providers and ground handlers as well as amongst our own staff. Regardless of whether people are employed by Qantas or not, our aim is to make sure that we create that culture throughout the globe.

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

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

Senator NASH—Yes.

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

CHAIR—You can take that on notice.

Senator NASH—If you could, that would be good. Obviously you are looking at ways of improving the process. What is the current process that is in place and in what ways are you looking to improve it?

Mr Askew—We have sought the assistance of private contractors to undertake a background inquiry for us, for a fee. I signed off on one yesterday, which was in excess of \$200, for a person in India. That person has never set foot in Australia. It is pointless to go through an AFP and an ASIO check if the person has never resided in or visited this country. It is a challenge for us, and we would look forward to any support we could get from the government on this.

CHAIR—On that, how do you do background checks of people engaged overseas who are from overseas?

Mr Askew—It depends on the country. Some countries will provide them with a police certificate for a fee, so we can seek a police check. But a more in-depth check than that is far more difficult, so we are employing a private organisation to try and do a background check on those staff for us. It is with great difficulty that we are doing that at the moment.

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

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

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

Mr Askew—I can do that.

Senator NASH—I have a further question regarding the ASICs that are unaccounted for. I think your submission says that 0.94 per cent are unaccounted for. What is that in actual numbers?

Mr Askew—It would have to be the one per cent of 27,000, would it not?

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

Senator NASH—Since what date?

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

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

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

Senator NASH—That would be good. Why have those 384 not been returned?

Mr Gray—Twenty-four of them were reported as stolen, and the vast majority of the others were reported lost.

Senator NASH—Do you have any concerns about the nature of the stolen 24?

Mr Askew—I think we always have concerns. We would have concerns if we lost a laptop or any other piece of equipment as well. One of the issues for us is that we would disable that card automatically, so, although the visibility of the card may show validity, it will not work in an electronic access control system. We also employ people who, at points of entry to certain areas, do a face-to-card recognition. Can that be improved? Of course it can. I think as technology improves so will this process. We would be concerned with more than one card being lost, yes.

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

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

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

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

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

CHAIR—Before I hand over to the next person, I have a question. After a question I asked earlier, you led me in a different direction to what is in your submission. I refer to page 47, 7.1.5, titled ‘Recording of X-Ray Images with Screening Point CCTV Footage’. It says:

As part of a trial of revised CCTV arrangements at screening points, Qantas has taken a feed from the x-ray machine operator’s monitor and recorded this alongside the video footage from the screening point cameras. It provides another tool for investigators examining claims of theft of or damage to items submitted for screening. It also provides a record of images displayed to the x-ray operator and could therefore be used for operator performance evaluation purposes and training.

Yet not more than a couple of moments ago you told me you do not do this.

Mr Askew—You were referring to checked baggage; this is passenger screening. This concerns passengers and their carry-on baggage, not checked baggage.

Mr LAMING—I have some questions about biometry and using identifiers for people entering an aerobridge. Can you give us a little more detail on the type of biometry you have been investigating and may well consider implementing at some stage in the future?

Mr Askew—We have not introduced biometrics onto any of our access cards. We are trying to create within the Australian industry a standard so that an access card that is produced by one organisation can be read and accepted by another. It is a matter of agreeing on that technology, and then we want to build on that. We are all very keen to introduce biometrics when it will add value to a security outcome. At the moment, no biometrics are specifically associated with ASICs. We as an organisation use biometrics in certain areas of higher security—for instance, within our legal area to protect our legal files and sometimes in bonded areas. We have not rolled it out. We have gone to smart card technology at the moment, and we are consulting with the industry on that.

Mr LAMING—The second of my three questions is on levels of security at smaller airports around the country. There has been some discussion about where checked baggage should be screened. Should it be at an airport where jets are operating? Do you have any thoughts about at what point we should initiate baggage screening and at what types of airports, particularly in the grey zone where you have a small number of jets or a large number of big turboprop aircraft. Effectively, they are very similar types of airports, with some having those requirements and some not.

Mr Askew—At the moment, the checked baggage screening requirement is limited to CTFR airports. I think that is also under review as one of the recommendations of the Wheeler review about what airports should and should not be and what the criteria are for that. Aligned with that is the ASIO threat assessment on aviation, which is 11.1, 12.1 or 14. Also, if this is the situation for the larger airports, where does that leave the regional airports? A lot of the policy

development and security measures have been as a result of the threat assessment produced by ASIO. What is important for us to do is to make sure that that is flexible and that it is reviewed constantly. Whatever the criteria are that make an airport CTFR and whichever CTFR airport requires certain security measures, that is fine, but it is also a matter of not ignoring the others.

The umbrella, if you like, has been spread a long way now. I think we are up to 186 airports. It was a lot smaller number than that prior to the new legislation. So the industry and government will have to work together to determine what is appropriate in response to certain risks at those airports.

Mr LAMING—My final question is an unusual hypothetical regarding inbound passengers on international flights that have a transit stopover at their first point of call in Australia, after which the aircraft is reloaded and it moves to a second point where the flight terminates. My concern goes to how closely you monitor who transits and who leaves the plane and proceeds through customs. Can I confirm with you whether there is no electronic checking of boarding passes when passengers in transit get back onto their flight again for the second leg. There is no electronic use of a boarding pass?

Mr Askew—That is not correct. It would be the same as for an originating passenger. Those transit passengers at the boarding gate go through the same thing: they feed in their boarding pass.

Mr LAMING—Electronically? They do not simply display it? This applies to someone who has already flown internationally and has landed in, say, Darwin. After having sat in transit, their boarding pass is checked electronically again when they go to get back onto their flight?

Mr Askew—Yes.

Senator HOGG—I want to take you briefly to the statement that regulation is being made on the basis of public perception rather than the reality of aviation security. How true is that today?

Mr Askew—Although the current act and regs have gone a long way towards improving that, I think there is still some refinement required. For total benefit here we really need to come to an outcomes based regulatory approach where the means of the outcome is not necessarily prescribed; it is the outcome that is prescribed. By way of example, for ‘every passenger must be screened boarding an aircraft’, the outcome would be that they have gone through a screening process. How that is achieved should be up to individual stakeholders. We have a commitment from the Office of Transport Security to review the regulations. They are about to establish a task force or a working group to look at that, and I think that is a very positive step.

Senator HOGG—You say in your submission, though, that the outcomes are:

... in response to genuine security risks and threats, and are not applied in response to perceived risks, media commentary or political concerns.

Where the media commentary and political concerns come into it, obviously they can play an intrusive role in genuine security concerns that you may have.

Mr Askew—We saw evidence of that following 9-11, and that was probably not inappropriate, to be honest with you. I think that the government rightly had a role to respond to that tragedy. But we saw our screeners, for instance, being tasked with looking for tweezers. We amended a number of things in the prohibited article list, by way of example, that really were not going to achieve a great security outcome. Senator Vanstone's comments earlier in the week were probably part of that. Plastic knives were introduced at that time. We looked for tweezers, as I say, and other prohibited articles.

CHAIR—Nail clippers.

Mr Askew—And nail clippers. That perhaps actually did more harm than good. There was some criticism from the public on some of those issues and measures and we really do need to manage that and give them confidence rather than perhaps what we did.

Senator HOGG—How well do you as a carrier explain the need for security to the travelling public in such a way that they understand the need and know they can have confidence in the measures you have in place?

Mr Askew—That is difficult when they experience differences from airport to airport or country to country. I think we as an industry have a role to ensure that we try and harmonise as best we can the security measures in place. But certainly we as a company will always use the regulations as a base, and if we do not believe that the regulations are providing adequate coverage for our staff or our passengers then we will apply additional measures to that. That is particularly the case overseas, where we will introduce additional measures to mitigate the risks as analysed and assessed by us. We would do that quite frequently.

Senator HOGG—That raises with me the question that I was going to ask about your involvement overseas and the security that you might apply there. Do you seek different arrangements and particular requirements—and I am not asking you to be specific there, for security reasons, obviously—at different overseas ports? What extra steps would you take to protect passengers flying on Qantas from an overseas port that might be different from the regulatory requirement at another port overseas?

Mr Askew—We have a small department within my division that is tasked purely with assessing threat and risks. A lot of those people have come out of the security and intelligence agencies. We use the information from them to make our own assessment. We have a number of inspectors whose role it is to undertake security surveys and audits around the world. We look at the information as provided by them and then we determine whether the measures that are applied at a particular airport meet our requirements. If not, we will do two things: we will try and be diplomatic at first and approach the government, the airport operator or the airport screening authority; or we will apply our own measures, as we have done. There are a number of airports overseas where we trace baggage, we apply secondary screening for baggage and we apply measures that are not required by the regulator or that country. I guess that is a direct answer to what you are asking.

Senator HOGG—So how many airports would you do this at, roughly? A significant number?

Mr Askew—About five or six, I think.

Ms GRIERSON—You identify Indonesia and the Philippines as significant risk destinations for your flights. Do you do anything more than that with flights in and out of those two countries?

Mr Askew—That comment is consistent with the advice that we have been given by government and I think it is fair to say that, yes, we do apply additional measures to our operations in both those countries.

Senator HOGG—Does this apply to passengers getting on the aircraft themselves? I note that at one stage—I do not know if it still happens—on some airlines travelling out of the Kingsford Smith, for example, you would get a search before you got on the aircraft. That happens, of course, in some airports overseas. Do you apply those sorts of standards?

Mr Askew—The search departing Sydney that you referred to was a regulatory requirement that was being applied there. Yes, we do apply measures to passengers, their carry-on baggage, cargo and checked bagged at those airports overseas.

Senator HOGG—Do you also require extra supervision of the aircraft on the ground whilst it is parked at some overseas airports, as we have been made aware does occur as a result of requests from a couple of airlines when docking here?

Mr Askew—Yes, we do.

Mr TICEHURST—With a lot of regulations, particularly when you have government departments producing them, they tend to go overboard irrespective of the costs and do not look at the cost analysis. One of these regulations was the hardening of doors on aircraft. I think the international standard was for 60-seat aircraft. In Australia we decided to have it for 30-seat aircraft. Does Qantas operate any aircraft with 30 seats or less?

Mr Askew—We do not at the moment. The original requirement was for all the jet aircraft to be fitted with those doors at the industry's expense. Qantas made a decision at that time that we would fit our entire fleet, including the Dash 8s, with hardened doors. The government subsequently came out and made that a regulatory requirement but did agree to fund the fitting of doors to the prop fleets of the Australian industry.

Mr TICEHURST—We found that there were some unintended consequences on that 30-seat limit. I note too that you are also installing cockpit door surveillance systems. Was that a regulation or was that a Qantas initiative?

Mr Askew—It is a bit of both. It is an ICAO recommendation, which we believe eventually will become a standard. So we are retrofitting our current fleet but making it a requirement on our new aircraft. I am sure eventually it will become a regulatory requirement.

Mr TICEHURST—So you would store that information for a limited amount of time?

Mr Askew—No. This is purely to give people in the cockpit an external view of the door.

Mr TICEHURST—It is not a recording?

Mr Askew—No, it is not.

Mr TICEHURST—You mentioned Senator Vanstone; she was trying to make a point of illustration the other day. One of the comments Sir John Wheeler made was that, in other countries, they are now using metal knives on aircraft. The perception is—I think the reality is—that if you snap a plastic knife it becomes more lethal than a metal knife ever would. Is there any move with Qantas to look at, say, harmonising the international requirements with our local ones so that we could change our cutlery and have metal rather than plastic?

Mr Askew—We have been seeking support on that from the government for some time. There are only two countries that I am aware of now that prohibit metal knives: Japan and southern Ireland. I might just say, though, that the other countries prescribe what that knife should be—the length of the blade and the cutting ability of the blade. We support a regulation that permits the return of the metal knives but that also prescribes the cutting ability.

Mr TICEHURST—Taking on your comment earlier, it is an outcome based regulation rather than something that causes an issue. The cure is worse than the disease, in a way. The other issue is not so much in relation to security but in relation to the use of PCs and mobile phones. We hear the message on aircraft that they will interfere with the navigation equipment. If you are using GPS navigation, which I guess aircraft are, to interfere with the GPS you need something like a very powerful microwave signal right over the top of the GPS to actually interfere with it. On some aircraft, phones are now permitted when you are on the ground—probably not when you travel on Dash 8s. Is there any move to harmonise that? We have the perception of uniformity for passengers, but it does not ring true when you hear the flight attendant going through the reasons why you cannot use a phone and you think, ‘This is just not right.’

Mr Askew—It is a CASA requirement. Qantas was in conversation with them for a long time to be able to permit that. My understanding—and I will stand corrected—as to why it cannot be the case on a Dash 8 is that the passenger with the phone would be walking across the tarmac and there is refuelling and the like going on, whereas with a jet aircraft at the aerobridge you are not actually exposed to the tarmac operations. It is a CASA requirement and it is not one that I am familiar with, I have to say.

Mr TICEHURST—Fair enough.

CHAIR—In relation to uniformity and items that are or are not allowed on aircraft, knives are but one issue. What other items are able to be brought on by passengers under the international standard but are banned under the Australian standard?

Mr Jones—The international standard will allow pocket pen knives with a blade of up to six centimetres and items such as knitting needles and the like. Under the Australian requirements—

CHAIR—Nail scissors?

Mr Jones—Yes, as long as the blade is less than six centimetres long.

CHAIR—When I have travelled overseas, a couple of times I have noticed that when people have already checked in, are flying through in transit and are going through a checked bag screen again, all of a sudden they have to dump all the things that they have been carrying that were approved items when they left the US or Europe. That causes great concern for people. One item that has come to notice in particular is like a little credit card. It is made by the Swiss army knife mob. It has a nail file and whatever built inside a credit card type unit. On one flight, when I was coming back in, I saw about 30 of them chucked in the bin. I thought that if there is no harmonisation then it really does affect a lot of travellers. Some of those items are not cheap and there is no opportunity for passengers to put the items back through as checked baggage and meet them at the point of arrival.

Ms GRIERSON—At inspections with Customs, we were taken through the procedure where passengers are flagged as people of interest. Is that information conveyed to Qantas? Do you know that you are carrying people who have been triggered in Qantas's system as a person of interest?

Mr Askew—Yes, but not necessarily from a Customs point of view. It would normally come to us from a law enforcement agency or an intelligence agency and it would be prior to flight. I am not sure that answers your question.

Ms GRIERSON—How would you know? They are flagged for all sorts of things, including terrorism. Would Qantas have any idea who is travelling on its planes and would that information flow to you?

Mr Askew—There is a requirement for us to check the names of our passengers against a particular list. Some of those lists depend on which country you are flying to. For instance, when flying to the US we have a requirement to check the manifest against the list that is provided by them prior to us departing. We are also required to provide the names of our crew to US authorities and to get clearance prior to departure. So it depends on the country that you are flying to or from.

Ms GRIERSON—So, partly, the answer is that often you would not have any information about it?

Mr Askew—Sometimes the law enforcement agencies would advise Customs—for instance, in this country—of the name of an escapee. Customs, in providing their border security and immigration functions, would be able to flag that. They would flag that on behalf of the law enforcement agency that would respond. The person would never get onto a Qantas flight or any other flight; they would be intercepted prior to that. It would be part of an investigative arrangement to capture an escapee and not to prevent a terrorist from flying on a particular aircraft.

Ms GRIERSON—It is still standard practice that you provide photo identification if you are travelling. However, when you travel from a regional airport and you already have your boarding pass for the next flight—for example, I can fly from Newcastle through Sydney to somewhere else and I can get my boarding pass issued for both of those flights—no-one then checks whether it is the same person that gets on the next flight. Do you have any concerns

about identification of passengers? Do think it is stringent enough? Do you think it needs any changes?

Mr Askew—That is a very good question. The point that I would like to make is that every passenger has been subjected to standard security, so in that instance, regionally and domestically, is it a security issue or is it purely an identity issue? They have been subjected to screening and had their baggage and carry-on baggage screened. With the example you gave, realistically, even in a domestic airport, people can swap boarding passes if they have that intent. But, having said that, people have still been subjected to the screening processes.

Ms GRIERSON—Yes. You mentioned smart cards. In what context have you been looking at smart cards?

Mr Askew—Smart cards for access control for our facilities.

Ms GRIERSON—For identifying people?

Mr Askew—For gaining access in and out of facilities.

Ms GRIERSON—For staff et cetera.

Mr Askew—Yes.

Ms GRIERSON—Have you developed that? Have you seen it in operation anywhere else? In our first inquiry, it was put forward very strongly by consultants for aviation security firms as a way of handling all passengers, even. But you are looking at it in terms of identification of people moving in and out of air spaces. Have you developed that in any way or have there been discussions with anyone on that?

