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JOINT COMMITTEE ON THE AUSTRALIAN CRIME
COMMISSION

**Reference: Adequacy of aviation and maritime security measures to combat serious
and organised crime**

THURSDAY, 18 FEBRUARY 2010

SYDNEY

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**JOINT STATUTORY
COMMITTEE ON AUSTRALIAN CRIME COMMISSION**

Thursday, 18 February 2010

Members: Senator Hutchins (*Chair*), Senator Boyce (*Deputy Chair*), Senators Fielding, Parry and Polley and Mr Champion, Mr Gibbons, Mr Hayes, Mr Keenan and Mr Wood

Members in attendance: Senators Hutchins, Parry and Polley and Mr Hayes

Terms of reference for the inquiry:

To inquire into and report on:

The effectiveness of current administrative and law enforcement arrangements to protect Australia's borders from serious and organised criminal activity. In particular the committee will examine:

- (a) the methods used by serious and organised criminal groups to infiltrate Australia's airports and ports, and the extent of infiltration;
- (b) the range of criminal activity currently occurring at Australia's airports and ports, including but not limited to:
 - the importation of illicit drugs, firearms, and
 - prohibited items
 - tariff avoidance
 - people trafficking and people smuggling
 - money laundering
 - air cargo and maritime cargo theft
- (c) the effectiveness of the Aviation Security Identification Card (ASIC) and Maritime Security Identification Card (MSIC) schemes; including the process of issuing ASICs and MSICs, the monitoring of cards issued and the storage of, and sharing of, ASIC and MSIC information between appropriate law enforcement agencies;
- (d) the current administrative and law enforcement arrangements and information and intelligence sharing measures to manage the risk of serious and organised criminal activity at Australia's airports and ports; and
- (e) the findings of the Australian Crime Commission's special intelligence operations into Crime in the Transport Sector and Illegal Maritime Importation and Movement Methodologies.

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Committee met at 9.35 am**CARMODY, Mr Michael Kevin, Private capacity**

CHAIR (Senator Hutchins)—I declare open this meeting of the Parliamentary Joint Committee on the Australian Crime Commission. Today's hearing is for the committee's inquiry into the adequacy of aviation and maritime security measures to combat serious and organised crime.

I advise the witnesses that although the committee prefers all evidence to be given in public, requests to give all or part of your evidence in camera will be considered. Evidence taken in camera may, however, subsequently be made public by order of the Senate or this committee. I remind all witnesses that all evidence given is protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee. Such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to the committee. If a witness objects to answering a question the witness should state the ground upon which the objection is to be taken and the committee will determine whether it will insist on an answer, having regard to the ground that is claimed. If the committee determines to insist on an answer, a witness may request that the answer be given in camera.

I now welcome Mr Michael Carmody and invite him to make some opening remarks, at the conclusion of which members of the committee will be invited to ask you questions. In addition, Mr Carmody, I apologise for the late commencement and hope that does not disrupt too much of the rest of your day.

Mr Carmody—In respect of aviation security, the government's approach over the last 10 to at least 20 years, I have expressed on a number of occasions, been a former member of the government's profile on aviation security and counterterrorism, my disappointment with regard to the lack of appropriate protective measures at Australia's cat 1, 2, 3 and 4 airports. I have expressed that disappointment in a range of forums but primarily with the aim, in a constructive sense, of improving the government's response to what I perceive as an increasing and hostile threat.

CHAIR—Thank you, Mr Carmody. I can imagine what the head of security is, but could you outline to the committee what areas we are looking at. You said, 'Australia's cat 1, 2, 3 and 4 airports'. Could you elaborate on those?

Mr Carmody—Certainly. I will give you a little bit of my background. I did 21 years in the Australian Defence Force. The last years within that environment were involved in Australia's first airborne security force, within that for some time studying aviation security and the associated protective measures with the Australian Defence Force interface. Out of that I moved, still under the guise of the Australian Defence Force, into the Federal Airports Corporation where, for the very first time, the FAC sought to appoint an experienced aviation security specialist to head up its operations and the subsequent development of government policy. On leaving the FAC I served in a series of appointments with private corporations in the US, Europe and South-East Asia, primarily focused on aviation security but particularly within the corporate

profile. Moving out of that exercise over the last eight years I have maintained, through a private consultancy, a close watch on and engagement in the aviation area.

With regard to the Federal Airports Corporation, as you are well aware, in those days the government managed Australia's airports, specifically the category 1 airports, which are primarily capital city airports, and then moving down our regional airport structure through category 2, category 3 and category 4. Essentially, within an aviation security context, in those days it was very much a risk based model with respect to the application of certain protective measures.

CHAIR—One of the things that has raised its head during our inquiry is the identity of passengers and employees. Would you comment on that, particularly with emphasis on serious and organised crime, not terrorism.

Mr Carmody—Understood.

CHAIR—Would you comment on people having access to maritime and aviation security cards, aviation in your situation, the different rules and regulations in the states and territories and people being able to assume identities. I noticed some of the comments you have made lately in press reports and you have talked about profiling of passengers and, inevitably, employees.

Mr Carmody—The aviation security identification card was introduced in the late 1990s. It was an attempt, essentially, by the Federal Airports Corporation and the department to gain some control over who was entering the restricted area of an airport. As you know, the restricted area of an airport essentially consists of two components: the broader apron area, and a sterile area that you would be familiar with in terms of moving through the screening point. From its inception the ASIC has been a reasonable albeit fundamentally flawed idea in that the system is about tracking cards, not people. That is the fundamental disconnect in the exercise because what it cannot prevent is the passage of cards or the duplication of cards, and that situation has not changed today.

One of the other problems encountered over the years is that there are a number of issuing authorities and each issuing authority, including the major airline, Qantas, has the ability under a series of protocols to issue and control those cards. The FAC made a terrible fist of this in the first few years and there were a series and number of cards produced at each airport, independent of a common database. That has gradually been gripped up by the department and within the airline and airport operator structure, but it still remains fundamentally flawed as we go forward because, again, it is about tracking cards, not tracking people. The need to move to more biometric sensitive equipment whereby you actually start tracking people and not necessarily what is hanging around their neck has to be the logical next step.

It then moves into the area of passenger profiling. One of the exercises that we seem hell-bent on is chasing technology. This is common not just to Australia; many other countries leap towards a technical solution rather than a personality based solution. Technology is cheap, it can replace people at airports, it is reasonably cost effective and you always have some gun-runner walking through the corridors, prepared to sell you something.

My view is that that is all about being reactive. It is not the point of the aviation protective measure to stop the chap in the eleventh hour of the process. You have to start the issue of aviation security and the application of protective measures right from the point of ticket purchase. You do this by applying what is loosely termed 'passenger profiling'. I will give you an example: you decide to travel overseas and for the very first time use your MasterCard or Visa card in Poland. Invariably, on your third or fourth purchase, the card will be stopped. What occurs within the software and the database that sits behind the issue of a credit card is that it monitors your usage and the locale of usage of that card. So, if the software detects that there is a usage profile, particularly if the amount exceeds a certain point, from a particular location that is not known to the data, it immediately turns off the card. You then have to justify your location and purpose to the bank and it is re-activated.

Profiling in a very rough sense works in a similar way. The Israelis have practised this through El Al in a number of areas around the world and, without doubt, particularly within the Middle East, it is the safest airline to fly with. At the point when you buy a ticket to fly on the Israeli airline the software kicks in. Straight away, the software looks at you, who you are, where you are flying from, where you are flying to, the class of ticket, whether you are carrying baggage, how you have paid for the ticket, point of origin, nationality et cetera. Through that exercise they are filters by which your profile is shunted into certain areas. If you happen to be a Qantas Platinum Frequent Flyer, moving throughout the Middle East continually, flying business class, invariably boarding here and disembarking there, have a profile that has been consistent over the years, have a ticket that is paid for by a company cheque et cetera, then obviously, in terms of risk based profiling, you would be shunted into a low-risk gate. If you happen to be a young fellow of 19 years of age flying first class with no baggage, paying cash and turning up in a pair of baggy jeans and a T-shirt, I suggest the software would trip you into another area.

This process of analysing the profile continues all the way through, inclusive of checking. At checking, once you put your bag on that counter the screen lights up, the name is there and the check-in assistant already understands where you sit in the profiling technique. There is a series of Q and A to confirm certain aspects of that if appropriate, and if you fail the profiling point at that stage there is normally someone who will ask you to go with them. Your identification and verification of flight details will be checked. The point of the exercise in profiling is, in a risk management sense, to highlight and identify your most serious risk before they hit the screening point, let alone the aircraft. We tend to engineer it in reverse; we tend to hope that at the eleventh hour we catch someone walking through a screening point or, better still, stumble across something as they mount the aircraft and sit in a seat. That, to me, is crazy.

The objection to this has always been that it is profiling nationality, race et cetera. It is a very weak argument these days, in my view. These are conducted primarily through software against profiles that have been established, and I think we have to face the reality of today.

CHAIR—How would profiling assist us? I imagine there is some form of profiling for international passengers coming into Australia.

Mr Carmody—That is not necessarily the case. As you know, many governments, airlines and airport operators maintain data. How that data is used is often cloaked in all sorts of mystique; the bottom line is that it is often rarely used and, if it is employed, it is employed poorly, as evidenced by the recent exercise of the US government in Detroit. The US

government has made significant steps in the direction of trying to quantify the data and commencing profiling at the point of ticket purchase, but fundamentally it is doing a very poor job of it. It has been rushed through, it is not being handled well and, at the end of the day, it is cloaked in failure. Within the Australian government, of course, we have no such thing. Yes, airlines, particularly, do maintain connections with other airlines and, in some cases, other governments with regard to high-profile threat so that, if someone is identified boarding a Qantas aircraft in London, that name may trigger if those connections are in place. Fundamentally, though, we have no framework in place to react to this. It really is reliant at the lower level on the airline network to plug in mate-to-mate, for want of a better term, to try to access certain data and pull it in. It is a very rough system when you consider that one mistake at that screening point could cause the deaths of 400 people.

Senator PARRY—Israel is the only country that has this profiling?

Mr Carmody—No. In fact, profiling as we know it today was actually commenced by Northwest Airlines in the US about 25 years ago. It was a very crude system but actually quite effective in those days. In those days, as you may recall, it was more about hijacking than anything else. Israel certainly has the most sophisticated system. A number of airlines are moving in that direction.

Senator PARRY—So what is the resistance in Australia? Why have we not gone down that path?

Mr Carmody—To be frank with you, I think there are a series of considerations. One is that technology is sharp, clean, efficient and cost effective: it costs half a million, this is the outcome, we can measure it et cetera.

Mr Carmody—To be frank with you, I think there are a series of considerations. One is that technology is sharp, clean, efficient and cost effective: it costs half a million, this is the outcome, we can measure it et cetera. Developing these systems require access to a range of data and whether we have the appropriate framework in place to gain access to that data. And superimposed on that, apart from the control aspects and the data management aspects, is this broader subjective feeling of the community of raising the profiling exercise. I would imagine, if you were to introduce this today and you picked up the *Sydney Morning Herald* tomorrow, you would have the appropriate headlines about whether you are black, white, dark, whether your name is Rahim or John et cetera. So it would be skewed rapidly into that area by the media, and government is sensitive to that.

Senator PARRY—In relation to tracking the cards, not the people, you have hit the nail right on the head, that is exactly what is happening in relation MSIC and ASIC. How feasible is biometrics? Again, is that a cost issue more than anything else?

Mr Carmody—That is all it is; everything is a cost issue. You have the airlines who are trying to drive passenger facilitation. From the time you pull into the carport to the time you put yourself on the seat, they want to get you through that process as quickly as they possibly can. Things like security and the checking and screening et cetera are limitations of that facilitation process. Airlines have a vested interest to get you on that aircraft and moving as quickly as they possibly can, so anything that gets in the way of that process is money. Over the years airport

operators have turned an airport essentially into a shopping centre in which you park cars. So their vested interest in the game is to keep you in that terminal as long as they can, because that is where they drive their revenue stream, which is out of the concession areas that operate in that terminal. And so there are a raft of conflicting interests, the least being aviation security and the requirement to provide the time, the training, the equipment and the focus on that exercise because, again, one mistake today at Sydney airport and 400 people fall out of the sky. It is as simple as that.

It always beggars belief, in my view, that with respect to Customs and AQIS the government has no hesitation or limitation in taking full control and management of those functions within the national interest. They are staffed by government employees, they have good technology and infrastructure in place, airports and ports are built around the function, and the staff are reasonably well-paid and reasonably motivated. The exact opposite exists in aviation security, and I do not understand that. Why does the government step back from the third leg of that stool of border protection, and yet the focus on AQIS and Customs is a given. I do not understand.

Senator PARRY—Do you think airport design plays a part in security?

Mr Carmody—Absolutely.

Senator PARRY—Do you think we have it right or wrong in Australia?

Mr Carmody—Wrong. It is like the house that Jack built. If you take Sydney airport as an example, we started off in the very old Qantas terminal here 35 years ago, when you used to have that outdoor ground surveillance exercise and you walked to the aircraft et cetera. We then migrated across to what is now known as the international terminal—one pier. It has now generated the two pier and they are trying to build a third. Everything is fundamentally tacked on. Apart from providing adequate space to park an aircraft and the appropriate logistics to connect that aircraft, the rest is essentially around building a shopping centre. Anything that gets in the way of that process, particularly security, is an afterthought—‘We will bang it in here.’ If you have a look at any screening point, it is always at the narrowest neck, poorly laid out and poorly defined. Because the equipment is mobile, they set up a few barriers and dump the equipment in. And yet, conversely, with respect to Customs and AQIS, it tends to be built around those functions.

Senator PARRY—I want to ask about organised crime at airports in particular as that is your area of expertise. What is your comment on organised crime within the airports themselves, the precincts?

Mr Carmody—It exists; it always has existed. There is no doubt that the appropriate protective measures that have been increasing over the years have minimised the potential for organised crime to gain access. Both serious and petty crimes were rife years ago, primarily through connection into airport and airline employees in the interface. Organised crime also provided a very convenient conduit for the terrorists. It is not unusual to look at the various scenarios we have witnessed around the world to see that connection and to have the terrorists utilise that connection or vice versa. It all happens because of the human interaction in an airport and the fact that we have many thousands of people working within the restricted area, often

with minimal supervision and who have gained access to the provision of a card, not necessarily the individual.

Senator PARRY—Do you think it is increasing or decreasing? Are we on top of it or not on top of it?

Mr Carmody—To be honest with you, I do not think we know. We had been through the mill with Federal Police, state police, back to Federal Police. The airport operator now has no security personnel. We have contract security staff employed by airlines, who in some cases extend their services a little further than aviation security and get into protective security measures. I do not think we know, and the New South Wales Police, I suspect in the case of Sydney, would be the best port of call there in terms of their profile and their intelligence.

Senator POLLEY—Senator Parry has already addressed most of my questions, but in relation to the major international airports of Melbourne and Sydney, obviously there is a high risk there for criminality as well as other national security. What about the regional airports? Can you outline to the committee your concerns, and do you have genuine concerns that they are just as vulnerable as the major airports?

