



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

**Reference: Further inquiry into aviation security in Australia**

THURSDAY, 24 NOVEMBER 2005

MELBOURNE

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

**Thursday, 24 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, Mr Broadbent, 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 9.29 am**

**CHAIR (Mr Baldwin)**—The Joint Committee of Public Accounts and Audit will commence taking evidence, as provided by the Public Accounts and Audit Committee Act 1951, for its inquiry into aviation security in Australia. I welcome everybody here this morning to the committee's review of developments in aviation security since the tabling of our first report, Report 400: *Review of aviation security in Australia*.

Yesterday we took evidence in Sydney, and in the following weeks we will pursue the issues and concerns that we have encountered over the last five months with the Commonwealth agencies responsible for aviation security in Australia. This morning we will hear from representatives of the Australia Pacific Airports Corporation, which operate Melbourne and Launceston airports, and Linfox, the operator of Avalon and Essendon airports. This afternoon we will take evidence from representatives of a regional local government council that operates an airport, Australian Air Express, the Aircraft Owners and Pilots Association, and the peak body for airports in Australia.

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

[9.31 am]

**NAHYNA, Mr John Leon, General Manager, Operations, Australia Pacific Airports Corporation**

**CHAIR**—I welcome you to the hearing today. Do you have anything to add to the capacity in which you are appearing?

**Mr Nahyna**—I am the general manger of operations at Melbourne Airport.

**CHAIR**—Do you wish to make a brief opening statement before we proceed to questions?

**Mr Nahyna**—Australia Pacific Airports Corporation appreciates the opportunity to participate in the committee's inquiry into aviation security. We have previously provided a written submission highlighting the significant developments and security enhancements that have been implemented at Melbourne Airport since the June 2004 Report 400. Those enhancements include: the commencement of a comprehensive security audit program; the implementation of checked bag screening consistent with government requirements; a review of access control arrangements; the commencement of an airside staff inspection program; and the facilitation of various consultative forums, including an airport law enforcement liaison group to enhance communication between the appropriate agencies.

We believe these initiatives highlight the leadership role that we have taken in regard to partnering industry in enhancing aviation security and promoting the robust security culture called for by Report 400. We also recently provided input into the Wheeler review, and we support the resulting recommendations. In particular, I wish to highlight the new airport policing structure recommended by Wheeler, including that the Commonwealth provide ring-fenced funding for all policing activities at CTFR airports—and Melbourne Airport is one of those. Thank you very much for the opportunity to be here today.

**CHAIR**—Thank you very much. The issue I would like to kick off with is the ASI card system. One of the issues raised in the Wheeler report was that there should be a centralised agency under the Auditor-General's department for the processing and issuing of the cards. Do you currently issue your own ASI cards to people, both at Melbourne and Launceston airports?

**Mr Nahyna**—Yes, we do. At Melbourne Airport, for instance, we issue about 6½ thousand ASI cards. There are also five other issuing authorities at Melbourne Airport.

**CHAIR**—On the ASI cards, how many visitor day passes would you issue for your airport per annum?

**Mr Nahyna**—I am not sure of the exact number.

**CHAIR**—You can take that on notice. Obviously, you keep a register of all the names?

**Mr Nahyna**—Yes, we do.



**CHAIR**—I also ask you to look at how many people repetitively have visitor day passes. Are people getting them five, six, 10 or 15 times a year? We would like to have a look at that, please.

**Mr Nahyna**—Certainly.

**CHAIR**—What is the time frame you are experiencing in getting ASIC security checks done?

**Mr Nahyna**—It is taking about five to six weeks at present.

**CHAIR**—Has it always been that way?

**Mr Nahyna**—It might have gone up to about eight weeks at one stage.

**CHAIR**—What would you see as an acceptable time frame?

**Mr Nahyna**—I think the quicker we get those sorts of checks conducted the better. I would probably say that hopefully a couple of weeks would be a good result.

**CHAIR**—How many each year would you have rejected in the review for being endorsed to have an ASI card?

**Mr Nahyna**—We would not have very many rejected at all.

**CHAIR**—How many—one, two, five, 50?

**Mr Nahyna**—It might be half-a-dozen rejected.

**CHAIR**—Do you know for what reason they were rejected?

**Mr Nahyna**—Largely the individual's criminal record.

**CHAIR**—The other issue is the visitor day pass, which I mentioned before. Whilst we acknowledge that the person must be at all times in the company of or escorted by a person with an ASI card, some airports have moved to have photo identification on their visitor day passes, which they also obviously keep in an electronic database. Do you have photos on your visitor day passes?

**Mr Nahyna**—No, we do not.

**Mr TICEHURST**—On your statement you were saying that you did not think the security arrangements now were in line with the security risk level of Australia. Do you still believe, after what has happened in the last few weeks—with what we have found with various people with suspected terrorism activity—that the security being requested is over and above what we actually need?

**Mr Nahyna**—It is probably not something that is over and above. The point we were trying to make was that we do believe that Australia is in the top three nations in terms of aviation

security. Certainly, in regard to a lot of the discussion that was taking place at the time of our submission, we just thought that that needed to be put in context.

**Mr TICEHURST**—What about the regional airport at Launceston? How do you feel the requirements are compared to, say, Melbourne Airport? Do you think they are too onerous on a regional airport like Launceston?

**Mr Nahyna**—We certainly think that security measures should be commensurate with the threat or risk level at each individual airport, and we certainly recognise that the security arrangements at Melbourne Airport need to be more significant than those in place at Launceston.

**Mr TICEHURST**—Also, I think you had some comment there about the fencing around an airport; whereas Wheeler made the comment in his report that the fencing was only a minor deterrent really, in that fencing can be overcome relatively easily. Would you agree with his comments there?

**Mr Nahyna**—We did not make a comment on fencing in our report, I do not think. Fencing is a deterrent, but it is certainly a security measure that needs to be managed, and we regularly have perimeter patrols of our fencing. We have staff on the airfield 24/7 to make sure that the security perimeter is not breached. Fencing is a deterrent, but I think it needs to be recognised that people can get through perimeter fencing if they really want to.

**Mr TICEHURST**—Sure. Is it the same at Launceston? Do you have the 24/7 patrols there?

**Mr Nahyna**—I do not actually work at Launceston, however I am advised that they also have 24/7 patrols there.

**Mr TICEHURST**—Yes, there is a different need. Wheeler also talked about the strong links between criminality and of course security issues. Do you find that that is relevant, particularly in Melbourne?

**Mr Nahyna**—I think Wheeler's comments about needing to manage crime and the potential link between crime and terrorism are relevant. Certainly we have tried very hard to manage that link. The law enforcement liaison group and certainly the various consultative arrangements that we have in place with law enforcement at the airport are designed to try and manage that link.

**Mr TICEHURST**—The other issue, too, that we have seen at some airports is that the personal security checks at airports can be very disconcerting for elderly people, particularly where they are required to take off shoes. In many cases, there is nowhere for them to sit down while they do that. Are you looking at improving that facility, considering our ageing population—a lot of older people travelling?

**Mr Nahyna**—It is certainly a challenge for airports, and Melbourne is no exception. The security arrangements can be quite taxing on the public. We have looked at and invested in improving customer service provisions with our security screeners, through customer service training, understanding the needs of older people and other groups making their way through the airport process—whether it is with check-ins or screenings—and other processes, and it is very

important to us. Part of our audit process is designed to make sure that, whilst we are enforcing the security standards, there is also customer service aspects of making sure people are treated appropriately. We are always looking at those things, and we will continue to do so.

**CHAIR**—I want to go back to the ASICs. Do you require a bond on the issuing of an ASIC?

**Mr Nahyna**—No, we do not. There is a payment that is made for the card.

**CHAIR**—By the employee or the employer?

**Mr Nahyna**—The employer generally.

**CHAIR**—How many of the ASICs have been reported stolen or lost or have failed to be returned when an employee has ceased work at the airport?

**Mr Nahyna**—In terms of the cards that have been lost or stolen or damaged, that sort of thing, in the last 12 months, we have had about 60. With regard to them, access is immediately ceased on those particular cards.

**CHAIR**—One of the witnesses before the committee has talked about a single card that would include a chip, which could possibly contain biometrics, attached to that card. This would help reduce identity fraud and the use of an ASIC. It would also reduce the number of cards staff need to wear around their neck, particularly if they are pilots or flight crew moving from airport to airport. Do you have a view on that?

**Mr Nahyna**—Not really, other than that one of the things coming out of Wheeler was the need to recognise new technology and look to it wherever we can to enhance our arrangements.

**CHAIR**—Have you explored biometrics at all at Melbourne Airport?

**Mr Nahyna**—No.

**CHAIR**—How tightly monitored and controlled are the various areas of the airport by people who access them with swipe cards?

**Mr Nahyna**—They are very tightly monitored and controlled. Part of the ASIC application process is the airport reviewing the access that is being sought by the individual initially, making sure that it is appropriate to their role.

**CHAIR**—At any time when somebody goes into a secure area and uses their swipe card, is there ever a check against the person's registered photo that you would hold in your database with the actual visual image coming up of the person using the access to make sure that cards have not been given to another person to gain access?

**Mr Nahyna**—We certainly do a face-to-card check at the screening points where we have got staff, yes. For instance, at our main vehicle access point, gate 35, that is manned by security staff 24/7. Part of the requirement there is to do the face-to-card check.

**Senator HOGG**—Is your organisation involved in the government's roll-out of explosive trace detectors?

**Mr Nahyna**—Yes.

**Senator HOGG**—Do you have any currently?

**Mr Nahyna**—Yes, we do.

**Senator HOGG**—What are they capable of detecting? Plastic explosives?

**Mr Nahyna**—I could only answer that question about explosives generally. I am not really sure of the detail of what they can detect.

**Senator HOGG**—All right. I understand there is some \$38 million allocated for the program roll-out, which mainly targets international operations at this stage, as we understand it. Is that your understanding of the program?

**Mr Nahyna**—We also have ETD in our domestic terminal, terminal 3, which is operated by Virgin Blue and Rex.

**Senator HOGG**—I was just curious as to the additional costs that might be associated for your organisation in the operation of that program.

**Mr Nahyna**—Certainly the purchase and replacement of ETD equipment is something that we include in our capital program, as is the case with all security equipment. Specifically, I could certainly come back to you with the cost of ETD; off the top of my head, I do not know.

**Senator HOGG**—I would like you to do so, because one of the things you mention in your submission is the cost of security upgrades, which obviously weighs very heavily on the minds of operators.

**Mr Nahyna**—It does, yes.

**Senator HOGG**—You say that there are significant financial implications for the industry. You go on to say that any additional costs for security should be borne by government. Can you give us, as the committee, an idea of what you mean by that in actual figures? I am trying to get a picture across Australia of just what the costs are that are being borne by the operators. Can you tell us, also, any costs that may well be subsidised through government programs—in other words, is it cost neutral to you? Also let us know where there is an investment by your organisation and how much of that is passed on to operators as such. If you can in any way quantify it as an amount that might be passed on to the consumer, that would be helpful as well.

**Mr Nahyna**—An example I could give is with regard to a security enhancement I spoke about briefly earlier, which is the commencement of airside staff inspection, which is something that has started over the last four or five months, where staff are inspected as they move through to the airside areas of the airport. We have commenced, as I mentioned, 24/7 checking and inspection of people who come through our main vehicle access point and then randomly at the

access points within the terminal. For instance, the commencement of that particular program would cost the airport about \$1 million a year. Moving forward with regard to airside staff inspection, our longer term plan is to reduce the number of access points between the landside and the airside, have each of those access points staffed 24/7, or as appropriate depending on operations, and also have our major vehicle access points enhanced. So you could probably multiply that million by about four times to staff and operate that. Then there is the capital expenditure on top of that to actually build a facility to enable that sort of inspection to take place.

**Senator HOGG**—So the cost there of course will either be absorbed out of your own budget or passed on to the operators, I presume—is that correct?

**Mr Nahyna**—Correct.

**Senator HOGG**—On the issue of the random inspections, you must have been reading my mind, because I have only marked a couple of points and you have done very well. Can you give us some idea of the results of those random inspections that you are undertaking? What are they showing? Are they showing defects in security? If there are breaches, how serious are the breaches and in what number?

**Mr Nahyna**—The random inspections have probably, if anything, highlighted that the culture in terms of security at the airport is very sound. Certainly bringing in the airside staff inspection is a fairly significant cultural change for staff who work at the airport. Being no longer able to go from landside to airside, as long as they have the ASIC, fairly freely is a big change to them. We have had probably a couple of situations where individuals have not had the appropriate authority to move through that particular point, but by and large I think what it has shown is that the culture is pretty sound. In terms of deficiency, whilst there have been a couple of cases, and obviously the airside staff inspection underlines those, it is pretty good.

**Senator HOGG**—My last question is a follow-on from Mr Ticehurst's question. You alluded to the issue of real security versus political security, and you have reaffirmed that in your submission this time around. It does seem to be a difficulty in terms of security. Could you just say what your experience is today?

**Mr Nahyna**—I think that, really, the sort of discussion that has taken place about aviation security over the last six months or so has obviously concerned airports greatly. From our point of view, we just felt that the discussion was probably not painting an accurate picture in terms of aviation security. Whilst we can always look at continuous improvement—we are always reviewing practices, and we are working with the regulator on current events and where things currently stand—the fact is that security at the airport is sound and we are continuing to work on it. It concerns us greatly that the picture being painted is somewhat less than that.

**CHAIR**—One of the items of discussion yesterday, particularly with Qantas, surrounded the weighing of checked bags. In Melbourne Airport, do you run all of the carousels or does Qantas own parts of the terminal? What is your terminal structure?

**Mr Nahyna**—We have three terminals and they are numbered terminal 1, terminal 2 and terminal 3. Qantas look after terminal 1, which is their domestic operation, and we look after terminal 2 international and terminal 3, which is our domestic-common user terminal.

**CHAIR**—One of the issues the committee are looking at which arose out of the Schapelle Corby matter and allegations that things were put into her bag, concerns recording the weight of each individual piece of baggage. The argument was put to the committee that the only reason they collect the weight is for loading on the aircraft, which we acknowledge is true. We got all the reasons in the world and all the excuses why it could not be done on an individual bag basis. What are the barriers to actually recording the weight of each individual bag and the check-in point at which the bag was weighed?

**Mr Nahyna**—I would probably have to come back to you in terms of the actual barriers. In terms of the issue itself, reports of bags being tampered with after check-in at the airport are nil. It is probably worth making that point.

**CHAIR**—You say it never happens?

**Mr Nahyna**—It certainly has not happened over the last couple of years.

**CHAIR**—That you are aware of?

**Mr Nahyna**—Yes, that I am aware of.

**CHAIR**—Everybody might not report tampering.

**Mr Nahyna**—I accept that.

**CHAIR**—And tampering does not always involve drugs.

**Mr Nahyna**—That is right.

**CHAIR**—Tampering is sometimes theft from a bag.

**Mr Nahyna**—Yes, I know it is. Theft was included in my comment that, to our knowledge, there have not been any reports in terms of bag tampering. Having said that, I am happy to come back to you.

**CHAIR**—Perhaps you could take it on notice and provide the committee with your views on whether it would be feasible to implement a system which would involve software change so that, when a bag is put on the check-in, the weight is recorded against the individual tag number in the system for that bag. We know that that tag number goes into the database and is used for screening when they have to call a passenger back.

**Mr Nahyna**—That is right.

**CHAIR**—The weight can be recorded against an individual bag, I believe, with probably a relatively minor software change.

**Mr Nahyna**—That may well be the case.

**CHAIR**—We would really appreciate your views on that. The second issue was raised yesterday. It involves keeping, for a period of time to be determined, all the screened bags against the tag numbers should anyone make a claim, whether it be an insurance claim or an allegation of bag tampering where things have been put into a bag. From the check-in time until they get to the screening, it is very hard for someone to tamper with the bags. We have seen that the bags pretty much go straight to the carousels, and it would be very hard for someone to tamper with them.

But if that image is then recorded and kept for a period, it can provide evidence that if there has been tampering then that tampering has occurred post the screening. Could you take that on notice? I would appreciate your thoughts in response to this committee on the issue of the availability of recording those images against that baggage tag number, and their being kept for a reasonable period, which would allow anyone to come back with an issue or a claim.

**Mr Nahyna**—Certainly.

**Ms GRIERSON**—Thank you. I am from Newcastle. Recently a passenger from my area was flying out of your airport to my airport. She had embroidery scissors in her handbag. She was stopped and asked to pass over her embroidery scissors. I think she is 67 years old. She made a comment: ‘I am not a terrorist. I am not meaning any harm. I am not going to bomb anyone.’ Therefore she was detained, and her whole luggage was searched. She was banned from travelling for 24 hours, then had to catch a train back from Melbourne to Newcastle and was a very unhappy customer. Are you aware of that incident, and do you know how that could happen? This is an unsophisticated, inexperienced traveller taking advantage of cheap airfares. I would have thought she would not have triggered a risk profile, but obviously she was unaware that those sorts of comments can attract a fine, a serious penalty.

**Mr Nahyna**—What were her comments?

**Ms GRIERSON**—She was asked about the embroidery scissors, which are small, neat, specific scissors. When she was asked to open her bags she made the comment, ‘I am not a terrorist, I am not going to bomb anyone’, thinking that she could say things like that. She was then given a very severe reproach. Certainly she will never travel that way again.

**Mr Nahyna**—I am not aware of the particular situation you are talking about.

**Ms GRIERSON**—How can that happen, especially as you do a six-month review with your security-screening staff?

**Mr Nahyna**—There are a couple of issues there. Number one is that she obviously had an item in her possession that we did not want to go through the screening process. We would stand our ground on that.