Mr Askew—We have had a number of discussions. We are looking within our own business at how we might be able to use that—for instance, with frequent flyers and the like. We could incorporate some technology into the card we would provide to them that would facilitate their travel better or provide us with the opportunity to provide better service to those people.

Ms GRIERSON—So a priority clearance type system?

Mr Askew—That is one we have had discussions with the government about and it has not really matured.

CHAIR—On that point in particular, on page 47 of your submission, at 7.1.6, you describe the establishment of the credit card interoperability standard, or your MIFARE system. Will you be looking at putting biometrics in that card given that it is the card that provides access by crew members to many varied airports, or indeed a lot of areas in airports?

Mr Askew—Having migrated to this technology, we are now able to do that. This technology provides a platform for us to do that.

CHAIR—At 7.1.3 you talk about proof of identity of people. You have just mentioned it regarding frequent travellers—biometric identifier storage—yet you have not mentioned that in your submission in relation to your staff, who would have greater access to airports airside than indeed a flyer would have.

Mr Askew—Yes, that is right. But we needed the platform to be able to do it and we are in that replacement phase now. I think we are at the completion stage now of making sure that the staff have the technology. Now we will need to build on it.

CHAIR—When would you envisage your MIFARE system of a single card with biometrics across a series of platforms will actually be up and running?

Mr Askew—I think the MIFARE one at Qantas facilities will be there by the end of this year. I would like to think that we could extend that throughout Australia but that will depend upon other airport operators. As we have said in our submission, Cairns have agreed. To be fair, a lot of other airports have invested a lot of money in their own access control system. I am sure they are not very keen just to replace it for the sake of replacing it, so I think that will take time, to be honest with you.

CHAIR—So do you think that if there were a standardisation that people had to comply with that would make the role much easier?

Mr Askew—It would certainly make the role for carriers easier. We have a work force that moves around the country and I am not sure the airport operators would agree with that. They are really only concerned about their own geographical location, not the one up the road or interstate. But we are. It just makes it a lot easier for our staff. Instead of carrying 50 cards, they could carry perhaps just one card.

CHAIR—If you carry the one card and you have a biometric measurement on there but they do not have those biometric readers in each of the airports you visit, there is not much point in having that information stored on a card.

Mr Askew—Correct.

Ms GRIERSON—You are doing a smartgate trial at Sydney airport with Customs?

Mr Askew—Our cabin crew have participated in that for some time, yes.

Ms GRIERSON—Can you tell us anything about that trial—how it is progressing and what it is finding in terms of matching?

Mr Askew—It is not one that I have personally been involved in. I know that we have been very happy with it and we have also trialled it with some of our frequent flyers, who believe it can assist and facilitate their movement. We have supported it completely. If you would like, I can certainly come back to you again.

Ms GRIERSON—What is the ‘video content analysis system trial’? It is on page 46 of your submission.

Mr Askew—This is a situation which you may recall experiencing in Brisbane, Sydney and Melbourne. You exit the airport and there will be a lady or a gentleman standing there to make sure that as you exit nobody enters. We are putting in an exit race system there and, if for some reason you were able to enter through that exit, we have got a CCTV system that would be able to follow your movements throughout the terminal until you were apprehended by a security officer.

Ms GRIERSON—Why did you initiate that?

Mr Askew—Because then we can replace with technology the individual standing there.

Ms GRIERSON—Right. So it was not in response to an identified risk—it was a cost saving or a staff saving, was it?

Mr Askew—No, not really. It was the risk, because we have unfortunately had one or two breaches that have been publicised where, human nature being what it is, that has failed us and people have been able to inadvertently enter through exit races. We are trying to use technology to prevent that from happening.

Ms GRIERSON—Finally, in your role as having the supreme responsibility for aviation security with Qantas, how do you collect data on critical incidents and risks, and how does that data shape and inform your responses?

Mr Askew—Fundamentally, we collect data in two ways. One is from government. A number of my staff have appropriate national security clearances and are able to receive threat assessments and intelligence from the government. We also employ a number of contractors to provide us with information, particularly overseas rather than in Australia, and we use our own staff and our own information and open sources. As I said before, we have a very small group within the airline, which is quite unique to international carriers, whose role it is to assess the threats and the risks associated with us and our operations. That drives any measures we wish to employ to mitigate those risks. It is quite a mature risk-management process that is in place. We will continue to grow it, but it is something that is quite unique to Qantas.

Ms GRIERSON—So you obviously collect incident records, and you must develop trend data over the years to show whether those incidents are increasing or decreasing and in which areas of your operation they are occurring. Can you give us a picture of the trend data of security incidents, breaches or noncompliances—or any of those things—happening in certain areas? Is the trend down, up or what?

Mr Askew—The easiest one to refer to would be unruly passengers. Some time ago it received a lot of publicity. We have done a number of things there, including training our ground staff. If there is a problem we want to keep the problem on the ground and not deal with it in flight. We have a no tolerance policy. We will divert if necessary to offload passengers and we will not carry them. The number of incidents has decreased dramatically. If I recall correctly, last year I think we were forced to use restraint equipment six times. We have carried 30-odd million passengers and I think any law enforcement officer who had a town of 30 million people and only had to handcuff six people would be very pleased. I am also pleased to say we had no murders and no rapes, and hopefully we will keep it that way! It is important to manage our

operations through information and data analysis. We do that also with baggage. We look at the performance of our screeners, so it really focuses our attention on—

Ms GRIERSON—Where are you spending the most money?

Mr Askew—Probably on labour.

Ms GRIERSON—Increasing the number of people dedicated to aviation security?

Mr Askew—Yes. We obviously have direct costs, and there are indirect costs—for instance, our friends at SACL. We pay SACL to provide screening at the international terminal, whereas at the domestic terminal in Sydney we provide and fund it ourselves. That is the same around the world. We are investing a lot in technology, but I suspect that the No. 1 cost for us would be labour.

Ms GRIERSON—With labour in mind, in evidence from the Flight Attendants Association of Australia about pre-flight security checks, it was said:

We perceived it as commercial pressure when told we were unable to wait until the aircraft had been entirely catered and provisioned and was ready for flight before then conducting the check. We were required to conduct the check whilst rear doors were open and people were leaving and entering, carrying boxes, an area we had just declared sterile.

Do you think that sometimes staff are put under that pressure and that time, money and schedules mean they have to take shortcuts?

Mr Askew—No, not at all, because I have a report presented to me each morning that shows delays, and particularly security delays. We would sustain delays on a daily basis through applying security measures, and we will continue to do that. Yes, we will look at ways of improving efficiency and performance, but we certainly would not avoid sustaining a delay caused by a security issue just for on-time performance—not at all.

Mrs BRONWYN BISHOP—I want to come back to the question of screening. The government is mandating that by 31 December 2004 there should be 100 per cent screening for internationally originating baggage arriving at Adelaide, Brisbane, Melbourne, Perth, Sydney, Cairns, Canberra, Coolangatta and Darwin and that the same airports are required to achieve the same for 100 per cent of all domestic baggage by July 2007. First of all, how are we progressing in meeting those deadlines? Secondly, what precisely are you screening for?

Mr Askew—At the international terminals that you referred to, we are not the screening authority; it is the requirement of the airport owner in Darwin, Sydney, Melbourne and so forth to provide that screening.

Mrs BRONWYN BISHOP—What is the follow-on from that mandating? There is no point mandating that it shall be screened if you are in fact putting non-screened baggage onto your aircraft.

Mr Askew—Absolutely. The requirement is for them to only provide us with screened baggage.

Mrs BRONWYN BISHOP—So there is a requirement on you to make sure it is screened. How is that going?

Mr Askew—Internationally, all airports have been compliant. Some have been installing complex baggage systems where they will introduce X-ray. As an interim measure they have been using trace detection, but the requirements for 100 per cent of baggage were met. Domestically, at Qantas we certainly will have our in-line systems in place—the expenditure is in excess of \$100 million for us. We are there now in a lot of places—

Mrs BRONWYN BISHOP—Just tell me more about the \$100 million and ‘in-line’. Explain what that means.

Mr Askew—The \$100 million will be to provide check baggage screening for our domestic passengers at the terminals that we own and operate. For instance, at Sydney, Melbourne and Brisbane—which are large, complex areas—we will install X-ray in our baggage systems. Doing that is not just a matter of planting an X-ray unit in the baggage system; we have actually had to extend the facilities and put in a lot of quite complicated new baggage systems so we can achieve in-line check baggage screening by X-ray. ‘In-line’ means in the baggage line—in the baggage sorting system.

Mrs BRONWYN BISHOP—It is during the process where it is weighed, put in the chute and goes off to the aircraft?

Mr Askew—Yes.

Mrs BRONWYN BISHOP—And you will be doing that in those airports you mentioned because you control—

Mr Askew—In our domestic terminals. If you take Sydney airport, for instance, at terminal 1 it is a SACL responsibility. It is their baggage system and they are responsible for screening the bags, as they are in T2. In T3, which is the Qantas terminal, it is a Qantas requirement. It is our baggage system and we have a requirement to screen the bags.

Mrs BRONWYN BISHOP—Are you talking about the domestic or international terminal?

Mr Askew—At the international terminal, it is the airport operator’s responsibility to screen the bags. We have to give them the bag. They have to screen the bag, they keep a record then they hand the bag back to us and we load it on our aircraft.

Mrs BRONWYN BISHOP—So, if there is no screening in place and these deadlines are not met, does that mean that you would not accept the baggage?

Mr Askew—Yes.

Mrs BRONWYN BISHOP—Domestically, T2 and T3 are the ones I am familiar with. What is T1?

Mr Askew—T1 is the international terminal, T2 is the old Ansett terminal and T3 is the Qantas one.

Mrs BRONWYN BISHOP—So it is your responsibility to meet that deadline?

Mr Askew—At T3. T2, the old Ansett one, is also owned by Sydney airport, so that is their responsibility. It is the multi-user facility.

Mrs BRONWYN BISHOP—Are you online for meeting your responsibilities?

Mr Askew—Yes, we are.

Mrs BRONWYN BISHOP—And, to the best of your knowledge, are you aware that the airports themselves are meeting theirs?

Mr Askew—I think they are. There are very few baggage sortation manufacturers globally, and there was an international requirement to have this done, so there were all these issues with appropriately trained people. The airports have introduced an interim or contingency which is trace, so the bags are being subjected to some form of examination for explosives. If they cannot meet the X-ray one, they are certainly doing it by trace as an interim and as a contingency.

Mrs BRONWYN BISHOP—I will then ask you about what you are actually looking for. Obviously, explosives are on thing. What else?

Mr Askew—Fundamentally, that is it. That is the legal requirement. One of the benefits of checked baggage screening internationally has also been the identification of dangerous goods. To the best of my knowledge, there has been no explosive devices ever found by the X-raying of a checked bag, but there have been a lot of dangerous goods found. Of course we do not want to carry those on our aircraft either. In some of those cases, it is accidental—people do not understand the flammability of a liquid that they have checked into their bag. Some people inadvertently carry fireworks—often children—that you cannot purchase in one state but you can in another, so they are carrying fireworks home. Again, one of the side benefits of checked baggage screening is the identification of those things which, of course, we do not carry either.

Mrs BRONWYN BISHOP—Going back to those points we were making earlier, it would also pick up such things as pills, leafy foliage and that sort of thing as it is going through.

Mr Askew—When the equipment is not calibrated and the people are not trained to look for that, they are not found. If you look at it now, you will see that the AQIS people will look for fauna and flora that is being exported or imported. The Customs people may be looking for money or other things, but the security process is really not looking for those at all.

Mrs BRONWYN BISHOP—So if someone had several hundred kilograms of heroin stashed in the bags and you saw it, you would just let it go through?

Mr Askew—I guess the point I am making is that they might not see that.

Mrs BRONWYN BISHOP—What do we have to do to make them also look for it?

Mr TICEHURST—Other than the Customs Act.

Mr Askew—To be perfectly honest with you, I think there is a way to go on that.

Mrs BRONWYN BISHOP—What does that mean?

Mr Askew—It is worth looking at a departing aircraft now and the examination that baggage is subjected to there—and there have been some trials between Australia and New Zealand on this. For instance, a bag departing New Zealand is now screened for security purposes. It is screened so that there is not explosive devices in that bag that will cause harm to an aircraft flying across the Tasman. When the bag arrives in Australia, the Australian authorities want to X-ray it again. They want to X-ray it for different purposes, not to find an explosive device but to find heroin or something similar.

CHAIR—Contraband.

Mr Askew—Yes. The idea is that a number of agencies can have access to the one image, and I think that that is a very positive move and I think that is where we will go. We will achieve what you are referring to, but we will need to make sure that we engage the government agencies in that process.

Senator NASH—Just briefly, my question goes to air cargo and freight screening. I note that in the Wheeler review that was a concern. It recommended that screening of cargo should be expanded and that there should be mandatory screening of all cargo on a passenger aircraft where passengers' baggage is checked. I also noticed in your submission that you think that the current known shipper system is insufficient in dealing with cargo. Can you just expand on the known shipper system and why you feel that that is inadequate for the screening of cargo shipments, and what can be done to improve the situation?

Mr Askew—At the moment, we do not accept the fact that you are a known passenger. Regardless of the frequency with which you may travel, that provides you with no preference from a security outcome point of view. It would be very difficult to say that, because of the frequency that you cause cargo to be carried, that gives you a particular security profile. Our position has been that if there is a risk and one has to screen baggage, why does that not necessarily apply to cargo? I guess that was the logic, if you like, when we undertook a risk assessment several years ago where we introduced the screening by trace detections and, in some cases, the X-raying of all cargo carried on our international aircraft.

A decision we made some years ago was that we would not rely on the regulated agent regime. I think that that has a part to play. If the freight forwarder has a security program and their facilities are audited by the government agencies, that is fine, but at the end of the day the cargo is going on the passenger aircraft and it has to be the operator of the passenger aircraft who is responsible for the passengers. That is why we, of our own accord, introduced that screening for international cargo.

Senator NASH—Is there any resistance that you know of to moving to a mandatory cargo-screening situation?

Mr Askew—Yes, there is, and I am sure you will hear that this afternoon. There is a difference of opinion between cargo carriers and the passenger aircraft people. We do both. We charter freighters. I guess it depends on the risk assessment. Do you believe that a cargo aircraft is at less risk of a terrorist attack than an aircraft that is carrying passengers? I think the opinion at the moment is that probably, yes, an aircraft that is carrying passengers is at greater risk than one that is carrying just cargo.

Senator NASH—In your view, are aircraft that carry both passengers and freight under a significant risk at this stage in the current environment?

Mr Askew—I think that aviation is still at risk from terrorist attacks and will probably remain so. I think that what we are about is preventing that. The focus of aviation security has got to be on the aircraft and it has to be on protecting lives. All the other things are very important—preventing crime is very important—but we have to focus on protecting lives. We have to give credibility to the industry to make it continue to be viable and to provide the service that it does. If we all believe that passengers, carry-on baggage, all the staff servicing the aircraft and the catering should be screened, then it defies logic to ignore the cargo.

Senator HOGG—Just following on from Mrs Bishop's and Senator Nash's question on the issue of screening, just what is screened for? Do you know? Whilst you may not be in control of it at all stages, do you know what is screened for by way of passengers and luggage going onto your aircraft?

Mr Askew—Sorry, Senator. I do not understand the question.

Senator HOGG—You said explosives are screened for. What else is screened for?

Mr Askew—Passengers and their carry-on baggage are screened for prohibited articles. Fundamentally, that is explosives, firearms and those other items that could be used as a weapon that are listed on the prohibited articles list.

Senator HOGG—Does that include plastic explosives?

Mr Askew—Yes, it does.

Senator HOGG—Are they currently traceable?

Mr Askew—They are traceable by explosive trace detection. They are identifiable by some X-ray equipment that has got that capability. There is some old equipment around the world for which that is not the case, particularly if it cannot tell between organic and inorganic. It depends on the capability of the equipment being used.

Senator HOGG—Doesn't it also depend on the type of plastic explosive itself?

Mr Askew—Yes, it does; and also the quantity.

Senator HOGG—And whether some of the plastic explosive is impregnated with another element which will enable it to be detected?

Mr Askew—It is due to a legislative requirement of some countries around the world in recent times that that occurs.

Senator HOGG—We have not reached that stage here yet, have we?

Mr Askew—Not to my knowledge, no.

Senator HOGG—Are we currently able to make all the appropriate checks to ensure that plastic explosive does not get onto any of our domestic or international flights?

Mr Askew—I think that with best endeavours that is exactly what we are all trying to do. Part of the whole measures is that we are getting back to where we started with intelligence. We need the intelligence system to be working adequately. We need the measures at the airport to be working correctly. We need all those detection and people measures to give ourselves some chance of detecting a person.

