



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

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

MONDAY, 27 FEBRUARY 2006

CANBERRA

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

**Monday, 27 February 2006**

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

**Members in attendance:** Senators Hogg, Moore, Murray and Watson and Mr Broadbent, Ms Grierson, Mr Laming, Mr Anthony Smith and Mr Ticehurst

**Terms of reference for the inquiry:**

To inquire into and report on:

Developments in aviation security since its June 2004 *Report 400: Review of Aviation Security in Australia*, with particular reference to:

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

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**Committee met at 9.33 am**

**CHAIR (Mr Anthony Smith)**—The Joint Committee of Public Accounts and Audit will now commence taking evidence, as provided for under the Public Accounts and Audit Committee Act 1951, for its inquiry into aviation security in Australia. I welcome everyone to today's public hearing on the committee's review of developments in aviation security since the tabling of its report No. 400, *Review of aviation security in Australia*. Today we will hear from representatives of Aero-Care, which is Australia's largest independent provider of support for ground handling services at airports. We will then hear from representatives of two of the front-line agencies tasked with securing Australia's borders—the Department of Immigration and Multicultural Affairs and the Australian Customs Service.

Before beginning, I advise the witnesses that the hearings today are a legal proceeding 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 members of the press who are present to a committee statement about the broadcasting of proceedings. In particular, I draw the media's attention to the need to report fairly and accurately the proceedings of the committee. Copies of this committee statement are available from secretariat staff.

[9.35 am]

**BUTLER, Mr Lincoln, National Airports Manager, Aero-Care**

**LISTER, Mr Gavin Jon, National Commercial Manager, Aero-Care**

**RUTHERFORD, Mr Glenn, General Manager, Aero-Care**

**CHAIR**—I welcome representatives of Aero-Care and invite you to make a brief opening statement before we proceed to questions.

**Mr Rutherford**—Aero-Care, as you correctly stated, is the largest independent provider of ground handling services at many airports for Australia. We are committed to the upholding of safety and security at airports and we welcome this inquiry.

**Mr TICEHURST**—What proportion of your workforce is casual?

**Mr Rutherford**—It differs from airport to airport. Where the work is of a permanent nature, we have a predominantly permanent base of employment in the order of 90 per cent. In locations where we have a small volume of work which does not fulfil a full-time role, there is a high percentage of casuals, often in the order of 50 per cent. Overall, the employment is predominantly of a permanent nature at something in the order of 75 per cent.

**Mr Rutherford**—We employ somewhere between 500 and 600 at this point.

**Mr TICEHURST**—For how long would the average person work for your company?

**Mr Rutherford**—That is location dependent. The company has been operating since 1992 and has gone through various stages of the aviation industry, which is a fluctuating industry. We grew quite large with Impulse Airlines and fell back to approximately 27 staff when that operation ceased. Over the last five years we have grown consistently from 27. The average length of employment at this point is approximately two years.

**Mr TICEHURST**—What about training facilities? Do you have your own training?

**Mr Rutherford**—We do provide our own training. Aviation is a very specific and demanding area. Lincoln is best suited to comment on what training we provide.

**Mr Butler**—Are you referring to any specific training?

**Mr TICEHURST**—As Glenn was saying, it is certainly a specific task so you would need to train people on particular requirements—security, handling and a whole range of issues.

**Mr Butler**—There is the company induction side of things as well as specific client requirements. Depending on which airlines we are handling, we do our training according to their requirements as well.



**Mr Rutherford**—Where an airline provides us with a high level of information and specific requirements we apply that exactly. Where there is a deficiency in the information provided by an airline client, we supplement that with information and training of our own.

**Mr TICEHURST**—So I guess there is a difference between major regional and smaller regional airports?

**Mr Rutherford**—We generally operate in larger airports. We do not have operations in regional airports. One exception is Maroochydore. But we are generally at the larger airports as opposed to turboprop serviced airports.

**Senator MOORE**—I know that you have read the *Hansard* of the previous hearings of this inquiry—because that is what you do—so you know that there were specific issues raised at the Sydney hearing about ASICs, security and the whole process. I know that you want to tell us about it, so tell us about it and then I will have some questions about that. Specifically, as you know, this committee has looked at the issue of ASICs—how people get them, how long they keep them, what the process is and so on. There were particular issues raised at the Sydney hearing about people being able to work without having full ASIC coverage. But tell us what you want to tell us and then we will ask questions if we need to.

**Mr Rutherford**—To start, we should outline the process that we follow when we employ a person. There certainly were allegations made by our friends from the Transport Workers Union which are unfounded, unsubstantiated and completely false.

**Senator MOORE**—You are very clear about that—unfounded, unsubstantiated and completely false?

**Mr Rutherford**—Yes. The allegation was that we employed people and did not submit applications for ASICs. One of the first processes that we have when we employ a person is that we require them to complete an ASIC application. That is submitted prior to their commencement of employment. Having said that, we are unable to wait the period of time for those applications to be processed through the various checks before we commence their employment. It can take many weeks and often months for those to return and we would be out of business if we waited until those ASICs came through. For instance, we recently took on a contract with Singapore Airlines. We were given just under 60 days notice to start that contract. It commenced on 1 November and today we are still waiting for some of those peoples' ASIC applications to be returned. It is true that these people are working with visitors cards, temporary passes, but they are required to be strictly supervised in all aspects of the work that they do. In other words, an ASIC holder escorts them wherever they perform work on the airport. That is the case for all of our operations. A temporary pass will be issued to a new employee until such time as their ASIC is processed by the system, but they are strictly escorted at all times.

**Senator MOORE**—In terms of the example you have given us with the one contract, I think it is important to bring it down to particular cases. One of the things we have looked at is the process of applying for an ASIC: who has the delegation to provide it and how long does it take. Taking the particular case of the Singapore Airlines contract, can you run through for the committee when you got the contract, the information you had to give and how many staff were involved? You might want to take this on notice and give us a response. How many staff did you

need to provide and what was the process for claiming ASICs? It is quite concerning that you did that in November, it is now the end of February, and some of those people have not got full ASIC coverage. Can we get from you, on notice, that kind of stepped process?

**Mr Rutherford**—You certainly can.

**Senator MOORE**—Does the application process and the time it takes vary from airport to airport?

**Mr Rutherford**—Yes, it does vary from airport to airport. Having said that, for all airports there is still a lag. For a service which we actually pay for it is fairly poor. We pay a reasonable price for a task that does not take that long, if pushed. We have had airports committing to us that the process would take less than a week. That is what we have been told consistently over the last several years by airport authorities and Australian Federal Police.

**Mr TICEHURST**—It takes three months to get to the week!

**Mr Rutherford**—Some of these applications can be processed very fast. We do not understand what is involved, but it would appear that, once it gets to the point where a person processes it, they spend very little time doing the task. It appears to be the resources allocated for the criminal history check and the ASIO check, according to the claims that we are getting back.

**Senator MOORE**—Is that what you are told? I would expect that in a situation where it has taken four months you would have been following up on that. Is there a follow-up process that you have?

**Mr Rutherford**—Yes, there is.

**Senator MOORE**—What has the response back from the department been?

**Mr Rutherford**—We have to apply through the airport authorities. The feedback we get is that nothing has come back yet and there is no more information. There is usually some comment about a lack of resources and that it is out of their hands.