**Ms GRIERSON**—She didn’t argue on that. She was happy to have her scissors confiscated.

**Mr Nahyna**—So it really gets down to the comments. Obviously—putting that particular individual aside for a moment—flippant comments about terrorism, bombs and that sort of stuff at check-in need to be taken particularly seriously, and that is what we are doing.

**Ms GRIERSON**—Do you have signs at Melbourne Airport saying that those sorts of comments can attract a fine?

**Mr Nahyna**—Yes, we do. So it comes down to how the individual case was handled. Given the comments you have made and what you have outlined, my initial feeling is that, hopefully, the customer service training and work that we have been putting in would have come to the fore there, and the situation would have been handled appropriately. I would need to look at the case. Obviously the person is disgruntled, and that is unfortunate.

**Ms GRIERSON**—So do you think there is a heavy-handed approach, or do you think the approach is commensurate with the risk generally at Melbourne Airport?

**Mr Nahyna**—I do not believe there is a heavy-handed approach. That is not to say we do not get isolated incidents where we do not handle situations as well as we could. But certainly our aim is to implement the appropriate security rigour, and at the same time the customer service. We certainly get that balance right a lot of the time.

**Ms GRIERSON**—I'm glad it wasn't your mum and it wasn't my mum.

**Mr Nahyna**—I am not for one moment saying that the situation was handled appropriately, but I would need to have a look at that.

**Ms GRIERSON**—I will send you the details.

**Mr Nahyna**—Okay, thank you.

**Ms GRIERSON**—I notice—we have not come across it anywhere else that I am aware of—that you have instituted a very rigorous security audit program. You say that there are strict criteria that you are assessing against.

**Mr Nahyna**—Correct.

**Ms GRIERSON**—Would you be willing to make that audit program available to the committee?

**Mr Nahyna**—I would be happy to.

**Ms GRIERSON**—I think that would be very useful. You also say you have an aviation security auditor.

**Mr Nahyna**—That is right.

**Ms GRIERSON**—Do you also have an aviation security controller, as recommended by DOTARS?



**Mr Nahyna**—Yes, we have an individual responsible for aviation security.

**Ms GRIERSON**—So the audit person is separate to that person?

**Mr Nahyna**—Correct.

**Ms GRIERSON**—What is the advancement of the police commander situation at Melbourne Airport?

**Mr Nahyna**—Our understanding is that recruitment work is under way and that the various agencies are looking at selecting and appointing an airport police commander fairly shortly—over the next month or two is my understanding—and we would certainly welcome that.

**Ms GRIERSON**—And how will your law enforcement liaison group that you say is working very successfully integrate into all these different systems you have?

**Mr Nahyna**—I think it will integrate quite well. It was brought in, recognising a lot of the things that came out of the Wheeler report on the need for communication between the relevant agencies—sharing of data and those sorts of things. It has representatives of Victoria Police, Australian Federal Police, Australian Federal Police Protective Services, Customs and Australia Pacific Airports Corporation. I think that sort of group can only enhance it. I would like to think it will make the job of the proposed airport police commander a bit easier in that a lot of the communication processes are already in place.

**Ms GRIERSON**—You said that Victoria Police have had an agreement to have a police presence at your airport for some time. How long have they been providing that service?

**Mr Nahyna**—Certainly, Victoria Police have had an ad hoc presence at the airport for a long time. As I understand it, we are probably a lot better off than most in terms of a police presence at the airport. We are of the understanding that there will certainly be more police stationed at the airport over the next few months, and we are working with the police to make sure we have the accommodation and the infrastructure ready for them. We have had an ongoing, positive relationship with the state police.

**Ms GRIERSON**—Does your experience suggest that a new regime that puts a police commander in charge and that requires the APS and the Australian Federal Police to take on a community policing role will work, or does your experience with APS officers suggest it will be difficult for them to take on that role?

**Mr Nahyna**—I think the new structure can certainly work; I have no doubt about that. Had Wheeler not come out with the new policing structure, certainly the indications at Melbourne were that Victoria Police and the Federal Police would start joint operations—joint teams and those sorts of things. We were pretty positive about it already, and I suppose the arrangements that came out of the Wheeler review simply underlined it and provided a particular structure to it, which was fine by us. These sorts of things can always be improved, but we believe the foundations are there.

**Ms GRIERSON**—Do you have a similar law enforcement liaison group for Launceston Airport?

**Mr Nahyna**—Working at Melbourne specifically, I could not answer that.

**Ms GRIERSON**—In your submission you say that, should costs for aviation security measures increase, they would seriously impact on regional airports, with the suggestion that that could even lead to rationalisation of the number of airports in a place like Tasmania. Is that real?

**Mr Nahyna**—I think it is. If Launceston were to have imposed on it the sorts of security requirements that may apply to Melbourne, it would make an impact. I am not necessarily saying what the end result would exactly be, but it would have a significant impact on Launceston. The argument we are making there is for a horses for courses approach. As long as it is risk assessed and appropriate to the threat at that particular airport, that is fine. Were it not to be, it could cause Launceston some difficulties, for sure.

**Mr LAMING**—Continuing on on policing and security issues, we have just mentioned the liaison group. Is the liaison group providing you with some insights on how to establish an airport police command?

**Mr Nahyna**—I suppose the events of the Wheeler review have overtaken it. We are now in the situation of recognising that the Airport Police Commander will be appointed and that it will assist us. We are happy that, when that position has been appointed, it will fit into our communication and consultative structure. Had that appointment or initiative not been undertaken, we would have been sitting down with the parties working out how it would best work.

**Mr LAMING**—Great. With regard to rolling out the recommendations of Stevenson, talking about being more preventive and intelligence driven rather than reactive, are they areas in which you are injecting ideas and suggestions into the mix, or is it primarily going to come from this process via Wheeler?

**Mr Nahyna**—I think from the airport's perspective, we would be looking at the appropriate agencies providing us with the information with regard to threat and we would be responding appropriately.

**Mr LAMING**—Would you care to give some more views on the visit of the rapid deployment team to Launceston? Are you aware that they have visited Launceston or not?

**Mr Nahyna**—No, I am not.

**Mr LAMING**—Then I will just finish with one question. We have talked a fair bit about the costs of additional security requirements. I ask you about your potential revenues to cover those costs. What are your main streams of revenue as an airports corporation?

**Mr Nahyna**—Our revenue is predominantly made up of three revenue streams coming from aeronautical charges—that is, charges associated with aircraft with passengers and freight on

board landing at our airport. We also make revenue out of retail, which includes car parking, and property development and property management.

**Mr LAMING**—Which of those three sources are the most inelastic, meaning that you could change them with the least impact on the function on the airport or on your retail income, such as on arriving flights, the amount of transit through the airport or the number of people using either taxis or parking? How much is the rate you would be able to raise most comfortably to meet the additional costs of security?

**Mr Nahyna**—Raising revenue in each of those streams is a challenge. I am not sure any of them are comfortable.

**Mr LAMING**—For example, if you increase the taxi surcharge from \$2 to \$3 or \$4, I am not sure that that is going to have an enormous impact on the number of people taking taxis in Melbourne Airport. That is an example of quite an inelastic source of revenue in that most people are going to pay it if they have to use a taxi. Do you have a sense that your retailing income is as high as the market will bear? Do you have a sense that airlines will pull out of Melbourne if you raise your aeronautical charges?

**Mr Nahyna**—Our charging regime has been structured to try to be as competitive as we possibly can make it to encourage airlines to come to Melbourne Airport. What that balance is, in terms of whether we should put up our charges and how that impacts on individual carriers, I could not tell you. Sure, there are charges that could be increased. Obviously, the security issue means that that has the potential to happen. As for what the most inelastic source is, I do not know.

**Mr LAMING**—Thanks.

**CHAIR**—I would like to ask you some questions about your work force at the airport. Could you tell me what percentage of your work force has airside contact—in other words, contractors? In percentage terms, how many of them have airside access and how many of them have internal airport access?

**Mr Nahyna**—Are you asking how many staff would work only in the terminal in landside areas against airside areas?

**CHAIR**—Yes.

**Mr Nahyna**—Certainly most would have airside access. I will take a stab at a guess of—

**CHAIR**—Rather than taking a stab, you should take it on notice and come back to us.

**Mr Nahyna**—Okay.

**CHAIR**—How many people do you actually employ, as against the number you have as contractors to your company?

**Mr Nahyna**—Australia Pacific Airports Corporation Melbourne employs roughly 160 staff, so as an airport employer we are fairly small. Certainly the airlines such as Qantas and Virgin Blue are the major employers. We are a fairly small employer. When you consider that we alone issue 6½ thousand ASICs, of which 160 are our own staff—they are not necessarily contractors of ours, but they are employees of other companies that do business at the airport.

**CHAIR**—In the Wheeler review, there was a recommendation:

... that private security officers in the aviation industry ... be background-checked, licensed, and trained to more adequate minimum national standards and that ... there is a more comprehensive training programme for all security-related airport staff.

That was recommendation XII. Do you believe that private security officers in the aviation industry should be subject to increased background checking and training requirements?

**Mr Nahyna**—Yes. Even before Wheeler, it was one of the things that we had been looking at. Additional training for security screeners and making sure that they are continually up to speed with the requirements of the position is very important. The security regime is increasing; therefore the training needs to increase, for sure. It is something that we are looking at, and it is something that has increased.

**CHAIR**—How often do you covertly test the security arrangements at your airport?

**Mr Nahyna**—Part of our airport audit system includes covert testing, systems testing. I am just grappling for my figures here. Certainly we would do systems testing of the screening point at least once a week.

**Ms GRIERSON**—Can I just add to that. In your submission you say that you do 100 per cent inspection at access points for airside and you do daily random inspections. Is that correct?

**Mr Nahyna**—That is right. That is the actual process where we inspect the staff as they go through. Then, when we audit that process, the audit regime includes looking specifically at the procedures that the screeners are using. We do that twice a week, making sure that they follow the actual procedures. You are testing systems by trying to carry prohibited items through a point. We would do that weekly. And then there are additional audits that would include a check of training records, a check of equipment maintenance and all those sorts of things that are also done on an organised, ongoing basis.

**CHAIR**—Given that the government, through government regulations through DOTARS, holds airports and airlines accountable for the actions of their contractors and their employees, which creates a hierarchical chain of authority, how do you assure yourself that the contracted workers for the airport are being appropriately monitored for compliance with regulations?

**Mr Nahyna**—Certainly our audit process is fundamental to that. We also have agreed key performance indicators with our screening contractor that include things like adherence to the procedures, results of DOTARS audits, results of our own systems testing, threat image projection testing and that sort of thing, so we have a multilayered auditing system in terms of our screeners. It is something about which we meet with them on a monthly basis. We discuss

with them the outcomes of the previous month in terms of all those measures, and we look to improve and enhance what is actually happening at the screening point.

**CHAIR**—Another issue relating to that is: what measures do you have in place to ensure that security breaches or threats committed by contractors will be promptly passed on to your airport management?

**Mr Nahyna**—Without putting everything on our audit system—

**CHAIR**—Given that you have only 160 employees and the rest are contractors and that at the end of the day you are held responsible under the regulations, what reporting mechanisms do you have for these people to report breaches to the management of the airport?

**Mr Nahyna**—We have our airport security committee. That is a representative group of the organisations that employ staff at the airport. Whether it is the Australian Federal Police Protective Services or our own contractors such as our screeners, we have an incident reporting process where they do report to our coordination centre 24/7 on incidents that they have seen and found. In terms of our particular screeners themselves, things like the law enforcement liaison group and our relationship with Customs which also manage their areas of the terminal, there are mechanisms in place there where Customs would report to us if our particular screening contractors were doing the wrong thing. So there are a range of measures in place for that.

**Senator NASH**—I apologise for my delay and I apologise also if this has been covered—do stop me. We have had some discussions on air cargo, and certainly the Wheeler review has recommended that the screening of cargo be expanded; that, on those passenger aircraft where the checked baggage is screened, cargo should also be screened. What is APAC's view on that?

**Mr Nahyna**—Most of our cargo is transported on passenger aircraft. So the observation of Wheeler is sound in that regard. Our view would be to agree with that but also to recognise the impact it would have on the cargo industry. We need to sit down with them and work through processes and systems to implement that particular requirement as effectively as we can.

**Senator NASH**—In your view, is there a significant risk of having the current environment where that cargo is not screened?

**Mr Nahyna**—There are random screening processes in place in regard to cargo—

**Senator NASH**—But it is not 100 per cent mandatory.

**Mr Nahyna**—so it is enhancing that. Obviously, anything less than 100 per cent poses a risk. It is a case of managing that risk. In this particular case, Wheeler has come out and said, 'Freight on aircraft where passenger baggage is screened should also be screened.'

**Senator NASH**—Had you had discussions with the freight companies about this prior to Wheeler put his view forward?

**Mr Nahyna**—Only general discussions on ways to enhance security—that sort of thing.

**Senator HOGG**—Is it possible that in this area the airports will become overregulated to the extent that people will lose touch with what is actually going on? Yesterday, we had a group before us, and all they seem to do is attend committee meetings and apparently, from my perspective, do not necessarily spend as much time at the coalface as they previously did. Is that something that is likely to happen; that we become so bound with regulation that we lose sight of the objective of actually delivering a secure environment because we are too busy dotting the i's and crossing the t's?

**Mr Nahyna**—There certainly is the potential for that. One of the reasons we made some of the comments in our submission, about where we felt aviation security in Australia was, probably related to that. We need to be careful that we do not go too far.

The transport security programs that airports are currently working on under the new regulatory environment, looking at things like threat and risk assessment, are measures that will hopefully guard against that. The consultative processes nationally that are in place—and we are part of a number of different consultative forums with the department—will also assist in ensuring that regulations do not go too far. As an airport operator we are happy to have our say where we think it is at. It is that sort of consultative environment that will hopefully guard against that.

**Ms GRIERSON**—I want to clarify something from earlier. Did you say you had an airport security controller specifically? I am referring to an announcement from the government on 7 June that it would appoint an Australian government airport security controller at every major airport, one of which of course is Melbourne. It said they would be senior Australian Federal Police officers and would coordinate the work of all the Australian government law enforcement and border control activities at each airport. Has that happened? Is that the sort of person you have or do you have your own manager?

**Mr Nahyna**—Sorry, I misinterpreted your question earlier. Previously I was talking about our individual airport security manager within our own company who reports to me. My understanding is that the airport security controller position has been overtaken by the airport police commander.

**Ms GRIERSON**—We are not sure either. Neither are you, are you?

**Mr Nahyna**—Other than saying that was my understanding. That is why I misinterpreted your question.

**Ms GRIERSON**—I am not sure either. You are thinking that that has been waived and that person would now be the airport police commander?

**Mr Nahyna**—Correct.

**Ms GRIERSON**—All right. We will both find out.

**Mr Nahyna**—Yes, we will.

**Ms GRIERSON**—You said in your submission that threat image projection has been introduced for the screening of baggage. We have seen at some airports the sort of imaging that comes up when baggage comes through. Is it standard? Is that the sort of thing you have?

**Mr Nahyna**—I am not sure how standard it is, to be honest with you. I know we have a fairly robust system that regularly projects images, and we are using it as a fairly significant management training tool for our screeners. I would have to come back to you on the system we use compared to other airports.

**Ms GRIERSON**—Is it looking for explosives or is it looking at the shapes of objects?

**Mr Nahyna**—It is looking at prohibited items that the screener should be picking up in their role. Threat image projection implants the image into the picture that the screener is seeing. We are measuring their success in picking that up.

**Ms GRIERSON**—Is it a random process?

**Mr Nahyna**—Correct.

**Ms GRIERSON**—That is luggage coming in from overseas, I assume?

**Mr Nahyna**—It is baggage going through the bag system after check-in.

**Ms GRIERSON**—Is it domestic as well as international?

**Mr Nahyna**—Yes.

**Ms GRIERSON**—I would assume that at Launceston there would be no baggage screening—there would be passenger screening but no baggage screening at all because it is not an international airport?

**Mr Nahyna**—They have DOTARS approved checked bag screening arrangements at Launceston.

**Ms GRIERSON**—What if that was introduced at regional airports? What would be the cost burden in that sort of airport?

**Mr Nahyna**—Significant—millions of dollars. There is the equipment and operating the equipment; it is a significant cost.

**Ms GRIERSON**—What is the throughput of Launceston compared to Hobart?

**Mr Nahyna**—Launceston last financial year had about 820,000 passengers. Hobart is a bit more than that, but I do not know.

**Ms GRIERSON**—So, if the screening of domestic baggage to come in in 2007 were extended to airports like Launceston, you think that airport managers and owners would find that very difficult?

**Mr Nahyna**—Certainly. Yes, they would.

**Mr LAMING**—Continuing on from that, can I ask you to take on notice the possibility of providing us the TIPS reports, since you have initiated the TIPS process? That would obviously show the frequency of those evaluations, the sensitivity of the operators and whether there has been any improvement over the period you have been using TIPS?

**Mr Nahyna**—Certainly.

**Mr LAMING**—Thank you.

**Ms GRIERSON**—I think in your submission you identified that control of movement airside had been a significant gain. Controlling who comes and goes had been one of the most significant areas of managing security threat. Is that the most significant? If you were to give me four significant achievements at Melbourne Airport regarding aviation security, what would they be?

**Mr Nahyna**—I would put the airside staff inspection process in the top four. It is a significant enhancement. Hand in hand with that, we have had a considerable reduction in the amount of staff access points between landside and the airside and the introduction of a security audit program. Things like bringing in checked bag screening, for instance, is obviously a significant enhancement and some of the consultative arrangements and working with law enforcement to get the partnerships and the communication going. So there have been some issues of technology, communications and human factors.