There was a question asked of our Sydney airport friends about the advent of new technology. It is possible, obviously, to walk through a metal detector with a wooden stake. It is possible to walk through a metal detector with a plastic stake and not be detected. There is technology out there now that will identify those things; there are privacy issues associated with that. We, Qantas, and a number of other carriers are working with manufacturers on how we introduce the technology that will give us the best chance of preventing that.

Similarly, the CSIRO and Customs are working on a new screening of cargo system. Qantas is working closely with them, and we are looking at considering whether we should invest in that research and development. So it is about being on the front foot to make sure that we can do that. What we have to do is to try to get ahead of the game. Aviation security has often been reactive. We introduced passenger screening after the hijackings of the sixties and seventies and checked baggage screening following the tragedy in Lockerbie. It is now important that we get on the front foot, and using technology is a way that we can do that.

Senator HOGG—How much does Qantas invest by way of R&D in this area? And with what organisations do you invest the money?

Mr Askew—We are analysing a number of opportunities to do that now. What we have done is invest a lot of time, both with manufacturers and governments, and with the TSA in Atlantic City as well. We have been working closely with the CSIRO. We have not made a decision to assist and invest with them, but we have certainly invited a number of manufacturers to provide their equipment to us to let us trial it. My colleague has just reminded me that we are in a dialogue with Prime Minister and Cabinet about where they are allocating resources on this issue.

Senator HOGG—There is no direct investment by Qantas in R&D then?

Mr Askew—There is no direct investment at the moment in R&D on security equipment, except for the time and in-kind that we are investing.

Mrs BRONWYN BISHOP—We were discussing with Sydney Airport Corporation the question of fulfilling the Wheeler report recommendation that the Commonwealth provide ring-fenced funding for all policing functions at CTFR airports, which includes the CTFR function and the general police presence. Sydney Airport Corporation told us that the Commonwealth had agreed to that, and were going to pay for community policing. I pointed out that the Prime Minister put out a press release on 21 September about providing \$200 million of expenditure and nowhere was that particular item covered. Sydney Airport Corporation said that it had come through COAG negotiations and as yet had not been released. So we have a special release today. Were you privy to that knowledge? Are you aware of that agreement?

Mr Askew—My understanding of that was that, at the last aviation security advisory forum, both the federal police and the Office Of Transport Security confirmed to the industry that the Australian government had agreed to fund the provision of community policing at those 11 airports.

Mrs BRONWYN BISHOP—But that is not, as yet, announced.

Mr Askew—I have not heard the Prime Minister announce that, no.

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

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

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

Mr Askew—I can certainly find that out. I can say that my understanding of the CTFR costs at the moment is that they are something like \$110 million per annum. I understand that the cut is about 60 to 40. The industry is funding about 60 per cent of that, and the government funds, at the moment, about 40 per cent. The trouble is that, at some airports, there are government-funded functions and staff, whilst at that same airport there are industry-contracted functions and staff. So there are concerns about command and control: is this person funded by the government or is this person funded by the industry? One of the benefits, I think, of the government funding CTFR is that then the command and control will go to Commissioner Keelty, and he will be able to deploy those resources as he sees fit within an airport environment to meet the risks at that airport, where, at the moment, it is a contractual arrangement with the airport operator.

Mrs BRONWYN BISHOP—So that overcomes the difficulty of the situation where you have still got some government owned and operated airports and some that have been privatised?

Mr Askew—Yes, it would do that as well.

Ms GRIERSON—There has been discussion today of compliance issues and compliance audits, and that is the way the industry has had to be regulated. It has very much been on an audit of compliance. The Wheeler report suggests that the industry should be reviewing its security operations more regularly, and that it should report on those regularly. Are you in a position to do that already?

Mr Askew—Yes, we are. In fact we have a team of people whose sole job is to go around the world auditing security measures for our operations.

Ms GRIERSON—Would you be able to provide for the committee, even if it is in confidence, one operations review report and outcomes et cetera, so that we see that process?

Mr Askew—I would be happy to present to the committee on that, but I would like to do that in camera.

Ms GRIERSON—Yes. Even if it is written, that could be in confidence.

CHAIR—I look forward to your submission, which will be treated as an in camera submission. In relation to the overall security network that you have throughout Qantas, do you ever do covert testing of people? In other words, do you have people who purposely try to take onboard, in their screened bag, substances or items of concern or who knowingly put through a checked bag which has areas of concern? That is, apart from what SACL may do, and apart from what others may do, do you run your own test programs within Qantas?

Mr Askew—Yes, we do.

CHAIR—No details are required?

Mr Askew—But we do not put explosives in check bags to see if they get detected.

CHAIR—Would you have a bag not necessarily with explosives but that has been around or near something that would trigger a trace detection?

Mr Askew—No, we do not. At the moment our testing regime is not testing for trace. As technology has improved, there are software programs now where one can actually put a firearm or explosive device and it actually goes into the image, so the operator does not really know whether or not this is genuine. That is often how we test the operator to see if they would detect something. In addition to that, though, what we do is actually carry metal through a walk-through metal detector. It is not a knife and it is not a prohibited article, but it is sufficient metal to activate the alarm.

Mrs BRONWYN BISHOP—Like high-heeled shoes.

Mr Askew—Like high-heeled shoes. The pass there is that the operator identifies the cause of the alarm. If they do not then we say it is a fail. That is the same with the X-ray unit, as well.

CHAIR—From my understanding, the people that work in the mines, particularly the fly-in, fly-out workers in Western Australia, who are around explosives in their day-to-day operation provide a nightmare for people. That is only because they have traces on them. Do you run trace element checking of your own to make sure that the security measures are up to check?

Mr Askew—No, we do not. We have not got a licence to do that. We depend on government agencies, the Federal Police and the like, to assist us with that.

CHAIR—The second part of that question was: do you have people who attempt to have access to your aircraft airside that are not actually permitted, to test your own security measures in protecting those aircraft? I notice that you have CCTV cameras which are focused on the engines and the wing flaps, the highly vulnerable areas, that are motion detector alarm set. But do you test those measures?

Mr Askew—Yes, we do, by the same inspectors, on a regular basis.

CHAIR—Quite often you hear of people who put in extreme safety measures and then do not test those measures on a regular basis to see whether they are working or, more importantly, to see that people do not become oblivious to obvious threats and triggers. Perhaps you see that nowhere more than in a factory or shopping centre with a zone alarm device, where the blue lights are flashing and the sirens are going but people are just driving by saying, ‘There’s an alarm going off.’ No action is taken because people become oblivious to such things.

I thank you for coming today. I appreciate the frankness and honesty with which you have answered questions. I also acknowledge the fact that you are taking a number of items on notice. The committee secretariat will forward to you in writing those items which have been placed on notice, so not one of them is overlooked inadvertently. Again, on behalf of the committee, I thank you very much for your time. We appreciate the answers. We will come back to you should we have any further questions arising out of the information provided today. Whether we ask for those to be responded to in writing or in person will be at the determination of the committee. Again, thank you.

Proceedings suspended from 12.33 pm to 1.46 pm

GRIMSHAW, Mr Rod, National Security Manager, Toll Transport

HARAN, Mr Sean, Security Manager, Oceania, DHL Express (Australia) Pty Ltd

HARDING, Mr Brian Robert, Security Director, TNT Australia Pty Ltd

McCREATH, Mr Brian, Manager, International Security, South Pacific, FedEx Express

SYLVESTER, Mr Keith Graham, Security Manager, Australia-New Zealand-South Pacific Islands, UPS Pty Ltd

VALKENBURG, Mr Mike, State Manager, New South Wales, Toll Priority

CHAIR—I welcome the representatives of DHL, UPS, FedEx, TNT and Toll to today's hearings. I ask participants to remember that only members of the committee can put questions to witnesses if this hearing is to constitute formal proceedings of the parliament and attract parliamentary privilege. If participants wish to raise issues for discussion, I ask them to direct their comments to the committee. It will not be possible for participants to respond directly to each other. I remind 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 the parliament. The evidence given today will be recorded by Hansard and will attract parliamentary privilege. Does anyone wish to make a brief opening statement before we proceed to questions?

Mr Harding—No.

Mr Valkenburg—No, thank you.

Mr Grimshaw—No, thank you.

Mr McCreath—No, thank you.

Mr Haran—No, thank you.

Mr Sylvester—No, thank you.

CHAIR—One of the concerns that has been raised by committee members is the issue of freight when it is forwarded by a carrier that is known to you—a prequalified carrier I think might be the term—as against an individual turning up with a package to be sent direct from you. What screening processes are in place for the individual against those for recognised forwarding agents?

Mr Harding—Internationally or domestically?

CHAIR—Both.

Mr Harding—Internationally, like all of these organisations, TNT have the regulated agents program. Globally we have the known shipper program. These are similar to each other. Domestically, overwhelmingly the bulk of our clients are known, but, in any case, those that are not known are lodged in the normal manner—

CHAIR—What does ‘normal manner’ mean?

Mr Harding—For air it would be picked up at a location, it would be processed through our facility and, overwhelmingly, we lodge it with Australian Air Express as we have an agreement with them for random but continuous screening, which is X-ray. That is domestically.

CHAIR—And that applies to palletised as against individual cartons?

Mr Harding—The bulk of our stuff is parcels and satchels, but there is some palletised stuff, a small amount, and the bulk of it is X-rayed.

Mr Valkenburg—Toll has a very similar process to TNT’s. The overwhelming majority of business that we do is via known shippers and regular clients. We have very few casual shippers. Unlike TNT, we process a majority of our freight through our own captive network—that is, light aircraft and road line haul vehicles. We have the same international process.

CHAIR—Mr Grimshaw, do you have a different operation? I do not understand the difference between Toll Priority and Toll Transport.

Mr Grimshaw—Toll Priority is one of many business units of Toll Transport. Toll Priority is the business unit which deals with air cargo. Like Mike said, we operate under the regulated agents scheme, but in addition to that, for any ad hoc pick-ups or consignments that we receive, which is what we are basically talking about here, the consignee has to produce a form of photographic ID. The cargo will undergo screening. That means it could either be opened for physical inspection, depending on the volume, or some other sort of screening. If they do not have photographic ID or an ID which satisfies our requirements that were put in place as part of the additional security measures for the regulated agents scheme, then we do not pick it up.

CHAIR—What are these requirements for identification, other than a photo ID such as a drivers licence?

Mr Grimshaw—We have just adopted the international guidelines, which are basically photo ID—a passport, a Citibank or Commonwealth Bank photographic credit card or government ID.

Mr McCreath—For unknown shippers, we would do exactly the same. We would check their IDs and then we would physically screen all of those packages, either through a physical hand search or X-ray.

Mr Haran—Yes, that is the same process as FedEx. Our current regulated agent program, whereby 100 per cent of what we would term ‘unknown shippers’—those who come in off the street who do not have an account with us—would have a 100 per cent physical search of their shipment plus establish their bona fides through identification. In answer to the question you actually posed, those who would forward us freight—for example, other carriers or freight

forwarders who bring us freight to transport for them—those companies are, in the main, also regulated agents. The process is that they would bring us their freight—they would have already screened it through their own program—and they would then give us a declaration which states that the cargo has been screened. We would accept that freight or cargo as deemed to have been screened.

CHAIR—When you say your forwarders bring it to you and they have screened it in their usual manner, what is their usual manner of screening?

Mr Haran—Again, the current regulatory environment allows them to do three things: a physical search, an X-ray or to put it away on the shelf for, I think it is now, up to 72 hours. One of those three measures is deemed to be screening at the moment in the current environment.

CHAIR—Are they running trace detection?

Mr Haran—Some do, to comply, but again that is up to an individual carrier to comply with the regulated agents program, which is basically the individual program they comply with.

Senator NASH—Can I ask what you mean by ‘carrier’? Who falls under the category of carrier?

Mr Haran—There is a number of different levels. You have courier companies, and all they do is pick up shipments and deliver them to other companies, who will on-forward them.

Senator NASH—So shipping from the known shipper to you?

Mr Haran—They could be a known or unknown shipper that they pick up from. But what we would call a wholesaler or a third party agent are companies. For example, Pack and Send is one. They would accept shipments from the public and then comply with their regulatory requirements of screening and packaging, and they would then forward shipments to us. They would be described as a wholesaler third party. So there are a number of different categories through the chain until you get to the bigger players who actually export shipments overseas.

CHAIR—Mr Sylvester, what is your process?

Mr Sylvester—It is similar to the rest of my colleagues here. We are bound as a regulated air cargo agent under the Air Navigation Act. We visually screen all freight from unknown shippers. From known shippers we require a declaration from a regulated agent that it has been cleared.

CHAIR—When we visited Brisbane airport we went to Australian air Express where they assemble the tin cans, I think they call them—they put it altogether. They X-ray them there before they load them onto the plane. If you were sending stuff through them, would you get an exemption for your goods from being X-rayed?

Mr Grimshaw—No, but they are not X-raying all goods. No, you do not.

CHAIR—Do you run trace detection at your operations, looking for explosive traces?

Mr Grimshaw—No, we do not, but trace detection, X-ray and even visual screening is actually not legislated under the security regulations at present. It is still wide open to interpretation.

CHAIR—It does concern me, when I look at all the evidence that we have taken, is the processes involved in checking and screening bags from passengers, and yet in that same aeroplane there may be cargo that has gone through—whether it is through any of you as agents or handlers—which then is packed only at random. Or is the word of the packaging agent or the forwarding agent's sign-off taken? In large instance, there is no trace detection for explosives. We go to appropriate measures for passengers but not for freight.

Mr Haran—Can I answer that initially by saying that there is a difference. That is something that has been pushed for a long time now, that there is no difference between passenger check bag screening and cargo screening. The fact is that currently shipments which are not 100 per cent screened by the air industry are from people we know, so they are not just aircraft passengers who walk in off the street and book a ticket. We have a business arrangement with these people; we have established their bona fides through established criteria and we have also set up processes whereby they must carry out certain measures to give us their cargo, so there is some difference there. The risk is certainly somewhat different in the sense that we know who these people are. Those that we do not know we screen 100 per cent, so there is some difference in that.

CHAIR—Would you agree with the statement that the further away from the aircraft or the point of loading that the goods are screened or checked, the more opportunity, or the appearance of it, is provided for explosives to be placed on board or to find their way into the system?

Mr Harding—I might be able to help you there. I and my friends from Toll and DHL—and I think you are aware of this—have, for nearly two years, been meeting with the department of transport and with Customs discussing these very issues. The Wheeler report is on the table now and, in TNT's case, we have now had two meetings with Customs discussing these very issues. I think you are aware that there has been \$38 million allocated to purchase explosives trace detection. The only conversation that we focus on is the positioning of that. Our position is that final uplift, because that is where the vulnerabilities truly should be focused. We call it 'final uplift' and Customs call it 'choke point'.

CHAIR—Just to keep going on that point—

Mr Grimshaw—Can I go back to the first one?

CHAIR—Yes.

Mr Grimshaw—In relation to Toll, as Mike has already indicated, we have our own captive network. We operate 55 charter aircraft which do not carry passengers. They are dedicated freighters and carry nothing but freight. Passenger checked bag screening is only happening, as I understand it, at nine designated airports, soon to be 11. At those 11 designated airports, we were told by DOTARS that the benchmark they are hoping to get to by mid-2006 is 75 per cent of what goes through them. Not all baggage is being screened now anyway, but there is a benchmark of 75 per cent for 2006. The big difference between them is that the volume of

checked bag screening going through would be a sixth of the volume of freight items which go through domestically, and there is not any technology available now to physically screen all freight, whether it be with ETD or X-ray, and still meet the time critical windows of air cargo. We have also asked DOTARS to provide some evidence to us of the effectiveness of ETDs, because nobody can give us the effectiveness of positive trace detections going through the systems. We seem to have adopted search criteria which have flowed from the States, because ETD is used over there, but still nobody can provide us with what positive trace detection they get on what amount of freight or checked bag screening goes through.

CHAIR—Can you tell us what the experience in the United States is on these trace detections?

Mr Grimshaw—In the United States, the information which has been given to us from DOTARS and via TNT International and their colleagues over there is that the cargo that goes on freight planes over there still is not checked. It is not screened. So they are running under a customer profile system rather than a freight profile system.

Senator HOGG—So they are not using an X-ray system or a trace detection system?

Mr Grimshaw—That is our information.

Senator HOGG—For explosives?

Mr Grimshaw—On dedicated freighters and also in relation to the majority of passenger.

CHAIR—Do any other witnesses wish to provide further information on that?