Mr Carmody—Our regional airports, with application of protective security measures along with aviation security measures—there is a subtle difference—are highly vulnerable. We witnessed something on 9/11: they were domestic aircraft, they flew into the side of the building and we know the rest of the story. I can assure you that something coming out of Dubbo this morning, if it was to fly into the side of Australia Square—it would not matter if it was a Dash 8 or a 747—would have exactly the same impact. And yet when you look at the appropriate measures taken at Dubbo as compared to Sydney and Melbourne, they are worlds apart. It gets back to that very old risk modelling that they put in place with regards to CAT 1, CAT 2, CAT 3 many, many years ago. The risk modelling was all about, ‘Do we really need to put screening equipment in at Dubbo’—the cost. I can assure you that that limitation would disappear this afternoon if something flew into the side of Australia Square.

The other crazy thing we have is that not only within our regional airports but even within our domestic airports we allow people to enter the sterile area who are not passengers. It creates a significant concern. Do you realise you can board a domestic aircraft today and never show your identification to anyone? You can put yourself on an aircraft this afternoon, a 767, capable of flying anywhere, and no-one verifies either your identification or verifies you to the ticket to the bag. And when you enter the sterile area, because there are non-flying persons in that sterile area, you can swap your ticket with anyone and that person could then board the aircraft. This is just crazy stuff. We read day in and day out the amount of money that is going to be devoted to this thing, the sort of technology we are going to bring to bear, but why can’t we just simply, in the first instance, focus on the simple stuff? I hear of people saying, ‘If we increase procedures, we’re going to cause delay at the screening point et cetera.’ That is a cop-out. One way of halving the delay is not to allow non-flying persons into the sterile area. You will cut your screen point lines by half just like that. It is just nuts. And if you pour that down into our regional airports, it really becomes diluted. And if you get on at any of these ports—Dubbo, Launceston, Mackay or anywhere—it really is quite a facade when you walk around the place.

Senator POLLEY—Yes. We have had some evidence given to us that has raised concerns about the fact that inward bound luggage and passengers are not being screened. Do you have any comments?

Mr Carmody—Are you saying internationally inward bound passengers?

Senator POLLEY—Yes.

Mr Carmody—The theory is that we trust no-one if an international flight arrives and they are transiting through that airport on to another airport. If United Airlines fly into Sydney and there are passengers transiting through Sydney airport to Melbourne—in other words, they have to re-enter the sterile area at Sydney airport—then we have what we call transit screening points, and technically that transit screening point checks the flying passenger moving through. The problem we do have though is what they call the transit baggage. The online transit baggage that is coming out of the United aircraft, making its way through the system and bits and pieces and baggage control points, and going up into the Qantas aircraft may or may not be screened. It will depend on the airport, the location, the time, the turnaround et cetera. And there are all sorts of procedures and policies within the airport that are often compromised in this area to move bags quickly.

At the end of the day—it is unfortunate but it is a reality—everything starts to impact. You have got aircraft turnaround time, you have got aircraft lodging time—everything is money at the end of the day to keep the aircraft on the ground. So airlines and airport operators who operate the baggage systems are very keen to keep this process forward. The theory is there as to whether it is applied 100 per cent of the time; that is the question.

Senator POLLEY—In relation to your comments about Israel and their airline, their security, having experienced that myself, it goes right down to the small airports when you are chartering a plane. The same security and thoroughness was there, so it obviously works there.

Mr Carmody—Absolutely. When it comes to aviation security today, essentially there is no risk management per se. It is a common threat based on intent and capability. We do not accord with that process, and I do not know why. As I indicated, the threat as to what an aircraft departing Dubbo can or cannot do, in my view, is no less these days than an aircraft departing Brisbane. The old methodology used to be: ‘It is a small aircraft’—and remember it was all about hijacking in those days—they actually cannot go far with this thing; they cannot go offshore, so fundamentally the risk of someone doing something with the aircraft is low.’ Those days are over, because it is not just about hijacking these days; it can be about anything.

Mr HAYES—You made your point very clearly about the difference between security of a category 1 airport and, say, one at Dubbo. With the implementation of automatic check-in systems, could it be argued now that the security at Dubbo is potentially higher than at category 1 airports, because you physically present before a person?

Mr Carmody—It is interesting; at no point is your identification ever checked. People have blamed the kiosk, but I can assure you that the same thing happens at a check-in counter. No-one actually says, ‘Show me your ID.’ They verify a picture ID, either a drivers licence and/or a

passport to the ticket. The same thing occurs at both a cat 1 domestic airport or a regional airport. So it does not happen anywhere.

Mr HAYES—I got on an aeroplane from Port Macquarie and had to produce my drivers licence going on, whereas I can get on a flight out of Sydney and just use a credit card and do an automatic check-in.

Mr Carmody—Absolutely, and you will find that some regional airports may, in an isolated sense, request that, but it really is an inconsistent practice; you are not required to do it. So, if they do it, it really is something that, locally, they have decided to introduce. The bottom line is that there is no consistency anywhere.

Mr HAYES—So has our rush to commercialise airport locations been at a compromise to security?

Mr Carmody—I do not think it is the airport location per se. In the late nineties the government privatised the airport, so the days of the Federal Airports Corporation disappeared rapidly, and what went with it was infrastructure systems and process and, to some extent, the credibility that existed in the FAC security divisions. I am not promoting them, by the way, as being anything spectacular, but they were there, they were stable, they had an understanding of the airports, they had an understanding of the threat, they worked under the government's umbrella—very similar to Customs and AQIS—and they were reasonably well paid and quite a highly motivated force. In that shift to privatisation, of course, the new owners came in and airport operators immediately devolved that responsibility to airlines and got out of the security game because it was just too expensive. Airlines said, 'We're not going to wear this,' so they immediately outsourced it to a private security company and, generally, to the company that provided the tender at the lowest cost. Everyone simply transitioned the risk through that process, so what you have now, be it at regional airports or at domestic airports, including international, is private security companies at the absolute end of the chain bearing the risk for the entire profile of aviation security.

Mr HAYES—At airside.

Mr Carmody—Yes.

Mr HAYES—With the privatisation of airports, it is not just people who work on the ramp or the baggage handlers—

Mr Carmody—No.

Mr HAYES—It could be people who are stocking shelves for your duty-free—

Mr Carmody—Correct.

Mr HAYES—The restocking activity occurs from downstairs and the trucks come down.

CHAIR—Catering.

Mr HAYES—Do we now have more and more people coming airside than ever before?

Mr Carmody—It is an absolute cast of thousands. On top of that you have a raft of interfacing airline and airport services. By the way, all of them are outsourced these days, so when you talk in that context you are literally talking about hundreds of private companies in one capacity or another. You have then got all the contractors who work airside and who invariably are always building something or digging something up. Then on top of that you have new aircrew coming in and different companies coming in. It is near nigh impossible to control through the ASIC system because all you are doing is tracking cards, not people. All companies, including airline operators and airport operators, transition that risk down on to the contractor. It is the contractor who has to abide by the—

Mr HAYES—That being the case and it being a destination of incoming people plus product, would you concede it is emerging more and more as an area of interest to organised crime?

Mr Carmody—Absolutely. Any ingress to that restricted area to gain access to vital infrastructure or a vital good or a vital target is an opportunity begging. To be able to duplicate or find an ASIC—particularly for those who work within the industry—is not a difficult exercise by any means.

Mr HAYES—When the ASIC was initially introduced with its limitations, it was designed in relation to either hijacking or terrorism events. It was certainly not designed to identify people with either a criminal record or criminal associations in respect of organised crime.

Mr Carmody—In a sense; the initial ASIC was introduced and then over a period of two to three years we found that there were literally hundreds slipping through the cracks in terms of not being able to identify their profile so we instituted in those days a Federal Police check. We used to receive an application for an ASIC, we used to put it through the Federal Police checking system and the Federal Police would come back and say, ‘This particular character has been convicted of the following offences over the last 20 years.’ The problem was that we as a government did not prescribe criteria. Is an axe murderer any more or less of a threat to an airport than someone who has been perpetually convicted of stealing?

Mr HAYES—So it was provided he was not associated with a terrorist organisation as that was what was being targeted.

Mr Carmody—Absolutely. We also found that in those days the airlines were still issuing their own pass and of course you had the union interface in the game so any questioning of someone’s background and of where they had been and what they had not done or what they should have done ran into enormous flack, so both the FAC and the airlines in question in those days took a very softly, softly approach to either the issuing of or the withdrawal of an ASIC.

Mr HAYES—So would you see that there is room to improve ASIC in terms of looking at, and establishing through intelligence if there are, connections with criminal organisations or criminal groups?

Mr Carmody—Absolutely, because I believe that within any scenario you will find a connection or interface with regard to terrorist activity—in terms of their threat and in terms of capability—and crime.

Mr HAYES—Would you agree with Roger Beale’s recommendation that the Australian Federal Police should take over security operations at airports?

Mr Carmody—Whether it is the Australian Federal Police or whether government establishes an aviation security force or department or division or whatever along similar lines to Customs and AQIS and creates that three-pronged approach to the protection of our border, I think that is the first question for me. As to who then mans that aviation security division, be it the Federal Police or government employees of some nature, I think that is a secondary point.

Mr HAYES—Is there an argument about honing our security skills as to their being intelligence based and also about officers having the powers to arrest and to detain and all the rest of them as well, as opposed to what we have at the moment with the multiplicity of security forces that seem to exist on and around airports?

Mr Carmody—I think you have hit the nail on the head. One of the exercises that fall out of this is that you go to Sydney airport and you have Customs, who have certain powers, you have AQIS, who have certain powers, you have the airport operator, who under the aviation act has certain powers, you have Qantas, who have certain powers as the aircraft operator, you have the Qantas security force, which actually has no power, you have New South Wales Police and you have the Federal Police. They are all in amongst this mix with no-one truly overarching that in control with respect to the management of that function. Yes, there are security programs constructed at each airport and, yes, the airport operators have a responsibility with respect to the coordination of that exercise but it is a monster beyond belief. And of course you have got Customs, who did not wish to do or share, you have got AQIS, who do not wish to do or share, you have got the airlines and airport operators, who have their agendas, you have got New South Wales Police, who have been overworked from day one, and you have got the Federal Police, who have a role associated with Customs and AQIS but will step into the breach if necessary. I just do not understand it and never have.

Mr HAYES—And you would also agree that ASIC should be broadened, so it should not simply assist in the fight against terrorism but should also assist in the fight against organised crime?

Mr Carmody—Absolutely, because I think there is a down the line increased benefit with respect to the government in identifying the individuals upfront. But I would make the point though that we have got to stop tracking the card and we must track the individual through some form of biometrics. It is cheap technology. You can walk down to Dick Smith’s and just about pick it up off the shelf these days. It is not a difficult exercise. It is only when we start tracking the individual against a background of passenger profiling and employee profiling that we are going to get anywhere towards actually identifying who is walking into an airport and who is not.

CHAIR—Thank you very much, Mr Carmody, for coming along. Is there anything else that you would like to share with us?

Mr Carmody—No, not at all. I thank you for the opportunity to say a few words. As you can see, I have been fairly passionate about this exercise for many years. It is frustrating to see 20 years sail by and we are still talking about the same stuff. I guess that is what it is about. Mr Chairman, thank you again.

CHAIR—Thank you very much.

[10.12 am]

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

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

CHAIR—Welcome. I now invite you to make opening remarks to the committee, at the conclusion of which members of the committee will ask you questions.

Mr Gilmour—We would like to make a brief opening statement and then we will look forward to taking your questions. We welcome the opportunity to appear before the committee. I understand we will be taking you on an inspection of parts of Sydney airport tomorrow, so we will look forward to that. Sydney Airports Corporation has provided to the committee a written submission in response to the terms of reference of this inquiry. Our submission focused on the effectiveness of the scheme for the aviation security identification card, or ASIC, and on the current administrative and law enforcement arrangements and on information and intelligence sharing measures at the airport.

Firstly, to put security issues in context, Sydney airport is Australia's busiest airport. In 2009, 33 million passengers passed through the airport's three terminals and just under 290,000 aircraft movements were accommodated. This means Sydney airport handled an average of 90,000 passengers every day and, with 12,000 people working at the airport and approximately 30,000 people meeting or greeting passengers, 132,000 people use Sydney airport daily. In this context Sydney airport actively supports the need to ensure that Australia's aviation security framework is effective, risk based and responsive to changes in the current threat environment. Sydney airport is committed to providing security infrastructure and to using resources, systems and procedures to achieve this.

It is important to distinguish between the need to protect against unlawful interference with aviation and the need to protect against other forms of criminal activity, be they serious and organised criminal activity or less serious forms such as opportunistic criminal activity—theft, vandalism et cetera. In the first instance relating to unlawful interference, the required security responses are generally counterterrorism related and as such are part of governments' core national security responsibility. SACL, Sydney Airports Corporation Ltd, plays an important role here by implementing any government mandated security requirements. In the second instance, relating to crime, the required responses are more appropriately part of governments' core community policing responsibilities.

In terms of its roles and responsibilities as the airport lessee company for Sydney airport as outlined in our written submission, it is important to note that SACL is not a police force, an intelligence agency, a counterterrorism agency or a combat agency. Those roles are quite properly the domain of the appropriate agencies established and sanctioned by governments. SACL's important role is to carry out any government mandated security requirements, as well as to coordinate the efforts of the participants in aviation security at the airport. In addition to SACL, as the airport operator, the other participants include Australian government agencies such as Customs and Border Protection, the AFP, AQIS, the Department of Immigration and

Citizenship, the New South Wales Police Force, airport tenants, airlines, ground handling companies, suppliers and other airport users. We take our aviation security compliance obligations very seriously. Our dedicated airport security structure is led by aviation security professionals who are responsible for aviation security, regulatory policy, standards and quality assurance, the implementation of the ASIC system, security technology, infrastructure and systems, security operations and risk management, security service contract performance, a 24-hour, seven-days-a-week security control centre and staff, and aviation passenger screening and 100 per cent checked bag screening operations. In addition to these dedicated SACL employees, many of the security functions are performed by specialist service providers under contract to and under the supervision of SACL's management. The services provided by contractors include airport perimeter surveillance and continuous patrols, passenger screening in the international terminal, T1, and in the multi-user domestic terminal, T2, and access control through staff gates. Sydney airport's other domestic terminal, T3, is managed by Qantas, not SACL.

SACL commits a significant level of investment to security related functions. Prior to the September 11 terrorist attacks, the annual operating expenditure on security was \$16.7 million. By 2009 it had grown to more than \$56 million annually, an increase of some 240 per cent in just eight years. This does not include capital expenditure, which over the same period of time has been considerable—for example, in putting in checked bag screening.

After the period for lodging submissions concluded, the Australian government released its national aviation white paper, as you would be aware. This was followed by a further aviation security announcement, on 9 February this year, by the Prime Minister and relevant ministers. The white paper initiatives and this further announcement will change the aviation security framework at Sydney airport. We are currently working closely with relevant government agencies to ensure these changes are appropriately implemented as and when required. Chair, Mr Woods and I would be very happy to answer your committee's questions.

CHAIR—Thank you very much. My first question is this: what is the role that the corporation plays in working with New South Wales Police and the Federal Police?

Mr Woods—The role has changed since the Wheeler report. You might recall that the Wheeler report was around 2005. We have established two things. There is an airport unified policing model, which is now applied across the airport. There is also an airport security executive committee, which is now the leading committee at the airport for the organisation of security measures. For example, that committee no longer consists of just the response agencies. It has people from bodies like the Australian Crime Commission, ASIO and also other intelligence agencies. It is a small group of about nine executives who can make decisions on behalf of the organisations that they represent.

CHAIR—And is the Sydney Airports Corporation a member of that committee?