**Ms GRIERSON**—I am pleased to hear you say that coordination has improved. I was impressed in your submission where you said that overreliance on technology was perhaps a little dangerous in that it was the people processes that can often achieve the most.

**Mr Nahyna**—Absolutely. That has been a major focus of ours.

**CHAIR**—The physical footprint of Tullamarine is a fairly large airport. Do you have general aviation at your airport?

**Mr Nahyna**—We do not have a lot of general aviation.

**CHAIR**—It goes to Essendon.

**Mr Nahyna**—Primarily Essendon and Moorabbin.

**CHAIR**—So how many movements a year in general aviation would you have?

**Mr Nahyna**—I would probably have to take that on notice as well—very few.



**CHAIR**—I will leave it at that.

**Ms GRIERSON**—With respect to the incident I raised with you earlier regarding that passenger, apparently she was fully interrogated about her life, who she was and all those sorts of things. Is that standard practice?

**Mr Nahyna**—Standard practice depending on the circumstances. It would sound like standard practice if it was considered by the people involved to be a serious security issue.

**Ms GRIERSON**—I will send that through to you. Thank you.

**CHAIR**—Thank you very much for coming along today and providing evidence to the committee. You have a range of questions that have been put to you on notice. The secretariat will follow that up with a letter so that you are clear about what is required by the committee. Thank you again for appearing before our committee today.

**Mr Nahyna**—It was a pleasure.

[10.37 am]

**ANDERSON, Mr Timothy Robert, General Manager, Avalon Airport Australia Pty Ltd and Essendon Airport Pty Ltd**

**CHAIR**—Welcome. In case you were not present at the beginning, 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 attract parliamentary privilege. Do you wish to provide the committee with a brief opening statement before we proceed to questions?

**Mr Anderson**—Yes, if I could.

**CHAIR**—Please proceed.

**Mr Anderson**—Thank you for the opportunity to speak today in my capacity as General Manager of Avalon and Essendon airports. I would like to summarise my written submission of 30 June of this year and make a few additional comments. On balance, I consider that the Department of Transport and Regional Services have taken a very positive and proactive stance in relation to airport security in the past 18 months. Throughout this year, especially at our Essendon airport facility, the department has assisted in meeting the requirements of the new Aviation Transport Security Act 2004 and its 2005 regulations. We have appreciated the department's counsel in developing our transport security plan and the risk assessment process. The department's recent conference as part of our Securing Our Regional Skies program for new entrance airports like Essendon was very successful. This initiative will see, for example, a series of security exercises conducted at various airports over the next four years.

We are also extremely supportive of the government's regional airport funding program. Our Avalon airport facility did not meet the criteria for this funding, but our Essendon airport did. Following our funding application, I was very pleased that on 12 October 2005 Minister Truss advised that Essendon Airport would receive \$1,911,000 of funding for a new range of security measures. This will include nearly five kilometres of fencing, an extensive closed-circuit TV—CCTV—network, new lighting and access gates. For an airport like Essendon, just 12 kilometres from the city in a residential area, this is a tremendously important security initiative. On completion of these works, which we anticipate to be in about February next year prior to the Commonwealth Games, I am very confident that Essendon will become the most secure corporate and general aviation airport in Australia.

The department has been very supportive of our Avalon Airport operations as well. You may be aware that on 1 June last year Jetstar commenced flight services through Avalon Airport. It was the first time a secondary airport servicing a capital city has done that in Australia's history. Very soon, after nearly 18 months, we will pass our 800,000th passenger movement through the facility.

It is about Avalon Airport security that I wish to make specific comment. The main aspect that I wish to impress upon the committee is that regional airports—or non-CTFR airports such as Avalon—work very well presently under the TSP risk assessment basis. I have been concerned, and there was some inference of this when I wrote my submission, about a return to a generic one-size-fits-all approach for airports. Specifically, in my submission of 30 June 2005, I mentioned some of the homogenous proposals that were being considered at the time such as mandatory airport perimeter fencing. Having said that, more recently I was very encouraged with the Sir John Wheeler report, which states that it is clear a one-size-fits-all policy imposing airport security at disparate airports is inappropriate. He notes that perimeter fences and the like are merely static barriers and need patrolling, lighting and alarms if they are to be truly effective. I certainly support that view, and I feel that it is not warranted in Avalon's case.

I would like to add that in recent months, in some sections of the media, it could be interpreted that security at secondary airports like Avalon is at best average. I feel that this view is entirely incorrect based on my personal knowledge. In fact, I am of the view that in Avalon's case its security almost equals and perhaps surpasses that of some of the major capital city airports in Australia. It is worth bearing in mind that airports like Avalon only undertake about seven aircraft movements a day. Each departing aircraft has, on average, 150 passengers, and for those 150 passengers there are five security guards in place. That is a ratio of one for every 30 departing passengers.

Properties like Avalon only have terminals of less than 1,000 square metres, so they are very easy to monitor. They do not have the vast infrastructure or the tens of thousands of passenger movements that occur at facilities like Tullamarine Airport. Therefore, I am sure a study of the relative security arrangements between many secondary airports and capital city airports will, in most cases, be found very reassuring.

For regional airports like Avalon, it is item e of the committee's terms of reference—that is, the cost imposts of security at regional airports—that is the most important and pressing issue. Trying to make regional airports commercially viable is an incredibly hard challenge. Regional airports are not monopolies like their capital city counterparts; they have to fight hard for business and even harder still to maintain it. Therefore, security policies which add high costs to secondary airports are causing grave anxiety across the industry. Smaller airports simply do not have the economies of scale to withstand these added charges and can rarely claim additional income from airlines to defray these imposts.

Over time the high security charges will see a considerable deterioration in the viability of many regional airports. For example, I have been bemused this year to hear of people advocating for full passenger screening at very small regional airports such as Portland in Victoria, but I have been very pleased that the department has calmly dealt with these proposals in analytical rather than alarmist terms, and I hope that approach continues.

However, I should say that, whilst I am strongly supportive of the government's regional airport funding program, which assisted Essendon airport, I was disappointed that the program was not open to other airports like Avalon, Mildura, Broome and many others. Unfortunately, airports like Avalon did not comply with the program's criteria and were unable to apply for funding. I feel this was an oversight. The broad perception is that perhaps many of these RPT

airports are making a lot of money and can afford it, and I feel that that is certainly not the case for regional airports.

I think that Avalon was penalised somewhat by being excluded from the funding process simply because we had commenced our Jetstar flights. In other words, if we had not commenced Jetstar at Avalon only 12 months beforehand, we would have been able to apply for this funding, which seems inconsistent. However, on balance, and notwithstanding that last comment, I feel that great advances have been made by the department in airport security in the past 18 months, but the key message I wish to leave with the committee today is to keep the approach of the risk based analysis for security at secondary airports in particular—that is, to not adapt a one-size-fits-all approach for secondary airports—and also to be mindful of the costs of security at smaller airports.

**CHAIR**—For the benefit of members of the committee, could you explain the sorts of aircraft you have and aircraft movements that you conduct at Avalon?

**Mr Anderson**—Yes. The airport was sold by the Commonwealth back in 1997. Today there are approximately 1,000 employees, predominantly Qantas employees, servicing 747 aircraft each year. That is the largest aircraft that we have. Although those aircraft certainly do not carry passengers, about 150 of those land each year for maintenance purposes. Our predominant aircraft is the A320 aircraft, which Jetstar presently flies with maximum capacity of 177 passengers. We undertake a certain amount of pilot training with Qantas with 767 aircraft and occasionally 747 aircraft.

**CHAIR**—Do you have much general aviation coming in and out of Avalon?

**Mr Anderson**—A very small amount that probably constitutes less than five per cent.

**CHAIR**—And the role of Essendon Airport?

**Mr Anderson**—Essendon Airport is at the other end of that scale. It is predominantly a general aviation airport. We undertake approximately 60,000 aircraft movements there each year. On balance, we would have up to about 10 corporate jet flights each week. The regulations prohibit aircraft in excess of 45,000 kilograms landing there, so a Global Express aircraft is about the largest one that we would put through the facility. By and large, the high proportion of our operations is with lighter aircraft of about two or three tonnes.

**CHAIR**—Are you doing freight out of both airports?

**Mr Anderson**—At Avalon, we take about 15 747s each year for freight predominantly for the major events, such as the Formula One Grand Prix in Melbourne or the motorcycles down at Phillip Island. At Essendon Airport, there are many more freight movements. There are a number of operators there that provide regular daily flights into regional Victoria for money, medicines, the Royal Flying Doctor Service, newspapers—those sorts of activities. There is a much higher volume of freight out of Essendon Airport.

**CHAIR**—How many ASICs would you distribute at Avalon?

**Mr Anderson**—With our own staff, we would distribute probably about 40, plus Qantas is presently going through the process of issuing ASICs for all of their staff down there.

**CHAIR**—So Qantas provides its own ASICs for its staff and you provide them for yours. And at Essendon?

**Mr Anderson**—We are going through that process at Essendon at the moment. With our own staff, it will be fewer than 20.

**CHAIR**—From memory, Avalon is a former RAAF base, isn't it?

**Mr Anderson**—That is correct.

**Senator NASH**—I am particularly interested in the impact you talk about on regional airports from the cost impost of the changes. How do you see that being solved? Are you looking at it purely in terms of not going any further? Are there current applications in place that you think are unnecessary? How do we solve the problem of balancing out risk and having suitable security arrangements in place with the impact it has on regional airports and regional communities?

**Mr Anderson**—I thought the initiative for the funding was an excellent Commonwealth initiative. I am simply more of the view that a number of other airports should have been able to apply for that funding, such as Mildura, Avalon or Broome—airports that are undertaking, say, 350,000 passenger movements per year; so significant in their own right but not nearly comparable to the big capital city airports. I think that it is interesting that funding was provided to airports. I am not critical of that but, in perspective, that funding was provided to airports such as Mount Isa—airports that I believe would comprise a smaller risk compared to airports such as Mildura, Avalon, Broome or perhaps Maroochydore. I am of the view that, if funding is to be granted to airports within Australia, it probably should be on a broader basis and the secondary airports should be able to apply for that funding.

**CHAIR**—Are Essendon and Avalon the only two airports that Linfox own in Australia?

**Mr Anderson**—Yes.

**Ms GRIERSON**—What do you think were the main criteria for Securing our Regional Skies funding?

**Mr Anderson**—The criteria were for new entrant airports. All of the older airports had to then comply to the new Aviation Transport Security Act; otherwise, airports that were not categorised airports before that act commenced.

**Ms GRIERSON**—So, in a way, ones that had already done some measures were almost punished for doing so, because they were excluded.

**Mr Anderson**—Yes, I think so.

**Senator NASH**—This may seem a fairly simple and straightforward question, but in your view what makes regional airports less risk than major airports?

**Mr Anderson**—I am not asserting that they have less risk.

**Senator NASH**—We have had some argument that the security arrangements in place should balance out with the risk assessment, and I think there is a general view that there is less risk at regional airports than there is at the major airports. I am interested in your view of why there is less risk at regional airports.

**Mr Anderson**—I think it gets back to the density of aircraft operations. If you went out to Tullamarine Airport at eight o'clock this morning there would probably have been—I am just guessing—20 or 30 aircraft on the ground. They average 78,000 passenger movements each day. It is easy to get lost in that maelstrom of activity. With terrorist or security breaches, it is obviously easier to be lost in a crowd. If you compare that to Avalon Airport at eight o'clock this morning, there would have been one aircraft on the ground with a maximum of 177 passengers, four or five baggage handlers and one refueller out in the operational area. So it is very easy to identify any inappropriate activities going on within those areas. That is why I think there is less risk at those airports.

**Senator NASH**—So the sheer economy of scale provides greater opportunity for that kind of behaviour.

**Mr Anderson**—I think so, yes.

**CHAIR**—On the issue of the size of your airport, given that you are running jets with that size passenger movement, are your checked bags screened?

**Mr Anderson**—No.

**CHAIR**—When do you have to come online with checked bag screening?

**Mr Anderson**—I think that, under section 4.29 of the act, we do not—at least under that provision at the moment. I do not speak for Qantas but I am privy to some of the discussions—so I do not say this with great emphasis—and it is their intention to do checked baggage screening at Avalon within the next year or two, as I understand it. But there is no statutory provision for Avalon to do that.

**CHAIR**—If you run an A320 out of Tullamarine and all of the checked bags are screened and if you run that same aircraft out of Avalon going to the same destination and they are not, there is a disparity in the requirements.

**Mr Anderson**—We have already modelled our buildings to put in the checked bag screening requirements, so it will occur. I am confident that will be the case.

**CHAIR**—Is there trace detection on all checked bags?

**Mr Anderson**—Yes. And it has the full passenger screening, metal detection and dust down for explosives.

**CHAIR**—So it is only X-ray facilities that you do not have in position.

**Mr Anderson**—Yes. I might add that is a huge cost impost on regional airports.

**CHAIR**—I would say that it costs no more or no less to put one online at Avalon as it does at Tullamarine. It is only the number of them that you require, but you would not have the throughput to atomise the costs.

**Mr Anderson**—Exactly. It is the economies of scale.

**Mr TICEHURST**—On the checked bag screening issue, you were saying that you now use trace detection on the bags at Avalon. When those jets then go into Sydney is there any further checks on the bags? If they go up to one of those normal aerobridges, the people would just head straight into the terminal, wouldn't they?

**Mr Anderson**—I do not know their arrangements, but I understand that would be the case. As I understand it, there are 11 airports in Australia that do checked baggage screening.

**Mr TICEHURST**—Whereas with other smaller aircraft, say, Dash 8s and the like, if they arrive in Sydney, generally there is a checked screen going into the airport. I think the bags are actually screened. So would the Jetstar bags be screened at Sydney?

**Mr Anderson**—I will have to take that on notice. I suspect, yes, but I could not confirm that.

**Mr TICEHURST**—I guess if they are in transit they would be screened as part of the process.

**Mr Anderson**—Jetstar do not stop in transit. It is point-to-point travel, so travellers would pick their bags up. If you are going somewhere else from a Jetstar flight, you have to rebook in.

**Mr TICEHURST**—I have not travelled on them, so I was not sure. In your submission you make the comment that excessive outlays on security have 'no financial return or benefit'. I guess that security can be a perception rather than a benefit as such.

**Mr Anderson**—I think I made that comment especially in relation to the mooted proposal mid-year to have properties like Avalon Airport fenced. Avalon is a property of 4½ thousand acres with a boundary probably in excess of 20 or 25 kilometres. The furthest boundary from the passenger terminal would be approximately four kilometres away. So our emphasis on security with our RPT operations very strongly focuses on fencing the terminal, lighting the terminal and screening passengers. The issue is, and a similar issue was addressed in the Wheeler report, that spending many millions of dollars on fencing four kilometres away is unnecessary. I made that comment in that respect.

**Mr TICEHURST**—Have you got closed-circuit TV around the terminal area?

**Mr Anderson**—Yes, we have. It has proved very effective, I must say, particularly in regard to theft of small items and those sorts of activities. It has been terrific.

**Mr TICEHURST**—How long do you keep those records?

**Mr Anderson**—I think it is 30 days. We are about to put in a very significant CCTV network at Essendon as well with about 40 cameras. That storage can go on for many months.

**Mr TICEHURST**—So do your cameras actually look out across the tarmac itself? Have they got that range?

**Mr Anderson**—It is predominantly in our baggage areas in our terminal areas. There are three additional cameras being put in actually at the moment in our bus drop-off areas and out the front of the car park.

**Mr TICEHURST**—I think you said that at Avalon the cargo was more a secondary activity rather than general freight.

**Mr Anderson**—Yes. We see that opportunity in the next 10 or 15 years in particular. Our owner, Lindsay Fox, is very passionate about the concept of exporting perishable produce from Avalon into Asia. It is something that we are chipping away at. It is our hardest endeavour. I think it will occur. But at the moment we are doing about 30 747 movements a year on charter freight big event activities.

**Mr TICEHURST**—How long does it take passengers to get from Avalon into Melbourne?

**Mr Anderson**—We have a bus connecting each flight that takes about 40 minutes into Flinders Street.

**CHAIR**—That is less time than from Tullamarine.

**Mr TICEHURST**—That is a lot quicker.

**Mr Anderson**—We like to think so.

**Mr TICEHURST**—That is good.

**Senator HOGG**—A question in regard to international operations. Is there any intention to try to attract international operators to your operation at Avalon?

**Mr Anderson**—With passenger flights?

**Senator HOGG**—Yes.

**Mr Anderson**—Yes, there is.



**Senator HOGG**—If so, will that affect the security arrangements that you need to have in place, and what sort of costs are involved there?

**Mr Anderson**—It is certainly our view—not in the next two or three years, but, I suspect, in years five to 10—that we would like to undertake international passenger movements. Then one does open up, though, the whole array of ICAO standards for security. Under that convention alone we may well be forced to fence our airport, for example. That in itself could be many millions of dollars. Checked bag screenage would obviously have to occur under those circumstances, but that would be in by that time anyway. So it is not prohibitively expensive, I would suspect. Probably in the order of \$5 million in security upgrades would be required for international flights. We have enormous opportunity to expand in the domestic market at the moment. We would like to reach 1.5 million passengers a year within the next two years through the facility. So our emphasis has been predominantly on domestic activity.

**CHAIR**—But you only have Jetstar flying into Avalon?

**Mr Anderson**—Yes.

**Ms GRIERSON**—I am interested in your assessment of the risk because there do seem to be some anomalies in securing our regional skies funding. Have you done your own risk assessment or rating of some kind for Avalon and Essendon?