**Mr BROADBENT**—Say if there were, as Senator Moore suggested, 16 people in the contract for Singapore Airlines, what you are really saying to me is that, of the 16 people, at least one of those people has their ASIC and he or she is possibly monitoring all of the rest of the people on day passes? That is not one-on-one—I think you sort of inferred that there might have been one person walking around with one person—and that is not on.

**Mr Rutherford**—We do not have that level of duplication. We only allow people to go into restricted areas where they have a reason to go into those areas. A lot of the work we do is customer service oriented work, which is performed at the check-in counter. That is not a restricted area. It is a restricted function. We have a large number of people with ASICs. The vast majority of our staff have ASICs. It is not exactly one-on-one. Often it is, though. Often the person without an ASIC is in the minority. There may be four ASICs to one person—there may be occasions where there is one ASIC holder to four visitor cardholders.

**Senator MOORE**—Whose responsibility is it to make sure that that person is with someone with full ASIC coverage? Who has the ownership of that responsibility?

**Mr Rutherford**—The person who is responsible for supervising them has that responsibility.

**Senator MOORE**—So, from Aero-Care's perspective, you would have somebody on duty all of the time who has that responsibility for Aero-Care employees?

**Mr Rutherford**—The person who is supervising the area in which the person works has that responsibility.

**Senator MOORE**—And that is part of their job?

**Mr Rutherford**—Yes, it is.

**CHAIR**—It is a supervisor?

**Mr Rutherford**—Yes.

**Senator MOORE**—Taking Sydney airport as an example, because it is the biggest one and it is the one that we see the most focus on, we have been told that every staff member at Sydney airport now has to own their own security responsibilities. We were told that in a number of places. They expect that people will be questioned. If there is someone who is where they should not be or there is an issue or they are not wearing a public card, they will be questioned. Is that the kind of information that you give your employees?

**Mr Rutherford**—Certainly.

**Senator MOORE**—So all people who are Aero-Care employees are trained in their security responsibilities?

**Mr Rutherford**—Yes, they are.

**Ms GRIERSON**—Can you elaborate on that? The point that TWU made was that the training was insufficient and inadequate for meeting security needs. If I came to you and said that I wanted to work at airports and wanted to put my name on your books, what sort of training would you give me?

**Mr Rutherford**—There are two parts. In the interview process we outline the environment in which we work. Aviation has a high security focus, so in the recruitment process it is one of the underlying themes. From there, part of the interview process includes discussion of the parameters of obtaining an ASIC, the requirement of completing the form and what is required in that. Once they have been employed and they have gone through that, we ask a number of screening type questions. Should any of the things in the ASIC be an obstacle for them, we do not employ them. Once the interview has taken place, we then have a formal induction process which goes through all aspects of starting employment with Aero-Care. That has a component of aviation security awareness.

**Ms GRIERSON**—Is that a workshop or one-to-one or an interview? What is it?

**Mr Rutherford**—No, it is in a training environment. It can be one-to-one if we only employ one person, but normally it is a small group of four or five.

**Ms GRIERSON**—Who delivers that training?

**Mr Rutherford**—Aero-Care staff do. Aero-Care has a large number of trainers. We have approximately 30 trainers around Australia. Those trainers deliver that information. Also, in Sydney airport, for example, prior to obtaining a security pass they are required to sit through a security video and answer a security test. Obviously, our people are required to do that as well.

**Ms GRIERSON**—Is this generic training or does it depend on what area they may work in? Is there any difference between working airside and not working airside?

**Mr Rutherford**—No, there is not.

**Ms GRIERSON**—Are they tested on it?

**Mr Rutherford**—I would have to ask Lincoln.

**Mr Butler**—Yes. It depends upon the client. We cover it in the recruitment process. We look at it through their ASIC application process when they detail their history. It is covered in the Aero-Care induction. As we say, security is everyone's responsibility. It is then covered as part of the client's training, so in the case of, say, Virgin Blue being a client, they have security awareness training which is mandatory before anyone starts any other training, as well as safety awareness and emergency response training. So multiple levels of training take place before someone starts any other training.

**Ms GRIERSON**—Once they are employed, and if there is an updated training need, if things change, whose responsibility is that? Is it still yours because you are the contractor or is it Virgin Blue, the airport or whoever?

**Mr Rutherford**—We see that as our responsibility. We work closely with our airline partners. We are an integral part of their base and they have obligations to ensure we are informed.

**Ms GRIERSON**—How is that partnership formalised? Are you on any committees with them or is it just something you do because you are in business?

**Mr Rutherford**—No, we have formal committee meetings.

**CHAIR**—You have ongoing liaison?

**Mr Rutherford**—Ongoing liaison at various levels. It is not just at senior management level; it is also down at port level, including various safety compliance committee meetings that take place every month.

**Mr BROADBENT**—What is the title of the on-site supervisor in a given workplace?

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**Mr Rutherford**—We have a couple of different structures depending on the scale of the operation. In some operations, in some of the smaller ones they are called supervisors; in some of the larger ones we have team leaders and coordinators. So it depends on the scale of the business.

**Mr BROADBENT**—What further training have they had?

**Mr Butler**—With the supervisory level training, once again it is specific to the client. They have supervisory level training included as part of their training, which we deliver. So as a supervisor there are safety and security requirements that are part of that. Virgin calls it pit crew level 3 or guest services level 3, and that is a requirement for us to deliver.

**Mr BROADBENT**—Do they have a list of responsibilities? Is it a documented list?

**Mr Butler**—Yes.

**Mr BROADBENT**—As part of that statement, do you talk about their responsibility towards non-ASIC holders?

**Mr Butler**—It is in relation to security, yes.

**Mr BROADBENT**—Are you very specific about that?

**Mr Butler**—It states security, but not specifically in relation to non-ASIC holders.

**Mr BROADBENT**—So they are trained in that; that is part of their role and responsibilities?

**Mr Butler**—Yes.

**Mr BROADBENT**—Is that documented?

**Mr Butler**—Our training is documented, yes.

**Mr BROADBENT**—Is there part of that documentation that says, ‘As part of your role as a supervisor or team leader, you are responsible to make sure that anybody who is not the holder of a pass is supervised at all times’?

**Mr Butler**—I would have to check that.

**Mr Rutherford**—We certainly have a policy manual which supervisors are vested to uphold. I believe it does make reference to that. We would have to check the specific wording.

**Senator MURRAY**—Major retailers often have a system of mystery shoppers; they are people employed to go and shop and see how the staff behave with them, what the till procedures are. They might even try a bit of shoplifting to see if the security systems work and so on. Do you have any system of independent monitoring of your staff and their functions and the performance of their functions?

**Mr Rutherford**—We do conduct reviews of our staff. We have an obligation to wear and display an ASIC in any of the required areas. For us not to do that in order to test them out or to have somebody do that would be breaching our obligation to fulfil that. So we do not actually have a person not displaying an ASIC going into restricted areas.

**Senator MURRAY**—You have said to the committee that people who are on day passes or temporary passes are monitored. How do you know they are monitored if you do not send someone in, with either an ASIC pass or a day pass, to check and see if that is what occurs?

**Mr Rutherford**—Our business is made up of lots of small businesses as opposed to being one large group of 600 people. Generally, in a working environment, the team is somewhere around 15 to 20 people. The managers of our operations are regularly walking through the operations, overseeing the quality of the work and the level of compliance. We do actually conduct compliance audits. They are not just about security. There is a large checklist of things that are checked when we conduct audits. We do have an internal auditor whose primary job is to conduct audits of all aspects of our business, including security.