Mr Woods—We chair that committee. It is there primarily to share intelligence on various activities that may be going on with a Federal Police operation or an Australian Crime Commission operation. It has a format that reviews, for example, the full risk register that is applied across the airport, which is obviously intelligence based on the vulnerabilities that we see at the airport itself. As part of that, the airport unified policing model, which has now been around for three or four years—which consists of both state and federal police under an

integrated program—is represented on that committee and we discuss various matters in relation to the policing model at that committee.

CHAIR—We have had a number of submissions in relation to how well the ASIC card operates. In your submission you express some views about how well it operates. Indeed, your submission says that you are concerned about the number of people who are able to issue the cards. You have made some, for want of a better word, criticisms of the current ASIC card. Could you expand to the committee on your concerns? You may have been listening to Mr Carmody earlier. His concerns were that the cards were just tracking cards, not people.

Mr Gilmour—I will make some general comments and then Mr Woods might expand on that. A very important thing to distinguish—we were tempted to do this in the submission—was to draw the distinction between the ASIC as an identity card and the access that might be granted to various parts of the airport. Often people think those two things are exactly the same thing, and they are not. Obviously the issuing of an ASIC goes through a process with reference checking and police records checking, and that is very important. One of the things we argue for is the increased use of intelligence in relation to those cards. But it should not be assumed that, because somebody has an ASIC, that gives them right of access to various secure parts of the airport. That is where we would like to draw the committee's attention to an important issue.

Mr Woods—There are six issuing authorities on Sydney airport who can provide an ASIC. Historically an ASIC that has been issued with a red background, for example, may provide or intend to provide access through an airside gate to say, 'This person has a lawful purpose for being there and has a frequent use.' We believe—and I think we have said in our submission—that the access regime should be completely separated from the ASIC card itself. All the ASIC card does for us is identify somebody that has been through three or four character checks and has passed the lawful need to have some sort of accreditation. As you would be aware, the airport no longer makes, and has not for a number of years now made, decisions on whether a person is a bona fide applicant. We submit it through an automated process where the government agencies provide an ASIO assessment, a criminal assessment and an immigration assessment and advise us whether the person meets the eligibility criteria or not. We have some other things that we look at at Sydney airport which reinforce that character check. So in terms of the ASIC itself we just see it as somebody who meets the additional criteria, that the person meets the eligibility criteria and therefore we then make an application with regard to what access we provide them and where we provide that.

CHAIR—On page 11 of your submission you express some concern about the background-checking process. Do you want to expand on that for the committee? You talk about firearms, taxi cabs—

Mr Woods—The process that is currently in place—and it is one that is used for a more practical nature than anything else—is that we only issue an ASIC card for a period of about two years. Within that two years, when you come back to apply for a renewal, your background check is then sent off again and it is fully assessed by the government agencies. In the period between the issue—that two-year period—we are looking for the law enforcement agencies to advise us of any criminal behaviour or behaviour that would be against the criteria for issue when that becomes known to the law enforcement agencies themselves. So, for example, when we issue a card to a person we do not have any visibility of that person for another two years. If

they commit a crime within the first three months of the card being issued we would be looking to the state police or the Federal Police to understand that there is a person out on the airfield who now contravenes the issuing criteria and to advise us accordingly so that we can take action. We think that is a very important part of that process. If we could issue a card for a longer period of time—two, three, four, five years—we would be looking for active and basically online information from the law enforcement agencies to advise us of the changing criteria of an applicant.

Mr Gilmour—Just going back to the examples that we used in the submission to suggest ways that this could be approached, we were trying to move from a situation where a criminal record in itself was the sole determinant to broader issues, including intelligence and other things, and that is where the examples of ‘fit and proper’ provide a broader scope to make that assessment. As it stands at the moment—quite properly so—as Mr Woods has said, we submit the application to the checking authority and we simply get an answer back ‘yes’ or ‘no’ as to whether an ASIC may be issued. We are advocating that, in making that assessment at AusCheck, broader issues of intelligence and other matters be brought to bear.

CHAIR—And that is with a renewal, not just—

Mr Gilmour—Either at application or renewal. The point Mr Woods is making is that, if the circumstance changes, then obviously once the ASIC has been issued you want to have the ability for the appropriate agencies to have reviewed that and advise us accordingly. My understanding is that that is increasingly happening and the sharing therefore of this information is much improved.

CHAIR—So you would support the use of criminal intelligence by the authorities to—

Mr Gilmour—Yes.

Mr Woods—Yes.

CHAIR—A number of submitters have expressed concern that the use of visitor identification cards is a significant problem. We get the impression that the opportunity for serious and organised crime figures to gain access through these cards is available and has been gained.

Mr Gilmour—We certainly hope tomorrow to demonstrate to you exactly what happens with the visitors pass, because we will be required to issue you with one, so you will see firsthand—

CHAIR—No body searches or anything?

Mr Gilmour—It will be the process as it normally happens for any visitor to the airport.

CHAIR—What about for Liberals?

Mr Gilmour—We try to treat all with an even hand! You will see that process tomorrow and that will obviously be another time for you to ask us questions. I think the important thing about the visitors pass in whatever format it is issued, either as a day pass, which will be the case for you tomorrow, or for a longer period than that is that, firstly, the person does require a sponsor

who is an ASIC holder to authorise the issue of that ASIC, which is done through our people. The second thing is that both people need to have a lawful purpose to access those areas of the airport that they subsequently do. The third thing is that the sponsor is required—it is very clearly set out in their regulations—to supervise that person at all times when they are accessing those areas of the airport that they have chosen to do so for those lawful purposes.

Mr Woods—That is the criteria set out in the aviation security identification program, which I guess the Office of Transport Security have structured going back some time. The visitor pass system is a very important part of airport life. If we have a failure of a pavement and we have to get a contractor in to dig it out and fill it to make the airport safe, it is very hard to wait for five or six days for an application to go through to get that done. So the visitors' passes are there for normal business at an airport to continue, but in a very controlled sense. We would issue a visitor pass more frequently on a day-to-day basis as the need may occur, and there may be a number of times where a visitor may be required to be at the airport for three or four days. At the moment an application through the AusCheck system will take about four or five days to come back, so anything beyond five or six days, then we would think about issuing the visitors card in a slightly different way.

Senator PARRY—I am the only Liberal on the team, but I will behave tomorrow.

Mr Gilmour—We assure you that you will get the same treatment as everybody else.

Senator PARRY—Thank you. I am in Siberia here, on the left!

CHAIR—Tie a cone around your neck!

Senator PARRY—Coming back to the ASIC and the issuing of it, my understanding is, and correct me if I am wrong, that Sydney Airports Corporation is not in favour of a central issuing authority, one standard issuing authority in the country.

Mr Gilmour—No, we are very sanguine about that. The issuing of the ASIC as an identity card can be done essentially by anybody. We have no difficulty with there being a central issuing authority for that. Our concern is related to access and the provision of access to the airport and we would want to retain that responsibility. But in terms of the issuing of the ASICs, that is something that we are quite relaxed about.

Senator PARRY—What about airport design? Do you feel that airport design plays a part in security, and do you think that the airport design is adequate at your airport or other airports?

Mr Woods—Airport design does play a big role in aviation security. We mix with our colleagues overseas who are probably in more threatened and more high risk airports, and we listen to what they do and how they do it. Most of them are in the same situation that we are in where we need to retrofit most of these areas to buildings that were built in the 1970s, whereas greenfield sites like Beijing and those sorts of airports can take into account the modern approach to airport design. But we are very concerned about that. We have just completed a vulnerability assessment of front-of-house issues and access issues and we are dealing with that at a high level at the moment. But airport design is a very critical one.

Senator PARRY—In relation to airport management, do you feel as though things could be done better, such as having non-flying people at the airport not going into the secure zones? That is one example.

Mr Gilmour—I think I know what you mean, but can I just clarify it. At the international terminal, non-fliers, other than people who have a need to be there, are not able to go into the area. I think you are referring to the domestic situation—

Senator PARRY—Correct.

Mr Gilmour—where essentially anybody can go through. Having gone through the appropriate screening, and certainly they do not need any particular identification to do so, they can access those areas.

Mr Woods—A visitor to the airport goes through the same process as a passenger to get into those areas.

Senator PARRY—Yes, but then when they get behind the secure area, and we heard evidence beforehand about this, they can swap identification because there is no further identification check, which is my next question.

Mr Gilmour—But again, let me stress, and this is why we make such a strong point about the distinction between the identification and the access: it does not necessarily give them any access anywhere.

Senator PARRY—No, but it gets them into an airport. It gets them into a more secure area. Let us say, for example, that I am a known terrorist and I have someone else go through the check-in who gets the boarding pass and goes into the secure area. I go in as a visitor, my identity is never checked, and then we swap and I get on the plane. No-one knows that I am Bill Bloggs and not Paul Smith.

CHAIR—What about that plane about to go off to Buenos Aires with the catering on it? You are in a rush and the plane is running late, does anybody continue to check at the gate, for example, the gourmet staff who go out to a plane?

Mr Gilmour—They come in through various gates and they are checked through that process. But, firstly, let us remember that the screening has taken place appropriately for all of the people concerned. And, secondly—I think the committee would be well aware of this and will obviously have taken evidence or had discussions along these lines previously—security in relation to aviation is multilayered and the physical security component of screening or what have you is one element of that. Obviously intelligence monitoring by policing authorities and enforcement agencies is an extremely important part of that whole process. It is not one that is always obvious to people.

Senator PARRY—With respect, Mr Gilmour, we are moving a little bit away from my direct question. I appreciate what you are saying, but my direct question is: do you agree that could happen or should happen?

Mr Gilmour—You are saying you are a known terrorist, and the point I make is that I would have expected that policing authorities would have monitored that and have that under control, and we are aware of circumstances where that has happened.

Mr Woods—Our responsibility at the airport in terms of our unlawful interference and preventative security measures is to ensure that anybody who gets into the sterile area does not carry weapons or any other type of device that may cause staff or passenger harm et cetera. We do not have a responsibility to necessarily identify somebody who may be a suspect terrorist. That is a criminal activity—

Senator PARRY—Let me come back then to the preface of my question: as an airport management issue, do you think people should be going into the sterile area who are not flying? That is the basic question. You are saying that there is no issue because of the screening.

Mr Gilmour—Yes. Everybody is screened in the same way.

Mr Woods—The reason they do not go into the international area is because of Customs controlled areas and immigration controlled areas relating to travel.

Senator PARRY—As a further extension to that, what about the identification of passengers. Do you believe that airports should be checking the identity of each person as they present to obtain a boarding pass and then have that further checked with the passenger going onto the aircraft and checking the identity to the boarding pass?

Mr Woods—That is not an airport management responsibility; it may be an airline or a law-enforcement responsibility.

Senator PARRY—Okay, but do you have a view as to whether that should happen?

Mr Woods—Our view in the past has been that anybody who goes through the screening and is cleared should be able to enter that area.

Senator PARRY—Okay, so the volume of people in the secure area is not a concern to you. I will give you another example: 20 people could enter as visitors, and one person could go through as a passenger. The 20 people could be carrying 20 small components that, put together, make something that could be damaging or a weapon. That is another concern by having people in the secure area who are not flying.

Mr Woods—But that is also the type of risk that we see occurring around the world, and that is why we are training and retraining the screeners and upgrading the algorithms in screening equipment to be able to identify the various components. Those issues that you describe have been around in the world for the past few years and people are becoming very vigilant about what they are detecting.

Senator PARRY—I get a fairly firm feeling that you would not like to see non-flying visitors restricted to the non-secure area and also you do not see the need for additional proof of identification. That is basically what you are saying.

Mr Gilmour—The identification is certainly not an airport issue. What we are saying is that if you have appropriate screening then that, together with the other layers of security that are involved, should be addressing that issue.

Mr Woods—The thing I would like to add is that now we have a dedicated police force at the airport. The intelligence that they have provided for us and their work with us has allowed us to develop appropriate plans to intercept some of these people, as has been borne out in Sydney in the last few months.

Senator POLLEY—I just want to clarify that there are six issuing authorities for Sydney airport. Could you elaborate on who they are?

Mr Woods—They are Sydney airport itself, Customs, Qantas, Virgin, Air Services Australia and CASA.

Senator POLLEY—Has there ever been a situation where the Sydney Airports Corporation has actually used the ASIC cards or known of those cards being used as access cards to go into restricted areas?

Mr Woods—Just to clarify, if CASA issue a card to a private pilot, for example, they will land at Sydney airport in a restricted area and be free to leave the aircraft and walk to the gate. Qantas may issue their own ASIC card, but if their driver attends one of our gates with an ASIC card we will let that person in to service an aircraft.

Senator POLLEY—I do not know if you were in the room when there was some criticism earlier. We have heard evidence both today and in Melbourne in relation to the infrastructure of airports. The assertion is that airports are now becoming retail outlets and that there are security concerns about the number of retail outlets now being established in all airports. Do you have any comments on that?

Mr Gilmour—Airports have always had ancillary functions like retail activities. They are controlled appropriately through screening activities and what have you. We do not see any particular issue.

Mr Woods—All the goods that go through are screened. All staff in retail outlets are screened to the same standard as anybody else.

Mr Gilmour—That applies to airline lounges and the food and beverages that go into those et cetera. The screening of that is quite a significant exercise. We have separate screening points through to the areas to enable that to happen for all those goods and services.

Senator POLLEY—So can the travelling public be assured that our airports are more secure today than they were a decade ago?

Mr Woods—Yes, very much so.

Mr Gilmour—I do not think there is any doubt about that. It is a different environment altogether. It has changed quite dramatically.

Mr Woods—Ten or 15 years ago we did not have dedicated staff areas for screening. We never had dedicated staff areas for goods. Goods were delivered from airside areas into lounges without going through screening. All those things have been picked up and changed. The liquid aerosols and gels regime came in a few years ago. There are a whole range of issues now that are very significantly different.

Senator POLLEY—With modern technology, airlines are putting in self-check-in hubs that you can use. Do you acknowledge that we are still failing to ensure that the identity of a person matches their ticket? Senator Parry alluded to that earlier. Do you have any comments in relation to the smaller airports?

Mr Woods—Regarding the first question, on identity, provided they go through the full screening process and are cleared for entry into those areas, to us they do not represent a risk or threat in terms of interference with an aircraft. There may be a criminal issue associated with that, but that is certainly outside our boundary. With regard to regional airports, it does not really—

Senator POLLEY—I will pick it up just there. As a corporation, don't you have a responsibility, as far as criminal activity is concerned, to be a good corporate citizen?

Mr Gilmour—We do, and we are, but we work with policing authorities. As I said earlier, we are not a policing authority per se. That is why we have so strongly supported the Wheeler report and the steps that are recommended by Beale in relation to a unified policing approach, because what we had prior to Wheeler was a situation where, effectively, there were no community policing activities at Sydney airport at all.

Mr HAYES—I suppose ASIC cards were introduced primarily in relation to potential hijacking or terrorist related activity. Our inquiry is very much focused on organised crime, so my question is: what level of exposure or potential exposure to organised crime is there at, for instance, Sydney airport?

Mr Gilmour—That is an assessment that others would have to make, I think. As I said in my opening comments, it is a very busy place. A lot of things take place there, and obviously the policing authorities see that it ought to have some focus in relation to that, particularly with the movement of goods and services.