**Mr Anderson**—Absolutely. At Essendon we have done very in-depth risk assessment in accordance with the Australian standards, which was submitted as part of the funding criteria and program.

**Ms GRIERSON**—Did you apply the same then to using that rigorous process to Avalon?

**Mr Anderson**—Yes. Under the new act we have until March 2006 to submit that—

**Ms GRIERSON**—It is the review that everyone has to do.

**Mr Anderson**—Yes. Presently we are a category 3 airport under the old act. By March 2007 we will have our TSP in accordance with the new act. So we are in the very process of undertaking that risk assessment at the moment.

**Ms GRIERSON**—Given the size of the jets that come into Avalon plus your passenger movements, which are building, if they are the criteria—which they were in the past—you would have thought that just the size of the jets alone would have upped Avalon's risk rating. Am I naïve in thinking that, even though the movements are small?

**Mr Anderson**—As I mentioned before, my feeling is that it gets back to density of activity. That is where the true risk comes from. If you take our schedule at the moment, there is one flight at eight o'clock in the morning, one flight at about 10; then the next aircraft is not until three, and then five and seven and eight. So it is that vast spread of activity which diminishes the risk, I feel.

**Ms GRIERSON**—Obviously you are seen as an overload airport. What is planned for the Games? Is Avalon planned to have any involvement in the anticipated increased traffic?

**Mr Anderson**—Yes.

**Ms GRIERSON**—Can you tell us something about that?

**Mr Anderson**—There are two parts of that answer. We are presently in discussions with Jetstar about their scheduling requirements in the lead-up to the Games. That is their decision, of course, but I feel that they well may put some additional capacity into Melbourne at that time. I think that Avalon, and also Essendon, will have a role in facilitating international corporate jet movements in particular. And certainly both airports, but particularly Essendon, will see a big increase in smaller aircraft traffic coming from interstate.

**Ms GRIERSON**—Have you had any security briefings or have you been involved in any security briefings on aviation security for the Games period?

**Mr Anderson**—Yes, we have. We have had some discussions—

**Ms GRIERSON**—Who with?

**Mr Anderson**—It has also been driven by our operations manager, who has had close contact with the department.

**Ms GRIERSON**—He has initiated those himself?

**Mr Anderson**—Yes. Initially we thought it was a bit slow, I hasten to add, but in more recent times we have started to ramp up our discussions in relation to security.

**Ms GRIERSON**—At a state and federal level?

**Mr Anderson**—At federal level.

**Ms GRIERSON**—With DOTARS. Have you had formal discussions with the Department of Transport and Regional Services regarding aviation security needs during that period?

**Mr Anderson**—Emerging all the time; we have commenced that process. I think it will start to progress a bit quicker now.

**Ms GRIERSON**—How do you access intelligence about aviation security for Essendon and Avalon?

**Mr Anderson**—In the last two years, I have had a number of briefings with the Victorian government's counterterrorism response unit and certainly briefings from the Victorian government's Department of Infrastructure—the department of transport. Periodically I have had briefings by ASIO, so I feel that I am quite up to speed.

**Ms GRIERSON**—So you feel that there is a reliable process to keep you informed?

**Mr Anderson**—Yes, I do. Also, under the more recent Securing our Regional Skies program, I am starting to feel that the real bonds of relationship between the Victoria Police and both of our airports are strengthening all the time. I should also add that on occasions when I am in Canberra I will personally meet with Andrew Tongue and some of the heads of the department of transport security.

**Ms GRIERSON**—As long as he is not too busy with DIMIA.

**Mr Anderson**—Or, I should say, the new person—

**Senator HOGG**—Do you have Federal Police officers on your site?

**Mr Anderson**—No, we do not.

**Ms GRIERSON**—Have the regional rapid deployment group ever operated at or contacted you at either of your airports?

**Mr Anderson**—Yes, they particularly do at Essendon airport.

**Ms GRIERSON**—What do they do?

**Mr Anderson**—They will go around the apron areas—

**Ms GRIERSON**—Occasionally they will arrive and do some responding?

**Mr Anderson**—Yes.

**Ms GRIERSON**—Being proactive, I would have thought, rather than responding.

**Mr Anderson**—Yes; not responding in that fashion but checking that aircraft are locked—those sorts of activities.

**Ms GRIERSON**—Announced or unannounced?

**Mr Anderson**—Generally to us announced; to the aircraft operators, definitely unannounced.

**Ms GRIERSON**—Do you think that any of the operators or any of the personnel involved relax their attitudes because they are at a smaller airport or a less busy airport in the way they carry out their security duties?

**Mr Anderson**—I have quite a strong view on that matter in that it somewhat disappoints me that enormous focus, which I am pleased about, on airport security is addressed at places like Essendon and Avalon whereas one can travel to the outer areas of Melbourne or Lilydale—those sorts of small airfields—where it is an extremely laissez faire security environment. I think that that is the biggest hole or the loose bit of the chain. For example, if one wanted to take a small

aircraft at Essendon airport, it would be very hard to do so whereas there are probably 90 airports in Victoria where one could simply arrive probably as early as eight o'clock and there would not be anybody around. So I think that that is a concern.

**Ms GRIERSON**—Is the \$1.9 million you did receive for Essendon going to cover everything or will you still be expending additional moneys?

**Mr Anderson**—We will always review the process. I feel that it will go a very long way and it is unlikely that any additional expenditure will be required. Having said that, we are looking at some smaller upgrades for computerised access gates, but that would be less than \$20,000. So I feel that the \$1.9 million will well and truly position the airport in a tight security environment. We have had a lot of media pressure in particular at Essendon over the last two years, so I am confident that that will diminish as well now.

**Ms GRIERSON**—Do you do your own recruiting of all staff at Avalon?

**Mr Anderson**—Yes, we do.

**Ms GRIERSON**—So you do not use a contractor or recruitment agency to do it or anything like that?

**Mr Anderson**—I would have to say we have a mixture. It depends on the position. Often we would do it directly. One of the benefits now of recruiting, which we always did anyway, is that personnel require an ASI card, and obviously Federal Police approval is part of that process.

**Ms GRIERSON**—Most witnesses that are giving evidence to us support the Wheeler recommendation that it be centralised and managed through the Attorney-General's Department as the standard. I congratulate you guys on the way you handled the Avalon air show. It was an amazing feat with all those people suddenly arriving. It seems to always go very smoothly.

**Mr Anderson**—Thank you.

**Mr LAMING**—I want to ask a difficult question about security assessment at your airports. Are you aware of the term 'red teaming'? It is where you take the position of your adversary or, in the case of terrorist activity, you take the position or the thinking of someone who is trying to carry out a terrorist act in order to better understand their approach. If someone was wanting to plan something that was highly disruptive—and of course the most feared outcome is that a person boards an aircraft with an explosive device or gets one in their luggage, because that is the hardest event to avoid—red teaming would demand that they would probably look for an airport where there were no Federal Police officers rather than one where there were.

**Mr Anderson**—That is probably a correct assumption, yes.

**Mr LAMING**—They would also be looking for an airport where the carriers are large. If the largest flight carried 20 people compared with a flight that carried, say, 180 and you were looking to strike at national confidence and confidence in the airways, would you choose an airport where there were large flights over one where there were very small ones? I am making an assessment of regional airports here. Is that a logical assessment?

**Mr Anderson**—So if one had all of the regional airports lined up—

**Mr LAMING**—That is right.

**Mr Anderson**—would you choose—

**Mr LAMING**—To strike at a large flight rather than a small one, all things being equal?

**CHAIR**—That is a million-dollar question.

**Mr Anderson**—Yes, it is. It is a difficult question.

**Ms GRIERSON**—We must put ourselves in their shoes.

**Mr LAMING**—I will keep going. Would you prefer to strike at an unknown carrier or one that carried with it national confidence and an international perspective, such as a carrier that was well known internationally?

**Mr Anderson**—I would suspect you would prefer a well-known carrier.

**Mr LAMING**—Would you prefer to strike at one that was purely carrying Australian citizens domestically, transiting between two points within Australia, or would you see some value in striking at carriers of tourists, of overseas visitors?

**Mr Anderson**—Overseas visitors.

**Mr LAMING**—Would it be more likely that you would strike at a budget carrier where you were more likely to have a large number of people from a number of countries travelling on board?

**Mr Anderson**—Yes, but our statistics would not indicate that would be the case.

**Mr LAMING**—They are exceedingly rare. I asked that series of questions to say that, if you are thinking in that way, surely you could make a very strong claim that you perhaps have some of the highest risk profiles. Would it not be appropriate to be thinking in those terms—that some of our regional airports are at very high risk of the very thing we are trying to stop, which is a strike that strikes at the heart of confidence in travelling within Australia and the international perspective that Australia is a safe location for business and for tourism?

**Mr Anderson**—I suppose my answer to that is that that is why I feel that the regional airports like Avalon should have been part of the funding process to perhaps make some inroads into checked bag screening, at least at some of the larger regionals like Avalon.

**Mr LAMING**—That is the last link in the chain—that at this point there is no X-ray screening of checked-in baggage at your airport, which again, if you are red teaming, would make that a more attractive proposition than one where there is.

**Mr Anderson**—At our airport and at many other airports like Avalon, I hasten to add.

**Mr LAMING**—That is right. Completing the picture of those six or seven components that someone could be putting together—hopefully not, but someone may—can you see that all of those point towards an airport such as yours?

**Mr Anderson**—In certain circumstances I can. I know exactly the train of thought. I do not necessarily disagree with it. I think the basic question is: is funding, as you say, that the Commonwealth has granted at many far afield airports such as Mount Isa and airports that I have never even heard of better used to address the exact statement that you made then? I feel that the answer is overwhelmingly yes. It is unusual to me that the Commonwealth would provide funding to some far afield airports and then overlook places like Mildura, for example.

**CHAIR**—You stated earlier that you take internationals at the moment—the 747s—when they arrive with Grand Prix cars or with the bikes. Are they passenger carrying as well as freight?

**Mr Anderson**—No. They would generally have four people on board.

**CHAIR**—I was going to ask, if they were a mixture of freight and people, how you do the compulsory 100 per cent checked bag screening at the airport.

**Senator HOGG**—Do you get flights, whether they be domestic or international, diverted at times of difficulties to Avalon? If so, how does that change your risk profile and how do you respond to it?

**Mr Anderson**—We are designated as a fair-weather alternate airport for international flights, although it has never occurred. We are generally acknowledged to be an airport loosely termed ‘a fuel and go’, so the aircraft would land at the airport, refuel and then head back to Tullamarine. If not, it would probably fly back to Sydney or Adelaide. Under extreme circumstances, I think the passengers would be disembarked on an international flight. In any event, if that were to occur we would have to wait an hour or two until all the Customs people came down from Tullamarine to check those people in.

**Senator HOGG**—Does that cause you, because you are on stand by, if I can use those words, to change the way in which you approach security at your airport?

**Mr Anderson**—No. I feel that that would fit into arrangements no different from our domestic flight activity at the present time.

**Senator HOGG**—Let us just say for some reason that Tullamarine is fogbound. Your airport at Avalon is an alternative for planes to touch down, but they would not in any way have passengers come off the aircraft; they would refuel and then take off?

**Mr Anderson**—That is most likely. Having said that, we are a fair-weather alternative, so if Tullamarine is fogged in the aircraft operators would generally divert into Adelaide or Sydney. They are flying approximately en route from Singapore, so they know the environment and it is extremely unlikely that would occur.

**Senator HOGG**—But domestic?

**Mr Anderson**—Domestic—it occurs probably four or five times a year, particularly for aircraft coming up from Tasmania. They would just divert in. Generally, they wait for 30 minutes, get refuelled and then fly on to Tullamarine.

**Ms GRIERSON**—What is the longest, say, Jetstar or others would sit on the tarmac at Avalon?

**Mr Anderson**—Twenty-five minutes is the turnaround.

**Ms GRIERSON**—So there is no overnighing; they do not park anything there?

**Mr Anderson**—No.

**Ms GRIERSON**—There is no maintenance or anything there, is there?

**Mr Anderson**—That is right. All the originating flights are out of Sydney at 6 am.

**CHAIR**—You take 100 per cent of the Jetstar flights into Victoria?

**Mr Anderson**—No. That is a common misconception. I am pleased that people have that view, but we have about one-third. Avalon flies Jetstar into the capital cities—Adelaide, Sydney and Brisbane and hopefully a few more into the future—which is why I think there is that perception, but out of Tullamarine Jetstar flies to many places like Coolangatta, Cairns, Townsville and Hobart.

**CHAIR**—Does Newcastle fly Jetstar to Avalon?

**Ms GRIERSON**—No, I do not think Newcastle flies Jetstar to Avalon; I think it goes to Melbourne direct.

**Mr Anderson**—We have just the three cities at the moment.

**CHAIR**—I thank you for appearing before the committee today. I think there are some items that you have taken on notice. The committee secretariat will write to you specifying what those items are, and we look forward to your response to that. Again, thank you for appearing before the committee today.

**Proceedings suspended from 11.19 am to 12.31 pm**

**BLAMPIED, Mr Dale Anthony, Manager, Albury Services, Albury City Council (Albury Airport)**

**FERRIS, Mr Bradley Lewis, Civil Services Team Leader, Albury City Council (Albury Airport)**

**CHAIR**—I welcome the representatives from Albury City Council to today's 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 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 an opening statement before we proceed to questions?

**Mr Blampied**—If I may. When we made our submission there were a number of factors that we could not really comment on. Our main issues of concern are related to the need to ensure that security measures that are introduced are workable in practice and commensurate with the level of risk and that the operational costs of the ongoing security arrangements are not going to jeopardise regional aviation.

**CHAIR**—Okay. How about if you describe Albury airport, the sorts of operations you run there, the types of planes and where they go to.

**Mr Blampied**—Albury airport has grown significantly in passenger numbers over the last three or four years. This year, we are predicting around 200 passengers per annum.

**CHAIR**—Two hundred passengers per annum?

**Mr Blampied**—Two hundred thousand, sorry.

**CHAIR**—That's better. It wouldn't be awfully sustainable at 200 per annum!

**Mr Blampied**—Yes. We have Qantas and Rex airlines operating between Albury and Sydney, approximately four or five flights each a day. Qantas operate Dash 8s to Sydney and Rex operate Saabs. We also have Rex operating Saabs to Melbourne four times a day and Brindabella Airlines operating a Metroliner once a day across to Canberra and then a return.

Over the last four or five years we have significantly increased our staffing of the airport. We now man the airport from five o'clock in the morning until approximately 2200 hours in order to have a greater presence. Part of that was based on what we believe are sound management practices, but it is also based on security requirements—to have a greater presence and to be able to patrol the airport.

**CHAIR**—How many people do you employ at the airport?

**Mr Blampied**—In the operational sense, six, and we have a staff of another six who are effectively in the concessions area—the kiosk, the bar and those types of activities.



**CHAIR**—How many people would you have with aviation secretary identification cards at Albury?

**Mr Blampied**—All of our direct employees have ASICs—or will have by 1 January. A number of general aviation businesses are attached to the airport, and the number of employees there—and this is only an estimate—may be around 40 or 50, and we assume that they will do likewise by that stage.

**CHAIR**—Who is the issuing authority for your ASICs?

**Mr Blampied**—We are the issuing authority, I believe, for the cards and for general aviation, with the airlines providing their own ASICs to their staff.

**Senator NASH**—On that, I notice in your submission that you talk about the cards being unnecessarily onerous. What is the burden on the council in terms of issuing the ASICs?

**Mr Blampied**—It is more of an ongoing administration process that has to be adhered to. We are of the view that if we could control the area around the main apron outside the terminal building, and if the local businesses, the general aviation businesses, had employment cards, it would be sufficient to enable security and the monitoring of the people at the airport.

**Senator NASH**—So is it a cost thing in terms of the time it takes to do?

**Mr Blampied**—Yes, it is probably a costing thing in terms of time and in trying to maintain that process. We felt that it would be just as effective to provide employment cards and have them updated. Certainly the cost of producing the cards was of some concern to us earlier on but not so much now, because we are becoming more familiar with the process. It is mainly administration.

**Senator NASH**—So you are not concerned that not having ASICs would provide any kind of risk?

**Mr Blampied**—No. We accept that in the main apron area it would be desirable, but we do not see the need in other parts of the airport.

**Senator HOGG**—What are the additional costs associated with the improved or increased security arrangements at Albury airport?

**Mr Blampied**—Up until this point in time we have been able to absorb the costs with the increased staffing. We have a funding submission in with DOTARS for what has been approved, and that includes baggage collection. We are hoping to absorb the ongoing operational costs within our existing budgets. They mainly relate to improved CCTV and baggage collection which prevents access between airside and landside, which is currently not secure. The estimate for the funding is a total of \$600,000 in capital. As I say, we would try to absorb ongoing operational costs.

**Senator HOGG**—So there is no additional increase in charges for operators in and out of Albury airport?

**Mr Blampied**—No. It is not proposed that having CCTV or interlocking door arrangements will add to the cost. There will be some marginal costs in electricity, cleaning and those types of things, but nothing, we believe, that would add to the cost at this point in time.

**Mr TICEHURST**—What sort of screening do you do now of baggage before it goes onto aircraft?

**Mr Blampied**—None.

**Mr TICEHURST**—None at all?

**Mr Blampied**—No. There is no screening. As I understand it, the airlines have a responsibility to ask people—they have a sign on their counter requesting that they do not have sharps et cetera in their luggage or in their hand luggage—but there is no X-ray screening of luggage at all.

