

20 June 2000

The Committee Secretary
Joint Committee of Public Accounts & Audit
Parliament House
Canberra ACT 2600

REEF HELICOPTERS PTY LTD

Most of the issues raised in the audit report are ones for others to address. Reef Helicopters' submission will be more geared to comments about the early stages of the specific contract under which we are working in the Torres Strait, and observations which may be helpful when considering future strategy.

Contract Preparation

Reef has provided a helicopter service to Coastwatch for five years. This was a mixture of transportation of groups such as AQIS, DIMA, AFP, Fisheries and Customs plus surveillance. There was a significant degree of urgency resulting from political pressure in the lead up to the helicopter larger surveillance contract commenced 1st January 2000.

Partly as a result of the urgency, some of the aircraft specifications, especially as they relate to equipment choice, interface, and ergonomic design, have proved less than perfect. One could also take the view that the result is amazingly good, given the time constraints under which all were working.

Outcome

The helicopter surveillance/response function has been carried out for 6 months now with moderate success. Crews are all trained and functioning well considering their experience levels. Preliminary evaluations of the equipment and procedures have been carried out with a view to future upgrades or additional aircraft.

The current outcome certainly provides a basis for arguing that civilian commercial organizations can provide government agency services such as this effectively, accountably, and significantly cheaper than comparable existing military counterparts. This is further evidenced by the fact that many other countries are coming to the same realization. An example is the USA where the military search and rescue helicopter units are being disbanded in favour of private contract organizations with 50% savings being quoted.

Community Interface

The base of operations for the surveillance helicopter is the Reef Helicopters facility on Thursday island. This has been used for helicopter operations for nine years.

With the advent of principally late night operations utilising a large additional helicopter, resident complaints have led to a need to consider partial relocation. Reef Helicopters have borne the brunt of negotiations with the Council for the last 12 months. Now financial and practical assistance is needed to relocate the large machine to an alternate site, such as HORN Island. The costs of such a move are significant and are not covered under the existing contract. Moving the helicopter is a community imperative but is not popular with the customs user groups. Response times may suffer and the benefits of face to face interaction with Coastwatch may be lost.

Overhead Costs

When considering the service provision cost differential between a commercial entity such as ourselves and a military organization under a current or created arm, there are factors affecting cost that are not readily apparent.

In simplistic terms, the commercial service is cheaper, but not nearly as much as proponents would like to believe. In a recent Navy study the required complement of Navy personnel to deploy a shipboard helicopter was stated as 18 men. The paper compared this with a civilian alternative requiring only two staff at normal ad hoc charter rates. In fact those two staff on board would require at least five rotating staff with other corresponding cost increases to support such a deployment.

At a location like the Torres Strait, to maintain the Coastwatch Bell 412 contract for an on site 24 hour surveillance crew of four, requires 15 staff on a rotation roster, flown in from Cairns, and accommodated on site. The recruiting, training, air transportation and accommodation become major cost factors. With the relatively small amount of flying, there is reduced opportunity to consolidate training with experience. Boredom becomes a factor which results in staff attrition. Attrition and replacement with corresponding repeat of training add to the original cost. The bottom line is that operating the contract is far from cheap.

Any future tender process would need to contain built in mechanisms to provide assurance that all costs had been considered and included by prospective tenders. It would be easy to underquote on this type of service.

Expectations

Expectations, to be realistic, need to be based on good understanding of capabilities. In the early stages of this contract implementation, expectations were unrealistically high in our opinion.

Changes in key Coastwatch staff, and addition of helicopter knowledgeable staff at the Canberra end have resulted in the beginning of a partnership aimed at realizing the best product possible with the available resources. The current relationship is pleasing. It is effectively holding the contractor accountable without becoming unreasonable or overbearing.

This contract should form a basis for developing optimal procedures and evaluating equipment for any future similar operations.

New Technology

New technology could enhance effectiveness in the context in which we work. Together with existing intelligence, UAV's and over the horizon radar could provide raw data upon which helicopter tasking could be based. Tilt rotor technology should be able to fill the surveillance role for the 90 – 400 mile range within 6 – 7 years. This would make helicopter capability possible well offshore where currently surveillance is restricted to fixed wing aircraft limited to observation at relatively high forward speeds.

Unrealised resources

Australian Marine Pilots guide thousands of ships a year in Australian waters. Their observations could be utilised on an opportunity basis as a further source of intelligence for the Ops room in Customs house. Both fixed and rotary wing surveillance assets could be targeted to areas of reported suspicious activity.

In the Holloways beach SIEV incident last year, a marine pilot of Australian Reef Pilots reported the illegal immigrant vessel two days prior to its landing but apparently the report was not directed to someone who appreciated the import and could act on its content.

It is planned that HMAS Leeuwin and Melville, which were commissioned at Hydrographic survey vessels last month, will carry an on board helicopter for survey support. These helicopters will deploy 10 weeks at a time all around the Australian coastline with little flying required most of the time. It is quite conceivable that those helicopter assets could be tasked for surveillance operations for part of that time on behalf of Coastwatch.

Currently the plan is for a civilian company to provide two light single engine helicopters. If a combined role was seriously considered, it may be necessary to upgrade the size, weight carrying ability, and equipment on such an aircraft.

Summary

The above comments relate to a very new and small part of the total coastal surveillance activity.

We trust the submission is helpful.

David Earley
Chief Executive Officer
Reef Helicopters Pty Ltd