Mr Woods—I think that with the coordination of security on the airport, while we may chair it, there are a couple of agencies that may take the lead in certain circumstances in relation to organised crime, as there are in response to incident and emergency activity on the airport.

Mr HAYES—Would you concede that an airport would be a place of interest for persons involved in organised crime?

Mr Woods—As I just stated, the work that the Federal Police and others did recently—they involved us in developing some plans to assist and carry out some activities—was very successful in relation to an organised crime matter late last year. We know that that is not the first operation that was carried out at the airport, and there are other ones underway as we speak.

Mr Gilmour—So the answer is that you are right: obviously there is, and there has been some focus on that. The policing authorities have actually had specific task forces directed towards these activities—as Mr Woods has indicated, quite successfully so.

Mr HAYES—I understand that catching crooks is the job of the law enforcement agency, but you have some responsibilities in running the facility, in which organised criminals have some interest as they conduct their business.

Mr Woods—I think it all comes back to the initiatives that came out of the Wheeler committee, where we have the airport executive committee on security, which includes the heads of the various organisations—the law enforcement agencies, the Crime Commission, ASIO, the airport and others. That committee, at top secret level, reviews the risks for the airport every two months. If the Crime Commission or the police state that there is an issue that they are dealing with, we will discuss that at that table and we will develop measures and plans to deal with that issue as a risk.

Mr HAYES—Our ASIC regime is not designed to actually address those risks or even identify them; it is designed to look at something in the field of terrorism—safety of passengers and other things. It is not designed to look at organised crime.

Mr Woods—It does three checks. When we send an application down, it does three checks: it does an immigration check to make sure the persons or citizens meet the criteria; it does a criminal check that goes against the police and others in terms of assessing criminal activity, whether it be a speeding fine or a major issue; and it does—

Mr HAYES—It must be taking into account chapter 5 of the Criminal Code, offences which go to issues of being associated with a terrorist organisation or terrorist activity.

Mr Woods—Yes, that is the third check. You do the criminal intelligence—

Mr HAYES—But what it does not look at, as I understand it, is whether you are a fit and proper person to have that level of access to an airport.

Mr Gilmour—That is what we are arguing in our submission. It is about the potential to broaden that. If I may I will go back. Obviously, we are concerned about any criminal activity that would take place at the airport, whether it be organised crime or even lower levels of crime. That is why we argued so strongly, at the time of the Wheeler report and also leading up to it, that there needed to be a community policing activity at the airport. Prior to that if there were, for example, a theft at the airport, there was not an officer there who could actually deal with that. You would run up to a person who was in a sort of police uniform with something on their hip and say, ‘Can you stop that bloke who is stealing that bag?’ and they would say, ‘There is a phone over there. Ring the New South Wales Police Force.’ That has all changed.

Mr HAYES—But you would support a change to the ASIC regime to address issues of identifying people with a connection to or that might have a connection to terrorism and also people that might have an interest in respect of organised crime.

Mr Gilmour—Yes, as assessed by the appropriate authorities based on intelligence. We argue that should be at the time of the application and also should be an ongoing process of some kind.

Mr Woods—In an informal sense we get advice in relation to that from time to time but it is not part of the routine; it is by exception.

Mr HAYES—I think legislation has only been recently introduced in terms of working with children and once you are registered as to that it is ongoing and if there is a conviction it is brought to attention.

Mr Gilmour—Again we would say it should not be just conviction related and it could well be based on intelligence or other matters.

Mr HAYES—In your submission you have indicated there should be a requirement to have a security access control card, as distinct from an ASIC. So that would be the actual card that gets you in?

Mr Gilmour—Correct. You would have to have that access. If you did not then it would be required that you be supervised by somebody who did have that access.

Senator PARRY—And to get that card you would need an ASIC?

Mr Gilmour—Correct.

Senator PARRY—I have two follow-up questions. One goes to a question from Mr Hayes. What proof of identity is an ASIC applicant required to provide? I have a copy of the application form. It is from Melbourne. I presume it would be the same for Sydney.

Mr Woods—It would be similar. It is on the points system with passports, licences.

Mr Gilmour—It is specified in the legislation.

Mr Woods—Yes, it is very clearly specified.

Senator PARRY—So it is like a 100-point check?

Mr Woods—Yes.

Senator PARRY—The second matter is in response to my questioning and also that of Senator Polley. You are putting your argument that the scanning is the most important aspect, which I accept. Why not scan at the entry point to the airport? Everyone would come though one single scanning point and then you would have the entire area sterile. Is that being considered? I think that would even be cost effective.

Mr Woods—It is part of the industry debate. There are some major design issues and facilitation issues. If you look at T2, which is the domestic terminal at Sydney airport, it is the busiest terminal in Australia. The volume of people coming in there and the processing required

to screen people would see a major redesign and structural issue. You have tens of thousands of people within a couple of hours.

Senator PARRY—So basically airport design is the—

Mr Woods—Yes, and there is the facilitation issue.

Mr Gilmour—We often say to people that it needs to be understood that airports are not Rubik's cubes. You cannot come along and say, 'We're going to change all that and overnight rearrange the design.'

Senator PARRY—Some of the airports I have seen do look like Rubik's cubes.

CHAIR—Mr Woods and Mr Gilmour, thank you very much and we will see you tomorrow.

Mr Gilmour—Chair, thank you and we thank the committee. We have a security awareness guide that is provided to all applicants for an ASIC and we will leave a copy of that for each of you. Obviously, we will talk to you about it a little bit more tomorrow.

CHAIR—Thank you. We will read it overnight.

[10.55 pm]

SCHMIDT, Mr John, Chief Executive Officer, AUSTRAC

VISSER, Mr John, Acting Executive General Manager, Intelligence, AUSTRAC

WOOD, Ms Amanda, General Manager, Supervision, AUSTRAC

CHAIR—Welcome. The Senate has resolved that an officer of the department of the Commonwealth or of a state shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. The resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted. I now invite you to make a brief opening statement to the committee at the conclusion of which members of the committee will ask you questions.

Mr Schmidt—Thank you very much, Chair, and I would like to thank the committee for the invitation to appear today. AUSTRAC is Australia's anti-money-laundering and counterterrorism financing regulator and specialist financial intelligence unit. In its first iteration it was established in 1989. It needs to be stressed in that context that AUSTRAC is a regulatory and financial intelligence body, not a law enforcement body. In its regulatory role AUSTRAC oversees compliance with the requirements of the Financial Transaction Reports Act and the Anti-Money Laundering and Counter-Terrorism Financing Act and it oversees the compliance with those requirements by a range of bodies, including financial services providers, bullion sellers, designated remittance service providers, gambling industry and other specified reporting entities.

On the intelligence side, its role is to collect, analyse and disseminate financial intelligence obtained through financial transaction reports which are made to it, and it disseminates that information to Australian government law enforcement, national security, revenue, regulatory and social justice agencies as well as state and territory law enforcement and revenue agencies and certain international counterparts.

I will refer briefly to our submission to update the committee on a couple of developments since then. There were two primary strands to the submission which could be summarised as: AUSTRAC seeking access to AusCheck information; and the reverse, raising the possibility of AusCheck having greater access to AUSTRAC information. On the first of those points, since the submission was submitted, AusCheck has invited AUSTRAC to apply for access to its databases, and we are currently going through the process of seeking that access. I stress that we are not doing that in respect of a particular focus on aviation or maritime safety—that is in our overall financial intelligence role where we look at patterns in data that might be of use to the various agencies we provide information to, and also if they come to us and ask us to do a particular analysis in particular areas that can assist in that regard.

On the other side, in respect to AusCheck's access to our data, it needs to be clarified that, as part of the AusCheck processes as I understand it, two of the bodies which are designated agencies for the purpose of getting access to our data who are involved in that checking process

are ASIO and the Department of Immigration and Citizenship. They are already designated agencies under our act, and so have access to the AUSTRAC data.

One caveat: I have in been in this position for five months, so if answering questions my colleagues kick me under the table or want to clarify some of the things I say, I would welcome that and I am sure the committee will as well.

CHAIR—In our deliberations we have across the term ‘trusted insider’ particularly on the waterfront. We are also well aware of opposition in a number of quarters to the use of criminal intelligence being used to deny someone a maritime security card. In your submission you state:

... financial intelligence and law enforcement information and intelligence exchange networks should be extended to regulatory agencies, beyond the current arrangements.

Would you like to expand on that to the committee please, and if you could also advise the committee what impediments there are at the moment, such as privacy et cetera? As an example, you have got a fellow who might be driving a forklift on the waterfront and lives in Vaucluse in a \$3 million home. Unless he inherited it he has been very lucky gambling or something. Can you explain that sort of situation for us and what hurdles are in the way to use it to deny someone access to the waterfront working environment.

Mr Schmidt—I will make some general observations and pass to my colleagues. In broad terms we have a qualified but open exchange arrangement with information for agencies which are designated under the legislation. There is a range of those now from security agencies through to the police and others. That listing can change by regulation or by an amendment to the act so, on occasions, different agencies have been added, but none have been added by regulation as yet. I think historically that partly reflects that the area of financial intelligence has been a developing area in Australia. As the data holdings within the organisation have grown the value of being able to follow the money trail has become more greatly appreciated. At the same time too we have to recognise that technologies have improved dramatically in recent years so that makes the ease of access and the analysis itself an easier thing to do. As the agencies who we deal with either on a one-off basis—and I will get back to that in a minute—or who are designated make more use of data they become aware of the value that can be achieved from doing that. It may have been that some of the agencies which were not designated have, over time, come to that position because of their ad hoc use of it. There is a provision, I think it is section 129, in relation to Commonwealth agencies which says that information sought by a non-designated agency in respect of an investigation into a possible commission of a criminal act, I can form the view that it is appropriate to share that information. The scope of Commonwealth agencies can come to us to seek that information.

CHAIR—For maritime and aviation security cards?

Mr Visser—If it relates to a proposed investigation.

CHAIR—They have to come to you.

Mr Visser—That is right. They have to ask.

CHAIR—Even though you may well be aware of the trusted insider. One of the things we are coming across is that in relation to criminal activity particularly on the waterfront, it would appear that a number of people that could be involved do not have criminal records at all. If they went to a radical mosque in Lakemba and tried to get an aviation card they would probably find it very difficult to get one. Whereas if they hang around with criminal elements, say in Maroubra or Port Botany, they will get one. Even though you may have information on those individuals you cannot share it unless they ask you for it, is that the position?

Mr Schmidt—There are two points you have raised there. If, for example, the Federal Police or the Crime Commission were investigating people who may be engaged as employees in airports or ports, they have access to our data and they could analyse it or ask us to do an analysis to further that investigation. So there is that capacity already.

As I said before, we are looking at patterns in the data. If we have a broader range of data to look at, the identified person may not have criminal activity but they may be involved in financial transactions in another place all together with people who do have criminal antecedents. We can often identify those patterns and pass them over to the appropriate law enforcement agencies for investigation.

CHAIR—But you are not sure whether they are used to deny people their maritime or aviation security cards?

Mr Visser—Our understanding is that criminal histories are not used in making that assessment.

Mr Schmidt—Having said that, we are not involved in the process itself.

CHAIR—In your submission you say:

Access by regulatory agencies in the aviation or maritime sector to criminal or financial intelligence for the purposes of assessing whether a person is a ‘fit and proper person’ to hold an ASIC or MSIC or a licence may be an effective preventative measure to combat serious and organised crime infiltration of these sectors.

That seems to suggest that that does not happen now.

Mr Schmidt—My understanding of the checks is that, at the moment, they look at authority for employment, if they go through immigration and citizenship; ASIO looks at national security implications and CrimTrac looks at criminal history. To the extent that they do not look at broader things, the submission is saying that there may be benefit in having a look at the broader range of factors.

CHAIR—Thank you, Mr Schmidt.

Senator PARRY—I want to go back to your earlier comments where you identified patterns in data, in your words. Are you obliged to pass that information on to any other authority, such as ASIO or the Australian Federal Police?

Mr Visser—Yes, we do. We actively monitor the data as it is reported to us and we have several mechanisms in place to identify anomalies or patterns of activity that may raise alarm bells with us.

Senator PARRY—And you instantly pass that on, do you?

Mr Visser—We will do some analysis. We will supplement that with other checks of other data sources that we may have.

Senator PARRY—Do you go to another intelligence gathering agency to firm up your intelligence before you pass it back, or do you instantly pass it back?

Mr Visser—We can. We can access certain databases—for example, the ACID/ALEIN database.

Mr Schmidt—I would like to expand upon that. As I said, there are two streams to the work. We may be asked by some of our partner agencies to specifically look at an area or entities or at people whom we have not been looking at in detail. We can do that analysis in-house and pass them a report. Alternatively, off our own bat, we identify activity which raises questions. We prepare a report and then we pass it on to appropriate agencies, who are then given a choice: they may already be investigating it, or they may pass it around to other agencies in the field if there is a more appropriate one.

Senator PARRY—Without request, then, information that is significant would be held by an agency that would be asked to do a background check on an ASIC holder? That is what I am getting to. If they are clean in every other respect and you have some information, that information in the form of an intelligence package is then with either AFP or ASIO.

Mr Schmidt—It may be.

Senator PARRY—It may be. I am trying find a gap. Is there a gap where that would never be identified?

Mr Visser—We would not immediately know that they are an ASIC or MSIC holder.

Mr Schmidt—It may be that we prepare a report relating to individuals who are involved in the motor vehicle industry but they may have comrades who are involved in port or maritime activities as well. We would not necessarily know what the employment is of the broader range of people. We might identify what we think is a matter that the Australian Federal Police might be interested in. It might be a tax evasion matter, in which case we would give it to the tax office to have a look at.

Senator PARRY—As a committee we went through your facility in Melbourne at one stage, so I am familiar with how you monitor financial transactions. Someone working at the port or the airport could be moving a large amount of money backwards and forwards and, if everything else is clean, a background check would not necessarily be a flag indicating that that person is moving a large amount of money.

Mr Schmidt—Quite possibly so. If it is cash that is not going through a reporting entity such as a bank and they are carrying suitcases of cash, there is no particular reason why we would even know about that.

Senator PARRY—I mean moving it electronically, which would obviously come under your radar. Do you get requests from ASIO and the AFP currently in relation to MSIC and ASIC holders.

Mr Visser—I am not aware of any requests coming to us directly.

Senator PARRY—If that were happening, would you be aware of it?

Mr Visser—We would. In undertaking their references early on we were asked to do an analysis on ASIC and MSIC holders but that was during the conduct of those references.

Senator PARRY—And that is now not happening?

Mr Visser—Not to my knowledge.

Mr Schmidt—It may well be that we are asked for information but we do not know the purpose for which it is going to be used.

Mr Visser—They might not disclose to us—

Senator PARRY—But do they as a general rule disclose the purpose of the information being sought?

Mr Visser—Generally, yes.

Senator PARRY—How feasible would it be for getting the legislative framework—and I am talking about now logistically, administratively? How easy or difficult would it be for every person that applies for an ASIC, and I think we are looking at—what?—120,000 people in Australia? Is that a matter of pushing a few buttons or is that a fairly detailed analysis if everyone were going to go through that sort of background check?

Mr Visser—It would be very resource intensive.

Senator PARRY—So you would need some serious resourcing. It can be done but would just resourcing be the issue?

Mr Schmidt—And privacy considerations.

Senator PARRY—Okay. Leaving aside the legislative framework, if that were permitted legislatively with additional resourcing you would have the technical capability?