**Senator MURRAY**—So there is a proper audit and compliance process?

**Mr Rutherford**—Yes, not specifically for security, although security forms part of his role.

**Senator MURRAY**—Obviously not. You have many functions. You would be concerned about fraud or theft or people not fulfilling their technical tasks correctly.

**Mr Rutherford**—That is correct.

**Mr Lister**—There are also additional audits that are conducted by our clients and by DOTARS and regulatory authorities on top of our own internal processes.

**Senator MURRAY**—When you discover there is a problem, what is the process then? When you turn up a problem—and presumably you are not 100 per cent perfect; there must be occasions when the auditor discovers that there are matters that need attention—what happens then?

**Mr Rutherford**—The auditor compiles a formal report. That report is then escalated to Lincoln as our national airports manager. He then ensures that the findings of the audit are followed up with the airport manager and then a subsequent order takes place to ensure that those—

**Senator MURRAY**—So there is a proper paper trail?

**Mr Rutherford**—Yes, there is.

**Senator MURRAY**—If there was a security incident and somebody wished to discover whether you had done your bit, they would find a proper paper trail of accountability?

**Mr Rutherford**—Yes.

**Mr LAMING**—I want to break down those figures that you gave right at the start. There are 500 staff, approximately, spread across nine airports delivering passenger, technical and ramp support?

**Mr Rutherford**—Approximately, yes. I do not have the exact number.

**Mr LAMING**—How many new orientations do you have per month or per year in that 500, just to give me a sense of turnover?

**Mr Rutherford**—It is hard to determine. At the moment we are going through a significant growth phase again. In the year to date I would estimate that we have inducted a couple of hundred.

**Mr Lister**—Since the beginning of the year?

**Mr Rutherford**—Sorry, the year has just started. Since the start of this year it would be 30 or 20.

**Mr Butler**—Yes, it is actually a very small number. We are only two months in.

**Mr Rutherford**—Yes, 20 people in the last two months is an indication. We expect to grow substantially again this year. We would expect maybe this year to be looking at around 150 to 200 in total.

**Mr LAMING**—So that would suggest that, at any one time, out of that 500 you have maybe 20 to 40 people without ASICs working onsite? Probably every 10th person would not have an ASIC?

**Mr Rutherford**—It depends. When we started the Singapore Airlines contract I believe only a handful of ASICs came through. We employed approximately 70 people at that stage. By the time the contract started, there were only a couple of ASICs that had been processed by the system. At that point there was a high number. At this point we have not had substantial change to the business, so it is quite a low number.

**Mr LAMING**—Lastly, you were referring to the mean duration being around two years. But I guess our real interest is in turnover of staff in the short term. Has there ever been a staff member who has concluded their employment prior to getting an ASIC?

**Mr Rutherford**—Yes.

**Mr LAMING**—That is really the concern, as opposed to the mean. How often do you have that situation arising where people conclude their employment not even having been security checked?

**Mr Rutherford**—Not often. The ASIC application is submitted prior to them commencing employment, so the security check takes place whether they stay or not. The exact number of people who have left prior to receiving ASIC would be a low number, but there have certainly been a couple of them.

**CHAIR**—When they do leave, what happens with their application? Does it proceed nonetheless?

**Mr Rutherford**—The ASIC application process occurs irrespective of that. We have no ability to influence the outcome or process that the ASIC takes.

**CHAIR**—Perhaps you have misunderstood my question. What happens when someone has commenced employment and you have applied through the appropriate channels—taking Mr Laming’s point—and they cease employment before the ASIC comes through? Do you cancel that application?

**Mr Rutherford**—No.

**CHAIR**—At some point down the track, even when they have left, you get the result of that?

**Mr Rutherford**—Information goes through the airport authorities. We do not get information directly about criminal history checks.

**Ms GRIERSON**—So the ASIC would go to the person, and then the employer would have to call it back in if they have left? Is that what would happen?

**Mr Butler**—We would cancel the ASIC application if the person resigned—

**CHAIR**—That is what I was getting at.

**Mr Butler**—The airport authority deals directly with the staff member, not with us, so if they get an application through—

**Mr Rutherford**—We notify the airport, although the application still goes through the processing channels.

**Ms GRIERSON**—I want to follow up on Mr Laming’s point on retention rates. Where are your best retention rates and where are your worst retention rates—or your biggest turnover of staff?

**Mr Rutherford**—Our worst retention rate was in Darwin. Having said that, that has changed—and it is more to do with the nature of the work, which is four hours a day, at midnight, doing quite a difficult and labour intensive job in one of the hottest climates in Australia. So we do get a higher level of turnover there. We have a good staff retention rate, though.

**Ms GRIERSON**—Could you provide us with some figures on your retention rates?

**Mr Rutherford**—Yes.

**Ms GRIERSON**—It would be good if you could break that down by airport if possible. Do you do the same training for contractors—for people who are not directly employed by you?



**Mr Rutherford**—We do not have contractors.

**Ms GRIERSON**—So you do not have any dealings with other contractors? You do not provide training for separate contractors such as people who deliver things?

**Mr Rutherford**—We do not outsource to contractors.

**CHAIR**—Thank you for appearing today. You have a couple of questions on notice from Senator Moore and a couple of others. It would be most beneficial as we go about the business of preparing our reports if we could get responses to those questions at the earliest time.

[10.03 am]

**FREW, Mr Todd, Assistant Secretary, Entry Policy and Procedures Branch, Border Security Division, Department of Immigration and Multicultural Affairs**

**REES, Mr John, Director, Airport Policy, Entry Policy and Procedures Branch, Border Security Division, Department of Immigration and Multicultural Affairs**

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

**Mr Frew**—No.

**Ms GRIERSON**—I am interested in the visa application process, particularly given that the Treasurer recently commented that people who want to live under sharia law should not come here. Do people who are extremists and want that sort of choice come here?

**Mr Frew**—The best way I can answer that question is to say that people who are applying for visas to Australia of one kind or another, whether it is short term or long term, go through a series of checks. Clearly anyone who is identified as having either a serious character issue or a serious security issue would not be entitled to be granted a visa.

**Ms GRIERSON**—You would consider that anyone with an extremist religious bent may be triggered in that checking process?

**Mr Frew**—There are legislative provisions about who may be granted a visa against those character and security type issues. Clearly, there would need to be evidence, I guess, that somebody fails to meet those criteria before the visa decision would be made.

**Ms GRIERSON**—So you are saying that there are things that you just would not know?

**Mr Frew**—Our databases are very good and very effective on an international scale. The movement alert list is a compilation of data provided by security and other agencies within Australia. So we have, if you like, a single watch list that is compiled and run against applicants for immigration. It would be inappropriate to say that we as a nation know everything that we would like to know in respect of every applicant.

**Ms GRIERSON**—Your watch list would be advised and informed by ASIO, wouldn't it?

**Mr Frew**—Correct.

**Ms GRIERSON**—So it is correct to hope that people who are extremist or who have deliberate intentions of harm to this country would be screened before they come here?

**Mr Frew**—That is correct.

**Ms GRIERSON**—Almost no Palestinians and Iranians can get into this country at the moment, but it does seem to be a shifting situation.