**Mr TICEHURST**—What about the passengers?

**Mr Blampied**—No. Under the current arrangements we have in place, it would only be if the level of threat was increased and DOTARS advised that we needed to introduce hand wand. People have undertaken training, but we do not have a separate sterile area where we can do it. We would have to establish a sterile area, and that would be a bit more onerous. There is nothing on a daily basis.

**Mr TICEHURST**—I guess your experience over a number of years has shown that you do not have these issues?

**Mr Blampied**—No, we have not had any issues. The odd person might make some silly comments, and they are automatically dealt with by the local authorities—I think people have been fined as a result of some comments that have been made—but we have not had any concerns at all.

**Mr TICEHURST**—What about the local police? Do they visit the airport with any particular pattern?

**Mr Blampied**—Regularly. They do regular patrols. That is to say, they are not necessarily regular but they do patrols throughout the day and overnight. They work in with our people. As part of our security management plan, we have a group—which includes local authorities, local owners and operators in the general aviation area and airline representatives—who get together on a quarterly basis to discuss issues of security and other operational issues. That is built into part of our plan.

**Mr TICEHURST**—What about cargo? Do you have any cargo of any note?

**Mr Blampied**—We do have a freight area. I would not suggest that it is significant. We certainly have bank and mail planes—those types of things—coming in on a daily basis. I could not comment on the level of freight.

**Mr Ferris**—I would not say that there would be a great quantity of freight that we would have coming through the terminal.

**Mr TICEHURST**—Is there any security provision with freight?

**Mr Blampied**—Part of our funding submission or our proposal to DOTARS is to make that more secure because of trying to limit the access and restrict access between terminal freight areas airside and landside. That is part of the plan as well. It is yet to be implemented.

**Mr TICEHURST**—Thank you.

**Mr LAMING**—Are you aware of a larger airport with greater passenger movement that does not have passenger screening?

**Mr Blampied**—No, not offhand. I think we are about the second or third largest regional in New South Wales. The other large regionals—Coffs, Ballina or whatever—have, either now or in the past, had jet aircraft or aircraft with a greater than 100-seat capacity, so even prior to the current arrangements it has been mandatory for them to have that.

**Mr LAMING**—What are the current arrangements for policing on-site?

**Mr Blampied**—Our current arrangements are that we have five operational staff on a rotational roster 24/7 or from about 0500 to about 2200 on a seven-day a week basis. They do random patrols of all our fences, which have been increased to a height of six feet or thereabouts. They also patrol the terminal. We do what we term white patrols, so we keep a spot. We also man the doors when people enter and exit from the gates, which there are two of. That is part of our business management practices but it also enables us to have a presence in the terminal.

**Mr LAMING**—So can I conclude that you would be aware of a number of smaller airports that do have passenger screening—X-ray screening—of carry-on luggage and passengers?

**Mr Blampied**—I think Ballina does. I think that the number of passengers at Ballina would be less than at Albury.

**Mr LAMING**—And Mount Isa?

**Mr Blampied**—I do not know. I cannot answer that question.

**Ms GRIERSON**—I am sorry that I missed the beginning of your presentation, but I am assuming that you do not have any passenger screening.

**Mr Blampied**—That is correct.

**Ms GRIERSON**—Just a check-in desk.

**Mr Blampied**—Two check-in desks, one for each airline. When people arrive at Albury airport, they effectively go straight into the terminal building. At the left-hand end there are two

check-in desks. People wait in that lounge area. They exit via a gate onto the main apron. Passengers coming into Albury come into that same area. There is no separate sterile area.

**Ms GRIERSON**—Are there security staff present at all?

**Mr Blampied**—No. We have our operational staff, but they are not trained security officers.

**Ms GRIERSON**—So you have no explosive trace detection or anything like that.

**Mr Blampied**—That is correct.

**Ms GRIERSON**—Is the biggest plane going through the Fairchild Metro or are there bigger ones than that?

**Mr Blampied**—Dash 8s.

**Ms GRIERSON**—The Dash 8 goes through—to Melbourne?

**Mr Blampied**—No. The Dash 8 goes through to Sydney—about four times a day. They are 50-seaters. We also have Saabs going both from Melbourne to Albury and from Albury through to Sydney.

**Ms GRIERSON**—You have your own security plan, obviously. Has that been submitted to DOTARS?

**Mr Blampied**—Yes, that has been submitted to DOTARS and approved.

**Ms GRIERSON**—And do they see any need for you to introduce passenger screening—or are they anticipating that you will?

**Mr Blampied**—No. They have approved our security plan. There has been no indication that they either request it now or are likely to request it in the future. The one thing that has been implemented is this: if the level of threat were to increase, they would potentially initiate hand wandling of passengers—but not screening.

**Ms GRIERSON**—So you do not even have hand wandling. That would be the cheapest option for you—rather than the whole metal detector?

**Mr Blampied**—With the hand wandling we would have to establish a sterile area. At the moment it is open.

**Ms GRIERSON**—So you would need some capital changes—some capital developments on your site.

**Mr Blampied**—Yes.

**Ms GRIERSON**—Have you applied to the Commonwealth for anything like that?

**Mr Blampied**—Not for that area, because at this point in time it is not required. We have applied for funding to upgrade our baggage collection facility to prevent easy access between airside and landside, and also our freight areas—CCTV monitoring, those types of soft—

**Ms GRIERSON**—You have some significant building design difficulties that it would require a major capital injection to overcome.

**Mr Blampied**—That is correct.

**Ms GRIERSON**—What is the perimeter security like?

**Mr Blampied**—The perimeter security is very good. We have six-foot mesh fencing right around the area. Our gates are all codes. We are limiting the number of gates, but we certainly have codes which are restricted and are changed on a regular basis.

**Ms GRIERSON**—So if we are talking about serious aviation security problems, you are really relying on DOTARS and the Australian Federal Police. Is that right?

**Mr Blampied**—That is correct. We would be reliant on the rapid response teams that come around and visit.

**Ms GRIERSON**—Have they visited?

**Mr Blampied**—They have visited on probably five or six occasions in the last three or four months.

**Ms GRIERSON**—That is fairly reassuring. Do they tell you they are coming?

**Mr Blampied**—They tell one or two of us that they are coming. It is not notified. We do not go and tell everybody that they are coming. It has had a very positive effect in the local community. People like to see them in the airport occasionally. It is also giving that sense of security to the local community, in our opinion.

**Ms GRIERSON**—Being council owned, it would be very difficult to meet some of those commitments, I would imagine. Am I being generous to you?

**Mr Blampied**—No, it would be. In terms of capital costs, it would be difficult for council if we had to make significant changes to the terminal. At this stage, for example, if we had to put in screening and we were responsible for doing it, it may add to the number of people we would need to man the same period by another five or six. That effectively represents about a 50 per cent increase in our staffing costs. That in itself would have some impact on our charges, which we would have to pass through.

**Ms GRIERSON**—The chairman and I are both from Newcastle. In the last two years, we have seen a 335 per cent increase in regional passenger traffic through our airport. What is your increase over the last two years? Do you know?

**Mr Blampied**—Yes. Last year it was about 19 or 20 per cent—from 158,000 to 188,000. The year before, it went up by about 13 or 15 per cent, from 140,000 to 158,000. At about the time of the Ansett and Kendall collapse, it was about 120,000. So yes, there has been significant growth in the last four years.

**Ms GRIERSON**—It is, considering that your options are limited by strip length, I imagine. Is the Dash 8 the biggest thing that can come in?

**Mr Blampied**—No. The 737s can come in, but under the current regime we have a preference for maintaining the smaller fleet for frequency of operation as opposed to large jets. Also, it means that we do not have to have a number of those other security measures.

**Ms GRIERSON**—So Sydney, Canberra and Melbourne are your main commercial routes.

**Mr Blampied**—They are the only routes.

**Ms GRIERSON**—And small aviation traffic comes through?

**Mr Blampied**—Yes. We have significant general aviation that comes through. In terms of movements per annum, I could not tell you how many off the top of my head.

**Ms GRIERSON**—Are you a training airport as well?

**Mr Blampied**—No. We have a couple of training schools there, small ones, but nothing like, say, Singapore Airlines, that they have up at Maroochydore.

**Ms GRIERSON**—Just general aviation, private pilots et cetera.

**Mr Blampied**—That is correct.

**Ms GRIERSON**—You do have training from your strip there.

**Mr Blampied**—Yes.

**Ms GRIERSON**—Any other recreational operators—smaller things than that?

**Mr Blampied**—Yes, there are a number of privately owned aeroplanes there. People hangar there. It is a source of income.

**Ms GRIERSON**—Ultralights or anything like that?

**Mr Blampied**—Not necessarily ultralights. It is mainly small, light planes.

**Ms GRIERSON**—You said you have quarterly meetings with your own consultative group.

**Mr Blampied**—Yes.

**Ms GRIERSON**—That is operational and security.

**Mr Blampied**—That is correct.

**Ms GRIERSON**—Does that interface at all with DOTARS?

**Mr Blampied**—Yes. They are invited to the meetings. They have attended the meetings. We take the view that, if they are available, it is worth while for them to come down and keep us informed. It also serves to reinforce the need to remain vigilant, as it were, in terms of security.

**Ms GRIERSON**—Thank you very much.

**Senator NASH**—You mentioned your six-foot fence. Before that went up, had you had any occasion when somebody had been inappropriately within the airport boundaries?

**Mr Blampied**—No, not that I am aware of. In fact, since it has been up we have had a couple of people drive through it, unfortunately.

**Senator NASH**—Because it is there? Because they can?

**Mr Blampied**—We have in recent times put in a couple of incident reports where we have had people enter the airport through gates. Surveillance cameras have picked that up and it has been reported to the police.

**Senator NASH**—For what reason?

**Mr Blampied**—I think it was a disgruntled employee with a local operator.

**Senator NASH**—How do you assess DOTARS's level of knowledge of regional airports and aviation?

**Mr Blampied**—It is getting better. Having DOTARS visit the airport to get a greater understanding of how we operate has been very good. The relationship with DOTARS as a result of that is pretty good at the moment.

**Senator NASH**—You have a very nice airport, by the way.

**Mr Blampied**—Thank you.

**Senator NASH**—In terms of the impact of this new environment, how do you see any further requirement for security upgrade at Albury impacting on the council and the town itself?

**Mr Blampied**—It depends on the impact it has on the cost of aviation within the area. Certainly there would be an impact if we had significant capital costs that were not funded or significant ongoing operational costs. We would try to absorb as much as possible, but we would have no choice but to pass it on to the travelling public on a user-pays basis. The impact on passenger numbers is not my area of expertise. In discussions with the airlines going back two or

three years there was an indication that for every \$5 or \$10 you were going to lose 10 or 15 per cent of your passenger numbers. We certainly found that when Regional Express put in low air fares to Melbourne we doubled passenger numbers in a very short space of time. So I think it would impact.

**Senator HOGG**—It was put in one submission—I am not sure which submission it was in—that there was not enough consistency across DOTARS staff because they keep changing their staff. Being a bureaucracy, you can understand that. Do you find that that is a difficulty that you run up against—that they lose the corporate knowledge as they pass through the system?

**Mr Blampied**—We have not had any problems at all in that regard. The people we have generally been talking to seem to have been the same people over last couple of years. If there was anything that would be a problem to us in the things that do not seem consistent it is more along the lines that if you have RPT traffic you have to have the ASIC, for example, whereas at Bankstown airport, you do not, and you are near a major capital city. Some of the rationale, whilst we except we have to do things, is open to question.

**Senator HOGG**—The only other question I had was in respect of the main clientele that would go through your airport. Are they locals, business people, tourists—can you quantify that for us?

**Mr Blampied**—It is about 90 per cent business traffic. Certainly with the introduction of the lower air fares, more from places like Jetstar, you will get more local people into tourism. Tourism has probably increased five or six per cent over the last two or three years, but it is predominately business related.

**Senator HOGG**—Thank you.

**CHAIR**—Thank you very much for coming along today. I know it has been a fair trip down for you. We thank you for your submission to the committee and we take on board the points that you have raised.

**Mr Blampied**—Thank you for your time.

**Mr Ferris**—Thank you.



[12.56 pm]

**CULLIS, Mr Paul, General Manager, Security, Australian Air Express**

**BROWN, Mr Robert, Manager, International Services, Australian Air Express**

**CHAIR**—Welcome. In case you were not here earlier, I advise you that the hearings today are a legal proceeding 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 note that you have appeared before the committee previously in a private briefing. Do you have an opening statement you wish to make before we proceed to questions?

**Mr Cullis**—No, there is nothing further to the statement we presented on 18 August.

**Senator NASH**—I am very interested in the issue of cargo being carried on passenger planes. I note in your submission that about 60 per cent of domestic cargo is loaded onto passenger aircraft.

**Mr Cullis**—That is correct.

**Senator NASH**—The Wheeler review recommended that we look more closely at screening cargo when passengers check in; bags are being screened 100 per cent onto those planes. What is your view of the risk in the current environment where cargo is loaded onto passenger planes without being 100 per cent screened?

**Mr Cullis**—In terms of the risk that we currently endure, the measures we have in place are adequate given that we have in place what we call random and continuous screening. That means we do not screen everything, but we have someone continuously screening by explosive trace detection as the primary process and X-ray as the secondary process. The volume of what we are screening going onto passenger aircraft at the moment is around 20 per cent. To raise that level to 100 per cent would be a huge cost impost to the business and I guess there would be a flow-on cost to customers. In terms of process time, with international cargo you have up to 12 hours to process the freight, whereas the window of time that we have with overnight freight is around four hours. So to process the volume within that time would be extremely difficult.

**Senator NASH**—In your view, the risk balances out the cost and time factor that would be imposed in bringing in that 100 per cent screening?

**Mr Cullis**—Absolutely, yes.

**Senator NASH**—Are you happy that there is no risk involved with the known shipper aspect of this? In previous discussions we have heard how the known shipper system works. I think there are three shipments that have to be inspected. I am interested to see if it applies to your company as well, but it seems to me that from that point in time there is very much a culture of

trust between you and the known shipper that they will behave correctly and in a secure environment. Do you see that there is any risk, after that initial checking period, of a known shipper not stringently adhering to a reasonable security environment?

**Mr Cullis**—In terms of domestic freight, we have certainly applied it within our own business. It is not just the three first consignments that you move; you have to carry three consignments within the previous three months, otherwise you fall off the list and then everything would be screened from there. There certainly is an element of risk but, in terms of the risk assessment itself and the additional measures that we have in place, I think we protect the domestic aircraft quite adequately at the moment.

**Senator NASH**—Do you courier the freight from a known shipper to yourselves?

**Mr Cullis**—We do, but we also accept courier freight from other companies.

**Senator NASH**—What are the security arrangements surrounding those other companies?

**Mr Cullis**—Again, they have the known shipper process in place. We establish, through the details on con notes, that there is a declaration to ensure there are no dangerous goods and, in our case, no explosive devices within the consignment. That is signed off as a declaration by the sender, and that is certainly screened by the shippers if they are not our own company or our own couriers.

**Senator NASH**—What percentage of your cargo would originate from urban areas and what would originate from regional areas?

**Mr Cullis**—It is only a guess, but regional would be around 20 per cent.

**Senator HOGG**—You mentioned that you test for explosives through explosive trace detection. How is that done currently?

**Mr Cullis**—We use explosive trace detection.

**Senator HOGG**—Is it by hand?

**Mr Cullis**—It is done with the explosive trace detection unit. A swab is taken. It is then analysed by the machine and comes up as positive or negative to trace elements of explosives.

**Mr Brown**—We employ contract security guards who have been trained to do that process, so we are not relying on our staff, who might have competing operational requirements, to do that process. It is a third party doing it.

**Senator HOGG**—What percentage of cargo is put through that process?

**Mr Brown**—From an international point of view, we do 100 per cent for all export cargo.

**Mr Cullis**—From the domestic point of view, we currently do approximately 20 per cent through the random and continuous process.

**Senator HOGG**—Is there any intention to up that 20 per cent, or is there any need? Does the risk show that you need to do a higher rate than 20 per cent?

**Mr Cullis**—I guess we are looking at what will be regulated. Certainly our 50 per cent part owner, Qantas, is happy with what we are doing at the moment. Should there be any raised risk to their aircraft, certainly we will look at raising that. It would mean additional equipment and additional resourcing obviously. If we are looking at anything over 50 per cent, I guess the biggest issue we would have is the time element in processing freight. We have a situation at the moment where public perception is that they can deliver something to us at six or seven o'clock at night with an expectation it will be delivered somewhere interstate by 9 am or before 12 the next day, and it is really critical that we move that volume through within that critical time period.

**Senator HOGG**—Pardon my ignorance in this area, but what sorts of explosives can you detect? Can you detect plastic explosives and the like?

**Mr Cullis**—The unit itself can detect and analyse traces of most explosives available in Australia—that is, TNT, Semtex, nitrates et cetera.

**Senator HOGG**—How often would you have occurrences where explosives are detected either illegally or legally in your operations?

**Mr Cullis**—We have never actually detected any explosive as such. We have detected trace elements. We call those false positives: things like nitrates and fertilisers et cetera that may be in a product or have been touched by someone who has touched a carton that has gone through the process.

**Senator HOGG**—So that is not really a high risk area in that sense? I am not saying there is not vigilance.

**Mr Cullis**—Given the history, I would say not, no.

**Ms GRIERSON**—The last time you presented to the committee you did say you have never had a positive positive. Is that still the case?

**Mr Cullis**—That is the case.

**Ms GRIERSON**—You were anticipating at that stage that the neutron scanner trial would be active in Brisbane?

**Mr Brown**—That has not happened.

**Ms GRIERSON**—It still has not happened?

**Mr Brown**—That still has not happened. That is an initiative of Customs so it has been delayed. While the buildings have been built and, as late as yesterday, the equipment has been installed, the materials handling equipment—I believe the neutron scanner itself has parts that

need to come from overseas and need to be installed. So I believe it will be probably next year before it goes into trial.