Mr Visser—We would also have to make investment in the technical capability.

Senator PARRY—Yes—which I would consider to be a resourcing issue. Do you have an opinion as to whether you think that is warranted for an ASIC/MSIC cardholder?

Mr Schmidt—I do not think it would be appropriate for us to express an opinion.

Senator PARRY—With regard to the financial reporting, what sort of data would come back? What could you give? Let us say that you had to run a check on me; what sort of data would then come back that would be worthy of note for the AFP or an issuing MSIC/ASIC authority? What is the value of the data? Apart from, obviously, if they are moving huge amounts of money internationally, what else would they be getting back?

Mr Visser—We collect four types of reports essentially: the international wire transfers, customer-to-customer transfers with no thresholds. We capture threshold transactions, which is—

Senator PARRY—Which is \$10,000.

Mr Visser—\$10,000 or more in cash through a reporting entity. We capture cross-border movements of cash of \$10,000 or more. There is an obligation for people—

Senator PARRY—State to state, are you talking about?

Mr Visser—No, international orders.

Senator PARRY—Country to country, right.

Mr Visser—Yes, and under that same regime where they are carrying bearer negotiable instruments, if asked, they need to make a declaration. Finally, where there is a suspicion formed in the mind on reasonable grounds by a reporting entity that the activity may relate to criminal activity—tax evasion, proceeds of crime activity—there is an obligation to report a suspect matter report, and that is more subjective and objective data that provides the grounds for the suspicion. So there may be data in there. When you combine all those pieces of information then a picture forms which is then assessed, and on the basis of that assessment we take a decision as to whether to make the information available.

Mr Schmidt—It is not a quantum issue. As you may be aware, in the counterterrorism field the cost of conducting some terrorist activities is very low, so they may be very small amounts of money. It might be that the appropriate Commonwealth agency comes to us with the identity of a person or persons that they are looking at. The mere fact of small amounts of money being identified—

Senator PARRY—It is the links.

Mr Schmidt—provides the broader picture. Sometimes it is large sums of money in unusual circumstances where a student is suddenly sending vast sums of money overseas through their bank account. That of course is suspicious and can also draw attention. So there are a range of mechanisms to try to identify what is appropriate to investigate.

Mr HAYES—If government wanted to change its use of ASIC and MSIC cards to look at a relationship with organised crime, as opposed to a relationship with terrorism, and then sanctioned addressing an issue of being a fit and proper person for access, I would assume that your organisation would inevitably be involved.

Mr Schmidt—It would depend on who they were getting to do those checks for them. It may well be that those agencies would seek access to our data for the purposes of those checks. It is hard to speculate how it would operate.

Mr HAYES—So if it is one of those agencies that have access to your information now, is it a massive task to make that information available? Do they interrogate your system or do you have to apply it to them on a case-by-case basis?

Mr Schmidt—It is a very good point. There are always capacity constraints in the system as to what you can do. We deal with massive amounts of data as it is. Technology ages and technology improves. So even if the existing agencies that have ongoing access to information suddenly want to double or treble the number of officers in those agencies who use our data under existing arrangements, we must look at the capacity of our system to handle that. Changes have tended to be incremental over time.

Mr HAYES—If it is not increasing the number of agencies but just increasing the interest that those agencies have in interrogating your field of information, is that a massive task?

Mr Schmidt—It depends on the volume coming through the door.

Mr HAYES—If you are looking at the aviation industry, there are 100,000 people—

Mr Schmidt—Potentially that would be a significant volume—or challenge.

Senator PARRY—A far better word!

Mr HAYES—If we moved in that direction as a government, would the collection of that data be further developed and streamlined in your systems?

Mr Schmidt—I would assume that if the government decided to go down a particular path which required greater use of our data, one of the issues they would have to look at would be the resourcing to make sure that the system was able to operate.

Mr HAYES—But if the authorities decided that there was a check for a fit and proper person, which you talked about, you would not be checking 120,000 ASIC cardholders, would you?

Mr Schmidt—I cannot speculate as to how the system would operate.

Senator PARRY—Let us just say that 120,000 people were washed through your system one night. It would only bring up those who have been registered, because of the other issues that we discussed a moment ago. So 80 or 90 per cent might be completely clean. In fact, they would be the greater number, I would imagine.

Mr Schmidt—I will make an opening comment, then pass to John, who is the expert in the field. One of the challenges, I understand, is of course identifying the people. The system deals with identity resolution issues. So there would be data in our system—depending on the age of the data—which would have variations on names and addresses. People may have moved, so with one person you might have 10 or 20 permutations. It is not as simple as saying, ‘Joe Bloggs is there and Joe Bloggs is here, and we can match up immediately that they are exactly the same person.’

Senator PARRY—But a lot would be eliminated in the first wash, I would imagine. Under the law of averages you would have to eliminate a huge number, then the detailed work would come in, when you have three Joe Bloggses and that sort of thing. Is that a fair statement?

Mr Visser—It really is a technological issue and an issue of data quality. The combination of those two things—

Senator PARRY—So we are oversimplifying it.

Mr Schmidt—You would want to trial it to see what you were looking at.

Mr Visser—Filtering is a natural process to get to the kernel, if that is what you are getting to.

Senator PARRY—That is a much better way of putting it than I put it. Thank you.

Mr Visser—That is naturally part and parcel of the work of an agency that deals with large datasets. You have to go through those processes. But, as I said, it is a combination of the quality of the data that you have and the technology you have available to you to do that process. There are good technologies that are available.

CHAIR—Thank you very much, Mr Schmidt, Mr Visser and Ms Wood for coming along.

Proceedings suspended from 11.18 am to 11.40 am

HOBDAY, Mr Shane Don, General Manager, Safety, Security and Environment, Sydney Ports Corporation

CHAIR—Welcome. I now invite you to make some opening remarks to the committee, at the conclusion of which members of the committee will ask you some questions. Are you fine to do it in the public session?

Mr Hobday—I am happy to do that. Sydney Ports Corporation is a state owned corporation of the government of New South Wales. We actually have a number of roles to fulfil, one of which is to provide port security services under the Maritime Transport and Offshore Facilities Security Act, MTOFSA, for the ports of Sydney Harbour and Port Botany. We hold maritime security plans for both those ports, as well as for the common-user facilities in those ports. The common-user facilities in Sydney Harbour are the passenger terminals, the facilities of White Bay and Glebe Island and also the bulk liquids berth at Port Botany. We have overall port plans to cover the security issues for transiting vessels within the port waters. We are also an issuing body for the maritime security identification card. We may have even been the first issuing body certified to issue those cards in early 2007. That is really the extent of my submission. I am here to answer questions.

CHAIR—Thank you. Firstly, can you outline to the committee how security operates at Port Botany and which authorities are in charge of what there?

Mr Hobday—The individual terminals are actually responsible for security of their site.

CHAIR—Do you have a map of the site at all?

A map was then shown—

Mr Hobday—I have a map. This is Port Botany. There are two container terminals at Port Botany. They are operated by Dubai Ports World and Patrick and the security of their sites are their responsibility. They hold individual security plans under MTOFSA. Obviously, you have an overlay of Customs who actually police goods coming into and out of those terminals, as well as obviously an overlay of the New South Wales Police Force and the Australian Federal Police. Sydney Ports holds, as I said, a security plan for the overall port, but it does not get involved on a day-to-day basis with the security of the terminals. We leave that to the other agencies and the container terminal operator.

CHAIR—You are an issuer of the maritime cards, are you?

Mr Hobday—That is right; the maritime security identification card. In addition, we issue those cards to Sydney ports staff and many of the staff who operate on the majority of the terminals, except the container terminals. Most of the container terminal staff are issued through 1-Stop, which is a national organisation set up by Dubai Ports World and Patrick. They are the largest issuing body. But we issue them to Sydney Ports staff and to many of the other agencies, Svitzer, Shell and Caltex staff and many of the other terminals that operate adjacent to the port and also to support services, such as the tugs. We are also the issuing body for the Port of

Melbourne, so they are an agent of ours. They do the identity check, for which I have the criteria, and then we bundle up the information for the individual applicant and forward it to AusCheck, which is the federal government agency that coordinates, with the Australian Federal Police, ASIO and DIAC, the background and criminal history check

CHAIR—At Port Botany, there is you, 1-Stop, Customs—are they an issuing body as well?

Mr Hobday—No.

CHAIR—So it is only the two?

Mr Hobday—Only two, yes.

CHAIR—As far as security is concerned, do Patrick and DP have to provide a security plan to you?

Mr Hobday—They provide it direct to what used to be DOTARS, but it is now the Department of Infrastructure, Transport, Regional Development and Local Government—it now has a very long name.

CHAIR—Does the department have to approve it?

Mr Hobday—They have to approve the individual plan, as they do our plans.

CHAIR—Even though you are a state government authority?

Mr Hobday—That is right. Everyone, whether they are a state government agency or a private entity has to submit their plans direct to the department of transport.

CHAIR—Do you actually have any security personnel that are checking exit from and entry to areas? I know when you look at the map your areas are not just on the waterside, are they?

Mr Hobday—We do have waterside patrols that operate randomly 24/7. We also have road patrols within Port Botany and Sydney Harbour. But we do not do any checking at the terminal gates.

CHAIR—Do you issue the cards to, say, transport companies?

Mr Hobday—We process anyone who comes to our window.

CHAIR—What does the process consist of?

Mr Hobday—They fill in a form, they have to bring identification—I have it here. I can submit this. They have to bring proof of their identity, and that includes a citizenship certificate; and a certified birth certificate, plus supporting proof of identity. We bundle that, together with their application form, and then send it off to AusCheck, which coordinate the background checking.

CHAIR—I do not know whether we have a copy of the maritime—

Mr Hobday—I can bring one tomorrow, if it helps.

CHAIR—We are aware that people have to disclose that they may have a criminal conviction for certain criminal offences—not for shoplifting?

Mr Hobday—My understanding is that there is no lower limit. You are supposed to disclose all criminal convictions. Obviously, there are disqualifying offences. Currently, there are 137. My understanding, based on the recent announcement by the minister for transport, in late January, is that that figure will increase to around 230 offences that will potentially disqualify that person from gaining an MSIC. Bear in mind, the MSIC was originally brought into place and very much targeted terrorism, as did the security plans that applied to the port.

CHAIR—Would you say that is still probably the overriding concern of the maritime cards?

Mr Hobday—That is correct, yes.

CHAIR—As you would be aware, Mr Hobday, the majority of heroin and the precursors of ice and ecstasy are imported into this country. They are not made here. We have been told that at least 90 per cent comes through the waterfront. Are you aware of that?

Mr Hobday—I am aware of the instances that I picked up. Because of my role in the organisation, I have been briefed on particular events that customs have been involved in. So, on the sidelines, yes, I am aware of the issues associated with that.

CHAIR—The overwhelming majority of the illegal drugs in this country are coming in through the ports of, they say, Sydney and Melbourne.

Mr Hobday—Yes.

CHAIR—Could you outline to the committee the area of jurisdiction of the port police?

Mr Hobday—Okay. Basically the land that is in white is Sydney Ports Corporation's own land. We have a number of tenants around there, including the two container terminals which are either side of what is called Brotherson Dock, which is in the centre of the map. We have Patrick and we have the DP World facility. Those sites are about 40 hectares, to give you the scale of the terminal.

CHAIR—We were at the Port of Melbourne yesterday. They said that they were the landlords.

Mr Hobday—That is essentially what we are.

CHAIR—There is Patrick and DP World. Along here, south of Brotherson Dock, is the bulk liquids.

Mr Hobday—That is the bulk liquids storage area. We have Elgas, who store LPG, and Vopak, who are adjacent, heading south along there.

Senator PARRY—What is Vopak? I am not familiar with the term.

Mr Hobday—It is a terminalling company. They store refined fuels on site. They are a Dutch company.

CHAIR—So all of that is along Yarra Bay—

Mr Hobday—All of that is bulk liquid storage.

CHAIR—What is the area along Bumborah Point Road, which is identified as S1, and also the other side? I can see that is Patrick, but what is there, where you have customs?

Mr Hobday—We have container storage facilities.

CHAIR—Who operates those?

Mr Hobday—Individual tenants operate those. We have ACFS, who operate an empty container storage facility, and WSI, who do packing and unpacking of containers. They consolidate goods. If someone has a pallet of goods and they want to consolidate it into a container, they bring the goods down to that facility. They are moved into a container, taken to one of the container terminals and shipped out—or vice versa. If they have been brought in they are deconsolidated.

CHAIR—So the containers are stuffed and unstuffed in that pit?

Mr Hobday—Correct.

CHAIR—Who operates that labour?

Mr Hobday—Individual companies. WSI operate that, ACFS—

CHAIR—Is that the white part or the grey part?

Mr Hobday—They are the white part. ACFS is behind. The grey part, where there is an I, is a bus depot.

Senator PARRY—Is it a public bus depot?

Mr Hobday—Yes, it is.

CHAIR—So there is WSI and ACFS.

Mr Hobday—Yes.

CHAIR—Are they the main companies in that area?

Mr Hobday—On the other side of the road you have Patrick and P&O Trans Australia, who also do similar operations packing and unpacking. They support the port operations. Containers will be delivered to them and unpacked, and the empty containers will be stored on that site. The goods that are unpacked are transported to—

CHAIR—So WSI will have a truck go to either Patrick or DP World, pick up the container and then bring it back to there to be packed or unpacked.

Mr Hobday—That is correct, yes.

CHAIR—And from there it is distributed—

Mr Hobday—It is distributed to warehouses around Sydney.

CHAIR—So do clients for whoever WSI is unpacking for arrange their own transport there, do WSI arrange it or is it both of the above?

Mr Hobday—It can be both of the above. A lot of them have freight forwarder agents who specialise in providing a door-to-door service: organising the container, paying all the customs duties, organising an unpacking depot and then organising a trucking company to take it to the end destination.

CHAIR—So does truck driver going into that area, if he has not had to go onto either DP World or Patrick, need a maritime card?

Mr Hobday—No, he does not.

CHAIR—Does the fellow who is operating the forklift for ACSF or WIS need one?

Mr Hobday—No.

CHAIR—So are the drivers who have horrendous queues waiting to get on the waterfront required to have maritime cards?

Mr Hobday—If they are entering the container terminals they do; so, if they are entering either Patrick's container terminal or DP World's container terminal, they are required to have an MSIC. If they are not entering those container terminals and are instead going to a depot, they are not required to have an MSIC.

CHAIR—We have heard the difference between having the card and having access. Who checks that they have a card? Is that Patrick's and DP World's security?

Mr Hobday—They are individual security companies which are contracted.

CHAIR—So what if you have come out of, say, Bathurst and this is the first time you have been to Sydney. You have been told to pick up a container and bring it back to Bathurst. What happens?

Mr Hobday—They should not be allowed in. There was an initial period of about 12 months where people were essentially given a holiday where they could come down, but if you are coming to the port and intend to go onto the terminal, you should not be allowed onto the terminal. You can raise the issue tomorrow with James Mather from Dubai Ports World, who will be visiting, but my understanding is that under their security arrangements there is no entry without MSIC.

CHAIR—They do not issue temporary cards? Or do you not issue temporary cards?

Mr Hobday—We do not issue temporary cards is the correct answer.

CHAIR—But you are not sure whether DP World or Patrick does.

Mr Hobday—Or 1-Stop, yes.