**Mr Frew**—I could not respond to that one. It is certainly not nationality based.

**CHAIR**—Taking Ms Grierson's question, you made two points. The first was that you think you have some good systems in place, but you would not say that they were always 100 per cent.

**Mr Frew**—With regard to the information systems against which the checks are performed, I think it is fair to say that, in Australia's case, they are in very good shape internationally. One of the strengths of that is the methodology that we employ in doing the checks. But, significantly, the movement alert list has I think in excess of 350,000 names of individuals. There is a second component to the movement alert list, which is the document alert list. It has in excess of 2.2 million document records.

**Ms GRIERSON**—What has been the trend in terms of that list?

**CHAIR**—Could I just pursue one thing first, if that is all right? Just moving on from that, whilst you do very good assessments on people applying for visas, to what extent does that cover someone who may change their attitudes in the years ahead once they have become Australian citizens?

**Mr Frew**—If they change their attitudes in the years ahead and come to the notice of police or security agencies in Australia then we can respond.

**Ms GRIERSON**—Can you tell us a little bit more about the advance passenger processing system and how airlines use it?

**Mr Frew**—The advance passenger processing system was rolled out in its current iteration towards the end of 2004. We currently have I think 46 airlines flying into Australia, all of whom are required by legislation to use advance passenger processing as part of the process. What this in fact means is that a passenger travelling to Australia at the time of check-in at the port of embarkation before arriving is checked against the Australian passport file or the New Zealand passport file or the visa database. The purpose of this check is to ensure that, if you like, we know about them already in advance of their travel. For example, if a person turns up to check in to travel to Australia on a foreign passport and does not have a visa for Australia, as a part of the checking process the data is transmitted to Australia. It is run against the databases. If a record of a visa for that person cannot be found, the airline operator gets a message that says that the person is not okay to board.

That having been received, the airlines then have a series of processes to establish what they must do next. If this is an issue where a person does not have a visa, we would establish whether we have a data error or whether there is something untoward. In the case of, for example, a data error, our 24-hour entry operations centre, which has been running for many years in a range of guises supporting both the airline and, latterly, the maritime industries, is able to access records. If it is a data error they are able to clear it, and the passenger is entitled to board.

**Ms GRIERSON**—So no-one comes without a visa or occasionally it may happen that there has been an error, they are allowed to proceed, and it is fixed up when they get here.

**Mr Frew**—The rule is that people must have authority to travel to Australia before they depart, with the exception of New Zealanders, who, under legislation, are able to, if you like, apply for a visa at the border. The extension of that comment is that all—

**CHAIR**—Is that reciprocal—it is, isn't it?

**Mr Frew**—To be honest, I am not sure of the legislation underpinning it.

**CHAIR**—If Australians go to New Zealand, it is the same.

**Mr Frew**—Yes. There is no need, obviously, for a visa application in advance. So there are occasions when an airline may bring somebody in who does not have a visa. These are rare occurrences.

**Ms GRIERSON**—You would always be notified of that.

**Mr Frew**—Yes. Airlines may not bring an improperly documented passenger to Australia. If they do, they run the risk of being infringed for that. The fine is \$5,000, so the airlines have a serious commercial imperative in ensuring that passengers are correctly documented.

**CHAIR**—In those rare circumstances where that happens—it might be a bit unfair to ask you to give the averages in a sense—what would be a typical case of where an airline brings someone without a visa? Would it simply be a mistake that they have become aware of once they have left port, as it were, in some cases?

**Mr Frew**—It can happen in a number of ways. In a recent case, which was quite an extreme one, a passenger—remembering that passengers travel to Australia not only from a hub port of embarkation nearby; they may commence their journey anywhere—boarded a flight in Africa and then went through a series of transit points to Australia. At each transit point, he should have been, as everybody on the plane should have been, moved off the plane to ensure that they were correctly documented for the next stage of travel. This chap managed to stay on board the airplane and, when he turned up at the airport, it was a bit of a mystery to the crew that he was on board. He was not documented, because the airline had not checked him to travel to Australia because there was no intention that he was going there.

**CHAIR**—So he was meant to get off and complete his journey somewhere else.

**Mr Frew**—Yes. This is an absolute extreme. We knew about it in advance and we were able to respond. The airline—

**CHAIR**—You knew because they had worked out once they had left, had they, that there was a problem?

**Mr Frew**—Yes. Of course, we infringed the airline.

**Ms GRIERSON**—So they did get an infringement notice and a fine.

**Mr Frew**—Absolutely—yes.

**Ms GRIERSON**—Did they pay a fine?

**Mr Frew**—Yes. The APP process is reliant in part on the airline staff doing what they are told and what they are trained to do. It can happen that a check-in operator may, for example, board a passenger who is listed as a transit without visa passenger. A transit without visa passenger is entitled to remain in an Australian airport—it has to be the same airport—as long as they are departing within eight hours for another port. This particular cohort of people are a specified number of passport holders, so not everybody is entitled to this provision. It can happen that a check-in operator does not recognise that the person is going to be here longer than the eight hours and will board them on the aircraft. Our APP system picks up all of the data of transit passengers, so we know about this particular cohort before they arrive. If they arrive and they need to cross the primary line because they are going to be here for so long that they wanted to go out and come back, this will come to our notice. We go back to the airline and say, ‘You’ve made an error.’ Unless they have got some particularly compelling reason, we would infringe them. To deal with that, I understand, Qantas have recently enhanced their own check-in systems, which forces the operator to check the circumstances of the transit before they will put them on the aeroplane.

**Ms GRIERSON**—With respect to the visa checking process, how many people fail to get a visa? Does the criminal category knock you out completely or are there grades? What is the failure rate under character test?

**Mr Frew**—I would not be able to answer the question because I do not know how many people apply—

**CHAIR**—Would you like to take it on notice?

**Mr Frew**—If I may describe it to you, many people apply for visas of varying kinds, some of whom have character issues and may subsequently be granted a visa because the character issue in the context of the application may be determined to be okay. I imagine that we would be able to produce data that would say how many people are refused a visa of a particular kind on character grounds. Because the issue is so broad, I do not believe it would be possible to say, ‘Of X million applicants, Y million with a character condition were subsequently approved.’ I am not sure that we would record it in that fashion,

**Ms GRIERSON**—But you do have to record why they were refused. Would the major reason be character or criminal or criminal history?

**Mr Frew**—If I could try to break it into bits, there are X million people who apply for temporary entry into Australia of one kind or another. There are the electronic travel authority short-term visit visas et cetera and some of those would be refused on character grounds, but my suspicion is the number would be quite slight. In connection with migration applications, another large number, a number would have character convictions.

**Ms GRIERSON**—I have to make the point, if we do not know whether people are failing or not then we have no way of saying there is a checking process. You must be able to give us some idea.

**Mr Frew**—If I may take on notice the issue of how many people are not granted permanent visas because of a character issue, would that go some way towards satisfying you?

**CHAIR**—If you could provide as much information as possible—you get the general gist of Ms Grierson's questions—that would be of some general use to us.

**Mr Frew**—I would like to make one more point about APP and the infringement regime. The advent of advance passenger processing was the result of cooperative arrangements between airlines and government. APP used to be a voluntary arrangement; after September 11 it was mandated. One of the benefits of APP for airlines is that it provides far more rigour in their own checking before they put people on flights to Australia. In connection with undocumented passengers, the number of infringements issued to airlines has seriously plummeted because of APP. They now have more information available to them at the point of checking, so the number of undocumented passengers has reduced substantially. As a consequence, the number of infringements administered has reduced. It would be our overall objective to get that down to zero but we have some more work to do with the airlines first.