**Ms GRIERSON**—Will you still be involved in that?

**Mr Brown**—We are on the industry group but we are not an active participant once it goes into trial.

**Ms GRIERSON**—Will that be for incoming as well as outgoing cargo?

**Mr Brown**—That is only, at this stage, related to incoming, but the long-term plan is that it will be for both incoming and outgoing cargo.

**Ms GRIERSON**—From your briefings, what are the real advantages of the neutron scanner?

**Mr Brown**—The difference with the neutron scanner is that you can put a whole aircraft container through in one go.

**Ms GRIERSON**—So they are the ones like the—

**Mr Brown**—At the seaports.

**Ms GRIERSON**—We have had good briefings on those. That would be a big cost. Would you expect customers to bear the cost of those if they were introduced into airports?

**Mr Brown**—That has not been decided. But assuming that Customs is running the initiative, at some stage Customs, and the government, would probably want to spread that cost back amongst the consumers. You would have to think at some stage it would.

**Ms GRIERSON**—As I said to you at the previous presentation, Customs claim that they are very effective and that they are actually detecting quite a lot of banned goods.

**Mr Brown**—At the seaport?

**Ms GRIERSON**—Yes. The other issue that interested me, last time you talked, concerned the inspection of your employees—not just access and departure; there was some talk of introducing hand scanning of employees.

**Mr Cullis**—At the moment there is a bit of inconsistency across airports in terms of what is required. Melbourne has introduced the requirement to screen employees going airside by 1 December.

**Ms GRIERSON**—Is it like when we see staff at airports, Qantas staff or whatever, walking through the metal detectors? Is that what we are talking about?

**Mr Cullis**—Unfortunately, we do not have that equipment at the moment.

**Ms GRIERSON**—Just the wands?

**Mr Cullis**—Yes, we have the hand wands—the old traditional hand wand that you used to experience as a passenger.

**Ms GRIERSON**—What would be the purpose of that? Is it in case they are putting things in or taking things out?

**Mr Cullis**—That will only screen for metal so it will look at weapons et cetera, and there will be some inspection of vehicles as well. However, within the Wheeler report the recommendation was that people, vehicles and goods be screened. We would certainly find that very difficult, given the volume going through our airside gates.

**Ms GRIERSON**—Yes. We did see at your Brisbane premises really good equipment such as doors that did not stay open very long and the pallet screening that was happening there. That seemed to be a very efficient operation. Is Sydney similar?

**Mr Brown**—Exactly.

**Ms GRIERSON**—Exactly the same?

**Mr Brown**—Roller fast doors; correct.

**Ms GRIERSON**—The other thing I wanted to ask you is in terms of pilfering. From memory, you have very good staff retention rates; is that right?

**Mr Brown**—Correct.

**Mr Cullis**—We do.

**Ms GRIERSON**—Has anything changed? You said that you had not had any links to any of the criminal, drug-related activities in Sydney. Has there been any change in that situation?

**Mr Cullis**—Not in terms of that, no.

**Ms GRIERSON**—No links to organised crime of any kind?

**Mr Brown**—I think it is fair to say that, the same as most businesses, you have some pilfering happen at times. Given different circumstances people see opportunities and take those opportunities, so you normally see a spike in trending, and we usually address those fairly quickly. But other than the normal, there are no spikes at the moment.

**Ms GRIERSON**—Do you factor it in or do you have zero tolerance?

**Mr Cullis**—Absolutely zero tolerance.

**Ms GRIERSON**—You do not factor in some loss that you are going to have to wear?

**Mr Brown**—No, definitely not.

**Mr Cullis**—No. The expectation of the customer is that we provide a service, and part of that service is delivering the product intact.

**Mr LAMING**—Can I confirm that fresh produce, particularly seafood packed in salt, can neither be X-rayed nor be subject to ETD?

**Mr Cullis**—We certainly ETD the containers but not the product itself.

**Mr LAMING**—So there is no risk that salt on the outside of the package could decalibrate your ETD machines?

**Mr Cullis**—Not as far as I am aware. It has not come up as an issue.

**Mr LAMING**—How many of the packages that you receive to go out each day would be larger than 60 by 60 centimetres and therefore unable to be fit through conventional X-ray equipment?

**Mr Cullis**—There would be a fairly high percentage, but we have just upgraded our X-rays to one metre by one metre.

**Mr LAMING**—To give us a sense of how inconvenient it would be to go to 100 per cent screening, you quite often have end of the working day deliveries for produce and for mail to go out that night.

**Mr Brown**—General consignments.

**Mr LAMING**—Sure. How long would it take you to manually unload and screen them individually and then reload them? How much extra time would have to be built in and how far backward would you have to move your deadlines in order to meet the last flight under those conditions?

**Mr Cullis**—I have done some numbers for Sydney domestic mail. If we were required to screen piece by piece, at the current rate that we screen through X-ray at Sydney we would need 18 hours to do the volume. When we work on a time frame of around four hours, you can see it would be almost impossible. That is, obviously, without infrastructure changes and a significant increase in machines.

**Mr LAMING**—In relation to the discussion about neutron scanning, is the proposal to have a system similar to in Customs, where an entire truck drives in and is scanned, or would the proposal be to have a smaller unit where trucks would have to be unpacked? Would there be a proposal to have just one neutron scanner per large metropolitan airport, and therefore all carriers would have to use that scanner before proceeding to the individual Air Express areas?

**Mr Brown**—That is a good question. I think the answer is that the outcome of the trial over the next 12 to 18 months will probably crystallise those questions and whether they are realistic or not. But I think from an operational point of view that if you could have all your cargo going

past a point that could scan before it goes onto the aircraft in one group that would be fantastic. However, if something within that container did come up with a reading you would obviously have to go back, unpack it and then go through it individually until you came across that one. That is what the trial is all about.

**CHAIR**—What is the ballpark cost of a neutron scanner?

**Mr Brown**—I could not tell you, sorry.

**CHAIR**—So you will not even know what the X-ray charge will be?

**Mr Brown**—No. It might have been mentioned to the industry groups, Senator, but I have not heard—

**CHAIR**—I am not a Senator; I am better than that!

**Senator HOGG**—That is an honour they aspire to.

**Mr TICEHURST**—We are from the real world.

**Senator HOGG**—You do not know what the real world is.

**Mr Brown**—The answer is that I do not know the cost.

**Mr TICEHURST**—How do you ensure compliance with the regulations?

**Mr Cullis**—We have an audit program in place. We have our own security program in place at the moment and under the new regulations we are required to have a domestic cargo security measures document. We have implemented that throughout the business domestically and regionally. We audit all our main facilities every month, the urban areas every quarter and the outlying regional areas at least every 12 months. Our international facilities get audited every month as well. That is under the old regulated agents program.

**Mr Brown**—In addition to that, when a piece of cargo has been security screened, a brightly coloured sticker is put onto each piece of cargo and it is signed by the security guard. So from an operational process point of view that piece of cargo should not be loaded into an aircraft container for export unless that piece of cargo has the label on it.

**Mr Cullis**—In terms of the known/unknown shippers, the audit program is to ensure that the con note details have been completed, the declaration signed et cetera. And, as we say, the screening is the secondary process.

**Mr TICEHURST**—Is there any difference in procedure for freight going on a passenger aircraft compared to a freight only aircraft?

**Mr Cullis**—At the moment, no. I think that the proposal within the Wheeler recommendations was to ensure that everything going on pax aircraft received the same treatment as checked package, and that is what we will be aiming for.

**Mr TICEHURST**—What has been the cost impact of this latest lot of regulations and changes?

**Mr Cullis**—Last year we spent \$8.3 million and for the current year we have a projection of around \$9.2 million.

**Mr TICEHURST**—How can you recover that cost?

**Mr Cullis**—At the moment we have a surcharge on probably 85 per cent of our customers and we recover some of the costs through that.

**Mr TICEHURST**—What period of time do you expect it will take to recover all of that?

**Mr Cullis**—Going forward and if we were to implement the proposed changes or additional measures, I think we would have to look at increasing rather than decreasing. With fuel surcharges and security surcharges currently in place, certainly in the domestic market, customers are starting to bleed a bit.

**Mr LAMING**—In an industry where time is absolutely imperative do you document how many packages and how much stuff you actually open because you are suspicious? Do you hold back from a flight because there is insufficient time for you to be completely comfortable that a consignment is safe? Do you document any situation where you either open or hold back consignments?

**Mr Cullis**—Internationally certainly we would, and domestically we would as well. However, our ETD is our primary process, X-ray our secondary process, and if it still comes up as an issue then we would call in the APS and the bomb disposal group, who would inspect it. If required, they would call in the state police. So we do not actually open anything at all.

**Mr Brown**—We do record the incident.

**Ms GRIERSON**—In our previous discussions you said that you do not really have any APS or AFP doing patrols in your area. Has that changed? We commented that we had not seen any in Sydney when we were there, nor did we see any in Brisbane.

**Mr Brown**—I think what we said at the time was that they are visual in terms of the airport airside but not physically walking through our freight facility, as opposed to the international passenger terminal, where you can be up there checking in to a flight and you will see them walk past you physically in the terminal as well as on the airport.

**Ms GRIERSON**—You said you had CCTV internally, so around your premises. But from there onto the aeroplane, what sort of surveillance is there of your freight?

**Mr Cullis**—In terms of our responsibility or overall?

**Ms GRIERSON**—I think that you said you did not have any from your warehouses through to—



**Mr Cullis**—The only other CCTV in place are on the terminals and I guess that reaches as far as it can reach. But transiting from our terminals to the passenger terminals there is nothing at all.

**Ms GRIERSON**—Are you satisfied in terms of the actual loading and unloading that your cargo cannot be interfered with in that area?

**Mr Brown**—From an international point of view the carriers themselves have gone to cost someone like United Airlines where they have put security guards at the aircraft side. They are physically there from when the aircraft arrives until such time as departure to make sure that nobody who should not do so boards the plane and nobody who should not be walking around the plane does so.

**Ms GRIERSON**—So those airside improvements mean a lot to your business, I would have thought.

**Mr Cullis**—Absolutely.

**Ms GRIERSON**—Do APS or DOTARS or AFP do any random checks in terms of your operations?

**Mr Cullis**—DOTARS certainly do. Most of our facilities get done at least once a year. Mind you, they are mainly access control tests more than anything else.

**Ms GRIERSON**—We talked about freight being unattended at times airside—you said 60 minutes to 90 minutes would be the max sometimes. Is that still the case?

**Mr Brown**—Absolutely.

**Mr Cullis**—Yes.

**Ms GRIERSON**—Do you try to minimise that or is it out of your control?

**Mr Cullis**—The freight has to be presented to the apron at least 40 or 45 minutes before the flight's departure. We are controlled by that, and obviously with volume and presentation it is a requirement to get the freight out of the shed basically.

**Ms GRIERSON**—So you have got no control over that?

**Mr Brown**—We, Australian Air Express, are not a ramp handler, except when we are doing our own freighter aircraft. There are two different contractual functions. The airline will tell us, as a cargo handler, how early they want their export cargo made available to the next person in the chain, which is the ramp handler. It could be 90 minutes; it could be an hour.

**Ms GRIERSON**—When the Wheeler report came down, it did recommend the possibility of screening all freight that is going into passenger planes that have passenger screening. It said that should possibly occur, so if there is screening of passengers' baggage there should also be freight screening. How difficult would that be for you?

**Mr Cullis**—That would certainly be an issue. We would have to look at purchasing new equipment, at additional resourcing and also at infrastructure, because the current capacity within our terminals would not allow us to generate or process the screening required within the time frame.

**Mr Brown**—From an international point of view—and we are bouncing between international and domestic—we are already doing that screening 100 per cent.

**Ms GRIERSON**—So when it goes into a passenger plane anyway that is already—

**Mr Brown**—Passenger aircraft or freighter—we do not differentiate.

**Ms GRIERSON**—When it goes into passenger planes, is it all contained in those container modules or is it all separate?

**Mr Brown**—There are two different types of planes. There are containerised aircraft such as a Boeing 767 in which everything would be containerised.

**Ms GRIERSON**—And that aircraft is taking passengers as well?

**Mr Brown**—That is taking passengers. There is a small portion of that aircraft, even though it is containerised, which they refer to as the bulk hold, which is loose loaded. That is a small portion just up at the pointy end of the aircraft. For a narrow-bodied aircraft where there are no containers at all—a Boeing 737 aircraft or an A320 aircraft—it is all hand loaded.

**Ms GRIERSON**—And it would not be possible, I would have thought, to contain that section of the aeroplane in a way that would be explosive proof. I would imagine that it would be very heavy. Is that at all possible or feasible?

**Mr Brown**—It would be very expensive for the aviation industry. But what if there were a way that as cargo was going in through the door of the aircraft there was a reader—it would be like a neutron scanner type of reader—that may throw up a red or green light? But that would have to be done at the manufacturer level.

**Ms GRIERSON**—If there is concern about freight it is when it mixes with passenger travel, isn't it?

**Mr Cullis**—In terms of that, though, if you are looking at neutron scanning at the aircraft you are looking at that at 40-odd gates—and delays just kill the industry.

**Ms GRIERSON**—Yes, so it is not going to happen. Are there any other simple measures that would make the mix safer or do you think it is satisfactory if it is all screened before it gets there?

**Mr Cullis**—It is hard to say. Looking at the risk from my own point of view, I think it is the airlines' property that we are trying to protect as well as, obviously, the people on the airliners. We certainly have experts in Qantas—and having worked there hopefully I am one myself. But at the end of the day, looking at the processes and the measures that we have in place, I think

they are adequate to the risk at the moment. To increase those is certainly going to be, from a public perception point of view, costly and that is going to go back onto the community at large at the end of the day. So if we are doing it purely for the sake of doing it then I do not agree, but I am certainly all for applying as much security as is appropriate.

**Ms GRIERSON**—The incident record is minimal, isn't it?

**Mr Cullis**—It is at the moment.

**Ms GRIERSON**—What about the concern that has been raised—and you too have raised this—about overseas flights from the Pacific area and areas identified as having a higher risk? Have you changed your practices in any way there? Are you able to impact in any way?

**Mr Brown**—No. As I think we said last time, Customs have an operational procedure where they try to get up to 70 per cent of all inbound cargo that comes into Australia screened through their vehicles, their X-ray machines. To my knowledge, that has not changed. On our side we do not do anything differently from what we did back on 18 August.

**CHAIR**—As there are no further questions, I thank you very much for attending and for your evidence today.

[1.26 pm]

**BERTRAM, Mr Ronald Paul, President, Aircraft Owners and Pilots Association of Australia**

**CHAIR**—Welcome. 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 attract parliamentary privilege. Do you wish to make a brief statement before we proceed to questions?

**Mr Bertram**—On behalf of AOPAA and its members, I would like to thank the committee for the opportunity to speak and to highlight some of the issues of growing concern to Australian general aviation pilots and their views of aviation security. AOPAA has been concerned that regulators and government have not taken a rational or consultative approach to aviation security when dealing with general aviation. The recent Wheeler report is an example of this as it takes little account of general aviation activities. Since the unfortunate events of 9-11, AOPAA has been a public supporter of aviation security reform. Last year AOPAA assisted DOTARS with the design of various locking devices for aircraft despite there being very few instances of aircraft theft in Australia. In recent times AOPAA has set up a web site for the issue of ASICs and given assistance to our members and other pilots in Australia on how and where to get ASIC applications.

One of our greatest concerns, though, is with the introduction of the ASIC to all pilots. Qantas announced to this committee yesterday that they were not able to account for 384 ASICs. These cards are used on a daily basis by employees, and for that reason their loss will be detected very quickly. On 1 January 2006 Australian pilots will have ASICs. Private pilots who only fly maybe once or twice a year may not even know their cards are missing, and lost cards may be undetected in the system for several months. The American government and AOP US have now acknowledged that general aviation, or GA, in America is a low threat to national security. As I understand it, they have no intention of issuing an equivalent to the ASIC in America. With the recent introduction of the AVID card, which is an aviation identification card for pilots, AOPAA feels that the ASICs are no longer required and will only weaken control of the security identification process, given that 21,000 additional pilots will have to have ASICs from 1 January. They will be issued a card that some may never use.

GA pilots feel they have been left out of all consultations, despite having 11,930 aircraft on the aircraft register of Australia, compared with the US where full consultation and proper risk management principles were developed with the help of general aviation pilots. The US Airport Watch Program is an excellent example of a successful outcome. AOPAA would like to see a sensible risk management approach to aviation security as it applies to general aviation. We would like to see a review of the decision to issue ASICs to all pilots and, finally, we will always support government in a rational approach to aviation security as long as it remains a risk management approach and not a political approach.

**Senator HOGG**—Who will be the issuing authority for the ASICs? Where will your members get them from?

**Mr Bertram**—It was only last month that we found out that the regulator, CASA, was going to be approved to issue the ASICs. This is one of the consultation processes that have weakened the respect for general aviation pilots. We have known about this for a year, but it was only last month that we were told where we would get the cards from. Up until then AOPAA has tried to organise other vendors to give out these cards.

**Senator HOGG**—Have you gone to any expense to secure access to ASICs as a result of the requirement?

**Mr Bertram**—We looked into the expense of setting up our own operation, but DOTARS were not very forthcoming with information and we were reluctant to give it to outside vendors who did not have direct aviation businesses.