CHAIR—And what about visitors? What if we have a fellow who has driven probably six hours. He is not really going to be in a good mood, because he has never had to drive through Sydney traffic before. It is his truck. He has got there at 10 o'clock in the morning or something like that, and you are going to tell him that he cannot pick up that container? I am sure what happens is that someone finds him a visitors pass. Don't they?

Mr Hobday—That is not my understanding. Our understanding is that there is no entry without a card. You have people who hold MSICs offering their services for hire. They will drive the truck into the terminal and fulfil that commitment.

Senator PARRY—They sit at the front gate, waiting?

Mr Hobday—That has happened in the past, yes.

CHAIR—And is there any problem with that?

Mr Hobday—From my perspective, no. Their commitment is in their security plan. My understanding is that their security plan says no entry without a card. You can have a driver with a passenger with an MSIC. The driver does not actually have to be the holder of the MSIC. He could have a passenger who has an MSIC. Provided one of them has an MSIC, it is okay.

CHAIR—So he can just flash that to the security, and they will give him all the paperwork or whatever else they have to give him.

Mr Hobday—That is right. He obviously has to have the paperwork associated with the goods he is going to pick up, and that is a separate check.

CHAIR—So tomorrow we will be able to see what happens when the driver arrives at the security gate? He will be told how he goes to pick up the container.

Mr Hobday—That is right.

CHAIR—Are any of the containers unpacked on Patrick's or DP World's property? They are not, are they?

Mr Hobday—No, they are not. Because of the intensity of use of the terminal, it is not an effective use of the land, so they do that off-site. That is why they have supporting facilities in the immediate port area.

CHAIR—So it is just taken straight off the ship, put down there and then transported by either rail or road to another location to be unpacked?

Mr Hobday—That is correct.

CHAIR—What is to prevent someone from opening the container? How can you open a container on the waterfront, either at Patrick or DP World, if you want to?

Mr Hobday—I think that is a matter that you should put to the container terminal. I am not familiar with opening containers, as far as the means go.

CHAIR—Okay, but they can unpack the containers at the facilities near Bumborah Point Road?

Mr Hobday—That is right. They would have to be cleared by Customs.

CHAIR—And by AQIS too I would imagine.

Mr Hobday—Yes, that is correct. So they would have been cleared to pick up. Some of those facilities are what is called under bond facilities. Depending on the equipment they have on site, they can actually be subject to quarantine restrictions and they may carry out fumigation work on those sites as well.

CHAIR—Do the ship's crew initially go through your security?

Mr Hobday—No, they do not. The ship's crew carry an internationally recognised card. It is a de facto MSIC or at least an identification card of each of those crew members. Any checking of that is done by either Customs or Immigration.

CHAIR—On a few of the things we have heard in relation to the efficacy of the maritime card, which is essentially for terrorists, as you said, not for serious and organised crime: we have heard that a test that may be considered is one called a fit and proper person test—essentially the use of criminal intelligence to determine whether or not someone can get access to a maritime card. Does the Sydney Ports Corporation have a view?

Mr Hobday—We have not formed a view on that issue. I think it is for other law enforcement agencies to form a view on how that would be executed. I do think it is relevant to state though that, based on my investigations, Australia is one of the few countries that has any sort of criminal history check associated with an identification card for maritime workers. The US certainly does not. The UK does not and neither does Japan and most of Europe. They are very small steps that we have made to date and certainly there are opportunities to improve that, but I

do think it needs to be taken in some context. Not that I am trying to defend the MSIC, but I do think it is relevant to contextualise it in such a way.

CHAIR—I will finish on this question and then hand over to my colleagues. The Sydney Airports Corporation expressed to us this morning that they believe the background checking process should be extended for aviation security cards to include a fit and proper person test and similar precedents that exist for people trying to get firearms in New South Wales and sometimes even for taxi licences. It sounds like you go through more onerous checks to get a firearm or even a taxi licence than you do to get work on the Sydney waterfront.

Mr Hobday—That is a reflection on why the MSIC was set up, so that is a fair comment.

Senator PARRY—I just want to double-check your answer. You said that a passenger carrying an MSIC can enter the controlled area even if the driver of the vehicle does not have an MSIC. Is that correct?

Mr Hobday—That is correct—provided they have a reason to be there. The MSIC is not a right of entry card. The MSIC just says that there has been a criminal history check on that person. But, yes, you can be within the company of an MSIC holder—

Senator PARRY—Without a visitor card, just simply being in the company of?

Mr Hobday—I cannot positively vouch for the protocol at DP World, but my understanding is yes.

Senator PARRY—Can I take you to the documentation that Sydney Ports have put out. I have noted the footnote at the bottom which says: ‘Does one of your documents have a photograph of you? If not you may’—‘may’ being the operative word—‘be asked to present an additional identification document containing a photograph.’ Taking out that footnote, which is not compulsory by any stretch of the imagination, you can get an MSIC without having to prove your physical identity, because you only need to have a birth certificate and—if I can use some of the examples here—a reference from a bank or you could have a birth certificate and a statement from a former employer or a certified land titles record which contains your full name or a mortgage et cetera. So I can present as someone else, obtain a card and I could then have a false identity. If I were someone who had a background that I did not want checked, I could easily do that under this current form. Is that how it happens in practice?

Mr Hobday—That is actually the practice, yes.

Senator PARRY—Do you see that as being a huge gap or certainly a risk of false identification?

Mr Hobday—It is a risk. It is exposure. Our criteria—it is not our criteria; it is criteria that has been established by—

Senator PARRY—This is taken from the legislative framework and Sydney Ports has just adapted it.

Mr Hobday—Implementing it. Yes, it is true. It is a weakness of the current system.

Senator PARRY—At the bare minimum, some form of photographic proof, like for when you are getting a passport, should be a requirement?

Mr Hobday—Yes.

Senator PARRY—Could you point out the control tower on the map that you have provided?

Mr Hobday—We do not have a harbour control tower in Port Botany. Our harbour control is actually in Sydney Harbour currently. We do have staff 24/7 at the very inner end of Brotherson Dock, which I will show you tomorrow, and they do roving patrols. It is our intention to move our harbour control to Port Botany within the next 18 months because—

Senator PARRY—Does the tower itself have visual over the—

Mr Hobday—It has closed circuit TV.

Senator PARRY—But not directly from the tower?

Mr Hobday—No. Within 18 months they will be at the head of Brotherson Dock. They are moving into a new building with supporting CCTV and up-to-date, very modern radar systems. The principal role of harbour control is vessel traffic management.

Senator PARRY—But you do need a pretty good visual of the vessels.

Mr Hobday—Yes.

Senator PARRY—Is that just because of the expansion of Port Botany well ahead of getting the control tower there? I gather the main traffic used to be what I call the old Port of Sydney.

Mr Hobday—Exactly. It is really the redistribution of the vessel movements. There used to be about a fifty-fifty vessel movement, so 50 per cent in Sydney and 50 per cent in Botany. With the closure of our car terminal and the movement of the general cargo operations out of Darling Harbour and White Bay, 80 per cent of the vessels now visit Botany. Only 20 per cent remain in Sydney. For that very reason it is not sensible to be managing the vessel traffic remotely.

Senator PARRY—Is the long-term plan to eventually eliminate the old Sydney port?

Mr Hobday—That is certainly not a Sydney Ports' strategy. Our position is that we would like to maintain facilities here.

Senator PARRY—Run them both?

Mr Hobday—Yes. We believe it still has a role for general cargo, but that no doubt will be a matter for the New South Wales government.

CHAIR—There is some good real estate.

Senator PARRY—We could get in on the ground floor, Senator! Do you have any personal views or knowledge you want to share with us about where you think organised and serious crime is and how active it is on the waterfront?

Mr Hobday—I do not have any personal observations on that, no.

Senator PARRY—Is it discussed at a management level?

Mr Hobday—Not organised crime. Obviously we do have security committees that look at the implementation of our security plans, which include incidents, but again they are more focused on the terrorism based type of incidents rather than on organised crime or other theft.

Senator PARRY—Mr Hobday, I have forgotten your title. You are manager of—

Mr Hobday—General manager of safety, security and environment.

Senator PARRY—Okay. In that capacity—the security hat you wear—do you meet with police agencies on a regular basis?

Mr Hobday—Yes, we meet a minimum of every three months. That is our entire security committee, which includes Australian Federal Police—

Senator PARRY—New South Wales police?

Mr Hobday—New South Wales police; terminal operators; Navy; water police, obviously, as well—

Senator PARRY—Customs?

Mr Hobday—Customs are involved as well. AQIS attend.

Senator PARRY—MUA?

Mr Hobday—They have a standing invitation. They do not always attend.

Senator PARRY—So, without divulging official secrets, do you have discussions about serious and organised crime with those—

Mr Hobday—Not in those committees. There are other committees that look at the more crime based incidents.

Senator PARRY—What committees are they? Are they ones that you attend?

Mr Hobday—I do not, no.

Senator PARRY—Does anyone from Port Botany attend those other meetings?

Mr Hobday—Not as a tenant, no. I should prefix that ‘not that I am aware of’.

Senator PARRY—So what you are indicating is that the discussion or any proactivity in relation to serious and organised crime is really not a key issue for Port Botany in that sense. You do not feel as though it is an issue?

Mr Hobday—It is not the role of that committee, at present, to discuss that matter, no. We are looking at implementing the MTOFSA legislation—Maritime Transport and Offshore Facilities Security Act—which is very much based around terrorism.

Senator PARRY—As the landlord, do you have a right to do inspection or monitor adequate security on the leasehold premises operated by Patrick, DP World and others?

Mr Hobday—Not on their terminal. They have what is called a ‘quiet enjoyment’ ability under their lease, so we do not intervene on a day-to-day basis.

Senator PARRY—So, if there were a major incident—say, of a burglary or stealing nature or a trespass at 3 am—do you have security staff on duty at that time of the day?

Mr Hobday—We do. We have roving patrols.

Senator PARRY—Would they attend with DP World?

Mr Hobday—That is right.

Senator PARRY—Are DP World and Patrick required to maintain a security presence?

Mr Hobday—They are, yes. We would assist Patrick in whatever way they found necessary. Obviously we would be expecting and requiring that New South Wales police be involved and respond.

Senator PARRY—Is CCTV footage controlled by your central point—your tower—at Sydney?

Mr Hobday—We do have CCTV coverage of the port area, but so do, obviously, DP World, Patrick, Customs—

Senator PARRY—Would there be a duplication of cameras or are they all strategically located so you are not doubling up?

Mr Hobday—There would be some duplication. We hope going forward that we can rationalise some of that to ensure that we are not doubling up and putting three or four cameras over the same area. But obviously the cameras are provided for different reasons.

Senator PARRY—Do you think it would be better if the port authority controlled all security on a due-charge or fee-for-service basis for Patrick and DP World? Would that make things a bit smoother and maybe lead to greater intelligence gathering?

Mr Hobday—I do not have a view on that. I think a tenant has the right to secure their site. You obviously have potential issues around liability.

Senator PARRY—Is it more than just your normal landlord-tenant relationship? This is a fairly important—

Mr Hobday—That is the tension you always have.

Senator PARRY—Do police maintain regular patrols? Would they have access to all aspects of the port?

Mr Hobday—They do, and we have a very good working relationship with both the Botany and Maroubra local area commands, who are regularly down at the port. Obviously it is a major piece of infrastructure that they are regularly patrolling. They do both a local area patrol and their terrorism group, and water police are regularly down at the port.

Mr HAYES—We had a little discussion earlier—I think with Senator Parry—about a driver and an offsider taking a truck through. One of them had an MSIC pass; I do not think you clarified whether the other one got a visitor's pass or not, but they could both go through. Can you describe the process if you want to bring a truck in there. Do they have the pass around their neck? Is it just sighted or is it electronically screened?

Mr Hobday—It is probably best to leave that to tomorrow's inspection. I am not 100 per cent sure about their screening process, but it would be sighted. It should be recorded who the MSIC holder is.

Mr HAYES—MSIC is not necessarily a smart card; it does not come with an in-built chip.

Mr Hobday—They can; ours do. My understanding is that 1-Stop, who are the major issuing body for the transport and the stevedores, are not smart cards.

Mr HAYES—So presumably those going into Patrick or to DP World, provided the driver or the offsider has got a card, are seen and they just go in.

Mr Hobday—Obviously, they would be checking that the photo matches the individual that is presenting the card but they could be accompanying the driver. Obviously, the paperwork has got to be there. They have to have a reason to enter the terminal, so if they turn up at the gate and they do not have paperwork associated with goods, which on first glance appear to be relevant and goods that might be on the terminal, they will not get in the gate.

Mr HAYES—So if you have got a stack of trucks lined up and they have got their paperwork, presumably you have to get those trucks in and out as quickly as you can. There is not going to be fine checking of detail other than a glance at the photo and the face.

Mr Hobday—That is right; that would be my assessment of the current arrangement.

Mr HAYES—As issuers of MSIC cards, can you tell the committee about the number of cards which are reported lost?

Mr Hobday—We have carried out an audit where we have checked with our agents and gone through all the people who have been issued with a card—not quite all: about 8,000 out of 10,000 cards—checking that that person still actually has the card. When I say check, it is a phone call check and to see whether they have a reason to have the card. Strictly speaking, if you lose your employment, you have got a window of opportunity of one month and then you are supposed to surrender your MSIC. The one-month period is there so if you secure another job in the maritime industry you can continue to maintain your MSIC, whereas if you do not you are supposed to surrender your MSIC.

Mr HAYES—I suspect not many MSIC cards get surrendered when they change employment.

Mr Hobday—Certainly anyone within Sydney ports would be surrendering it; that is part of our checklist. There is an onus on the employer who is normally the one—

Mr HAYES—Going back a step: it is not until that card has come up for expiry that you are checking.

Mr Hobday—That is right.

Mr HAYES—You do not check on a basis that this fellow has not been here for the last three or four years.

Mr Hobday—No, that is right. The difficulty is that you have truck drivers, as was suggested earlier, in Dubbo who bring a container of goods down to the port a couple of times a year. They are required to have an MSIC. Making a card automatically expire if it has not been used within the last three months might present some issues from an operational perspective.

Mr HAYES—In discussions with the chair you conceded that Sydney port—any port or major port—is a location for importing contraband. It was also discussed earlier this morning that the MSIC was primarily introduced to help combat potential terrorism. Given the fact that ports are an entry point for contraband, do you see there being scope for increasing its use—that is, the MSIC—to enhance our ability to detect and fight organised crime?

Mr Hobday—It is a way of doing that, yes. I would concede that. It is an option to tighten the disqualifying offences.

Mr HAYES—For an operator of a port, would it concern you to know that you have people with criminal liaisons operating day to day on a port that you control?

Mr Hobday—I do not know that. Certainly I am fairly confident of my staff. Two thousand trucks a day come down to the port. I am not checking and nor would I have an idea of the background or the criminal history—

Mr HAYES—In other words, we really do not know who comes onto the port, other than those who go through the basic checks.

Mr Hobday—That is correct.

Mr HAYES—Provided they do not have an association with a terrorist or attend some mosque which has been highlighted in the news on many occasions or something like that, that is about as far as we go in determining who goes onto our wharves.

Mr Hobday—That is the basis of the legislation that we currently have in place, and it is certainly the objective of that legislation.

Mr HAYES—As the operator of the port itself, is it a concern that it only applies to identifying persons of interest in relation to terrorism as opposed to persons of interest or associates of persons of interest in serious criminal activity?

Mr Hobday—We need to be clear: Sydney Ports is not a law enforcement agency.