**Ms GRIERSON**—In your submission you said you received information on 98 per cent of all passengers and crew. What is the missing two per cent?

**Mr Frew**—Since this was written, our public figure is 99 per cent.

**Ms GRIERSON**—Who is in the one per cent? George Bush doesn't come that often!

**Mr Frew**—We are working on where the information is deficient in trying to find the one per cent. There are situations, for example, where an airline system might go down shortly before the flight and we are looking at options to better deal with that kind of situation. To go back a further step, APP is one of a number of layers. If the system is down, it does not mean that all kinds of people are getting on the plane who have not been through an approval process first.

**CHAIR**—So it does not necessarily mean that one or two per cent are missing? They are not being picked up by that particular system but they might be being picked up by other systems.

**Mr Frew**—Yes. It is incumbent on us to try and eliminate that one per cent, but obviously it is easier to take the big bites and, when you get down to the residual bits, it requires a bit more.

**CHAIR**—What does that one per cent mean in terms of volume?

**Mr Frew**—There were around 11 million arrivals last year, so it is one per cent of 11 million.

**Mr TICEHURST**—On document sharing, you say there are about 360,000 people included on MAL and 2.2 million documents of concern. Are these from specific countries? Are there any countries which have more notable entries than others?

**Mr Frew**—I think it is fair to say that, since September 11, names of an Arabic construction have become a larger component of the warning list.

**Mr TICEHURST**—With data sharing, would that information come from, say, US sources, or would it come from the regions where these people live?

**Mr Frew**—I am not sure how far I may go. Perhaps it is fairest to say that Immigration receives from the security agencies and law enforcement authorities in Australia a range of information. The origin of those sources is perhaps a question for those agencies.

**Mr TICEHURST**—So, in general, I suppose we rely more on US information for internationals.

**Mr Frew**—That question would be best directed to ASIO perhaps.

**Senator MOORE**—I am interested in the cooperation between departments. One of the things I find confusing is the number of players in this particular area—as with most areas, I suppose. We have been able to visit many international airports in Australia and see the number of personnel operating behind closed doors in those airports. I would like to get something on record about where you fit in terms of interdepartmental cooperation on the issue of security. Picking up on the issue of data sharing, I am interested in the sharing of computer systems between government departments. I am interested to know whether the DIMIA systems that you have talked about talk with Customs and Quarantine or whether your staff are the only people who can look at your systems.

**Mr Frew**—Of Immigration, Customs and Quarantine, the smallest border agency at the airports is Immigration. Immigration has responsibility for administering entry and stays. You would be aware, I am sure, that we have an MOU with Customs which describes the number of elements of the relationship, and there are a number of annexes to the MOU that describe the significant parts. In essence, the primary inspection duty is performed by Customs under legislation and agreement. The purpose of the Immigration inspectors at the airport—and, to give you an idea of the scale, we have only around 158 immigration inspectors at all the airports combined—

**Senator MOORE**—Only at international airports?

**Mr Frew**—Only at international airports. Conceptually, the way the process works is that we go through a visa process and we go through an APP process, all of which is resulting in data transmission. The data from the APP process, which is called an expected movement record, is transmitted into PACE, the Custom system—which goes in part to your question about whether the systems talk to each other. There is a heavy interdependence between the Immigration and Customs border systems. So, by the time a passenger gets off the aeroplane and starts walking down the finger, we have all kinds of information already there in anticipation of their arrival. The primary line process is, amongst other things, designed to ensure that a person is the individual who faced the passport check and to satisfy the officer that there is nothing untoward—and, by and large, there will not be. If there is an alert on this person, either in our system or in the Customs system—there are some discrete Customs alert arrangements—then certainly, because of the expected movement record, we will know about this before the

passenger arrives at the inspection point. The Customs officer will then take direction from the system and refer the person to Immigration or whatever.

The purpose of immigration is to establish why the person is listed as an alert. Because we get the expected movement records and mostly there are eight hours before a flight arrives—save for New Zealand—we have already had a chance to comb through the records and look for data issues that we can solve in flight. If we have an issue, we can clean it up, change the directive to enter and the passenger does not know what has gone on in the background.

**Senator MOORE**—That anything has happened at all.

**Mr Frew**—Again, to try and give you some sense of scale, last year our people dealt with about 300,000 referrals at the airport and about 200,000 of them were inwards—that is to say, about 200,000 people needed some kind of secondary inspection, which can range from something very quick to something more complicated. For this reason and because we are only doing the secondary stuff and because of the amount of filtering that goes on with the data arrangements before the people get here, clearly, our numbers are smaller; we are only dealing with a far smaller cohort.

In connection with data exchange, as I said, there is a strong dependency between the Customs and Immigration border systems to the extent that when we choose to make changes we need to make sure that Customs are able to make the same changes and the obverse applies. In terms of the—

**Ms GRIERSON**—So your systems are always in sync or is there a lag?

**Mr Frew**—They are in sync because if they were not in sync, they would not operate at the border. So if there are changed arrangements, they need to be planned. Does this go some way to answering your question?

**Senator MOORE**—Yes. At the moment, most of the airports seem to blur, but there was one where we had a look at this system—I am sure it was a Customs officer with whom we were speaking. He was talking about the fact that this was Immigration information. A flight was about to arrive and this Customs officer was looking to see whether there was any note about anyone. It would be your system, wouldn't it, that would have that?

**Mr Frew**—It goes into each system, both the Immigration and Customs systems.

**Senator MOORE**—With ease.

**Mr Frew**—So we have the capacity, as I say, either at the airport or centrally, should we choose to do so, to go through the expected movement records for a particular flight and establish whether or not there is an issue. In the case of a particular concern, we can have a look at a flight. If somebody is listed as an alert, we can have a look at it and do particular things before they arrive.

**Senator MOORE**—Is there staff exchange?



**Mr Frew**—Not to my knowledge, in a direct sense.

**Senator MOORE**—People may apply to go but there is no kind of formal exchange?

**Ms GRIERSON**—You do not second each other occasionally?

**Mr Frew**—No. Colleagues from Customs, I understand, are following me. I think that, by and large, the cooperative relationship is to the extent that, for example, on the large systems project, we are working together as Customs, Immigration, the business people and the systems people.

**Ms GRIERSON**—Going to the I-authenticate system, I refer you to a recent case where a gentleman was charged and is being tried under the antiterrorist legislation. He had variations to his passport—he had altered his passport. That is not what I think drew the attention of the authorities. Are you aware of that, and how often can people change their passports and get in here?

**Mr Frew**—I will preface it by saying that the I- authenticate system is owned by Customs, and colleagues following might be able to go into more detail. The I-authenticate system has a couple of major purposes: one, it is a reader and extracts data and, two, it has a number of facilities within it to enable an assessment to be made of an alteration to a passport in particular circumstances. Immigration has many document examiners and we work closely with Customs to maintain the updating of the database. By this I mean that, if a country issues a new passport, then we need to get that information into the database so the reader can understand what the characteristics of the passport should be.