Mr Sylvester—I was going to throw in that there is one discernible difference between checked baggage and freight, and that is that with freight we have security processes in place. We do not advise on which services packages or freight moves, whereas passenger baggage is dedicated to a particular flight. It is known at the time you book your ticket.

CHAIR—The Prime Minister in response to the Wheeler report has announced a \$38 million air cargo security package, which will be allocated to DOTARS and Customs. Do you have any comments to make on that? Have you had any contribution to discussions on that allocation of funding?

Mr Grimshaw—In our last meeting at DOTARS in Canberra two weeks ago, they confirmed the allocation of funds but were unable to tell us which carriers or organisations those funds were going to be distributed to. Again, I think that all basically related to ETD-type checking.

Senator HOGG—Whereabouts? At which airports?

Mr Grimshaw—We do not know. They were unable to tell us where the funds were going to be distributed. As far as the regulations stand now, the only airports that come under the boundaries of the regulations are the 11 designated airports where checked bag screening is being regulated.

Senator HOGG—Are these funds allocated to any particular type of trace explosives—devices or—

Mr Harding—I do not think any of us are experts on that, but there is a—

Senator HOGG—Is there a cost to the industry?

Mr Harding—Part of the funding is to be directed towards training. There has been a training package put forward, but costs are something that our various managers watch very closely, of course. I think it is safe to say that none of us is by any means an expert on the qualities, how it could be used, what it is designed to detect; it is just explosives, full stop.

Mr Haran—I will make a comment on that from a DHL perspective. You mentioned cost. There are two key areas in relation to this. Firstly, I need to say that DHL as an organisation fully supports additional measures that are being looked at, with two key provisos. One is—and this is happening as I speak anyway—that industry consultation is vital, because cost is probably the second of the two key factors. The critical one, as was mentioned earlier on, is the critical time factors of our industry. It is not just company to company; it is the industry globally. It is very time critical, and that is why it is known as an express industry. We have had indication of blowouts of two hours and that sort of thing, which are at the end of the day going to cripple industry, affect trade et cetera, so there is a bigger picture there. We want to support these measures. However, we need to be very careful with what is actually brought in. The other thing I suppose from a cost perspective—

Senator HOGG—Sorry, could I just get a clarification there. Are you saying to us that you are not aware of what impact this will have on your critical time factors? Will it make the time of progressing cargo through your operation longer?

Mr Haran—Yes, it will, without doubt.

Mr Grimshaw—To the extent that they would look at an alternative mode of transport. When looking at domestic air cargo, that alternative mode is putting it on a truck.

Senator HOGG—In this discussion about trace detection, are we referring to specifically international cargo or to international and domestic cargo?

Mr Grimshaw—It will apply to both.

Mr Haran—Initially it is international, but DOTARS have indicated to us that we would expect anything that happens to international cargo to be reflected with domestic cargo. That is the indication we have.

CHAIR—What percentage of your cargo travels in the underbelly of passenger-carrying aircraft as against specific freight carriers?

Mr Haran—That is obviously going to vary from company to company.

CHAIR—Perhaps each of you could give us an indication.

Senator HOGG—A ballpark figure. Are we talking 60:40?

Mr Grimshaw—For Toll it would be 80:20.

Mr Valkenburg—No, less than that. Less than five per cent would travel in passenger aircraft.

Mr Harding—I cannot give you exact percentages, but that would be reflected in our operation as well.

Mr McCreath—The same for FedEx: the vast majority would be on all-cargo aircraft.

CHAIR—And DHL?

Mr Haran—For DHL, our predominant mode would be passenger aircraft, because we are internationally reliant on commercial aircraft.

Mr Sylvester—For us, it is a split. Export-wise it would be commercial; for imports, on cargo; and, domestically, a mix.

CHAIR—At this point I need to take five minutes to attend a phone conference. I will hand over to the Deputy Chair, Ms Grierson.

ACTING CHAIR (Ms Grierson)—Just to explore that further: are there any records of incidents regarding freight carrying dangerous goods in passenger planes or freight identified as imposing a risk or not complying?

Mr Grimshaw—Not through Toll.

ACTING CHAIR—Not through yours?

Mr Grimshaw—We can only speak for our own companies there.

ACTING CHAIR—That is fine.

Mr Valkenburg—But certainly nothing deliberate and nothing like explosives. There may be some material, by accident, that should not have flown, but, as I said, it is—

ACTING CHAIR—So are there some cargoes that should never be in passenger planes? How do you check that that does not happen?

Mr Valkenburg—There are certainly dangerous goods, and dangerous goods should not be flown.

ACTING CHAIR—Can you guarantee that that does not happen?

Mr Grimshaw—There are strict guidelines in relation to the carriage of dangerous goods now, which have been implemented through CASA. There are already regulations which stipulate what can and cannot be carried.

Mr Valkenburg—And that is governed very tightly and controlled very tightly.

ACTING CHAIR—Do you ever see that there may be a requirement that no cargo, no freight, is carried on passenger planes, or is that just impractical? Is there any movement towards that?

Mr Haran—There are a small number of dangerous goods that are stipulated to be only carried on cargo aircraft due to the different risk factors. But I think it is worthy of note, too, that it is globally recognised and has now been more formally recognised by DOTARS here that there is a risk difference between passenger and cargo-only aircraft, and that is something that is important for our industry. We are talking about different numbers of human lives in relation to a cargo aircraft.

ACTING CHAIR—Besides the Bruce Willis type movies, is it possible to access cargo areas on passenger planes? How difficult is it, or how separated are they?

Mr Grimshaw—In the plane itself?

ACTING CHAIR—Yes.

Mr Grimshaw—I do not know. In a passenger plane, I would not know.

Mr Haran—In a cargo aircraft, it would be. In a passenger aircraft, I understand there is—

ACTING CHAIR—Are there separate compartments for freight and separate compartments for baggage on a passenger plane?

Mr Harding—The last time I crawled inside a 747—

ACTING CHAIR—Thank goodness someone has!

Mr Harding—which was some time ago, it was separated. It was segregated. But I have to say that that is 10 years ago. I have not been inside a 747 for a while.

Mr McCreath—They will mix it sometimes. They put it into the containers, and the containers may be mixed up baggage and freight.

ACTING CHAIR—Yes, because it is all inside other modules.

Mr Grimshaw—Can I just go back to that point where you asked if it would ever be viable to completely split cargo from pax planes. If you are looking at keeping time-critical network—as in same day type deliveries—open, then you probably would not be able to do that, because all companies have to rely on pax flights because they have a bigger network of aircraft; whereas dedicated freighters are basically travelling am and pm outside normal times.

ACTING CHAIR—Yes, I am sure that works both ways. I am sure the commercial flight would depend on you as well.

Mr Grimshaw—That is right. If you need something to be in Perth in two hours, you are really relying on the network of passenger airlines to do that.

Mr Harding—In fact, I think Qantas would be horrified at the loss of revenue too.

ACTING CHAIR—I would have thought so. That is what I mean by ‘both ways’. In your submission you mentioned the need for a national cargo theft database. Can someone tell us a bit more about that?

Mr Harding—I could probably help you with that.

ACTING CHAIR—You say that there was an anti-pilfering type unit that was used in ports in Australia and you think there needs to be some designated sort of anti-pilfering type group around freight operations.

Mr Harding—I can help you with that. I read Sean Haran’s evidence. DHL, Toll and TNT are also members of another group called the Freight Security Council of Australia, which includes a wide range of organisations. In about 1999-2000 we detected that there were problems with the reporting of crime, usually cross-border incidents. I know that Sean Haran raised this. Say a product was sent from Brisbane to Adelaide, transhipped through Sydney, and when it was opened at the other end product was found to be missing. You would go along to, as an example, Sturt police station, and of course the good old station sergeant would say, ‘Where was it stolen?’ You could not put your hand on your heart and say where it was stolen.

ACTING CHAIR—So he says, ‘It’s not our jurisdiction. Someone else can do it.’

Mr Harding—Yes. I became aware of what Rod Grimshaw was doing. We banded together and joined a group called RAFT. That is an acronym for Reduce All Freight Theft—it is a Queensland Police initiative. From that I and a security manager from Qantas in 2002 lobbied the Australian Bureau of Crime Intelligence. We also made a presentation to the Assistant Commissioners Crime Forum—that is all assistant commissioners of crime. Queensland were appointed as the lead agency to facilitate that. To an extent it has been done in Queensland, but nationally we are still waiting.

ACTING CHAIR—Do you just factor in pilfering, and, if you do, what is it worth?

Mr Harding—We certainly do not factor in pilfering. All of our losses are investigated.

Mr Grimshaw—We have a zero tolerance benchmark in relation to pilferage. Whether or not our shippers have their factor for shrinkage, I do not know.

Mr Haran—Can I also answer your question by saying that, as a result of the Wheeler review and the recommendations, a lot of those areas that were in that initial submission and in my initial evidence to this committee have been addressed by the Wheeler review. In essence, what

it was really dealing with was getting policing back to airports. That certainly was a big part of the Wheeler review.

ACTING CHAIR—Do you think that increasing general policing and community policing around airports will assist you?

Mr Haran—It will assist anywhere where there may be crime or the potential for crime. Over the past number of years the focus of policing at airports had certainly dwindled. As a result of the Wheeler review, we have already seen positions advertised for police commanders for airports. So that has been ramped up. That is getting back to what the submission was about.

ACTING CHAIR—The Wheeler report also recommended that there be mandatory screening of all cargo on passenger aircraft where passengers' baggage is screened. If that is implemented, how will that affect you?

Mr Haran—That is already happening. We four in the last few weeks have been involved in a further forum with Customs and DOTARS in Canberra.

ACTING CHAIR—Was this in the advisory forum or a separate forum?

Mr Grimshaw—Both.

Mr Haran—As a result of that we have now been advised that by the end of June 2006 the target is to have 75 per cent outbound explosive trace detection of cargo with a build-up then to 100 per cent. That is in place. Getting back to the initial point with the consultation, we are all now—

ACTING CHAIR—You will all comply with that by next June?

Mr Haran—I guess that is the consultation process. These decisions have been made at a pretty high level within government. Customs is now meeting with us all on a one-to-one basis, looking at our operations and seeing what can actually happen. Again, the key issues are going to be the time impact and the cost. From a time perspective we need to sit down and show Customs what our processes are, the amount of freight that moves, when it moves and what we can physically do. It is all right to say, 'Let's do 100 per cent ETD'—

ACTING CHAIR—They are not doing that through the ports.

Mr Haran—But can it physically be done? That is what we are working out now in the consultation. Speaking from a DHL perspective and from the forum we had with Customs a couple weeks ago, I think that that is in a pretty healthy state. They seem to be quite happy to actually look at what we can physically do rather than saying, 'This is what's going to happen.'

ACTING CHAIR—Is physically doing 75 per cent by June 2006 feasible and affordable?

Mr Grimshaw—Just to clear that up, that relates to international cargo and not domestic cargo.

ACTING CHAIR—Yes, that is right—it is cargo leaving Australia.

Mr Harding—The continuing theme from the beginning of these consultations with DOTARS—and it is their terminology, not mine—is that ‘one size does not fit all’. If anything, our operation would be more aligned with Toll’s, whereas, without speaking for the others, FedEx, UPS and DHL would be similar to each other. They are going beyond the consultation and indulging in one-on-one meetings with us so that they can come up with a formula that fits the nature of our operation.

Mr Grimshaw—The problem that we have at the moment is that there is one set of regulations. The new aviation transport regulations do not differentiate between international and domestic and they do not differentiate between cargo which travels on pax flights and cargo on dedicated freighters. With the benchmarks that they are striving to achieve in 2006 in relation to ETDs, they are basically splitting their interpretation of the regulations by saying they relate to international not domestic. However, the regulations as they stand now do not ask for anything. They ask for screening, but they do not stipulate that it should be ETD or should be X amount. There is no percentage of freight stipulated.

ACTING CHAIR—In Brisbane we saw Australian air Express. There was a great deal of screening going on there with new equipment. That is not your operation, is it?

Mr Grimshaw—No, that is AAE.

Mr Valkenberg—No. They are a line-all provider to the industry.

Mr Haran—That is the other issue. I will use Qantas as an example. The large bulk of our international freight would be carried by Qantas. So, from a screening perspective, as Mr Baldwin mentioned earlier on, the closer to the aircraft the screening is done the more beneficial it is. Qantas will do their own screening regardless of what we do anyway. So we have to try to find a balance in the whole chain as to how many times we need to screen and the best time and place to do it. It may be that at the end of the day we do not need to be as critical with our screening, because it may be done by an air carrier as well.

Mr TICEHURST—Where would Qantas do that screening?

Mr Haran—Prior to getting on the aircraft.

Mr TICEHURST—But where?

Mr Haran—At the airport—in their freight terminal.

ACTING CHAIR—How closely do you work with Customs?

Mr Harding—I would say very closely. At our major facilities we provide offices for them. We deal with them on a daily basis, as we do with the Australian Federal Police and as we do with state police.

ACTING CHAIR—So you would see APS people in your freight area?

Mr Harding—No. We are away from the airport.

Mr Haran—Customs, yes. Customs work in our gateways at the airport; they are there all the time. They screen inbound freight on their X-ray, and that X-ray is set up on our inbound process. So Customs are doing pretty close to a hundred per cent inbound processing of freight.

Senator HOGG—Can I get one thing straight in all this: you have said there is \$38 million allocated to the trace detection project. Is that correct?

Mr Grimshaw—That is what DOTARS have told us.

Senator HOGG—Is that \$38 million for international or international and domestic?

Mr Grimshaw—International.

Senator HOGG—Only international.

Mr Grimshaw—Yes.

Senator HOGG—Is that for the initial phase of the project or is it ongoing through-life support of the program?

Mr Grimshaw—Our understanding—and someone can correct me if I am wrong because we have all been to the same meetings—is that the funds will be divided into a lot of different strategies: physical measures at airports, which are going to be designated; physical measures at airports over which DOTARS now have the authoritative regime; training; advertising of the regulations; and providing explosive trace detection equipment to whomever they desire to give it. So the funds, from what we understand, are distributed for a number of wide and various strategies.

Senator HOGG—This is meant to be cost neutral to yourselves as operators. Is that the outcome?

Mr Sylvester—Absolutely not. That is one of the key issues.

Senator HOGG—That is why I am asking. Obviously if it is going to add to the cost upfront then we have a right to know.

Mr Sylvester—What Rod said was correct, the only difference being that, from my understanding, the \$38 million is set for the initiation of the project. Maintenance, continuing training and things of that nature will be at the expense of the industry down the track.

Senator HOGG—So you as shippers of freight will then at some stage have to meet the cost.

Mr Haran—The cost is going to be a very big issue because, in essence, the government is giving us a poisoned chalice. They are saying, 'Here's a nice present. Here's an explosive trace detection kit and you can have it for nothing.' But we actually have to have people to manage that.

ACTING CHAIR—The most expensive bit.

Mr Haran—Just as a ballpark figure, for one-person manpower on an 18-hour shift throughout the year, you are looking at in excess of a quarter of a million dollars. So the actual implement of the ETD is probably the cheapest part of the process; then there is actually manning that. Obviously you cannot have one person doing that throughout the year so you would have a team of people. You are looking at some pretty big dollars for industry to start implementing this stuff. Then you have the additional cost of maintenance. You have got the cost associated with the time frame, which is increased with freight. This will at some stage have to be passed on to someone for them to pay. In one of the discussions we had at our last conference with Customs, we asked: what is going to be the best way forward to recover these costs? Is there going to be perhaps a cost-recovery fee? Should it be a government fee? Should it be a fee that we pass on to our customers? That is sort of on the table at the moment, but certainly there are some huge costs associated with this.

Senator HOGG—I have now got it firmly in my mind, if it is correct. The \$38 million goes to the international side. What happens to the domestic side? Is it left free of ETD?

Mr Grimshaw—At this stage, in accordance with the current regulations as they stand, ETD is not a requirement. We are still waiting for the revised regulations to come out that tell us what are appropriate forms of screening. In relation to the costs, though, DOTARS—and I was only contacted last week by them—have engaged some people to go around all industry transport and do an economic impact study. So that is being done right now. We are actually putting all our facts and figures together to give to them. That should be a better analysis of what costs there will be.

Mr Harding—To take it a step further, we were at a meeting with them last Thursday. It is the department of transport but it is a subsidiary group looking at the economic impact of everything that we are discussing now. They came along to a meeting last Thursday with us.

Mr TICEHURST—Wheeler's recommendation said that where you have got checked baggage then all freight should be checked. So, come 2007, you would then be expected to screen any freight going into passenger aircraft. Is that the way you see it?

Mr Grimshaw—Again, that is his recommendation. That is not how the regulations stand.