Mr HAYES—I know that, but you do operate the port—

Mr Hobday—We do.

Mr HAYES—and you facilitate trade—

Mr Hobday—That is right.

Mr HAYES—and, as a consequence, you have some interest then—

Mr Hobday—We do.

Mr HAYES—in who goes onto the port and whether trade is conducted legally or illegally.

Mr Hobday—It is a difficult one to answer. Obviously, there is an opportunity to strengthen the MSIC, and I think that is probably a good tool to use because it is in place and accepted.

CHAIR—I have two quick questions, Mr Hobday. The first question is: have you come across any instances at all where the maritime cards have been reproduced—counterfeited, so to speak?

Mr Hobday—I have not personally. I am aware of an incident at one of the container terminals at Port Botany, where someone used a falsified card and actually reached the entry.

CHAIR—So that is one instance where it has actually been done.

Mr Hobday—That I am aware of, yes. It was an incident that was shared amongst the security committee.

CHAIR—The second question deals with the security committee. Is Sydney Ports the chairman of the security committee?

Mr Hobday—That is correct.

CHAIR—Are the Maroubra and Botany Bay police involved?

Mr Hobday—Yes, there are representatives of all the police forces, including the Australian Federal Police.

CHAIR—Do you have Customs—

Mr Hobday—Yes, Customs, AQIS, tenants and shipping lines—a broad representation of stakeholders involved in the port.

CHAIR—Is it a quarterly meeting of the security committee?

Mr Hobday—It is a quarterly meeting.

CHAIR—Do you have the meetings only quarterly or do you sometimes determine—

Mr Hobday—Obviously, if there were a significant incident we would convene immediately. So it is really on an as required basis, with the default being a quarterly meeting.

CHAIR—I do not want to ask you about any incident but rather whether you have had meetings outside your quarterly meeting?

Mr Hobday—We have not, yet. We contemplated it on one occasion, yes.

CHAIR—Without going into the incident, can you tell us what it concerned?

Mr Hobday—There was an issue around the export of spent fuel rods and making sure that the committee was aware of the intention and the potential security issues associated with that.

CHAIR—You would be aware, as those of us who live in Sydney are, of a bit of activity that occurred on Sydney's waterfront which involved allegations against Peter Panayi and Bruce Clerk. Would an incident involving allegations about drugs engender a meeting of the security meeting?

Mr Hobday—Again, we are not a law enforcement agency. I think that is matter for those agencies to deal with. I am not 100 per cent across the detail of that incident, but it was actually at an adjacent facility—one of the unpacking depots.

CHAIR—In one of your tenant's areas?

Mr Hobday—That is correct.

CHAIR—Thank you very much, Mr Hobday. We will see you tomorrow.

Evidence taken in camera, but later resumed in public.

Evidence was then taken in camera but later resumed in public—

[2.20 pm]

ANDERSON, Mr David Murray, Chief Executive Officer, Ports Australia

FRYDA-BLACKWELL, Ms Susan, Executive Officer, Ports Australia

CHAIR—Welcome. Before I invite you to make some opening remarks, which will be followed by questions from the committee, I wish to advise that it is understood you will first make a public statement and after that we will go in camera for further inquiry.

Mr Anderson—Thank you very much. I thought I would make a brief statement of four or five minutes to describe some general settings around ports for the committee, because I think that would be helpful in setting the scene. Before I do, I have a map to pass to the committee, if I may. Sometimes these visuals are useful. It shows you in one glance what our constituency is.

Ports Australia is appreciative of the opportunity to engage with your committee today. Thank you very much. I thought it appropriate to commence with a brief description of our organisation. Ports Australia is the peak national industry organisation for ports corporations and authorities. We have very comprehensive coverage of our constituency. We operate on a business model that is fairly typical of peak industry associations. We are a private sector organisation fully funded by our members. Ports Australia is a company. Our chairman is Mr Jeff Coleman, who is Chief Executive Officer of Port of Brisbane Corporation, and our board is made up of the chief executive officers of North Queensland Bulk Ports, Sydney, Newcastle, Melbourne, Tasports, Flinders Ports, Fremantle, Port Hedland and Darwin.

Our core business, broadly speaking, is to represent the interests of our members on the national stage—not exclusively so but largely so. That is where we are expected to do our advocacy. Our members have set out for us quite a comprehensive strategic policy agenda, which we trust we pursue with some vigour. Our role is also to inform members of regulatory and statutory developments that impact on their businesses. Importantly, part of our core business is to facilitate the exchange of information and best practice between our members. We have some nine working groups in key areas like port operations, environment and indeed security. When we convene a security working group, we quite literally have every security manager from every port in Australia around a table exchanging information and experience. That brings quite a lot of value to the members and, we hope, the ports community in general.

Ports are often viewed, at least at community level, as a convening place for ships and seafarers, but of course they are in reality the largest freight hubs in the country. They are particularly significant in this country, of course, because we all depend on our trade-exposed economy. The growth in our container trades and our bulk trades, if our forecasting is right—and we believe it is probably understated rather than overstated—has our container throughput going up by about double GDP every year into the foreseeable future, which means, roughly speaking, a doubling of throughput in 10 years. We have some very big numbers in prospect in the bulk trades—our coal and iron ore trades, for example. Again roughly speaking, the throughputs will double in the next 10 years. It is for that reason—and that is not the only reason, of course—that we are currently engaged very closely with the federal government and its agencies on a national ports strategy, which we trust will in particular address some of those land-side access and regulatory issues.

Our members are large businesses. They deal with a number of regulatory regimes—environmental regulatory regimes, competition policy regimes and security regimes. Ports Australia was very closely engaged with the federal government in the lead-up to the development of the maritime security act. It was something of a journey that we jointly took with them to develop a sensible and balanced regime. We still have some issues of prescription around that regime but we do have an active dialogue with the government and with the Office of Transport Security to resolve those issues and to get sensible outcomes.

The MSIC we regard as a rudimentary tool to provide a level of safeguard to prevent people who may have a disposition to be engaged in terrorism related activities from working within the port precinct. The act also requires our members to submit a security plan commensurate with assessed risk. Those security plans require certain outcomes as a deterrent to acts of terrorism. We have been very supportive of this regime and worked very closely with the relevant agencies to ensure that those security plans are as good as they possibly can be.

The infrastructure that our members have installed to ensure that they implement that security regime to a satisfactory level does have beneficial spin-offs. It has spin-offs, for example, for asset management within ports; it has beneficial spin-offs for occupational health and safety issues; and it has also had some benefits such as CCTV cameras to deter certain levels and types of crime. We are very much aware that this security regime has recently been, if you like, overlaid by a discussion. We understand that within government it has been quite vigorous. There has been a discussion and some debate about the incidence of serious crime at our international gateways. Indeed, the government in its most recent statements has introduced serious crime into the language around that regime which was originally intended to mitigate the risk of terrorism. Our position is that we have some reservations about extending the reach of MSIC to address serious crime. We have had concerns in the past that there has been some perception that port authorities are central to crime-fighting efforts. We use our best endeavours, of course, to cooperate with the relevant agencies, but our core business is the facilitation of trade. We leave it to others to determine an appropriate regime to address serious crime, which is now well and truly out there in the public arena.

We have had discussions with the Australian Crime Commission and, indeed, we have had a number of meetings with the executive officer of the Australian Crime Commission and he has addressed our council, which is essentially all the CEOs of our member ports. During those briefings information has been imparted, such as they are able to impart, but it is only of a very general nature. It is a very useful engagement in that the Australian Crime Commission has briefed our members on how they, within the context of running their own businesses, can at least look at addressing risks within their purviews or keep on the lookout for serious crime, such as they are able to do. I will wrap up my opening statement there. Thank you very much.

CHAIR—Ms Fryda-Blackwell, would you like to add anything?

Ms Fryda-Blackwell—No, I have nothing further to add.

Evidence taken in camera, but later resumed in public.

Evidence was then taken in camera but later resumed in public—

[3.07 pm]

CONNOLLY, Mr Scott, National Executive Officer, Transport Workers Union of Australia

OEI, Mr George, Member, Transport Workers Union of Australia

SHELDON, Mr Anthony, Federal Secretary, Transport Workers Union of Australia

CHAIR—Welcome. Do you have any comments to make about the capacities in which you appear?

Mr Oei—I work at the Sydney international bags section, and I am one of the Qantas delegates down there.

CHAIR—Before I invite you to make some opening remarks, I should record that I am a life member of the Transport Workers Union. I would like to invite you now to make opening remarks, at the conclusion of which members of the committee will ask you questions.

Mr Sheldon—Today of course I am appearing in the capacity as the National Secretary of the Transport Workers Union of Australia. The TWU welcomes the opportunity to give evidence to this inquiry. I would like to make a short opening statement with regard to TWU's interest in the inquiry and make some brief points regarding a few key matters contained in in the TWU's written submission to the inquiry.

The TWU has been in existence as a trade union for over 120 years. Currently we represent 85,000 members throughout Australia in the transport industry. Aviation security is of critical importance to the TWU, as we represent over 15,000 workers at Australian airports. The TWU is the largest trade union in the aviation industry, representing workers involved in freight, baggage handling, transport cleaning, logistics and catering. Maritime security is of vital importance to the TWU as well. Trucks enter and leave ports with national cargo for trade and exports and imports. Many of these drivers are TWU members and see first-hand the problems and performance of Australian ports.

As our submission states, the TWU and our members support strong action to combat organised crime at airports and ports. TWU members are at the front line of this fight and often cooperate with authorities to detect criminals operating at airports and ports. Whenever an incident occurs in these environments, our members feel outraged and annoyed. However, they also bear the brunt of sensationalist coverage, as happened during the Schapelle Corby case that tarnished their reputations.

From all the evidence that I have seen, no-one is submitting anything other than that a very small proportion of people working in ports or airports are engaged in illegal activities. It is therefore extremely important that this inquiry acknowledges that the vast majority are law-abiding, honest and diligent employees. It is also important to remember that some of the proposals being considered by this inquiry will see these same people have their privacy and ordinary civil rights impinged upon in a fairly serious manner.

With those provisos stated, the TWU has been concerned about aviation and maritime security for many years now. I would like to focus on two key issues that the TWU believes need urgent attention by the federal government—the increasing use of labour hire and the contracting out of ground handling services, which has been exacerbated by the increased pressure of low-cost carriers in the Australian market, and the extension of the ASIC-MSIC system to defence removals. We can cover other issues during the question and answer period.

Risks from labour hire employees and contracting out by low cost carriers are critical issues. The federal government's own Auditor-General's report into aviation security in 2003 found that the aviation industry was:

... exemplified by the large number of organisations involved and the many interrelationships between airports, airlines and contractors.

It went on to say:

However, repeat aviation security breaches continue to occur, many due to the actions of those contractors and their employees.

A large proportion of contractors who work at Australian airports are labour hire employees. These employees work in secure areas of the airport prior to the completion of their background checks. They are often covered through a temporary visa pass while their application is being processed. These employees could have any number of infringements that render them unsuitable for security clearances, but under the current system the authorities do not know for two months at best, and we are aware of circumstances where people have not been suitably audited for up to six months.

It is for these reasons that the TWU submission recommends that the use of visitor identification cards for more than one month in a year be prohibited. The high turnover of labour hire staff means that most are untrained in even the most basic security awareness. Combined with the temporary nature of their employment, they are particularly vulnerable and more susceptible to being pressured out of reporting security matters. Such vulnerability was evident in the handling of the United Airlines 840 flight BOB incident in July 2004 that is outlined in our submission. When a BOB message was found on the plane, in this case on a sick bag in front of a passenger, all passengers were evacuated from the plane and the emergency services were called. However, prior to any security personnel entering the plane, baggage handlers were first sent in to clear it. The baggage handlers were contracted labour hire staff. They were untrained in any security emergency response procedures and later told union members that they feared for their jobs if they did not follow the orders to clear the plane. These same practices continue today at our airports—untrained and unskilled baggage handlers sent in like canaries into a mineshaft.

It is extremely concerning that aviation companies continue to push to increase the number of labour hire positions at the airport. It is a position motivated by profit rather than by sound security practices. The TWU is urging the inquiry to find that the use of staff on labour hire arrangements or contracted out ground handling undermines aviation security and safety.

Included in our submission is the matter regarding defence removals. As our submissions states, the terms of reference allow this inquiry to refer to trends in criminal activities and the ASIC-MSIC system. The TWU would like to make some comments on the potential for criminality and terrorism in the transport sector via the removals industry that is causing security issues for our defence personnel. Currently, under defence procurement arrangements, untrained casual staff are used to move ADF personnel. A recent survey by the TWU found that 85 per cent of removalists said that employers use a large number of casual employees and 27 per cent said that cash in hand was paid and industry intelligence says that they are often backpackers.

The TWU is concerned that these staff have access to sensitive information and the personal effects of ADF personnel. In addition, sensitive information about a soldier can be held at home. This material travels unescorted to its destination, meaning there is ample time for it to be inspected, for intelligence to be gathered and for it to then be repacked. In addition, a potential terrorist can find out where ADF personnel and their families live. This is of serious concern as we know that terrorists are targeting ADF personnel. The TWU therefore believes that the ASIC-MSIC system should be extended to removal staff to ensure that only trained and security cleared staff have access to ADF personnel and their families and to potentially sensitive information when they move.

The TWU is very grateful for the chance to make a submission to this inquiry. We stand ready to support the committee in its deliberations to improve the detection and investigation of criminal activities and security issues at our airports, but we do not support violating the human rights of TWU members employed in these areas. I might just raise a couple of issues very briefly. The use of criminal intelligence must be balanced between the human rights of workers—the right of privacy, the right to appeal decisions and the right to know information that is being used to make decisions about your livelihood—and the need to protect against the employment of terrorists or organised crime figures. Let us remember that Australia is not a secret police state but an open, liberal democracy. Police intelligence can be wrong—and often is—as it consists of anonymous tip-offs, rumours, associations and the like; it is not court tested evidence that is used to prosecute someone for an offence.

The TWU is also concerned that false criminal intelligence could be used against union activists to target them for the loss of security cards on the basis of erroneous and anonymous intelligence. Our submission contains a statement from a TWU official who had his access card removed arbitrarily and without notice. This was at a time when the TWU was investigating safety incidents at Sydney Airport involving both security and health and safety matters. That the arbitrary removal of an ASIC can happen under the current system is disturbing. However, under a system where secret intelligence can be used to cancel or suspend a security card, this situation could worsen.

The airports and ports have a very ethnically diverse workforce. Freedom from discrimination on ethnic, cultural and religious grounds is a human right. The use of criminal intelligence on associations when determining access may allow for the inappropriate use of ethnic, religious or cultural ties. The handling of the Dr Mohamed Haneef case demonstrated the devastating impact that assumptions about a person's associations can have when based on erroneous connections or possibly fuelled by ethnic stereotypes. The Clarke inquiry found that intelligence agencies quickly determined that Dr Mohamed Haneef was of no threat to the community. The police, however, continued to keep him under arrest even when it was clear he was no threat.

Ultimately, it was an independent investigation of the claims by the police that allowed the Haneef issue to be resolved. However, this took an extended period.

A transport worker who lost their livelihood because of an adverse finding in secret could not be expected to mount a lengthy and expensive legal challenge. Therefore, any system would have to include the right of an appeal to an independent and low-cost tribunal with all material being used to make decisions being able to be seen and challenged by the transport worker. The presumption should be in favour of the transport worker, with the government required to prove that there is currently a risk.