**Senator HOGG**—So your organisation has not outlaid any money as such to look at the provision of ASICs?

**Mr Bertram**—No.

**Senator HOGG**—Where have your members been going to receive their ASICs?

**Mr Bertram**—We have given members and pilots in general two avenues. One is with Ian Baker at Merimbula. I think his company is called Aviation ID Australia. The other one is through CASA itself. They are the two avenues that most pilots have got at the moment. Again, there was no information coming from DOTARS to tell general aviation pilots where to go; it was just left to organisations like ours to inform them.

**Senator HOGG**—How many of your members have now complied and how many are yet to comply with the requirement to get an ASIC?

**Mr Bertram**—Given that it was only announced last month that CASA was able to do ASICs, people are really rushing through now to get them so they can use them from 1 January.

**Senator HOGG**—So it is quite likely that some of your members will not have the ASIC in place in time?

**Mr Bertram**—At the moment a high percentage of our members do not have it.

**Senator HOGG**—What percentage?

**Mr Bertram**—I would say with the response that we have had that it is around 80 per cent of our members.

**Senator HOGG**—How many members have you got?

**Mr Bertram**—We have 4,000 members.

**Senator HOGG**—That is a substantial number of people. Even if they were all to start applying now, it would start to jam the works up, I would assume.

**Mr Bertram**—Yes, it would.

**Senator HOGG**—I think we have heard about delays of ASICs currently in the order of six weeks. That is currently. Six weeks is, by my calculation, almost going to take us through to 1 January if your people all started to go there tomorrow.

**Mr Bertram**—That is correct.

**Senator HOGG**—Are you seeking any extension of time as a result?

**Mr Bertram**—We have approached the minister and asked him if he would give extensions to this. A press release from a spokesperson from the minister's office last week said that AOPAA was trying to delay the process. That is not the case. We were only given a limited amount of information about where general aviation pilots could apply for ASICs last month. Up until then it was left to our own resources to research our own avenues.

**Senator HOGG**—If there were to be an extension of time, how much of an extension would be necessary?

**Mr Bertram**—In fairness, probably until mid next year. I think there are a lot of pilots out there still in denial about whether they are going to have to use an ASIC come 1 January.

**Senator HOGG**—Thanks very much.

**CHAIR**—You have claimed previously that one airport owner spent over \$50,000 on an ASIC-issuing machine before CASA took over the process. That was published in the *Australian*. Who was that?

**Mr Bertram**—It was Ian Baker. I think his company is Aviation ID Australia.

**CHAIR**—He is an airport owner, is he?

**Mr Bertram**—Yes, I think he is an airport owner.

**CHAIR**—And he was looking at providing ASICs for general aviation?

**Mr Bertram**—He does now, and he is listed as one of our members for the ASIC.

**CHAIR**—Following on from what Senator Hogg said about the 31 December deadline for the issuing of the ASICs, when the deadline comes down, what reaction are you going to get from your members who have not even put in an application yet?

**Mr Bertram**—Most of the members probably will no longer go to the regional airports that require the cards, which is sad in a way because it is lost revenue for regional airports in fuel and other activities like maintenance facilities and things like that.

**CHAIR**—If and when people apply for a new licence to start flying and if at the time they do their licence preparations or exams or before they even begin flying lessons ASIC tests and checks are done at that period of time, then surely that would be a good measure. If all the cards and licences were combined into one smart card, do you think that would be a better way of having the information stored?

**Mr Bertram**—AOPAA has been calling for that for two years, for the regulator to have a one-licence function. To date, it has not been—

**CHAIR**—Including the ASIC in that licence?

**Mr Bertram**—Yes, having the ASIC on one licence.

**CHAIR**—You have stated previously that in regional airports—in particular, the areas of hangers, which are a security controlled aspect—there is a concern that family members will require an ASIC to be in that area. What is your understanding of that?

**Mr Bertram**—Again, it is probably a lack of information disseminated from DOTARS. It is a grey area for most members. Nobody is 100 per cent sure whether the family members are going to need an ASIC or whether the roving patrols, if there are roving patrols, are going to take the ASIC holder's word that they are his family or that he is responsible for those passengers. It is unclear.

**CHAIR**—That is where I get confused, because a number of charter operators run out of GA sections of airports, and the customers that are flying with them in that same instance would need an ASIC to be able to access the airside to get onto the aeroplane.

**Mr Bertram**—I agree. It appears to be an irrational approach from some airport owners.

**CHAIR**—So isn't it more likely that it will be that they can only have access to the apron whilst they are under the direct control and guidance of an ASIC holder—that is, the pilot?

**Mr Bertram**—We would assume that would be the way forward, but some operators are not looking at it that way.

**CHAIR**—Have you made any representation to DOTARS on that basis?

**Mr Bertram**—Continuously.

**CHAIR**—And what is the response from DOTARS?

**Mr Bertram**—It is not a great response. They said that they have got a set of guidelines and it is up to the individual airport operators on how they view those guidelines.

**Senator HOGG**—Do you think there is not enough flexibility in this whole process? Do you think that it is too rigid?

**Mr Bertram**—I think that is probably the main problem with the process.

**CHAIR**—But on the basis of that argument, those that are over on the commercial side of an airport could also say that it is too rigorous, and if the GA section were allowed to have exemptions, then why shouldn't the commercial operators be able to have exemptions for certain people?

**Mr Bertram**—Whilst most RPT and commercial operators probably use a constrained area of apron, I would argue that GA operators have no right to be there anyway.

**CHAIR**—But isn't the whole issue about people without ASIC approval being on the tarmac or airside?

**Mr Bertram**—No, I do not believe that is the whole issue. I believe that pilots really do not have much of a problem having an ASIC; it is just that they have not been given the avenue to easily get an ASIC up until recently.

**Senator NASH**—From what you have said, it is your view that DOTARS have not been very helpful with the ASIC process. In general, how do you find your interaction with them? Is it just that issue that they are not particularly helpful with, or is it across a range of issues?

**Mr Bertram**—They have been pretty helpful and they were pretty consultative with the locking of aircraft and how we decided to lock aircraft, but, no, they have not been as helpful with the ASIC application—in fact denying, in some cases, people that we had asked to be approved to issue ASICs the ability to do that, saying they were not aviation orientated. Security Plastics Australia, I think, is one that we had initially researched at the beginning of the year to issue ASICs to members because there were no other vendors at that time and there was no sign that CASA was going to do it—as in today—but DOTARS were reluctant to give it to any source outside aviation.

**Senator NASH**—Why do you think that is?

**Mr Bertram**—They would not give what I would describe as a satisfactory explanation for that.

**Senator NASH**—What do you think of their level of knowledge of the aviation industry in dealing with this new security environment—in particular, regional airports and regional aviation?

**Mr Bertram**—I would say it is getting better, but it has been very poor to date—almost an ignorance of what is actually happening out there and what some of these airports are. Sometimes there are two- or three-foot barbed wire fences that surround an entire airfield, with areas that are now just being increased for security along one side. Some of it does not make any logical sense, but I am sure there is something behind there somewhere.



**Ms GRIERSON**—When general aviation pilots were required to gain ASICs so that they could land at certain airports—and a lot of those airports would be airports that general aviation pilots do go into—how were they informed of that?

**Mr Bertram**—I do not really believe they were informed. For example—

**Ms GRIERSON**—So they would not have got any individual notification?

**Mr Bertram**—That could have happened. DOTARS could have gone through CASA, because CASA hold the ARN register for all pilots, and they could have given them a notification of where and how to get an ASIC, but that did not happen. It was left to organisations like ours to try and research and give answers to pilots out there. It is okay for people who work for small corporate companies to get that information, because they can, but—

**Ms GRIERSON**—How many pilots are members of your organisation?

**Mr Bertram**—We have 4,000 but, interestingly enough, since we have put up the details of how to register for an ASIC, we have had a couple of thousand inquiries from nonmembers—

**Ms GRIERSON**—A lot of hits on your web site recently.

**Mr Bertram**—trying to find out where they can get ASICs from.

**Ms GRIERSON**—Because you really only have about 10 per cent of general aviation pilots as members of your organisation, or is it much higher than that?

**Mr Bertram**—It depends how you classify it, I suppose. There are 18,000 private pilots out there. Our focus is on private pilots. We have 4,000 of them.

**Ms GRIERSON**—Okay, so that is not a bad coverage. But you did put information on your web site and in your magazine—

**Mr Bertram**—Continuously, and we have done so probably for seven to eight months. The only reason it was even late, in your expectation, was that we did not have enough information at that time. We were still trying to continuously get information out of DOTARS.

**Ms GRIERSON**—So did DOTARS take out an advertisement in your magazine?

**Mr Bertram**—No, they never did.

**Ms GRIERSON**—They did not?

**Mr Bertram**—No.

**Ms GRIERSON**—Poor marketing. You should have rung them. I bet they would have. They would have loved it! It does surprise me—because I once was a regular reader of your

magazine—that DOTARS would not have used that as a way of communicating with pilots. So there was no contact with you.

**Mr Bertram**—Very little. We have a specific director dealing with securities—in New Zealand at the moment—and he actually works opposite the DOTARS office. It has probably occupied a few hundred man-hours of his time trying to continuously consult with and get information out of them, but to date it has not been forthcoming.

**Ms GRIERSON**—As many general aviation pilots are in regional Australia, are they ever given briefings? Is there any way they are brought together in terms of briefings from CASA? Do they ever have safety briefings in any way?

**Mr Bertram**—CASA have a roadshow, and they have safety briefings right throughout Australia. Unfortunately, being the regulator, they have a low attendance. We embarked on our first set of roadshows—

**Ms GRIERSON**—That is a cynical thing to say.

**Mr Bertram**—I know. I was in Melbourne—last week, actually—at Lilydale airport and we embarked on our first roadshow. We had over 30 attendees, and that was to give information on security issues and things like that. So we have started the process ourselves, and the regulator is now funding it as well, realising that we get a better response.

**Ms GRIERSON**—So DOTARS are giving you—

**Mr Bertram**—No, CASA is funding it.

**Ms GRIERSON**—Have you approached DOTARS to expand that into safety and security?

**Mr Bertram**—DOTARS attended one of the seminars that we held, but they were not received very well by aircraft owners.

**Ms GRIERSON**—That is all right. We understand your earlier comments about irrational governments. It is disappointing because there is a very strong network amongst general aviation pilots. What about through flying schools and those sorts of things? How are they contacted?

**Mr Bertram**—That is difficult. I am a flying school owner. I have the Australian Flying Training School. I educate all my young students. Most instructors educate future pilots. But it is not necessarily the case that all schools do that.

**Ms GRIERSON**—Is there a new component on aviation security in pilot training?

**Mr Bertram**—No, not at the moment. Again, that is a lack of process in the link between the regulators.

**Ms GRIERSON**—That does not make a lot sense. I think that is worth noting.

**Senator HOGG**—You were able to tell us a bit about the experience in the United States. You said that general aviation pilots in the United States do not have to go to the same extent that is required here. Do you know the experience in other parts of the world?

**Mr Bertram**—Not since the events of 9-11. I have flown in most countries, including England and throughout Europe, but not since—

**Senator HOGG**—You do not know how general aviation pilots, for example, in England, France or wherever are being treated?

**Mr Bertram**—No.

**Senator HOGG**—You have no idea?

**Mr Bertram**—No.

**Senator HOGG**—All right. I just thought you might have.

**Ms GRIERSON**—The security of regional aviation through the Securing Our Regional Skies program has rapid response teams from the Australian Federal Police that are basically tasked to travel the country and check on things. Have you had any contact with them through your association?

**Mr Bertram**—No, not at all. Even as an operator, I have had no contact. Shortly after 9-11, I had the Federal Police visit me, as an operator, on a number of occasions with some suspect names and things like that. That was probably over two years ago, but there has been nothing since then.

**Ms GRIERSON**—If I were a general aviation pilot and I flew into Essendon, would I need an ASIC to be on the tarmac?

**Mr Bertram**—Interestingly enough, I heard the Essendon airport owner here this morning talking about security measures. I went to Lilydale last Saturday. I flew in from Tullamarine. I got out of a taxi at Essendon and walked through the building onto the GA apron with nobody challenging me and no identification.

**Ms GRIERSON**—If I had three passengers with me—family, friends or whoever—what would happen then?

**Mr Bertram**—Again, I can only tell you what I experienced last week. There were three of us there, and we just walked through the airport building and onto the apron. I do not know the requirements at Essendon.

**Ms GRIERSON**—In this perfect world where we are going to have general aviation pilots with ASICs, has there been any talk about passengers needing day passes or visitor passes if they are taken into these places?

**Mr Bertram**—None at all.

**Ms GRIERSON**—So the ASIC does nothing to secure the other people on the plane?

**Mr Bertram**—No.

**Ms GRIERSON**—It is quite an anomaly, isn't it?

**Mr Bertram**—Also, it does not stop a pilot from flying into the airport anyway. It is a runway; it does not matter whether it is a regional airport or small country airport. If a pilot comes in with no ASIC then he comes in with no ASIC. Is there going to be somebody there to police him? I do not know.

**Ms GRIERSON**—Does your association have an interface with the International Council of Aircraft Owners and Pilots Associations?

**Mr Bertram**—We gain nothing from it.

**Ms GRIERSON**—I just wondered whether there were similar examples from the international council.

**CHAIR**—Thank you very much for attending today before the committee.

**Proceedings suspended from 1.49 pm to 2.50 pm**

**KEECH, Mr Ken, Chief Executive Officer, Australian Airports Association**

**McARDLE, Mr John, National Chairman, Australian Airports Association**

**CHAIR**—Welcome to today's hearing. As 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. I invite you to make a brief opening statement before we proceed to questions.

**Mr McArdle**—We do not need to add to or subtract from the submission that we made in June. We look forward to any questions that you may have.

**Senator HOGG**—Are you or your members involved in the implementation of the explosive trace detection throughout airports?

**Mr McArdle**—Some of our members' airports are, mainly those that are also charged with having counter-terrorism first response presence at their airports. I think the top 11 airports within the network are obliged to have explosive trace detection for baggage and personnel.

**Senator HOGG**—I understand they are moving to a large unit which will enable them to do inspections en masse; is that correct?

**Mr McArdle**—In the baggage screening process, there is a unit that bags can go through. There is, I think, a four-step process and the last step of course is a physical search. But the X-ray equipment has the capacity to detect explosives and alert an operator who then activates a process of reuniting the passenger and the bag.

**Senator HOGG**—As I understand it, that is involved at this stage particularly with the international side of travel, but not the domestic side.

**Mr McArdle**—It is being introduced into the domestic side of terminals of these 11 airports throughout the network. One of those airports, Adelaide, for example, has had it built into the system because they had the opportunity to do so.

**Senator HOGG**—That is understandable.

**Mr Keech**—You are correct, there is a machine that has been developed that you can actually walk through and it—

**CHAIR**—It X-rays you?

**Mr Keech**—No, it does not. It actually pumps out some air and then takes a sniff of that air.

**CHAIR**—We understand.

**Mr Keech**—I just realised what I have said. It is very sophisticated; it is technology—

**Senator HOGG**—What I am really leading to is whether there is an additional cost to your members in having that equipment operate at their sites—that is, purely the equipment itself—and are there any ongoing costs that are going to apply that might not yet be readily recognisable?

**Mr McArdle**—Yes, there are. Firstly, there is the capital cost of the equipment. In certain instances there would be some renovations and retrofitting costs to fit it into the baggage systems. I understand that one of our member airports might even have to raise a floor or a ceiling level in the baggage reclaim area. Secondly, there are operator costs and ongoing costs associated with the monitoring of that screening process. We are also aware that, once that capital cost has been expended and the equipment is in, the cost can be passed on to the airline and, ultimately, to the passenger.

**Senator HOGG**—Is the cost significant in terms of the ongoing operation? How will that translate into increased charges to the consumer?

**Mr McArdle**—It would vary, depending on the airport. The more passengers you have the less the flow-on. I could not give a quantum.

**Mr Keech**—The other thing we should bear in mind is that whilst this sophisticated equipment is available now you cannot just buy it off the shelf. If you were to order some of the equipment that we are talking about today, you would probably have to wait for anything up to two years before you could take delivery. So it is not a question of legislating that we must have this and this at this time; it is a question of going through a process. It can take up to two years for some of this equipment to become available.

**Senator HOGG**—That is an interesting point. I want to turn now to your submission, and I take you to where you commented on DOTARS and the Office of Transport Security. You said:

Unfortunately, the career path development program within the Commonwealth Public Service does not necessarily mean that knowledgeable and experienced officers in any given discipline are retained within any department for any particular pre-determined length of time.

Is that still your experience, or has it changed? How does that affect the interaction between members of your association and DOTARS and the Office of Transport Security?

**Mr McArdle**—Yes, it still exists. There is a reasonably quick turnover of staff within the Office of Transport Security. From an airport operator's point of view, you develop a reasonable understanding of the personalities. They develop a reasonable understanding of airport and airline operations and, when applying government policy, can understand the complexities associated with introducing the measures that a policy might dictate. So there is a degree of understanding and tolerance, and the consultative process seems to flow a lot better if the person has been there for a while. At the present time, no sooner do you develop that two-way understanding of each other's business and they move on, and you basically have to start afresh with new faces.

**Senator HOGG**—You go on to say:

Unfortunately, at the present time there are too few people within DoTaRS with such experience and knowledge.

Do you think that it boils down to the structure of the career path within DOTARS? Should that be looked at to give consistency and continuity in a very important area to people such as you?

**Mr McArdle**—Yes, I would agree with that.

**Mr Keech**—The reason I wrote that is that situation it is not peculiar to DOTARS. It is just the way that the Commonwealth Public Service operates.