ACTING CHAIR—I noticed at the facilities we visited that they had installed very quick opening and closing doors for trucks to enter. You do not see that in many freight facilities on airports.

Mr Harding—You are talking about on airport, aren't you?

ACTING CHAIR—Yes, back on airport, but your stuff goes in there, doesn't it?

Mr Harding—We lodge with Australian air Express, and Qantas have those facilities as well. We only have one facility on an airport. The overwhelming bulk of our facilities—all but one—are away from airports where there is no need for those fast-moving doors.

ACTING CHAIR—What about your interchange with DOTARS? You do not get to be on aviation security committees, because they are on airports.

Mr Grimshaw—Yes, we are. We all are.

ACTING CHAIR—You are? So you all have some sort of presence on aviation security committees?

Mr Haran—I think it is fair to say that all of us have had an opportunity over the last 18 months or so to have some input and a good communication base with DOTARS.

ACTING CHAIR—Wheeler says those committees have to be more strategic. Do you find them useful or are they so general to the industry that you find they do not specifically relate to you?

Mr Haran—I think he was referring to the actual airport committees as opposed to the DOTARS committees and forums we have been involved in.

ACTING CHAIR—So we are not talking about the same thing? Are you on the aviation security committees that all airports should have?

Mr Grimshaw—Yes. We are on both because we have airside facilities as well.

ACTING CHAIR—What do you mean by both?

Mr Grimshaw—There is the aviation advisory committee run by DOTARS and then there is the cargo working group—

ACTING CHAIR—So that advisory committee is part of the new forum system and has only met once.

Mr Grimshaw—No, they have met a few times. The next one is in Perth next month.

Mr Haran—But every major airport also has a security committee, which generally includes the CTOs at the airports, tenants and police. I think Wheeler is recommending that those committees be attended by CEOs rather than security managers or—

ACTING CHAIR—That is a worry!

Mr Haran—What he is saying is that the stakeholders should be higher within the organisation to make those critical decisions.

ACTING CHAIR—Do you think there should be a dedicated group for freight or is it good to have the interchange with the industry in terms of security?

Mr Grimshaw—Are you talking about policing?

ACTING CHAIR—No, at these forums. I suppose you have already said you should have a dedicated group for policing, but I mean a dedicated group just for freight that meets with DOTARS separately to the other aviation security players.

Mr Grimshaw—I think there is still some confusion. I will try and get it right: the aviation advisory security forum or whatever it is called is a huge committee—there must be 40-odd members on it. They have representation from cargo and from each and every airport. Apart from that, every airport has its own security committee and every airport has a seat on the main committee, so there is a lot of interaction already. There is one central committee which everyone else seems to report back to.

Mr Haran—In addition to that formal committee there are also a number of forums—

Mr Grimshaw—There are more committees than you can poke a stick at!

Mr Haran—that we have all been involved in as the cargo industry, conducted by DOTARS.

ACTING CHAIR—That is what I am asking, I guess. I suggest your voice could get lost in some of those larger forums, but there is some way that just cargo freight people can work with DOTARS.

Mr Haran—Yes, the cargo working group.

Mr Sylvester—The Office of Transport Security from DOTARS, Customs and industry players form the cargo working group.

Senator HOGG—Everyone seems to be at committee meetings! Is anyone back doing any work so that they can go to the committee meetings to say what is going on?

Mr Grimshaw—Our directors say it is logistically insane. Not only are there so many committees but they seem to have meetings in different states each month and expect 30 people to travel across the country to attend.

Senator NASH—Mr Sylvester, you made a comment earlier about the designated flights and that it was not known which flight would be designated. Who does know?

Mr Sylvester—Only industry players—the actual operators.

Senator NASH—But the destination would be quite widely known, wouldn't it? People might not know the specific flight but they would generally know the destination of the goods.

Mr Sylvester—People would know because they have to consign them to an end destination.

Senator NASH—Exactly. I am just making the point that, while they might not know a specific flight, there would be general knowledge of the destination of the goods.

Mr Sylvester—Yes.

Senator NASH—Going back to the known shipper issue, what is the process by which somebody becomes a known shipper?

Mr Sylvester—They have to meet certain criteria as laid down in the regulated air cargo agents' model program, and it can take in any number of these different criteria. One criterion is that they must have made at least three shipments that were inspected prior to shipment. In fact, I will read the criteria for you.

Senator NASH—While he is looking, would somebody else like to tell me whose responsibility it is to tick off the known shipper once it has gone through all the criteria?

Mr Haran—For example, if a business wants to start shipping with DHL we would go through the bona fides and the checks, establish that it is a business and get all the documentation. The business would sign a number of declarations which are part of the legislative requirement to explain the requirements of handling freight et cetera. It would sign all that, submit it back to us and we would open an account. After having the first three shipments inspected, the business would then become a known shipper. So it is up to the actual company—

Senator NASH—And that process is the same for all of you?

Mr Haran—Yes, it is.

Senator NASH—With that, once you get to that point you are basically working in a situation of trust that the known shippers will continue to operate in the way that they have begun to operate with you. You just have to trust that they will operate in a safe and secure environment and you will trust them to do that.

Mr Haran—With some additional intrusive auditing that is company specific. For example, we will also inspect a percentage of known shippers as well as a hundred per cent of the unknown shippers. That percentage will change depending on the current risk environment, so it is not just a free-for-all.

Senator NASH—Do you have the criteria?

Mr Sylvester—I do. The agent—that is us—

maintains a list of *Regular Customers*. The list shows the Regular Customer's names and addresses, the reason ... for including each *Consignor* in the list, the date of inclusion in the list, and the name and training accreditation number of the *Employee* approving the inclusion.

Therefore they have to be put on the list to begin with. They will only be included:

(a) if the *Consignor* was an established export client of *The Agent* prior to February 1996, or

(b) if the *Consignor* has been an established importer, maritime exporter or domestic shipper with *The Agent* for at least two years, or

(c) if *The Agent* has evidence and is satisfied that the *Consignor* has been a *Regular Customer* with another *Regulated Agent* or International Airline, or

(d) if *The Agent* has verified that the *Consignor* has an established credit rating, and *The Agent* has security cleared the first three shipments ... without incident ...

and:

The Agent advises each *Regular Customer* every two years of their standing and responsibilities.

Senator NASH—Do those known shippers have to advise you if there are any staffing changes?

Mr Haran—No.

Senator NASH—So it is the entity of the shipper. So they could have a complete change in staff that you have not dealt with and they would still be classified as a known shipper. Do you have any problem with that at all?

Mr Haran—There is now a requirement for a designated representative from a known shipper to sign the declaration. If that changes that would need to be updated and changed, so there is a specific point of contact for each company that we would deal with who would be the nominated, recognised person.

Mr Valkenburg—If you just take the Toll Priority business in Sydney, we have some 9,000 accounts. Each of those 9,000 accounts will have X amount of staff and those staff turn over. It would be impossible to try and maintain—

Senator NASH—I was just making the general point that there is an environment of trust and there can be changes and they could be quite significant changes within a particular company, and they are not required to advise you about having ticked off on their known shipper status. That was the point I was making. Finally, and this probably goes individually to each of you, what percentage of your freight would originate from metropolitan areas and what from regional areas?

Mr Valkenburg—You are probably talking 90 per cent metro.

Mr Harding—Yes.

Mr McCreath—I do not have information on that.

Senator NASH—That is all right. Would you mind taking that on notice and getting back to us?

Mr McCreath—Of course.

Mr Haran—I would say probably the same.

Mr Sylvester—Yes, somewhere around the same figure.

Senator NASH—Thanks, gentlemen.

ACTING CHAIR—There is an audit process with DOTARS and there are regulations that cover your industry. What is the audit process with DOTARS? How do they audit you?

Mr Haran—DOTARS carry out fairly intrusive audits from time to time.

ACTING CHAIR—What is ‘from time to time’? Does it mean annual or biannual?

Mr Haran—I do not think we have had one in the last four or five years.

Mr Grimshaw—It would be fair to say, though, that it has changed. Their audits only related, again, to international.

ACTING CHAIR—Right.

Mr Grimshaw—You would be lucky to see them once every couple of years I suppose. Now they have actually got an increase in their manpower strength with their inspectors and so on. Just in the last two months they are turning up at different airports and some of the other facilities airside just willy-nilly.

Mr Haran—At the last meeting we had with DOTARS they stated that, historically, with their numbers of auditors and the number of industry players, in a perfect world you could expect to get an audit once in five years, I think, and now they are saying that, with the current regime and the additional resources they have, that figure is one in two years.

Ms GRIERSON—You are setting a benchmark for them. We will record that one.

Mr Haran—That is what we were told—that they have increased their capacity to audit and that with the new environment we could expect to be getting a greater number of audits.

Ms GRIERSON—Given the fact that pilfering and crime is something that really does impact on you, how is that audited? You are going to the authorities to get assistance with that, it seems to me, rather than the other way around. Yet it is your reputation. If that parcel leaves you and does not arrive to the customer intact or without anything missing, that obviously impacts on your business. Where do you get most of your support from in terms of that sort of credibility?

Mr Grimshaw—Each business represented here would have different strategies, funding and resources put towards their loss prevention. At the end of the day, there is a lot of overlap between loss prevention and ensuring the integrity of the cartons as far as potential explosives go. But we would all have different strategies and different costs available, depending on what the business saw as the necessity of it.

Ms GRIERSON—Would you take different measures for specific routes? You do not really know, do you? You are really at the mercy of others.

Mr Haran—We all operate on an ongoing intelligence and analysis basis, and most of us—or some of us—have dedicated people who would be concentrating on those types of areas. You may have a particular month where there is an issue with a particular lane which would be targeted. So it varies from time to time.

Ms GRIERSON—So you would have your own checking process, wouldn't you?

Mr Haran—Yes.

Mr TICEHURST—On this new neutron scanning technology, do you think we are looking at belts and braces if that were to be implemented, particularly if you look at freight only aircraft? I think the trial has been under way for some time. Do you have any reports back on just how that trial is going and what the likely impacts would be on your business?

Mr Haran—In relation to the neutron trial, we were advised a couple of weeks ago that it has been put back. To quote Customs, they went to put the thing together according to the manufacturer's instructions and it did not happen, so they have gone back to the manufacturer in the US. So they are having some problems with the technology. I think one of the key issues—they have been very open about this, and part of the presentation we had a few weeks ago from Customs stipulated it—is that they are looking at what the best technology is. Part of this money is involved as well. So the idea of ETD is one that is fairly easy to implement from a government perspective. It is fairly small and portable, but they are still working on what the best technology is going to be down the track. I do not think they are there yet.

Mr TICEHURST—Scanning to that level is probably more suited to Customs, is it, rather than looking at aircraft security in relation to freight? Would you agree with that?

Mr Haran—Yes. There are two fairly clear things here. One is Customs and AQIS requirements and the other is aviation security. They now seem to be starting to overlap from a Customs and DOTARS perspective. We are now dealing a lot more with Customs than we were 12 months ago.

Mr TICEHURST—Looking at the impact of the costs, say, of ETD and trying to weigh that against the relative risk, if you are talking about passenger aircraft then there may be a better case. But if it is freight only aircraft the risk analysis may not stack up. The costs may well not be there.

Mr Haran—Correct.

Senator NASH—Very briefly, what is the security process that surrounds the couriers? I noted before that you were saying the courier process involves shippers known and unknown to you. What is the process that surrounds the couriers to ensure that they are safe and reliable sources for moving goods from point A to point B?

Mr Grimshaw—Are we talking about the vehicles themselves?

Senator NASH—No, as an entity, if you have a courier picking up goods from the shipper, unknown or known, to you. I am trying to get a handle on the security environment around those individuals or companies that get the goods from point A to point B.

Mr Grimshaw—Within Toll, the couriers are actually Toll couriers.

Senator NASH—Are they all the same?

Mr Grimshaw—Yes.

Senator NASH—So there is no outsourcing of couriering?

Mr Harding—There is some subcontracting.

Mr Grimshaw—There is some but they are bound by your requirements and regulations anyway.

Senator NASH—Is that the same for the rest of you gentlemen as well?

Mr Sylvester—Yes. With us, we require our agents and subcontractors to be regulated agents or for the companies to be regulated agents and therefore they fall under the same regime as we do.

CHAIR—Do any of you wish to make any concluding statements?

Mr Haran—I would like to. Just as a final statement on the record, DHL will support additional measures imposed on the industry with the proviso that the following matters are addressed: ongoing industry consultation in order to reduce the impacts on the industry; and, due to the fact that the government is the regulator of the Australian aviation industry and is imposing additional security measures on industry for the protection of the travelling public, Australian infrastructure and commercial interests, there needs to be a cost sharing arrangement supported by both government and industry because there will be some cost impacts.

CHAIR—Are there any other closing remarks?

Mr Grimshaw—Just that Toll will also support any additional security measures which increase the safety of the flying public. We just want to make sure that whatever additional measures come through are not only practical but also effective rather than perceived to be.

Mr Sylvester—From the perspective of UPS, obviously we would like to ensure that the differentiation between cargo aircraft and cargo moving on passenger aircraft is clearly partitioned.

Mr Harding—I am the only one who has not spoken; I had better say something. I rely upon our letter, which commits to everything that my colleagues have stated here.

CHAIR—Thank you very much for coming before the committee today. We appreciate your taking the time today to speak to us.

[2.49 pm]

TRAFFORD, Mr Derek Ian, Compliance and Quality Assurance Manager, Regional Express Ltd

CHAIR—I welcome the representative from Regional Express Ltd. In case you were not here earlier, I advise you that the hearings today are legal proceedings of the parliament and warrant the same respect as the proceedings of the House itself. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The evidence given today will be recorded by Hansard and will attract parliamentary privilege. I introduce the members of my committee: Senator John Hogg; Ken Ticehurst from the Central Coast; coming back shortly is the deputy chair, Sharon Grierson; and Senator Fiona Nash is from Queensland—

Senator NASH—I am from New South Wales. You have said that twice today!

CHAIR—Perhaps it is because you come from north of me. And there is Andrew Laming from Brisbane. Mr Trafford, would you like to make a brief opening statement before we proceed to questions?

Mr Trafford—In opening, all I can say is that we made our written submission in July and a lot of things have changed since then, but the basic premise of the submission is still current. Our No. 1 priority is effective expenditure on security.

CHAIR—What sorts of things have changed since July?

Mr Trafford—The Wheeler report has come out and has addressed some of the issues that we had and has supported some of the requirements we had. There have been reviews of some of the legislation and, as with my predecessors at the table, I am on a million committees that have examined security—

CHAIR—We can sympathise with that.

Mr Trafford—So there have been a number of changes since then.

CHAIR—Regarding the Wheeler recommendations—and some of those have not been implemented yet—what sorts of changes have you seen in a positive vein for a regional airline such as yours?

Mr Trafford—The type of thing we were looking for is that Wheeler supported a risk based security system for regional airports, which we have been pushing for for a long time. There was a time when it appeared that we were moving towards the one size fits all approach: ‘Here’s the regulation. Use it or else.’ That does not exactly equate to regional aviation. We were after a risk based security system for regional aviation, which Wheeler recommended.

CHAIR—I suppose that one of the key elements is that you are a small airline and therefore the atomisation of costs over the passenger numbers, given the number of airports that you fly to, would be out of kilter to that of one of the larger carriers—

Mr Trafford—That is correct.

CHAIR—which has greater passenger movement numbers. How are you coping with that?

Mr Trafford—At the moment we are holding our head with it. We are rather apprehensive about some of the regulations that might come in in future which will adversely affect us. One thing a lot of people do not realise is that, although the government is pouring some money into security, most of it is initial start-up money. We will have to wear the cost of ongoing maintenance and the operation of systems that they wish to bring in. When you are running at the types of margins that regional airlines are running at, it can mean the difference between continuing operations or ceasing.

CHAIR—Do you issue your own airport security cards?

Mr Trafford—We do not. We are not an ASIC issuing authority. Approximately 60 per cent of our staff is required to have ASICs, which are issued by the appropriate airports where they work.

CHAIR—Regarding the 40 per cent that are not, who are they issued by?

Mr Trafford—The 40 per cent who do not have ASICs at the moment do not have ASICs—they are not required to. Some of those people work at airports which will require ASICs next year and those ASICs will be issued by those airports.

CHAIR—Regarding your flight crew and pilots that would require ASICs for various airports, who issues those?

Mr Trafford—They are issued by their base airports. We base our crews in a number of different airports. For example, for the Sydney based crews, the ASICs are issued by SACL, et cetera.

CHAIR—Just for the record, could you detail what airports you actually fly to?