**Ms GRIERSON**—So it only picks up tampering if there is a record from that country—is that right?

**Mr Frew**—No. As I understand it—and, again, perhaps my Customs colleagues will tell you more about it—it picks up tampering that has had an effect on the laminate. It does not have to know what the passport is going to look like. If there is a smear under the laminate, then it will pick it up.

**Ms GRIERSON**—So it can be picked up visually but it is also on record?

**Mr Frew**—If it fails the primary check at the I-authenticate reader, it then goes to a secondary support point where, if necessary, it can be examined by one of the Immigration document examiners, and they have a range of skills.

**Ms GRIERSON**—We will find out more about that. What about the airline liaison officers that you have stationed at 12 key hub international airports? Are they at the key hub airports because of volume of passenger movements or are they risk identified?

**Mr Frew**—By and large, the core of the ALO network are in the major hub airports, where volume would intuitively lead you to believe they would be. From time to time, we move them around and/or send people on particular short-term episodes where there is an intelligence risk identified. Sometimes we send someone for a short time and have a look and see what comes up.

**Ms GRIERSON**—They facilitate the travel of Australians, or of people coming to Australia, but they also have a checking process, do they?

**Mr Frew**—They do a number of things. They are involved in the training of the airline personnel. I mentioned to you that APP requires the airline people to at least understand what they are doing. There is a continual role in training of airline folk. There is also a document-checking process as people board an aeroplane. As you would be aware from your travels, some countries have airline staff who check passports and others have uniformed authorities et cetera. Our airline liaison officers have no decision-making capacity but they are trained and have documentary skills and, if they come across a document either directly or that has been referred to them, they might say to the airline, ‘We’re a bit worried about this one’—

**CHAIR**—Then they call the relative authorities in, don’t they?

**Mr Frew**—Then they call the relevant authorities, but the decision to uplift at that stage is one for the airline, always remembering that, if they go against our advice, they will expect an infringement notice of \$5,000.

**CHAIR**—At the other end, yes.

**Ms GRIERSON**—Do we have a reciprocal arrangement here? Are there people sitting at Sydney airport who are watching people fly to their countries?

**Mr Frew**—No.

**Ms GRIERSON**—Why not? We are not a hub airport?

**Mr Frew**—We have not been formally approached, to my knowledge. The ALOs also perform a facilitative role. They do not only work at the airline gate on their side. They might be at the check-in desk. They might intervene in a difficult or APP issue. The EOC might be processing it, but the ALO can add value to the EOC transaction. They might be involved with a distressed Australian passenger who turns up and says: ‘I haven’t got a document. What am I going to do?’ They play an important facilitative role as well as checking, but the ongoing training for the airlines is important.

**Ms GRIERSON**—At those hub airports, would you find equivalents from other countries doing the same role?

**Mr Frew**—Yes. If you take Bangkok airport, for example, there are a number of governments represented in an ALO or ILO—immigration liaison officer—capacity. They would be a number of the Scandinavian countries. A couple of the European countries, the United States, Canada and I think New Zealand are there and they work in a collaborative group, which is obviously about sharing information but also about being able to cover, if you like, for each other.

**Ms GRIERSON**—How is the trial of the biometrics information identifier going?

**Mr Frew**—It is not yet complete and, as a result, I do not have data that I can—

**Ms GRIERSON**—So you do not know whether it has picked up any identity fraud at this stage?

**Mr Frew**—The trial is more of an operation to develop or to assist the use of biometrics in the existing border systems and to see what capacity there is. At the moment, it is all on a voluntary basis. It is a genuine trial in assessing the technology against our business processes.

**CHAIR**—How long does the trial go for?

**Mr Frew**—It is being done in various parts and I understand that—

**CHAIR**—Do you want to provide us with something on notice? That might be easier.

**Mr Frew**—Yes, I can.

**Ms GRIERSON**—The MAL system now has 350,000 people on it—is that right?

**Mr Frew**—That was the number at the time we provided the submission. I would not be surprised if it was not just marginally larger by now.

**Ms GRIERSON**—So it is growing rapidly?

**Mr Frew**—It has been growing rapidly since September 11.

**Ms GRIERSON**—That information is coming from all around the world? Shared information is upgrading that list all of the time?

**Mr Frew**—In respect of the questions I was asked earlier, information of a security nature comes to us from ASIO. As to where they source the information from, I think you would have to ask them.

**Ms GRIERSON**—Have there been successes because of that system?

**Senator MOORE**—How do you define ‘success’?

**Mr Frew**—I was just struggling with the same point. The movement alert system identifies people on a daily basis in the sense of both near matches, which then require human intervention to establish whether they are real matches or not, and real matches. May I also explain that the movement alert list not only covers security but also it may have Immigration stuff or Federal Police stuff or a wide range of other things.

**Ms GRIERSON**—So these people are still allowed to move at times, aren’t they? You do not block them; you just track them?

**Mr Frew**—The alert list is an alert list. In certain cases, we may prevent somebody from entering if they happen to be on the alert list. In other cases, another agency may choose not to intervene.

**Ms GRIERSON**—But that system is working well in terms of the cross-agency approach?

**Mr Frew**—Yes. On a whole-of-government basis we have received money from the government to, if you like, update or enhance the movement alert list system. It will become a centralised system. I am sorry, but I am not clear on the dates. As it is now, in an immigration sense, it is a dispersed system. All of the same checking is done but in varying places. Because of the number of near matches et cetera that we are getting now, one of the decisions was that we needed to have a better trained and larger group of people to deal with those matches.

**Ms GRIERSON**—What is a near match?

**Mr Frew**—I think I mentioned earlier that a number of the names that have gone onto the list since the September 11 have been of Arabic construction. A name that is transliterated from the Arabic script into English can have any number of variations. You would also be aware, I am sure, that, in the context of the numbers of names—it is a bit like John Smith—there are quite a small number of Arabic names.

**Ms GRIERSON**—You are suggesting that there is an ethnic bias in that?

**Mr Frew**—No, I am not suggesting there is an ethnic bias.

**CHAIR**—He is suggesting that you have to check everything properly.

**Mr Frew**—Similarly, any name that is transliterated from the Chinese script, particularly because of the number of Chinese dialects, has a number of opportunities to be written differently in English. English transliteration from Mandarin is entirely different to English transliteration from Cantonese. So our name searching has to take this into account. But, at the end of the exercise, if you get to something that could be close, it requires human intervention.

**CHAIR**—Thank you. If you could provide that material that we spoke about on notice it would be helpful.

**Mr Frew**—May I have a date to work with?

**CHAIR**—We are pretty reasonable here—

**Ms GRIERSON**—This inquiry is just about wrapped up though.

**CHAIR**—Yes. If we could have it in the next week or so that would be useful. We are doing a final round of public inspections through Western Australia next week and then we will have pretty much wrapped up the hearings. Thank you.

[10.42 am]

**BATMAN, Ms Gail Jennifer, National Director, Border Intelligence and Passengers, Australian Customs Service**

**CARMODY, Mr Michael, Chief Executive Officer, Australian Customs Service**

**JEFFERY, Mr John Harland, Deputy Chief Executive Officer, Australian Customs Service**

**CHAIR**—I welcome the representatives from the Australian Customs Service. Before proceeding, I confirm that the committee has received both unclassified and protected submissions from you. We will begin with questions for the public record on the unclassified material and then we will move to an in camera session to discuss any matters that arise throughout the morning. If you feel that, for reasons of confidentiality, there is anything that would be more appropriately discussed in the second session, then say so. I invite you to make a brief opening statement and then we will proceed to questions.