**Senator HOGG**—I accept that.

**Mr Keech**—Frankly, career path development is very important in any industry, and we recognise that. But we are getting into areas that are very specialised, which require a real degree of specialisation for a lot of senior public servants and which sometimes takes some effort on their part to come to grip with the issues. I have been in this industry for 43 years, and I can tell you that it does not happen overnight. You have to be like a sponge and absorb it. It makes it very difficult for them to do their job, to fulfil the government's expectations and to fulfil the expectations of the industry with which they are dealing.

**CHAIR**—You have stated that you represent over 260 airports, Australia-wide. Are all the counter-terrorism first response airports members of your association?

**Mr McArdle**—Yes.

**Ms GRIERSON**—All of the 11?

**Mr McArdle**—Yes.

**CHAIR**—Are all security classified airports in Australia members of your association?

**Mr McArdle**—No.

**CHAIR**—Which ones are not?

**Mr McArdle**—About 53 of those recently identified as security classified airports would not be members of ours. The majority of those would be Aboriginal settlements in North Queensland and the Northern Territory.

**CHAIR**—One of the things that you stated in your submission is that the proposals to increase security at regional airports are not been based on any current risk assessment and will do nothing to enhance security at those airports. Can you expand on the statement that the security arrangements of regional airports should be commensurate with the assessed level of threat and not applied in a one size fits all manner?

**Mr Keech**—It is true that there is not a one size fits all solution. A lot of airports in regional and rural Australia are now classified for the purpose of security through the Office of Transport Security. Frankly, the greatest advantage they have is their location. There are plenty of airports that I have been to in Queensland, Northern Territory, and Western Australia that are upgrading facilities to fulfil the expectations of the department. In many instances they are not undertaking what I believe to be an appropriate and proper risk assessment consistent with the Australian standard. I am saying that on the one hand; on the other hand I am one of the signatories for the money that is paid out for the Regional Airport Funding Program, which facilitates the funding on behalf of the Commonwealth for those airports. One sometimes wonders whether that money is being wisely spent, that is all.

**CHAIR**—I understand your statement, but if a threat or breach occurred at one of those airports about which your organisation has been advocating that one size does not fit all, and so that airport should not have been included, then where would your organisation stand?

**Mr Keech**—I think all our organisation can do is provide qualified advice. The regulations are such that the secretary of the department has the authority to declare at any time that certain things ought to take place with regard to security matters.

**CHAIR**—What sort of framework for discussions do you have with DOTARS in relation to security aspects at airports?

**Mr McArdle**—We are members of the aviation security advisory forum which meets on a periodic basis as a consultative arm of industry and DOTARS. We have an open line to the deputy secretary and any of his staff at any time. We are in touch with the regional inspectors on a periodic basis at various locations throughout the country.

**CHAIR**—As an organisation that represents its members, do you assemble a testing unit to go covertly into airports to test their security?

**Mr McArdle**—No. We are not entitled to or allowed to. It is against the law.

**Senator NASH**—The Wheeler review has recommended that the screening of cargo be expanded and that on passenger aircraft where passengers' checked baggage is screened then cargo should also be 100 per cent screened. What is your view on the risk of cargo on passenger aircraft not being 100 per cent screened? Is it a significant risk? Do you have any concerns with that?

**Mr McArdle**—I think the carrier would assess what that risk is. As an airport operator we provide the facilities for the carrier and the cargo handler. I presume they would assess what risk there is in putting the product on their aeroplanes and securely test it accordingly.

**Senator NASH**—But it is not something that is on your radar?

**Mr McArdle**—Not really. We operate airports as a base for cargo and for passenger aircraft to process those persons. We provide the buildings and the support if required but at the end of the day it is the airlines' call.



**Senator NASH**—So you leave it up to them to have the security environment that they see fit?

**Mr McArdle**—Yes. At Adelaide airport, where I am involved, Australian Air Express already screens cargo and mail and so forth. TNT also has a screening facility at Adelaide airport, so it is not anything new to the port that I am based at. As a matter of fact, they welcome it. It was nothing that we as an airport operator were involved in, because it is separate to buildings that we own and operate.

**Senator NASH**—Are you supportive of Mr Keech's view about DOTARS and their ability to function?

**Mr McArdle**—Of course. He is my CEO.

**Senator NASH**—He claimed to have written the report, so I was just ensuring that it was a mutual view.

**Mr McArdle**—I proofread it before it went. It went under the umbrella of the association.

**Senator NASH**—Thank you. In what ways could DOTARS improve their management of aviation security?

**Mr McArdle**—From my viewpoint, the Office of Transport Security have a very difficult task to do. The way I see their task is to implement government policy. If the government of the day say, 'We want you to have purple ASICs,' then OTS have to work out a system with industry to change all the cards and introduce purple ones. We would assist them to do that where we could. They are a conduit between what the industry says is feasible, practical and achievable and what government indicate they would like to see. It is a difficult job. In the past few years I have not had any real feel for fresh initiatives that have been driven by the Office of Transport Security. They are not out researching new technologies; they are not out researching new deterrence factors. What they are doing is applying the process to have what industry identifies or what other arms of government identify promulgated in the relevant legislation and then they ensure compliance with that.

**Senator NASH**—Do you think their understanding of the aviation industry has improved over the last 12 months? You obviously have some concerns, but has it improved at all?

**Mr McArdle**—In certain arms. I would say that at the deputy secretary level understanding of aviation security has improved out of sight. At the next levels down, because of the rotational basis of their employment, people are not there long enough to get an understanding of the complexity of the industry, particularly the security part of the industry.

**Mr Keech**—As a responsible association, we see it as one of our obligations to do whatever we can to assist those people within the department with their job. We all have some community service obligations and we need to fulfil them. We go out of our way to try and help them if we possibly can, and that is usually received in the manner in which it is intended.

**Senator NASH**—Thank you.

**Mr TICEHURST**—Have you managed to quantify the cost of these new security upgrades?

**Mr Keech**—Where are you talking about?

**Mr McArdle**—In regional airports?

**Mr TICEHURST**—Obviously there is quite a cost involved in meeting the obligations under the new regulations. Have they quantified what those costs are—the up-front costs and the ongoing costs?

**Mr Keech**—I will talk about the Regional Airports Funding Program, which is money that is being made available by the Commonwealth to upgrade the security facilities and security arrangements of 146 airports in rural and regional Australia. We are assisting with the facilitation of that expenditure. There is \$35 million there to be expended. My personal view is that will be more than adequate. The Commonwealth have done the right thing in terms of some of the communities out in Australia by legislating and, on the one hand, saying they understand that there are going to cost impacts and providing money to meet those costs. On the other hand, there is the situation for the larger airports, like Adelaide, Sydney and Melbourne.

**Mr McArdle**—The cost of introducing those additional measures runs to millions of dollars. There is no assistance provided through any program at all by government for the introduction of those measures that are directly related to aviation security. So the airline or airport needs to find the capital moneys up front, introduce the relevant deterrents or measures and then seek to recover that cost either from the airline or through the passenger. For the recent initiatives that the Wheeler report identified in handling criminality at airports, some funds have been made available by government for the introduction of a police presence at airports. That is an initial up-front allocation of moneys. What we do not know is whether that will continue and, if it does not, who is going to have to pay. We would expect that in the application of a police presence at airports, which are communities—of varying size—in their own right, the community at large should pick that up. It is, in our view, part of national security and the fighting of crime for the benefit of the nation, not just for the odd few people who travel through airports.

**Mr TICEHURST**—On that point, what proportion of the community would use airports, do you reckon?

**Mr McArdle**—It is difficult to say. Let's take Adelaide for example. It has a population of just over one million people, but there are five million passengers. There is a two to one visitor-passenger ratio, so there are 15 million people in that airport through any one year. There is a constant staffing level of about 4,500 through the 17 hours a day that the airport is open. That is the size of a small town and it has a massive, say, attraction through the year that brings 15 million people through its doors. It is a lot of people. That is just Adelaide; I think Sydney has 27 million passengers. Again, with the passenger-visitor ratio and staffing level, you would be looking at quite a significant number of people.

**Mr TICEHURST**—You might find that people who do not fly but use toll roads might disagree that it is a national prerogative.

**Mr Keech**—If they can afford the petrol—

**Mr TICEHURST**—Petrol is coming down—\$1.08 today, I think.

**Mr McArdle**—We might get cheaper airfares then.

**Mr TICEHURST**—What about the ongoing costs? Would the bag screening be the biggest capital cost?

**Mr McArdle**—It is going to be difficult to say. Yes, that is going to see a huge impost on airlines and airports. The screening of persons airside and then from airside to landside is going to require a huge staffing component and some capital works for the development of processing points, and vehicle checking and processing points with double electronic airlock gates will need to be built in some airports. So there is a huge amount of capital expenditure to be introduced into those 11 airports—throughout the major airports.

**Mr Keech**—There is a second tier of airports that we need to be a bit mindful of, which will not be getting any additional funding whatsoever, that are serving rural and regional Australia. They are, for want of a better description, what the department refers to as the ‘transitional airports’—the Karrathas; the Broomes; the Townsvilles; Nhulunbuy, up in the Northern Territory et cetera. A number of those airports are going to have to undertake some fairly serious infrastructure works to fulfil their regulatory obligations with these new laws and security measures. They have missed out on the funding through the RAFFP, so they are going to have to provide that funding themselves. By and large, those airports are owned and operated by the local communities through their local councils. There are going to be some knock-on impacts for regional Australia that we need to be mindful of.

**Mr McArdle**—And they have a small passenger base too from which to cover that sort of cost, so it will be quite a sizeable amount. I do not know the quantum of the amount that will need to be picked up on tickets and so forth.

**Mr TICEHURST**—Do you think that the risk profile for those airports justifies that expenditure?

**Mr McArdle**—I think the airport or community that owns that airport would need to do that risk assessment. If you took Nhulunbuy, for example, its location is probably its best risk deterrent. It is the same with Townsville. But you never know what is in the minds of the villains.

**Mr Keech**—There is an assessment process and an Australian standard. If you go through that process it will tell you exactly what the level of threat is.

**Mr McArdle**—And they are required to do that under the new Aviation Transport Security Act anyway and to develop their program based on threat risks at the time.

**Ms GRIERSON**—Would you represent most of or a lot of the airports that did miss out?

**Mr McArdle**—All of them.

**Ms GRIERSON**—Albury has just presented today. They feel they warranted a bit more assistance. They will have to do capital improvements if they are boarding under this umbrella. Do you represent Albury?

**Mr McArdle**—Yes. That surprises me. What is their issue?

**Ms GRIERSON**—They said that they cannot separate—they do not have a quarantined area for passengers who have their boarding passes ready. They felt their baggage area would need some major structural changes.

**Mr Keech**—As I said before, I actually signed the contracts for the work that is being done at those particular airports. I can tell you that there is money being made available for Albury to secure that baggage area in an appropriate manner according to their risk assessment.

**Ms GRIERSON**—Good. They did not tell us that.

**Mr McArdle**—They might not have the money yet.

**Mr Keech**—They may not have the money yet, but the contracts have been signed. I have signed them.

**Ms GRIERSON**—Who is providing the money?

**Mr Keech**—The Commonwealth.

**Ms GRIERSON**—What about Newcastle airport?

**Mr Keech**—It is a lovely airport. It won an award just recently.

**Ms GRIERSON**—Yes, it did, actually—a national award.

**CHAIR**—They have an outstanding local member!

**Mr Keech**—They have an airport to match.

**Ms GRIERSON**—Has it received funding under these programs?

**Mr Keech**—No, it has not.

**Ms GRIERSON**—Why not?

**Mr McArdle**—It is in that transitional airport range. It has just missed out on the government's granting system.

**Ms GRIERSON**—They have a shocking local member if you ask me!

**CHAIR**—I understand they got money ahead of the programs for doing works there, which was what actually negated them from being able to obtain the funding under these programs. They got money out of synch. Are you aware of that?

**Mr Keech**—I am not aware of the detail.

**Ms GRIERSON**—Did you make submissions or do you leave that to each individual airport?

**Mr Keech**—We help them.

**Ms GRIERSON**—Do you help to make those submissions?

**Mr Keech**—We help them with all of their submissions.

**Ms GRIERSON**—But you do not have anything to do with prioritising them?

**Mr Keech**—No, definitely not.

**Ms GRIERSON**—You support all of your members?

**Mr McArdle**—Yes, and we do not have an approving role of the measures that they identify.

**Ms GRIERSON**—You have suggested that the Regional Airport Funding Program is not tied to any risk assessment that you can identify and it is not strategic. There is some questioning about its criteria and the strategic nature of the prioritising. Would you like to elaborate on that? Do you think that the ones with the highest risk profile are really being responded to?

**Mr McArdle**—It would seem to me that, in the majority of cases that I have been made aware of, the local community or council saw that the government was offering a grant of money, so the initial reaction was: 'Let's grab some of it.' Of the 146 airports, 143 of them prepared a risk assessment which identified security measures or deterrents that they felt they needed to introduce. Three chose not to. Some of the measures that have been introduced—like fencing, floodlighting, CCTV cameras, improved access controls and the like—in some locations would seem to be a bit of overkill given that the type of aeroplane that flies there, if it was able to be hijacked, could not reach any town of any size to do any sort of damage. So their remoteness is their best security measure.

The other concern I have for a lot of those member airports is that, whilst they have accepted the opportunity to get some capital investments done at their airports, I do not think many of them have done an operational expenditure ongoing. So when that fence needs replacing or that CCTV camera needs upgrading or whatever, the costs are theirs. I do not know whether they have done that part of it. That is the concern I have.

**Mr Keech**—There is an issue also with regard to public perception, and we need to be mindful of that. I will give you a real example. In Western Australia, Karratha is one of those transitional airports that did not get any funding. It is a very well-managed airport which has a number of 737 services each day—it is a jet port. It has a long-term approved transport security program. It has done its risk assessment and has infrastructure in place commensurate with its

TSP. Halls Creek is a small community 300 kilometres inland from Karratha and, because Halls Creek have access to funding through the RAFFP, they are putting in fancy fences and CCTVs. They only have a nine-seater twice a day but they are putting in all this equipment and the community are saying, 'Hang on a minute, if we need this at Halls Creek, why aren't we having this infrastructure put in place in Karratha?'

**Ms GRIERSON**—Do you think we should ask DOTARS to make some further explanations about their allocation of those upgrades?

**Mr Keech**—The process by which they make the assessments.

**Ms GRIERSON**—You also expressed concerns about the rapid response deployment teams, which we have been hearing some favourable things about. But the costs supposedly revert to regional aviation after 2008. Is that still the case?

**Mr McArdle**—The initial allocation for the rapid response teams was for a four-year period.

**Ms GRIERSON**—Even though it is policing, basically. Isn't it at that level?

**Mr McArdle**—The way I understand it is that if the government receives information that airport A out in the middle of New South Wales has a heightened level of threat or an incident is unfolding at airport A, the rapid response team will deploy from Sydney and head out to that airport to assist in the remedy of the incident.

**Ms GRIERSON**—You would be surprised if they did not know first, though, before the airport even did, wouldn't you?

**Mr McArdle**—If the incident is happening at the airport, I doubt it.

**Ms GRIERSON**—That is right, but you would expect that if Intel—I know those sorts of things can happen out of the blue—

**Mr McArdle**—I take your point; it depends on the incident. I know, for example, that for some of the remoter airports in South Australia it is going to take the deployment team more than four hours to get from Melbourne to anywhere near the airport. The incident will more than likely be over before they get there. At Parafield Airport, which is another airport I am associated with, we have assessed that if the cost of these deployment teams is to be absorbed by those new 146 airports after 2008, it will cost around \$175,000 for Parafield Airport.

**CHAIR**—What do they do at Parafield?

**Mr McArdle**—It is a flying training school, general aviation maintenance and so forth.

**Ms GRIERSON**—You are critical of the relevant experience of DOTARS personnel. Does that still stand? Is it an ongoing concern for your association?

**Mr Keech**—It is. That is the career path process—we acknowledge that. Perhaps there ought to be some acknowledgement from the Commonwealth that this is a fairly specialised area that we are now getting into and that ought to be given due accord.

**Ms GRIERSON**—You have seen changes in personnel in the security area?

**Mr Keech**—Rapid.

**Ms GRIERSON**—You also made the point that there have not been many security incidents or breaches of security—not compliance breaches but actual threats—that have taken place in Australia. Do you still stand by that statement?

**Mr Keech**—Yes.

**Ms GRIERSON**—How would you know?

**Mr McArdle**—There is a reporting structure that we operate, for example, from Adelaide Airport through the security committee to the department of transport. A network exists where we share a lot of information across our airports.

**Mr Keech**—We have a confidential web site file which is only accessible by members. It is secure—

**Ms GRIERSON**—So you would get that information straightaway from your people.

**Mr Keech**—Yes.

**Mr McArdle**—Certain of us are cleared to a security level, and we get information from the relevant agencies.

**Ms GRIERSON**—Are you represented on the DOTARS high-level group on aviation security?

**Mr McArdle**—I am on that group.

**Ms GRIERSON**—Thank you.

**Mr McArdle**—Pardon me, but my understanding now is that the industry consultative committee and the high-level group have merged into this new aviation security advisory forum.

**Ms GRIERSON**—So you are now—

**Mr McArdle**—Yes, I am.

**Ms GRIERSON**—And you actively participated in the ones that have been held already?

**Mr McArdle**—Yes.

**Ms GRIERSON**—Are they huge meetings?

**Mr McArdle**—They are entertaining.

**Ms GRIERSON**—Are you going to achieve improvements? Are they developing very good strategic agenda items?

**Mr McArdle**—It is developing that way, yes.

**CHAIR**—I thank you for your evidence today.

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

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

**Committee adjourned at 3.26 pm**