Mr Trafford—I do not know them all off the top of my head, but, regarding the CTFR airports, we operate out of Melbourne, Adelaide and Sydney. Major regional centres we operate out of would include Wagga, Albury and Mildura. We operate out of 29 airports altogether.

CHAIR—One of the issues that has been raised by regional airline operators, predominantly with propeller based aircraft, has been the cost impost of the security upgrades—in particular, security doors for those who are operating aircraft with more than 30 seats. Could you put on the record your view on that, please?

Mr Trafford—We have been fortunate. Our flight deck door program is complete. Twenty-nine of our aircraft have the doors.

CHAIR—Which models are those that require that?

Mr Trafford—The Saab 340s have those; the Metros do not have them. It has caused us some issues. The design that has been accepted by the government and issued by Saab causes us some safety concerns. You cannot open the door from the cabin, and if there was a requirement to remove incapacitated aircrew from the flight deck after an accident, that can no longer be done with the doors the way they are. We are working around that issue with DOTARS, CASA and the ATSB. Apart from that, it created a weight limitation for us of approximately 30 kilograms. We had to reduce 30 kilograms from the aircraft in other areas. It is not so much with the 737, but when you are looking at the Saab, that is a lot of weight we had to lose.

CHAIR—How did you address that?

Mr Trafford—We have reduced the size of a lot of the manuals that have carried. We have changed some of the fittings inside the aircraft. We have removed some equipment from the aircraft that we used to carry, as needs be. Effectively that is how we have made up for the extra weight of the doors.

Mr TICEHURST—In your submission you talk about the cost of screening crews. It gives you delays which you rated at about \$45 per minute. How did you get to that figure?

Mr Trafford—That figure was given to me by our financial people. It is the average cost of the delay to our services. That is the initial delay; it does not cover the ongoing flow-on effects for delays further down the day. The screening of aircrew is one of the issues and one of the regulations that we are seriously discussing with DoTARS to have changed. Other regional airlines are in the same position as our operation—that is, if you fly from an unscreened port into Sydney or Adelaide or Melbourne or any of the screened ports, the crew are then required to be rescreened before they can fly that aircraft out. This is a crew who have already operated the aircraft, who have already had a chance to secrete a weapon in there if required, and already have access to weapons anyway—that is, the aircraft equipment. What are we screening for? Our argument is we are screening someone who has already had the capability of doing something to that aircraft.

Mr TICEHURST—Of course your crew would be known to you too. They are not fly-by-night employees.

Mr Trafford—Absolutely, and they are all security cleared.

Senator NASH—That seems to me a very sensible and logical thought process. What response have you had putting that forward?

Mr Trafford—The response we have had so far is that the rule will be tightened further.

CHAIR—In what way?

Mr Trafford—All staff going onto the apron of the airports will eventually be screened. We actually support that, but what they have said in that answer is we can forget any change to the regulation relating to aircrew.

CHAIR—What about if the aircrew did not leave the aircraft—I am talking pilots and engineers—if they stayed on the plane when it landed until it took off again? As I understand it, somebody has to stay with the aircraft at all times.

Mr Trafford—If they stay on the aircraft or within the immediate environment of the aircraft—the phrase that was used recently was the shadow of the aircraft—during the entire stay they are not required to be rescreened. That is a concession. However, aircrew are also required to escort passengers across the apron to the terminal—we do not have aerobridges or access to aerobridges—and they are also required to perform tasks in the terminal before returning to the aircraft, such as load control, weight and balance and a number of other tasks. Those aircrew are required to be rescreened before they can go back to the aircraft.

CHAIR—So your delays are caused by the affordability of having extra staff at an airport to manage the loading, the assembly of clients and putting them onto the bus?

Mr Trafford—The three airports—Melbourne, Adelaide and Sydney—are separate issues. We do have a bus in Sydney where we can bus the people, but one of the crew still has to go and perform weight and balance issues, which is a CASA requirement. He must make sure that the aircraft is within acceptable limits to fly. That is done in the terminal, where the information is for him. He has got to pick up the manifests and then return back to the aircraft. He also picks up last minute operational information if required.

CHAIR—So there is no avoiding, for your air crew, going to the terminal?

Mr Trafford—Not in our style of operation, no.

Senator NASH—You mentioned in your submission—I notice it was earlier this year but it may still hold—that you have a belief that DOTARS did not have a very good understanding of regional aviation and risk assessment. Does that still hold and, if so, what do you think would improve their understanding of the nature of regional aviation?

Mr Trafford—That statement was aimed more at the DOTARS Canberra facility and the head office people. It came about—and was freely admitted to by senior DOTARS people—that they had no idea of regional operations. Their experience with aviation has been with large airlines and international travel. We have attempted to address that. We have an open invitation for the Canberra people from DOTARS to visit our facility at Wagga. They have accepted that invitation and it is a case of us and them being available at the same time. So there is active work towards that. As far as the field officers are concerned, the number of field officers has increased in size since our submission and their experience has changed. There are some Office of Transport Security field officers who have regional aviation experience and there are other officers who do not.

Senator NASH—Regarding the decisions that have been taken by DOTARS in Canberra with regard to regional aviation, are you happy that they have been taken with enough knowledge of regional aviation?

Mr Trafford—No.

Senator NASH—Do you see any changes to the decisions that could be made if their level of knowledge of regional aviation improves? Is there any capacity to improve or change some of those decisions?

Mr Trafford—I believe there is. As with my predecessors here and their predecessors, whose evidence I was not here for, we are also represented on all the committees. I attend the regional industry consultative meeting and some of the other committees. We believe that, through the networking within these committees and through submissions to a lot of committees and working groups, the regional voice is starting to be heard. Certainly, in discussions I have had with individuals within the department from head office over the last six or seven months, they have indicated a far greater knowledge or understanding of our issues. It is not going to happen overnight but we do believe that if we keep at it, at some stage they will understand enough of our issues to be able to, hopefully, support us in changing some of the regulations.

Senator NASH—Finally, do you think that the load that has been put on the regional aviation industry is not necessarily in line with the risk factor that is aligned to regional aviation?

Mr Trafford—That is a rather complex question. Some of the changes that have occurred in the last two years have been beneficial to enhancing regional aviation security. Some have not; some have just cost us money but they have looked good in the paper. I would have to talk about each of the individual changes to be able to answer that question properly but, in general, security has been enhanced but not necessarily effectively or efficiently.

Senator NASH—Could you take on notice to supply the committee with the some of that information on what you see as having been the pros and the cons of those.

Mr Trafford—Yes.

Senator HOGG—I want to pursue the issue of the cost associated with people having to go and be rechecked. Your submission said it was \$14,000 for the three-month period. Do you have an update on that figure for us?

Mr Trafford—No, I do not.

Senator HOGG—Could you take that on notice? It would be interesting to find out. That would be about nine months now that you should be able to give us a figure for? It would be interesting to see if that has got worse as time has progressed. Has that caused the airline to do any rescheduling in terms of its operations, and what impact has that had?

Mr Trafford—It has not caused us to change our schedules. Changing our schedules is a rather complex task, particularly when you are flying out of Sydney as we do. It involves our slot times.

Senator HOGG—Has it caused you to miss your slot times?

Mr Trafford—We have missed one slot time that I am aware of, but that particular issue was only a part of the total reason. So I cannot actually say, and I probably will not be able to say,

that security requirements have caused us to miss slot times. But they have been involved in the greater issues of delays.

Senator HOGG—If you could get back to us with those updated figures, that is all I require. Thank you.

Ms GRIERSON—Travelling as I often do through regional airports, I notice that flight attendants will often put on a vest when they open the doors and then put on their ASICs. I also notice that sometimes they do not bother to put on the ASIC. Because there is a perceived lesser risk at regional airports, do you think it is possible that there is less care taken or less awareness?

Mr Trafford—Not at all. They do not put on the ASICs at airports that do not require them. They only wear them at airports that require them.

Ms GRIERSON—But they are required at some of the airports where I have seen that happen.

Mr Trafford—In that case, that is something that I should have been aware of and investigated.

Ms GRIERSON—It was not your flights.

Mr Trafford—Yes, but that is an investigative issue.

Ms GRIERSON—It does occur; it does happen. I feel that the committee is turning me into someone who watches all these things. It is terrible—it takes the joy out of it sometimes. There were also reports in the media about the leaked Customs report in June this year that suggested that cleaners et cetera are routinely accessing secure areas without proper security and using visitor cards all the time. Do you feel that those visitor passes are managed well where you are flying into?

Mr Trafford—From what I have personally seen from within the Regional Express operation as opposed to my past histories, yes. We have had no issue with the visitor passes. In fact, at the regional airports, when ASICs will be required at those airports, there is a requirement that we are negotiating with each of the ASIC issuing authorities that we will ourselves be able to issue visitor passes to those particular airports. So we have seen no issue with visitor passes. No reports have come through to me of anyone noticing someone wearing a visitor pass not being escorted by an ASIC holder. That is a compulsory report to me from our staff. So I am not getting reports through that there are any breaches.

Ms GRIERSON—How reliant are you on other people's staff, besides baggage handlers, when flying to airports besides the main ones? Does that occur?

Mr Trafford—Yes, it does. Mainly at the main airports. At the regional airports we contract agents. They are not actually Rex employees, but we treat them as Rex employees. We have contracted agents. On top of that, most regional airports have very easy access to the RPT apron from general aviation; we are totally within the hands of every general aviation pilot in the country. Our competitors operate out of the ports as well. There is mutual trust, I believe,

security-wise between competitors. The main issue we have is with general aviation pilot access to RPT aprons.

Ms GRIERSON—Have you seen change in that? Or is it an ever-present concern?

Mr Trafford—It has not changed. I do not think it ever will change. To change it properly would require immense expenditure.

Ms GRIERSON—Do you mean complete segregation?

Mr Trafford—Absolutely. I do not believe that that is feasible or required.

Ms GRIERSON—On the issue of ASICs, the committee have heard submissions that it would be good if there were one issuing authority that looked at pilots too. Then you would have the same requirements for everybody—for private pilots and general aviation pilots. Would that assist, or would it still be marginal?

Mr Trafford—I actually support having a single issuing body, with the proviso that they have sufficient staff and resources to turn over. One of the issues that we are having at the moment is with our own staff trying to renew expiring ASICs. The delays in getting that done are quite large because of all the new ASICs being required. We actually had a pilot card run out of date, so we could not use them for a short while because of the time it took to get the ASIC through. So the single issuing body would have to have sufficient resources to allow a rapid turnover.

Ms GRIERSON—And to be processed and to be of a standard that is required.

Mr Trafford—If they had that I would support that.

Ms GRIERSON—By July 2007, 100 per cent of all domestic baggage should be screened. I made the point to Qantas this morning that when you fly from Newcastle, and major airports like that, passengers are well screened—that is where the money is going: to passenger screening all around the country—but baggage is not screened at all. Do you have any concern about that? Do you think it is feasible for smaller airports to meet those targets?

Mr Trafford—The last figure I had was \$3.2 million to establish a screening point at West Wyalong for a single aircraft operation. I do not think it is feasible.

Ms GRIERSON—It is not going to happen, is it? What will happen? Would it be feasible that a requirement be that when the luggage comes through to say, Sydney, it be screened in some way?

Mr Trafford—It is now anyway. We cannot transfer luggage from our aircraft direct to a Virgin or Qantas aircraft. When checked bag screening comes through it will be fed into the checked bag screening system, and some of it is now. This is one of the misconceptions. A lot of the letters I receive from our passengers with so-called security concerns say: 'The security at Sydney is going to be jeopardised by the fact that I am not screened at Lismore.' The thing is that they are screened when they get to Sydney. They cannot get from our operation to a

domestic or international airline without going through the checking system. And that system actually works quite well.

Ms GRIERSON—Does that applies to their baggage, too, when it is transferred?

Mr Trafford—It applies to their baggage as well.

Ms GRIERSON—But it is only random.

Mr Trafford—The question then arises: what about the risk to our own aircraft and our own passengers flying from Lismore to Sydney? That is the risk we assess and mitigate as much as possible.

Ms GRIERSON—In the 2004 in the Securing Our Regional Skies initiative the government provided money over five years for four Australian Federal Police Protective Service regional rapid deployment teams. They will be available and be able to increase the response capacity for regional airports. The region has one Australian Federal Police officer who sits at a Centrelink office. Have you seen any evidence of visits by a regional rapid deployment team to any of the regional airports you service?

Mr Trafford—Yes, I have.

Ms GRIERSON—Can you tell us anything about that?

Mr Trafford—I am not sure whether I can in a public hearing.

Ms GRIERSON—At least tell us you have seen it—

Mr Trafford—I have seen them at airports. When they visit an airport, the airport agent will ring me and advise me they have been there and, off the top of my head, they have been to five of our solo airports. Those are the airports where we have no competitors.

Ms GRIERSON—They are ones that you are the only operator in?

Mr Trafford—They have been, I believe, to some of those.

Ms GRIERSON—Did they give you feedback?

Mr Trafford—I have had no feedback from the AFP. The feedback I get is usually through the agent, or the airport operator.

Ms GRIERSON—Your understanding is they get feedback, that operator gets feedback. Is anecdotal or is it formal?

Mr Trafford—It is word of mouth. I have not seen a written report at this stage.

Ms GRIERSON—How do you get informed by Australian Federal Police or any other agencies about their operations in regional airports?

Mr Trafford—They prefer not to give us advance warning, which we are happy to operate with. They will give us advance warning if they want to travel on of our aircraft because we have to have sufficient seat and freight weight available for them. But if they are just going to an airport they give no notice. We require no notice. Our thought is they take the airport as it is. If there is an issue, we fix it. If there is not, we are happy.

Ms GRIERSON—Can you see a situation where you might want to contact them and ask them to—

Mr Trafford—I have a contact number in my office.

Ms GRIERSON—You have a contact number. If you saw a risk or a problem that you felt justified their presence, you would know who to ring et cetera?

Mr Trafford—That is correct.

Ms GRIERSON—Have you had to do that yet?

Mr Trafford—No.

Ms GRIERSON—Do you envisage that happening?

Mr Trafford—No, not with that team.

Ms GRIERSON—Who with, then?

Mr Trafford—We normally deal through the local police commanders if it is other than CT.

Ms GRIERSON—Is that a good relationship with the local police?

Mr Trafford—I believe so.

Ms GRIERSON—At bigger airports, do you actually see a presence there at all?

Mr Trafford—The presence we normally see is at the three major airports. But even at some of the larger regional airports it is not unknown for the police to come out to see a plane land. It is not common but not unknown.

CHAIR—There being no further questions, I thank you very much, Mr Trafford, for coming along today and providing information. We thank you very much for your appearance today.

Mr Trafford—Thank you.

[3.16 pm]

O'RANCE, Mr Michael, Federal President, Australian Licenced Aircraft Engineers Association

RYAN, Mr Christopher Linden, Industrial Manager, Australian Licenced Aircraft Engineers Association

CHAIR—I welcome representatives from the Australian Licenced Aircraft Engineers Association to the hearing. In case you were not here earlier, I advise you 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. Do you wish to make a brief opening statement before we proceed to questions?

Mr O'Rance—Yes, thank you. By way of explanation, I will give a brief overview of the role and capabilities of a licensed aircraft maintenance engineer. First off, like most other tradespeople, he starts as an apprentice and then works from there through the regulatory system to maintain and gather a licence on a specific aircraft. His role in the general turnaround of an aircraft is doing the arrival procedure, setting up the bays prior to the arrival, doing the inspection and check on the aircraft, maintaining vigilance throughout the fuelling process, completing the paperwork, certifying for the aircraft and then despatching the aircraft. His or her role is vital for the safety of the aircraft and also for the security of the aircraft.

CHAIR—So that we have an understanding: nobody can actually do work on an aircraft unless they are certified aircraft engineers or aircraft mechanical engineers—is that correct?

Mr O'Rance—There are two levels of aircraft engineers: there are aircraft maintenance engineers, who in the broad sense are unlicensed aircraft engineers, and then there are licensed aircraft maintenance engineers. The actual certification of any work on an aircraft or an aeronautical product needs a licence.

CHAIR—If it was a 717 or an A320, do you need to be licenced for each individual aircraft to be able to work on that aircraft?

Mr O'Rance—That is correct.

CHAIR—As you would be aware, we have the Boeing dispute. There was a claim there that the work on the Hornet is done by non-military personnel. There was work done by people who were not licenced to be able to do work on Hornets. Would that be true, or would the person have needed the licence to be able to work on that aircraft?

Mr O'Rance—He does not need a licence to work on the aircraft, but he needs a licence to certify for the aircraft's serviceability and that the maintenance has been carried out in accordance with approved documents.

Mr Ryan—Other than in the case of military aircraft, where the whole system would be under a Department of Defence approval arrangement; so it is not a licence by CASA.