**Mr Carmody**—I do not have an opening statement. I am happy to respond to your questions. We have a presentation which we will make available to you at the in camera stage. It is to do with passenger profiling.

**Senator MOORE**—I have a general question about the issue of interdepartmental cooperation. We have been able to talk with a few people during the course of this inquiry. It seems that there are lots of people doing lots of stuff, but something that has come up is that at an airport there are many people from many agencies working, and I want to get a sense of how much of the information and equipment is shared. I know there is a specific interest in the cameras, because there was a bit of media coverage in Sydney about how many cameras were around and what they looked at. We did hear from people at one airport—I cannot remember which one—about the fact that the cameras belonged to another department and there was not a lot of sharing of what was going on. I know it is a core issue, but could you give us some sense of your understanding of the interaction between the different agencies and how much is shared? Customs is the lead agency. If you are talking about the lead agency in airport security, apart from DOTARS, would it be Customs on the ground?

**Mr Carmody**—There are a range of areas. In relation to that last thing, clearly our responsibility derives from our border protection issues. Primarily, that is done through the Customs hall, if you like, when passengers arrive and their baggage arrives. We will show you some of the screening that we do in the course of that. As we get effective in that area, there are still risks that arise when planes arrive and there are questions of the potential and risk for people to secrete drugs before the baggage comes into the Customs hall area. That is the reason for our interest in the airside part of the airport.

In relation to CCTVs, I will speak a little about where we are heading, and my colleagues who are on the ground might be able to fill you in on exactly where we are at now. Certainly the issue you have raised was one of concern to the government, because we have our CCTVs for our purposes and of course the airlines have them and so on. Following on from the Wheeler report,

the government has charged the Australian Customs Service with taking an integrated approach to making sure that we can bring together all the available information from those CCTVs. We have now embarked on a path whereby the first step is working with all the various agencies and organisations that have CCTVs and understanding their distribution, because until now it has not been our responsibility.

The objective is to come forward with a proposal that would enable us to take a lead role in taking feeds from the various cameras, ensuring first of all that there is coverage, and being able to store the feeds and access them readily into the future. So up until recently there were separate organisations with their CCTVs for their own purposes. We have been given responsibility to work out how we integrate that and make sure there is a single source available for airport security issues.

**Ms Batman**—If I could add to that: it is true that there are lots of cameras at some airports. The smaller airports have fewer cameras. By and large, they have been set up by different agencies for their own purposes. We have cameras at all of our airports and they are for our operational purposes. If we want to keep someone under surveillance, we might follow them from the door of the plane until they get in a car and drive out of the airport, for example. Where we are doing that, it is hard to share the cameras that are part of that process with anybody else because we have a specific use for them. But certainly where there is ever a security incident, we are happy to use what we have and the images that we have stored to assist in bringing light on the incident, providing some evidence or whatever it is.

The same goes for airport authorities. They are using their cameras for a range of different purposes: to make sure that the aircraft has arrived and is at the gate, to make sure that there is no problems in the baggage delivery area or that there is no congestion at a particular door or check-in counter. And the same goes for the airlines. They want to monitor their baggage, particularly under the airport in the baggage halls. Where they have their own terminals—Qantas often has its own leased terminals at airports—they are responsible for cameras for their operational needs.

Since the Wheeler report came out and we were asked to take on this role, we have hired ASIO T4 to do a survey of the 11 biggest airports to see what the story was and to give us some recommendations for the next steps. They confirmed, I suppose, the things that Wheeler had found fairly quickly in his view: that the coverage is fragmented; that there are multiple people collecting data for different purposes; and that all of the systems that have been installed operate to address the owner's perception of risk rather than the overall risk.

Most of the cameras are recorded but how long the images are kept varies between seven and 28 days. There is a mixture of digital and analog equipment. Very few organisations have off-site storage so that, if there were a catastrophic event at the terminal, you would be likely to lose all the previous images at the same time. In a similar vein, there is no ability to look at images in real time off-site. So if you are closing down part of the airport because there is a specific threat, unless you are able to leave somebody there in the control room you have also lost your vision from all those cameras. These are certainly issues that need to be developed and, when we have synthesised this, we will be providing a report back to government about what we think the next steps should be and how we can help address them.

**Senator MOORE**—I would like to follow up on that, because we were told that Customs had the role of lead agency. It was an issue that was raised at most of the airports. After we visited the first one we began looking in the others—after you have a little bit of knowledge, you think you have it all—for the cameras and things like that. In terms of the time frame of your ownership of this program, do you have any ideas about when you would hope to have the next step done? Is the idea that this would be concluded within two years?

**Ms Batman**—The government will be considering it at the next step in the budget process.

**Senator MOORE**—It is anticipated that there will be a degree of investment required to pull all this together.

**Ms Batman**—There is no doubt it is a big issue and I think it is a long-term issue. I think you can get some quick wins. In the first instance, for example, it is clear that there is no one agency that has the picture of every CCTV at an airport. I think we can get that fairly quickly. Then at least, if something happens, we know who has what areas covered. We are then able to see where the gaps might be and how to fill those.

But there are other issues: for instance, integrating the coverage and being able to use it in a forensic sort of way, so that you might have evidence for a court—to show that it stands up to that sort of quality. Those issues are going to take the investment of quite a bit of technical work and expertise in how to bring all of these different systems together and line them up so that you can, in effect, track somebody walking across an airport, through different sets of owned cameras and different systems. I think there are some quick gains to be made but it needs a long-term project to get to what might look like the ideal.

**Senator MOORE**—I have one more question and it is about staff exchange. We have all these people working in various ways at airports behind closed doors—you very rarely seen many of the government staff that are there. I am interested to know whether there is any formal program of exchange. I know they all talk to each other at different times, but is there a program where people from the Customs agency perhaps work in Quarantine or with Immigration for a while and really experience that? Is there any program within the service that looks at that?

**Mr Carmody**—No, I do not believe we have a formal program.

**Ms GRIERSON**—Mr Carmody, I am not sure if you are aware of this but one of the points of conflict that we have had with Customs has been a leaked report on the status of some security concerns at Sydney Airport. We have raised that every time. It is always an alarming situation for members of parliament when reports are in the possession of the public but people in responsible positions, like us, are not trusted to have that report. We still have not received that report and I would certainly like to know why. It is with the minister but I am sure that your recommendation to the minister would be part of that, so I would like to know why. I would also like to know—

**CHAIR**—Could I clarify, Deputy Chair, whether this relates to a request the previous chair made to the minister?

**Ms GRIERSON**—Yes, the chair wrote to the minister.

**CHAIR**—I think, in all fairness, the previous chair has made a request to the minister. That is now with the minister and—

**Ms GRIERSON**—It has been there a long time.

**CHAIR**—Then that is really a matter for me as chair to follow up with the minister.

**Ms GRIERSON**—That would be a good idea.

**CHAIR**—It is not for the Australian Customs Service to ask the minister why he has not replied to a chair of this committee.

**Mr Carmody**—You might hold more sway than me!

**CHAIR**—That is right.

**Ms GRIERSON**—I understand that, and I predict that that would be the answer. But I would also like to know—given that that occurred, and given that, since then, the Wheeler report has come down, validating much of that report—what processes are now in place to improve things?