CHAIR—It was contracted to Boeing to do the work, so Boeing would have to have certified people to be able to do it.

Mr Ryan—They would be more likely to have personnel approved under the system of the defence department, as operated by Boeing, which is distinct from regular public transport operations such as Mr O'Rance is talking about—regional airlines and major airlines where the licensing is carried out by CASA. It would not be the case, I imagine, for Boeing.

CHAIR—With respect to your concerns about ASICs, you have raised an issue that there should be an appeal mechanism, given that this the only source of livelihood for a person who is specifically trained in aircraft. Why should they be different from any other person on a determination, whether or not they are a suitable person to have an ASIC?

Mr Ryan—For a licensed aircraft engineer in particular, it is usually a lifelong career, and the continual holding of an ASIC is essential for that person to carry out their chosen profession. That withholding of an ASIC, or the withdrawal of an ASIC or the non-issuing of an ASIC will result in that person having to seek employment elsewhere, and they may have worked for a considerable period of time within the industry without any problems at all or any issues to do with the ASIC or the continued holding of an ASIC. So we believe that there should be quite a clearly set out appeal process for a person to appeal what is essentially the application of an administrative decision, because of the potential for it to have a severe impact on that person's continued ability to be engaged in their usual employment.

CHAIR—What sorts of things do you think should be permissible for an aircraft engineer who has breached the rules to allow him or her to keep working on aircraft or have access to an air site?

Mr Ryan—It is not really for me to say. What I am essentially saying is that in every instance if an ASIC is going to be withheld, withdrawn or not issued then there needs to be available to that individual a process whereby they can test the validity of that decision. We are not saying per se automatically that the decision is wrong. There just needs to be a second process whereby that decision might be appealed by the individual due to the fairly dramatic effect on a person's future career.

CHAIR—So you would say the same for airline pilots and other people with airline specific employment?

Mr Ryan—Yes. I cannot speak directly for those groups of workers or employees, but I imagine the same thing would apply with those people.

Ms GRIERSON—Do you envisage there will be any appeal process? If you had a criminal record, even for a minor criminal offence, and you were an aircraft maintenance engineer and you were now having to go through these new regulations, would it be automatic or do you think it would be able to be appealed?

Mr Ryan—What we are suggesting should be available. Whether or not an individual will take that process is up to the individual's circumstances.

CHAIR—Depending on where it is going to fall. When people start their first day of employment, whether it is as an apprentice or through whatever process they become engaged, do they go through an ASIC check before they commence employment?

Mr Ryan—Not necessarily. The ASIC simply provides access to certain defined areas, usually within the confines of an airport or in related areas, as you are aware. It may be the case that an aircraft maintenance engineer, an apprentice or a tradesperson does not have to access those areas initially, or there may be a change of employment category for an individual. I do not know of any of our members who are licensed aircraft maintenance engineers who are not required to have an ASIC in their normal conduct of employment.

CHAIR—But in your statement you have said that there may be people who do not need aircraft access to be able to work on aircraft. As I understand it, from what was explained to us, if the hangar has the ability to be closed off from airside access, people can come and go as they like from that hangar to do work—it is only when the hangar door is open or when free access is provided to the airside. Therefore your argument that it would reduce or restrict somebody's employment opportunities—because of something they have obviously done, because they would have been convicted of something, which would be one of the things that would place a restriction on their ability to get an ASIC—perhaps does not hold quite as true.

Mr Ryan—Maybe that is correct. Generally the ability to move freely from one area of the airport to another is essential for a licensed aircraft maintenance engineer to carry out their profession, their employment. To restrict or to limit someone to, say, a hangar, which is a non-ASIC required area, and then not to be able to go with the aircraft or go and meet the aircraft out on the tarmac would be a restriction that I think most employers would find difficult to deal with in a practical day-to-day sense.

I will get back to the question we raise of whether it has any relevance to the security operation of the airline if, in the ASIC check system or arrangement, it is revealed that someone has a criminal record. There may be very minor infringements in someone's past which get pulled up through the net and can result in a process which can deny someone access to sensitive areas of the airport, but they may have absolutely no relevance. Someone may have, for instance, a PCA conviction from 15 years ago. That is a criminal offence for driving while intoxicated. Should someone therefore be excluded by virtue of that offence only, for which they have presumably been penalised and which is well in the past? Should that in itself prevent someone from holding an ASIC on security grounds? We think there has to be a clear delineation, a clear focus.

CHAIR—So there would be no difference in your view for a baggage handler in the same situation? Or are you saying there should be two sets of rules?

Mr Ryan—We think there is a difference. We are not saying there should be two sets of rules; we are just saying that the impact on a licensed aircraft engineer, for whose career and employment access to ASIC restricted areas is intrinsic, is not the same as on someone who, by the nature of their job, drives a truck or moves goods into and out of other transport vehicles.

Senator NASH—I want to point to something in the conclusion to your submission. It says:

A simple, easy-to-use, published procedure needs to be developed and published complete with training for all LAMEs—

licensed aircraft maintenance engineers—

and tarmac employees who may be in a position to discover any form of suspect device and/or illegal or malicious tampering with aircraft.

Do I take it from that that there is no procedure in place at the moment?

Mr Ryan—Most airlines have a procedure which is simply to isolate the area, as I understand it, and advise the appropriate supervisory staff, who will then contact FedPol or whoever the appropriate policing agency is at the time. There is that sort of procedure, but that is about as far as it goes.

Senator NASH—What sort of procedure are you talking about here? Obviously, you are talking about something over and above what currently exists. What would you see as being an improvement? How many LAMEs are there across Australia, by the way?

Mr O'Rance—There are about 4,200 that are members of our association, and Australia-wide there are possibly around 6,000 licensed aircraft engineers.

Senator NASH—So what would you see an improved procedure being?

Mr Ryan—We believe that the issue of security has now obviously become much more important for not only the travelling public, for whom it is very important, but also our members, who not only work in the vicinity of aircraft but are required to travel on the aircraft pretty frequently—on virtually a daily basis—in the course of their work. They may be accompanying the aircraft in some cases to another place to carry out training or work on another aircraft. Other airline aircraft workers also spend a lot of time travelling in the air. We believe it is a very important issue. We believe the airlines and the airport authorities should be issuing very clear instructions that are unambiguous and very easy to follow with regard to the discovery of and how to deal with any suspect items in and around aircraft. I am not certain at the moment that it is absolutely clear in our members' minds as to how that operates, other than simply to not go near it, quarantine the area and advise somebody else.

Senator NASH—Has there been an instance to your knowledge of one of the LAMEs coming across a suspect object where the current process has meant that there has been a risk or of things not eventuating as they should have because the procedure was not stringent enough?

Mr O'Rance—I cannot recall offhand. There are a couple of instances cited in our submission of various people accessing an area. One that I can recall that happened in Brisbane international was where a guy drove through the security fencing, got out of his car and was walking around. One of our guys approached him and calmed him down and waited there until the Federal Police arrived. But as far as packages or something untoward are concerned, I cannot recall anything.

Senator NASH—It is just your view that a better procedure would—

Mr Ryan—To fill that out a little, as the arrangement currently applies with the domestic operators, there is a requirement for an inspection and certification prior to flight. There is a transit check of the aircraft as it comes into the terminal, passengers get off, bags are taken off, bags are loaded and passengers get on. While that is happening there are procedures to do with the maintenance, servicing and the airworthiness of the aircraft in which the licensed aircraft maintenance engineer is obviously involved during the 45 minutes or so the aircraft is on the ground. Part of what the engineer will do is to conduct a detailed visual inspection of the exterior of the aircraft—the fuselage, the wheels, the tyres looking for tyre damage, any damage to the skin of the aircraft, any oil leaks or indications of bird strike—that sort of thing. It is a very detailed, foot-by-foot inspection of all the external areas of the aircraft. We are suggesting in our submission that it is a valuable resource to have available in the security sense and that it would be wise for operators and the regulator to think very carefully before permitting the removal of that resource—in the security sense as well as the airworthiness sense—from the environment of the airport during the transit.

Senator NASH—On regionals you say:

Security at airports has no boundary and therefore should be uniform across Australia and any feeder airport where an aircraft's journey originates should not be excluded.

Could you expand on that and outline anything you believe should be included at those airports where an aircraft journey originates that is not currently being included?

Mr Ryan—There was some discussion with the previous witness from Regional Express regarding the level of security checking at some of the regional airports and airports remote from major centres. We have a concern that there is not full screening and checking of passengers boarding aircraft in those areas. It is conducted on arrival at a major port. Nor is there full screening and checking of baggage in those ports, for obvious reasons.

Senator NASH—So you would dissent from what Rex said early when they said that they felt there was enough capability at the destination? You believe there should be more capability at the origin?

Mr Ryan—That is essentially what we are saying, yes. It is common knowledge and just a matter of observation that members of the committee would also be aware of that if you board an aircraft at, say, Ballina, Wagga or Albury you are not subject usually to the metal detector screening. That sort of level of security checking with the passengers does not occur. I am not privy to what happens to baggage, but based on what I have heard and what I know generally about the industry, I do not think there is a high level of checking of the baggage either at some of those airports. That has been a matter of concern to this organisation for some time.

Senator NASH—Thank you.

Senator HOGG—I wanted to go back to the point you were discussing with the chair about access to the ASIC and the right to appeal for a person who might have some sort of background. Would it be fair to say that what you are really looking at is something akin to the situation where a truck driver or a taxi driver loses their licence for a period of time for drink-driving, as happens, but are able to go to a court and appeal for a limited licence to be able to continue their

daily business but not be able to drive other hours of the week? Is that the general concept that you are trying to get across to us?

Mr Ryan—In one sense, yes. But there is another sense to it which is to do with the significance, relevance and how recent is the thing that may be of concern to the issuer of the ASIC. An example is the instance I raised, which is someone who 15 years ago may have had a prescribed concentration of alcohol conviction, which is a criminal conviction. Is that relevant to the access that person might have to a secure area in an airport?

In my mind, the question raises itself automatically in that instance, though a criminal conviction will come up and may preclude someone from holding an ASIC. Almost automatically, it will certainly raise a question in the view of the issuer of the ASIC. If the ASIC issuer makes a fairly hard decision, a tough decision, a decision against the issuing of the ASIC in that case, the impact on our members can be severe. It is life changing. It is career altering. Their chosen career is to work in and around aircraft. They have made that decision usually at the age of 17 or 18 and they may be 40 years old, so it is a very significant decision. It is a very weighty decision. We believe issues of the relevance, recency and seriousness of whatever the matter is should be able to be judged by a body other than the initial issuer.

Mr TICEHURST—You are suggesting in your submission that there should be a separate screening area for your members, particularly in relation to their toolboxes. What happens now when they approach an airport?

Mr O'Rance—Just recently they have changed it to a single point of access for aviation workers or airport workers. Previously, you could go through the staff car park and enter and exit through there, but now everyone has to go through a central point. I am talking about an international airport or a domestic airport. Those areas now are exposed to everyone. If people are taking their toolboxes to and fro, the screening of those can be quite detailed at times. For instance, at Brisbane international they had an area where you could get through the car park, but then, when they had the single point, the single point is now in the baggage make-up area. It seems to defeat the purpose of the whole screening issue that you are going to dump every employee into the baggage make-up area where there is access to passengers' bags, containers and all that. So we are stating in our submission that aircraft engineers should be treated slightly separately regarding their access for toolboxes and those various implements of their day-to-day work.

Mr TICEHURST—How big are their toolboxes?

Mr Ryan—They can be quite heavy. They are quite substantial, and sometimes they are worth in excess of \$10,000. People do not normally, as a matter of course, take these to and from work. Sometimes they do, but they usually take a hand-held box—which can weigh 20 kilos or so—with them on a little trolley. They will also typically wear safety boots which are steel capped, though they obviously set off the alarms on the metal detectors. The metal detectors are designed to do that, but for engineers who are coming and going—at least going in and out once a day and possibly several times a day—into the ASIC controlled area, it does present a major inconvenience, and it is one that maybe can be addressed through some alternative. We are suggesting some alternative means of channelling these people through another area where consideration is given to the fact that they are holders of an ASIC and they are not channelled

through the same areas, say, as the passengers, which can happen. They would be afforded that level of check which is more consistent with being a regular worker at the airport rather than someone who is a traveller and totally unknown to the airport security staff.

Mr TICEHURST—So previously they could just drive in through the security gate? Was that the idea?

Mr Ryan—They would drive into a car park, but they would have to enter and exit through a regulated turnstile by swiping a card. The turnstile would read their ID and then let them in or not let them in. That area is monitored with closed-circuit TV cameras et cetera.

Mr TICEHURST—But no actual detection?

Mr Ryan—No, not usually staffed by security personnel.

Ms GRIERSON—Can I just interrupt and ask: has any airport accommodated your concerns or wishes? Has any airport made any special consideration for aircraft engineers in that way?

Mr Ryan—Not that I am aware of.

Mr O'Rance—No, not to my knowledge.

Ms GRIERSON—They are aware of that?

Mr Ryan—Not that I am aware of. We had an occurrence in June this year where one week Qantas advised us that as of the next week there would be a restriction to far fewer gates—in fact, down to one or two gates—at Sydney into their major jet base, which is the major maintenance operation for engineering operations with Qantas, of course. We suggested to Qantas that there needed to be a little more time to advise staff and put a procedure in place so that there were not going to be large queues and large delays for people coming to and from work. We were simply told by SACL, which was operating under the basis of some instructions received from other parts, that this was to happen. We had essentially six or seven days to advise staff and put in place the new procedure. It was quite quick. There may have been some good reasons for that that we were not made aware of, and we accept that that as a reality, as a possibility; however, that is the only time we have had that sort of discussion. It was really after the event and, as a result, we have not seen too much of a relaxation to assist with the ready access of engineers.

Mr TICEHURST—Do members have to take their steel-capped boots off to go through security?

Mr Ryan—If they trigger the magnetic alarm, yes.

Mr TICEHURST—More often than not they probably would.

Mr Ryan—They would, invariably. I hope so! There is enough metal in them to trigger the alarm.

Senator NASH—In your recommendations you talk about recommending that basic training in initial counter-terrorism should be given to the licensed aircraft mechanical engineers. Is that as straightforward as it seems—that you just feel that it would be beneficial to have that kind of training in case of an event where they needed it?

Mr Ryan—There are two reasons for that. One is to get a better, broader and deeper understanding for awareness reasons of the security issues and any threats that may arise. Second, we believe that licensed aircraft maintenance engineers who, in many cases, have upward of 30 years experience in and around aircraft and on the tarmac, would be useful adjuncts and participants in any security situation that arose. We see that as a valuable resource that should be tapped or that some consideration should be given to tapping that resource. In order to do that, there would need to be a process of, first of all, awareness raising, and then an educational program that would say, ‘In the event of an emergency, we will be asking you to provide assistance to the appropriate security body or bodies that would then be involved.’

Ms GRIERSON—They have no representation, basically. If they work for Qantas there only representation on aviation security committees at airports would be through their employer or their union; would that be right?

Mr Ryan—Yes. There is very little direct representation through us on the airport security area. On individual issues we would make representations to the employer, be it Qantas or whoever. On broader issues we make representations to bodies such as this committee.

Ms GRIERSON—Have you raised these issues with DOTARS—the Department of Transport and Regional Services—at all?

Mr Ryan—Not directly, no.

Ms GRIERSON—It is probably worth putting these concerns to them.

CHAIR—We talked about people being screened, and about their toolboxes. Why would they be taking their toolboxes on a daily basis in and out of the airport if they are based at one airport working on aircraft?

Mr Ryan—They may not be. In a case where, as you say, they are based at one airport, there is probably little need to do it and they probably do not do it. There may be some reason for them to do it.

Ms GRIERSON—All tradesmen like to use their own tools.

Mr Ryan—They do.

CHAIR—It is fine to use your own tools. Being a tradesman myself in the engineering field, I can understand that. However, I put it to you that if their place of engagement is a Qantas jet base, why would they be taking their tools on and off the base each day?

Mr Ryan—In a lot of instances they will travel. They may travel to accompany the aircraft; they may travel to another base, city or port for overtraining or working on an aircraft at that

other place. They will typically often carry with them a smaller bag. They will have a big toolbox which really they do not necessarily—

CHAIR—That would be checked into the aircraft hold, would it not?

Mr Ryan—Sometimes, yes; sometimes, no.

Mr O’Rance—It is now. There is no provision for taking tools on board the aircraft. If you can take a toolbox away as a travelling engineer, it is checked into the aircraft hold. Also, part of the reason a lot of people do take a portion of their toolbox home is that, as Mr Ryan indicated earlier, the price of those tools is fairly high. So there is that reason for taking them home rather than leaving them at the airport in a not-so-secure place that is open to every other person at the airport who has access to that area.

CHAIR—Thank you for your evidence.

[3.46 pm]

NATALE, Ms Lucia, Business Development Manager, Blue Collar Recruitment

SMITH, Ms Cynthia, Director, Blue Collar Recruitment

CHAIR—I welcome our next witnesses. I advise you that the hearings today are legal proceedings of the parliament and warrant the same respect as the 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. Your evidence will attract parliamentary privilege and at the end of the hearing will be made public. Should you have any issues that you wish to discuss with the committee in private, the committee will consider your request to take in camera evidence. Do you wish to make a brief opening statement before we proceed to questions?

Ms Smith—No, thank you.

CHAIR—I will ask you to describe your business and involvement with the aviation industry.

Ms Smith—We have been recruiting for the airlines for approximately 10 years. We supply staff for ramp, baggage, cabin, freight, mail, bond stores and a lot of the business lounges. On the catering side, we supply other companies, such as Airgate and Gate Gourmet, and also Qantas Flight Catering, which does all the food for the planes.

CHAIR—Are people engaged by Blue Collar and sent out as subcontractors or are you a recruitment agency that supplies people to other companies for employment?

Ms Smith—We subcontract.

CHAIR—How many employees would Blue Collar have?

Ms Smith—About 890 around the airports.

CHAIR—How many of those are casual and how many permanent?

Ms Smith—I would say 600 are casual and the rest are permanent part-timers on our books.

CHAIR—Would all of your permanent part-timers have their own ASIC?

Ms Smith—Correct.

CHAIR—How many of the 600 casuals have ASICs?

Ms Smith—Probably about 50 per cent. The rest are at the catering depots, which do not go anywhere near the airport. We still clear them—

CHAIR—Let me clarify that: how many who require airside access have cards?

Ms Smith—All of them; 100 per cent.

CHAIR—So all of your casual people are pre-screened and have ASICs.

Ms Smith—Correct.

CHAIR—One of the recommendations of the Wheeler report was that there should be a central issuing agency for ASICs. Firstly, who supplies the ASIC screening and issuing of cards for you? Secondly, do you agree with Wheeler's recommendation?

Ms Smith—For our people, we go through Qantas ID Services. We have just started a contract with SACL, so we go direct through SACL, but most of our people are first cleared through Qantas ID Services. That means we get a letter from ID Services formally saying that an individual has been cleared through federal, ASIO and Immigration. That letter goes to SACL, which then can issue the red background. But we usually go through Qantas ID Services.

Ms Natale—For Sydney, Melbourne, Adelaide, Hobart and Launceston we still go through Qantas ID Services in Sydney.

CHAIR—What is your view on having a central agency for the issuing of ASICs?

Ms Smith—I do not think they could cope with it. I think it breaks down on the ASIO side. At the moment we have been waiting three months just to get our people cleared. Prior to the baggage situation, we had to put our people through on visitor passes. That has stopped now; Qantas will not allow them in unless they have the full clearance. That was because the Canberra process was breaking down with the backlog on the ASIO side. We had one female clerk in Canberra handling the whole situation when it first changed over and that was not enough to keep up with the airports' demands.

CHAIR—You say that at the moment it takes three months to provide an ASIC in the workplace.

Ms Smith—Because of the Commonwealth Games and CASA. Also, all the wharfies' applications now must have gone through by 1 February. It still takes our people three months to get through the system.

Ms Natale—Yes.

CHAIR—So that I understand clearly: you do not provide any work force on day passes; all those you provide to companies are on ASICs.

Ms Natale—A contractual requirement is that they must have all three clearances and also be in the process of being issued with an ASIC card, so there is all that documentation. Also, waiting on ASIO can jeopardise our contract.

Ms GRIERSON—But you are an issuer of ASICs.

Ms Natale—We do not issue them, but we have to ensure that all those in our pool of staff have ASIO clearance, which can take up to three months.

Ms Smith—We process them. We have the forms, which we must get our people to fill out. We have to get the 100 points et cetera for their identification. We have to sign the forms. I sign off for Sydney airport and Lucia signs off for the Melbourne airport. Those forms then go to Qantas ID Services, who then do the process and notify us.

Ms Natale—Which can take up to three months.

Senator HOGG—You have a pool of people who already have ASICs?

Ms Natale—No. Some could be in the process of being cleared and some have been cleared—and, of course, I have them in separate pools. At the moment, those who are awaiting clearance can wait for anywhere up to three months.

Senator HOGG—But, until they get that clearance, they will not seek to—

Ms Smith—They will not enter the airport.

Ms Natale—But, in the meantime, the client could say, ‘I require 30 people,’ and I might have only 20 people cleared. I do not know for how long the people who are awaiting clearance have been in there; it may have been six weeks or eight weeks. I still may not be able to get an answer for two week, so I cannot even feed back to the client to meet their requirements.

Senator HOGG—What happens to these people who are in the pool awaiting their clearance?

Ms Natale—They will not be appointed or put on in any position with Qantas or anyone who requires an ASIC until—

Senator HOGG—How do they earn a living?

Ms Smith—They stay unemployed until we get that clearance.

Ms Natale—They either stay unemployed or they stay at their place of employment until they can give notice.

Senator HOGG—That must be a fairly unsatisfactory and untenable position for you in terms of supplying the marketplace.

Ms Natale—Shocking, definitely.

Ms Smith—It just does not work. We have Qantas and the other airlines on our back constantly and we just have to take it. At the end of the day we have no control, but that does not matter to them; you either do it or you do not do it.

CHAIR—For the issuing of ASICs, what would you consider to be a realistic time for checking?

Ms Smith—Three weeks.

Ms Natale—Six months ago clearances were taking about three weeks.

CHAIR—So, in your regime of employment, you think three weeks is an acceptable time.

Ms Smith—It is.

Senator NASH—So literally it is just manpower at the clearing end, at the other end, that would alleviate the problem.

Ms Natale—Absolutely.

Ms Smith—Correct.

Ms Natale—And this puts a lot of pressure on—

Ms Smith—Our industry.

Ms Natale—Definitely, and on our business. I look after Melbourne, Adelaide, Hobart and Launceston. But, with Sydney, we look after all the airport demands of Qantas, Airgate, Gate Gourmet and so on. It is all aviation that requires ASIC and ASIO clearance. This is our business.

CHAIR—How many other people provide casual staff to airport operations?

Ms Smith—Patrick's, Menzies, Workforce International, Aero-Care, SmartCARTs.

Ms Natale—AIS.

CHAIR—So there is quite a number of them?

Ms Smith—Yes, there is quite a number.

Senator HOGG—Do they all do it on the same basis as you do it—that is, they do not supply the person until the ASIC is there?

Ms Natale—I know that in Melbourne a lot of those companies go through APAM as opposed to ID Services. Because the majority of my clientele is Qantas, I am required to go through ID services, which is a Qantas department.

Ms Smith—They would have the same problem.

Senator HOGG—That is what I am trying to establish.

Ms Natale—The ASIO problem?

Ms Smith—Yes, they would have the same problem.

Senator HOGG—They have all got the same problem. They would not place someone airside on a day pass or a visitors pass, and the view I have formed of your operation is that neither would you.

Ms Smith—Unless they have full clearance. In that case they can be issued with a temporary card, as long as they have a staff number, and therefore do not need to be escorted.

Senator HOGG—There must be people therefore sitting on the books of your operation whom you have taken the time to interview and process and who have become frustrated with the process.

Ms Natale—They drop out.

Senator HOGG—They drop off your books; is that correct?

Ms Natale—Yes.

Senator HOGG—What sort of attrition rate do you have? Do you lose 10 per cent or 20 per cent of people that way?

Ms Smith—At the moment it is 50 per cent.

Senator HOGG—So that is a cost of doing business to you because you cannot get the processing done at the ASIO end; is that correct?

Ms Smith—Correct.

Ms Natale—Yes.

Senator HOGG—I do not know whether this is commercially sensitive, but could you give us some idea of the cost to the business?

Ms Smith—I cannot. I would have to go back and look at the numbers. I honestly could not give you a correct cost on that one.

Senator HOGG—I am trying to find out whether we are talking about tens of thousands or hundreds of thousands of dollars.

Ms Smith—We would be talking about tens of thousands.

CHAIR—Could you provide a reasonably indicative amount and roughly the cost per applicant to do the interview and screening process that you engage in so that we can get an understanding of the drop-out rate and what the actual cost to you is.

Ms Smith—Fine.

Senator NASH—When they drop out, what process is in place to stop the ASIC application process?

Ms Natale—They will still obtain the clearance, regardless, as that process is already under way.

Senator NASH—So the process keeps going even if they drop out.

Ms Natale—Yes, and we still have to pay for it, regardless.

Senator NASH—This is probably far too broad a question, but how many man-hours then would be spent by ASIO completing ASIC clearances for people who had dropped out?

Ms Natale—I have no idea.

Ms Smith—It would be thousands.

CHAIR—We will ask that of ASIO when they come to give evidence.

Ms GRIERSON—How many are denied one?

Ms Smith—We have not had any denied. I was asked that question a little while ago and we honestly have not had any denied. If any were denied, we would get a call from head of security at Qantas and they would say, ‘We don’t want this person working for our airline,’ or whatever and that is where it would stop. But we have never had any denied.

Ms Natale—I have had one. They had held an ASIC before with another company at the airport and that was through APAM, but ID Services refused to issue him with one.

CHAIR—Did they fail the Qantas benchmark or did they fail the ASIO collective benchmark?

Ms Natale—I do not know. I am not informed of that. I am just advised.

CHAIR—So if that person applied to another company to get an ASIC—

Ms Natale—They would probably be issued one through APAM, but I was told that they were not what Qantas would want working for them.

Ms GRIERSON—So you could shop around almost?

Ms Smith—Of course you could.

Ms GRIERSON—That is why centralising and standardising it through the Attorney-General’s Department might be a better way.

Ms Smith—Correct.

CHAIR—But then Qantas might put its own overlay on top of that again—

Ms Smith—Exactly right.

CHAIR—as anybody may or may not do.

Ms Smith—Correct.

CHAIR—Do you charge the person a deposit for the ASIC card when you provide it to them so that you can get a return?

Ms Smith—Previously we did not, but recently we have just started because of the drop-out rate.

CHAIR—How much are you charging for that?

Ms Smith—Ten per cent, which is not a lot, anyway.

CHAIR—What is it?

Ms Smith—It is \$150.

CHAIR—So you are charging \$15. How many ASICs that have been issued through you have not been returned when the individuals have ceased employment?

Ms Smith—We have to get all those ASICs back. The minute that individuals finish their employment, we hold back their salary and we have other conditions that apply. The minute we are told that they will not be required anymore, we go down to the airport and remove their ASICs. We then notify Qantas security and they are removed from the HRI system. As soon as everything has been given back, we issue those individuals with their salaries and their entitlements.

CHAIR—A person turns up with their ASIC clearance.

Ms Natale—Yes.

CHAIR—They get their card and go and do a three-month engagement at the airport. At the end of the three months, you take back their ASIC card and hold that card for them, or do you cancel it?

Ms Smith—No, it is cancelled straightaway. It goes straight back to Qantas or it goes to SACL.

CHAIR—But then, a month later, say that another three-month engagement comes up. Do you have to go through the whole process again to get an ASIC?

Ms Smith—With ASIO they do not, but they do have to go back through federal and so on.

Ms Natale—And they get reissued a new card.

Ms Smith—And they are reissued a new card.

Senator HOGG—What fee is charged for that; is it the same?

Ms Smith—We take that cost.

CHAIR—How long does that take to get issued?

Ms Smith—With federal it used to be seven days. It is still about the same—seven days.

Ms Natale—A little longer in Melbourne and in Sydney.

Mr LAMING—At what point or after what duration do you have to go through a full clearance again?

Ms Smith—With ASIO you only have to do it once in a lifetime. With federal, Qantas and Immigration you have to do it every 12 months.

CHAIR—Is that because ASIO would have a person's name and, if an issue arose, they would automatically—

Ms Smith—With SACL and Qantas, if anything happens, their systems are updated.

Ms GRIERSON—If I came to you looking for a job with Qantas, baggage handling or whatever, would you give me any initial training in security practices or anything like that?

Ms Smith—You have to go through a two-day induction with us in airport security. We have had 70 start at the airport in the last couple of days with SACL, because a lot of equipment has broken down. They go through a two-day security induction with us, which they have just completed, then do manual handling and then we do an OH&S induction and a Qantas induction—we have an induction that is detailed to airlines et cetera. So they go through all that first.

Ms GRIERSON—Is it possible to fail it?

Ms Smith—Not really.

Ms Natale—If anything, it is more informative. But we also run through everything in relation to properly displaying an ASIC and things like that, so that everyone is aware of how it is meant to be.

Ms GRIERSON—So that they know of the responsibilities attached to it.

Ms Smith—Definitely.

Ms Natale—Absolutely.

CHAIR—Are people given training in spotting or recognising terrorist activities as part of an observation program, more than just spotting an unaccompanied or untended piece of baggage? Is any other training involved?

Ms Smith—Qantas does it for our guys, but the other parts of the airport that we supply people to do not do it.

Ms GRIERSON—So you do a preliminary security behaviours and culture type.

Ms Smith—Correct.

Ms GRIERSON—Then the employer does very specific—

Ms Smith—Correct.

Ms Natale—Because they are being subcontracted out, we need to make it perfectly clear that we are their employer, so that is why it is our induction. We are their employer, but they are working at a client site.

Ms GRIERSON—And they have to satisfy the client's requirements.

Ms Smith—Correct.

Ms Natale—Absolutely.

Senator HOGG—Is there a peak organisation that covers operations such as yours?

Ms Smith—There is an Institute of Personnel Consultants, but that does not specialise in airports.

Senator HOGG—I think you are the first such organisation that has come before the committee on this occasion and I did not want you speaking on behalf of those other organisations that you mentioned before. I just wondered whether there was a peak organisation that might register a submission about the experience of all the players in the field, but obviously that does not seem to be the case.

Ms Smith—MIPC is the best overseer and we can choose whether or not to be members. We are obviously members and most of the big agencies are.

Ms GRIERSON—Do the people that you get jobs for ever come to you and say: 'Look, something is happening. I don't feel confident enough to tell those where I work'? During a union presentation that was made to us, it was said that frequently employees working at cleaner level or those sorts of levels did not feel confident enough to pass on information and did not

want to draw attention to themselves, but they would talk to their union. Does that happen with you? Do they see you as someone to whom they can come and tell things; and, if they do come and tell you things, are you in a position to do anything about it?

Ms Smith—We do get quite a bit of information and I usually go back to the client with the appropriate information.

Ms GRIERSON—So they are counting on your relationship with the client.

Ms Smith—And it is kept confidential.

CHAIR—I was impressed by the fact that you do not engage people unless they have had an ASIC and that you are not using the temporary day pass visitors access. I think I can say reasonably confidently, on behalf of all committee members, that is one of the areas that have been highlighted as a concern for committee members.

Ms Smith—I am surprised.

CHAIR—Do you wish to submit that document as an exhibit?

Ms Natale—Yes. This is, for example, the Qantas ramp services. That is for Victoria and Tasmania, which is a general overview. The back page is a quick little flow chart in relation to the recruitment process. It adheres to the contract that Qantas has put forward. What is marked in red is what Qantas has requested that we meet. That is just to show Qantas at what point it would be met.

CHAIR—What is the other one?

Ms Natale—That is the induction presentation.

CHAIR—Is that a confidential document or commercial-in-confidence?

Ms Smith—Yes, it is.

CHAIR—Does the committee request that we take this, given that it is a confidential document?

Senator HOGG—I do not think it will add to the quality of the decision—

Ms Natale—It is just our induction process that I undertake in Melbourne and similarly in Sydney.

Senator HOGG—If it is confidential, it is not going to add to our report.

Ms GRIERSON—You do not want to share it in any commercial way.

Ms Smith—No, we do not.

CHAIR—I appreciate your offer to put it to the committee, but if we cannot use it in our report it makes it a little difficult. Is it the wish of the committee to accept the document entitled ‘Bluecollar recruitment: recruitment process Qantas ramp service VIC/TAS’, dated today, as evidence to the sectional committee inquiring into aviation security in Australia and authorise it for publication? There being no objection, it is so ordered. Thank you very much. If we have any other questions, we may put them to you in writing. If, after deliberations, the committee think it is necessary we might bring you back for further information, but we do appreciate your efforts in being here today.

Ms Smith—Thank you very much.

Ms Natale—It is our pleasure.

CHAIR—I thank all witnesses who have given evidence today.

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

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 4.08 pm