Say I were an employee of Customs and I put something like that forward and it was rebuffed. We have had evidence that it was a very low-level report. We have had evidence that it is such a high-level report it cannot be released. So what incentive is there for people in Customs to put forward reports, to put forward data? What are the processes to allow staff to have input that is treated correctly, responded to and reported on?

**Mr Carmody**—I don't think coming in and looking back are the answers. My impression is that it would not be correct to say that the people were rebuffed and that it was put aside. The report exposed where the risks are. It didn't necessarily conclude that things were necessarily happening in a range of areas, but looked across the airport and saw from when a plane arrived to when something moves out where the risk was. As I think I mentioned in the introduction, while there is a focus naturally for Customs on people coming in, and their baggage once it comes into the hall and things like that, there were issues that potentially goods could be left or stored on a plane, or taken out by cleaners or maintenance people—whatever. In that sense I think it was a good review of the risk areas. As a result of that, my reading is that Customs actually changed their processes.

As we will show you, we do risk profiles on individual passengers before they enter the country. But now we also do risk profiles on planes coming in, depending on where they are from, the passengers on it and a range of other risk factors. Having been out and having had a look around our operations a bit now, I have seen for example that, when a particular plane was identified as a risk, we had officers actually standing there making sure that goods were unloaded. At times we will do searches. So there has been a change in our approaches to managing these risks, which I think you can trace in part to that report. There are a whole range of things coming out of the Wheeler report that flow into this area, including the Australian Crime Commission having a reference on airport security, and organised crime and airport security. So a lot has occurred.



In relation to the reports, I will be open with you: I am coming to grips with a very different organisation and very different issues. At one level you need people to produce views of risks and profiles that can be shared with officers. That risk report is not the answer to their question, but something comes out of that report that adds to what they are dealing with. So at one level you need these reports to be fairly freely distributed, and that is their purpose. They are out in the organisation to share intelligence. At another level with reports like that, clearly where you are doing risk reviews—be it of airports, seaports or a range of other areas—they raise not only individual intelligence issues but a broader issue for the Australian Customs Service. Are we adequately dealing with things? Can we improve?

I was only talking this morning about the fact that as an executive with senior people we will be instituting arrangements whereby we identify major risk reviews and they are not only shared for intelligence but they come to us and we ask: 'Do we have to look at our operations across Australia to deal with these? Do we need to liaise with other law enforcement agencies to deal with them?' So it is a combination of those two things that we are moving towards at the moment.

**Ms GRIERSON**—I suppose that report focused on Sydney. I would be very interested to know what the feeling of Customs now is about the operations at Sydney and whether you think the risk has been controlled, diminished or is still high.

**Mr Carmody**—It is a bit hard to conclude that. However, I would say that the approaches that we are taking to managing the risks have improved. We have the whole Wheeler report; we have the Australian Crime Commission report. Obviously, those reports are ongoing because there are continuing concerns, and I think we need to see the product of those before we get to a final conclusion on that.

**CHAIR**—Let those reports do their jobs?

**Mr Carmody**—Yes.

**Ms GRIERSON**—It says here that particular airlines or planes coming from particular spots are already identified as a risk. You had a responsibility to make sure people who were, as you said, unloading or whatever were not interfering at that point. Could I ask you about the case that has been reported of the person who was charged under the antiterrorist legislation. The result has now been handed down—he was found guilty on some counts and not guilty on others. The evidence was that his passport had been altered. Are you aware of that? Will you investigate that or were you already aware of that before the case went to trial?

**Mr Jeffery**—I do not think we can comment on that.

**Ms GRIERSON**—We might deal with it in confidence, but I think it is important that someone is able to answer that.

**Mr Carmody**—I understand. We can certainly talk about our procedures for reviewing the validity of passports. We could do that now, if you like, at a general level.

**Ms GRIERSON**—That would be good.

**Ms Batman**—We undertake the primary immigration function on behalf of Immigration. Part of that function is making an assessment that the passport is valid. Where officers have any concerns, they refer them to Immigration, which has more skills and does a broader examination of the passport. The tool that we introduced a couple of years ago was the one with that great name: ‘fraud detecting document readers’. I will try to find something a bit more snappy. I authenticated the company that manufacture them and they are on all of the primary line modules. At that point, they do a ‘Yes,’ ‘No’ reading because we do not want to hold up the movement of the line. They take all of the security features of a country’s passports in the different series so that each passport has a range of things that need to be there for it to be a valid passport.

We load all that software. We work with Immigration to make sure that we are loading the correct things. They then also check whether the laminate has been tampered with—that is on the page following the information page—‘Is it too thick?’ ‘Are the edges lifting?’—the sorts of issues that might indicate a passport that has been tampered with. So, at the primary line, you will get this ‘okay,’ ‘not okay’ message. If it is not okay, there is a support point behind the primary line that is staffed by Customs and Immigration, and the same software will tell you which issues they are. It might say ‘laminate bubbles,’ or ‘security feature X, Y or Z not present’. It will give a diagnostic on what it is.

**Ms GRIERSON**—What is the response if there is tampering?

**Ms Batman**—Immigration then deal with that issue. It is an issue for Immigration. Our role is to detect and refer and then Immigration have the expertise to make that judgment about whether it is a real passport. I think they run an international lost and stolen passport document alert list that they can check as well.

**Ms GRIERSON**—They flicked these questions on to you yesterday; you are flicking them back to them. Maybe we should do a joint one.

**Ms Batman**—I was feeling a bit like that. Maybe it is just the question that you are asking. We do train our officers to be able to do that initial detection, not just at the primary line but certainly when they are doing a baggage exam, when they have any concerns—any time they stop and talk to a passenger and handle the passport. But, essentially, it is a quick assessment. And, generally, we do not have access to the details that are shared around the world by passport authorities. Immigration do that. It is their job with their expertise to make that judgment, to deal with other authorities around the world and to share that information.

**Ms GRIERSON**—The other area I want to ask about is air cargo scanning. We have seen a lot of changes in a very short time. The neutron scanner at Brisbane—has that trial gone ahead? We were in Brisbane and we were expecting it to have been put in place at that time. It had not; it was delayed. Where is it up to?

**Mr Carmody**—We are at the point—in fact, I was up there last week, I think, for a meeting with the industry on implementation—where, as far as the neutron scanner itself, a CSIRO product, we are into final acceptance testing of that product. We hope to be able to resolve any remaining issues in the near future so there can be formal acceptance of the product.

**Ms GRIERSON**—As a result of the trial or to put into trial?

**Mr Carmody**—This is for us to accept it finally as a product that we will be utilising—the neutron scanner in the trial. I think the major step for us is—we have been doing a range of testing, obviously, and we were discussing this with industry—what you might call full operational testing in a real environment. What we want to do is get their cooperation on a particular day and we will run it from planes arriving—they often arrive on time but sometimes they do not arrive on time and you end up with banking up. We want to do some real live testing from planes arriving to taking it through the system, the logistics and through the rest of it. We hope to start that level of trialling in the near future.

**Ms GRIERSON**—The trial has been delayed, but you think it will be a more realistic trial.

**Mr Carmody**—Yes, and I think that is important.

**CHAIR**—I do not have any more questions of a general nature. We will proceed to the in camera session.

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

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.

*Evidence was then taken in camera—*

**Committee adjourned at 12.10 pm**