The TWU believes the relevant authorities should step up their efforts to combat crime at ports and airports with more direct intervention. The TWU is aware that air cargo and catering materials for planes are rarely inspected by Customs officers for contraband. For example, a TWU delegate with 20 years experience informed the TWU that he was aware of only one inspection by Customs of catering materials coming on or off planes at Sydney Airport in the last year. The TWU therefore recommends that the amount of Customs inspections of air cargo and catering materials be increased. This fits with the maritime experience, where Customs estimates that only 12 per cent of cargo selected for examination is physically inspected for contraband. This figure is derived from the Australian Customs and Border Protection Service 2008-09 annual report. The TWU is therefore also recommending the amount of physical sea cargo inspections be increased. It is only through a more visible presence in these environments that organised crime will be eradicated for good. I thank the committee.

CHAIR—Thank you, Mr Sheldon. Mr Connelly and Mr Oei, do you want to say anything at this stage?

Mr Connolly—We might ask Mr Oei to make some comments as a rank-and-file member with over 20 years of experience out at the airport.

Mr Oei—I will tell you what we found in the area that I work in. We have what are called Aerocare baggage handlers. They have gained the right to be doing what Jetstar staff were. Most of them do not have much experience when they start working down there. At that stage we have been getting a green handling team from Jetstar. They quickly go into the jobs without much training and not enough skills. What we found in my area, and a few of my leading hands came up and told me this, was that when baggage came from a different area—what we call ‘interline service’ in the section—bags were then delivered to the Aerocare section where it was found that the bags themselves did not go through the process of X-raying. They went straight to the carousel where the bags actually enter the containers which are then taken to the plane and go out. So some of the bags were not being X-rayed. I checked it again with certain other leading hands. They gave me the same reason as to what has been happening. So we did a little check-up on that. I asked my people, the leading hands, about it. We have a tag to show the person’s name and the passenger’s and the tag number. We collate these tags on what we call bingo stickers. I checked these with the SACL group by asking them if, for example, this baggage had been X-rayed through the areas, but I did not actually tell them that they needed to be X-rayed. What we said was, ‘We’re Qantas and we’re checking the Jetstar bags as to if they have receipts for the bags themselves.’

CHAIR—These bags that you are talking about are for departure?

Mr Oei—That is right, for departures and going to, for example, flights to Honolulu, Phuket and those areas. When I actually rang them up and they said, ‘No, we haven’t seen these bags,’ we knew straight away that they had not been X-rayed. I think there was a substantial amount of bags that went through that way.

CHAIR—Thank you. There was the first area, the labour hire employees, and then you have spoken about defence removals. Taking labour hire employees, in what areas of your membership are they now involved? Are they involved just in ground handling and catering? You have said that a number of them felt intimidated at one stage not to report a bomb on board. Can you tell us what areas they are working in—because we are going to Sydney airport—who employs them, who checks them and the security that they have to go through to get on the airport? How many labour hire agencies are there?

Mr Sheldon—There is a considerable number of labour hire agencies that cut right across every function within the airport. It is not untypical at peak periods of airport security that, as we estimate, and we have been making these statements for a considerable time up to this point without contradiction from any industry sources, up to 25 per cent of security guards at Sydney airport—and there are similar figures for airports around the country—are non-ASIC checked. They are actually supposed to be checked. So who is checking the checkers is the question.

CHAIR—So they are non-ASIC checked. So they are the people that are checking not only the ASICs but access cards as well?

Mr Sheldon—Absolutely.

CHAIR—So they are the ones that are on the gate at, say, Sydney airport where you have got to push a card down to get in? So they are around there, are they?

Mr Sheldon—That is correct.

CHAIR—And they do not have ASICs?

Mr Sheldon—Up to 25 per cent at peak times do not have ASICs. When work is being carried out by outside contractors—for example, regularly there is construction work going on at the airport involving heavy vehicles and large trucks—the only security measure check that is carried out—this is when we last checked on what they have—for any truck driver coming with 13.5 metres of empty space or 13.5 metres full of fertiliser on to the airport is for the person to hand over their truck licence, and they get it back on the way out. I guess if Barry bin Laden takes a truckload of fertiliser in the last thing that he is going to be worrying about is getting his truck licence back.

CHAIR—Or getting back out himself.

Mr Sheldon—Of course. What is particularly disturbing is that the ASIC system is well known not to have been an effective tool. It is well known by thousands of employees across our airports. It is not a national secret. We do not have to say this in camera because it is well known and well reported that this is the case regarding ASIC passes.

Regarding the security guards of those gates, they are either ASIC or non-ASIC security guards, so you have the double jeopardy: inappropriate systems, inappropriate training and the potential for somebody who has not been security-checked who is an absolute liability.

CHAIR—So you have one of these non-ASIC security guards at those points where the employees come in where you swipe your access pass to get on, because the ASIC passes are not access passes, are they?

Mr Oei—To go through the gates?

CHAIR—Yes.

Mr Oei—They are actually passes, but they can actually check on our IDs.

CHAIR—Yes, but you have got to—

Mr Oei—Yes, we have to swipe them.

CHAIR—Right. Do the security guards have the ability to prevent people coming in or to also allow those gates to open? If some of these non-ASIC characters saw an ASIC pass and did not have access, he or she could let them in?

Mr Oei—Yes, they can do that, because all they have to do is have a visitor's parked and show they are with someone else. Then they will let them in.

CHAIR—So they can let anybody in?

Mr Oei—Yes.

CHAIR—I suppose they can let anybody out, too?

Mr Oei—That is correct.

CHAIR—Are the security guards employees of the Sydney Airports Corporation? Do they contract out the security?

Mr Sheldon—The last count we had we could identify 12 private security companies out at the airport. Those are the ones we can identify, because, even though they are subcontracted twice or three times down, they will be wearing the same shirt from the principal contractor. We have raised it on numerous occasions. When you have high staff turnover, you have not only a lack of vigilance, but poor training. Mature age training involves not only training in a training room but also of course involves experience on the job from well-trained mentors. If you have a high turnover that does not involve any training, that does not have a mentor system because of the high turnover, then you will have staff that are poor performers. It also means, of course, that at our airports with those different contracting levels, because the wages are low, the conditions are poor, there is a high turnover and with high turnover means higher risk. If you do not like working for your employer, you go work somewhere else, if you are able to. If you do not like having particular work conditions, you go and work somewhere else, if you can. Typically,

because of the system, as was identified in a government report in 2003 on contracting out, it substantially increases the risk at our airports around the country. It has been identified since 2003. It has been discussed well before that across the sector and, of course, we see contracting out, if anything, on the increase rather than a decrease.

CHAIR—So if you have these visitor passes on at the airport, you are supposed to be accompanied by someone who has an ASIC card. Is that the case?

Mr Oei—That is the case.

CHAIR—Is that what happens, though?

Mr Oei—If you want a visitor's pass then you want to visit the airport—

CHAIR—Let us go back. If you are one of these labour hire employees that Mr Sheldon talked about, because they do not have ASIC passes and because they have not done the test or there is some delay, they are given visitor passes by the issuing authority?

Mr Oei—That is what I believe to be, yes.

CHAIR—But is that the case?

Mr Connolly—That is the case. There is a requirement.

CHAIR—I know you said they are supposed to, but are they, in your experience?

Mr Oei—I have seen people with a visitor's pass going through with someone accompanying them down there. At that stage, I have not seen it myself with Qantas people. Say, for example, that we have lost our ID. We will try to get a pass from our area and they will issue us a temporary pass to go in to do our work. We will just put that pass onto our ID, whatever it was, and go and do our work for the day.

Mr Sheldon—What is typically the work plan—from 20 years of serving that area, off and on—and what commonly occurs is that there are jobs that require people to individually operate particular pieces of equipment or carry out particular tasks that are multitasked by various crews of employees. It only takes the time for someone to turn their back or go to the toilet to slip a bomb into a bag. So, are they physically standing there all the time with—

CHAIR—We are interested about putting a load of cocaine in a bag to take out. This is about serious and organised crime, not terrorism, and I understand your position there, but I am trying to get from you whether people are unaccompanied who should not be unaccompanied, and you are saying that happens.

Mr Sheldon—The intent of the pass, as we understand it, is to be vigilant about the individual who is there, for them to be in eyesight. We consistently see people who are not in eyesight. We have consistently seen a situation where people have not been readily checked, and we have seen the checkers who are supposed to be doing the checks not having ASIC passes.

CHAIR—Can you tell us about the catering section? As you would be aware, a number of employees of Gate Gourmet have been charged, I think, with importing cocaine. Would there be a similar situation in the catering section as well with the ramp? Because the catering section is off the airport, so to speak, when people jump on the trucks to go over and take the refuse or whatever else off the planes, are they checked when they go onto the airport? Does someone, say, ask them to show their access pass and their ASIC pass?

Mr Connolly—Given that it is off airport, there is even less of a level of scrutiny around off-airport catering service providers. The same issues in relation to contracting out are absolutely in place at Gate Gourmet, for example, and other catering companies servicing the industry. On the physicality of them transferring from less secure sites: if you are out at the precinct tomorrow, I would encourage you to have a look at the catering centres—we can provide you with some addresses—because there is a marked difference between access to those facilities and access to the airport. We say and have said here today that we are concerned about the capacity to access the airport where there are guards preventing or supposedly monitoring access to secure areas. In these instances, there is almost free access to vehicles that get on and off the airport. The scrutiny of the vehicles once they leave the catering centre is limited. The practice reported to us is that the driver of the vehicle will be requested, as they approach the airside access point—which is guarded—to show their ASIC card, and there will be a check of the driver, often just a cursory glance as they pass through, and there is no scrutiny of either the vehicle or other passengers within the vehicle. There seems to be a level of assumption that it is okay in terms of the staff and people accessing the airport and okay in terms of the level of scrutiny of the vehicles actually accessing airside, which concerns us.

CHAIR—There could actually be more scrutiny on the ramp/baggage section than there is with the catering section.

Mr Connolly—In comparison, yes.

CHAIR—I am sure you have had instances of people with visitors' passes on those catering trucks going on to load or unload them.

Mr Connolly—It regularly occurs, and they perform other functions—cleaning functions, dressing the aircraft and functions like that. A number of the catering companies perform those functions, post-arrival and pre-departure. That is very much a situation about the scrutiny of people using visitors' cards. I might supplement some of the earlier comments in relation to the card process. We have an issue with the provision of labour being contracted out, and the process implemented by some of the authorities in issuing the cards is equally of concern to us. There is a recommendation in the white paper to tighten up that process regarding the issuing of ASICs. It is a situation that has developed since the freeing up of the ASIC process where companies have assumed those authorities. They have sought and gained approval of the issuing authorities and subsequently have issued cards, including visitors' cards and ASICs, without the scrutiny that was once provided. The changes were made to free up the time frame for people to access cards. From our experience, it has been a further diminution of the scrutiny of both ASICs and visitors' cards. Companies are just issuing them to serve a labour issue as opposed to a security or a scrutiny issue. We think that certainly warrants some serious attention.

CHAIR—Indeed, the bar is much higher to get an ASIC than it is to get a MISC.

Mr Connolly—Yes.

CHAIR—Senator Parry.

Senator PARRY—Has your union considered biosecurity as a measure of checking identification and providing access to ports and airports?

Mr Sheldon—It has not been directly discussed with me, but it has certainly been discussed with the Australian Council of Trade Unions, representing various unions including ours.

Senator PARRY—Do you have a view?

Mr Sheldon—The information we have received from those discussions is that the biometric testing involving fingerprinting, as explained to me, was seen to be faulty because of the capacity to easily use somebody else's print; that it was a simple task of getting, for want of a better description, sticky tape onto your thumb and placing it on the biometric scanner and saying that you accessed it when it was actually someone else's print. We also have concerns as to how they deal with the fundamental problem at our airports regarding the lack of minimal-risk checks on ASICs. I have known companies to take ASICs off people who are investigating safety. I am sure if they thought it was really a safety device, there are a number of avenues for them to properly pursue it, including the arbitration and conciliation commission and carrying out what they might recognise as their right as an employer, a managerial right—

Senator PARRY—If the technology was proven, would you accept that biometric testing could be okay?

Mr Sheldon—If the technology was sound, a proper system was in place and it was used to monitor criminal and potential criminal activity and potential terrorism activity, and if it could actually test the 25 per cent of security guards. I used the example before of Barry bin Laden and the drivers licence. If Barry bin Laden's fingerprint is on the biometric test, he is not going to be particularly worried when he does not come out alive.

Senator PARRY—Are you aware that MSIC and the ASIC issuing do not require photographic identification? So from the Sydney ports I can produce a birth certificate—I could use your birth certificate—and I can produce a certificate from the land titles and a mortgage with your name, and then I could get a card issued. Were you aware that that is how simple it is to get an MSIC?

Mr Sheldon—I think that not only is it simple but the simple procedures that take so long to take place are both deficiencies.

Senator PARRY—So you would be supportive of an increase in the way MSICs and ASICs are issued?

Mr Sheldon—It would be very a very logical thing to do.

Senator PARRY—Going back to your original comments, and it is in your submission, that we need to be more trustworthy or trusting of people who work in airports and ports and

consider their rights, would you agree that most of the illicit material that comes into Australia, particularly the hard drugs and the precursor materials for the manufacturing of synthetic drugs, come through the ports?

Mr Sheldon—First of all, what I read in the paper would be the degree of knowledge that I would have.

Senator PARRY—Can we go back to a basic premise. They are arriving in Australia; that is a fact, because they are on the streets.

Mr Sheldon—Certainly from all the reports I have read in the papers, that seems to be the case, and of course prosecutions have occurred.

Senator PARRY—That is right. The intelligence, information and evidence that we have been provided with is that about 90 per cent comes through the ports; so it needs a greater degree of security and obviously it needs individuals, people on the ground, to actually help facilitate the movement of illicit material through ports. If we accept that premise as being an entry point for illicit materials, we probably need a greater degree of scrutiny for individuals who are working. You may disagree with that; I would be interested in your comments.

Mr Sheldon—Not being a legal practitioner I would not be able to say what are appropriate and inappropriate levels of security matters that should be taken into account. I will use two extreme cases: the first extreme is that somebody was charged and convicted for large quantities of cocaine; the other extreme is somebody who, at the age of 16, knocks off a packet of chocolate biscuits. I am using two extremes, but there is a balance between those. There is also a danger with just saying, ‘This is about risk management systems’, and of course it is looking at particularly MSIC and ASIC cards. I would hate that to bury what are also critical issues about the operational systems that apply at our ports and airports, with the particular ASIC cards and MSIC cards. Relying on evidence that does or does not stand up would be, in my view, extremely dangerous.

Senator PARRY—I certainly accept your view and strongly support your view that you should not rely on the criminal history of someone who has committed an offence 20 years ago. We have got to give everyone a chance at reformation and starting afresh. I think you used the words ‘double penalty’ in your submission—you are penalised once and penalised a second by not getting a job. But intelligence is material that is gathered and it is graded. If you get highly graded intelligence, why should that not be used to grade an employment category in a highly sensitive area such as security as ports and airports?

Mr Sheldon—The Haneef case probably raises that concern from the Clarke inquiry. I will jump back and then come back to your question. When we all became aware of the Schapelle Corby issue through the media, within a very short period of time—a matter of days—we went down to the workforce and all those various areas had minimal crews on. The company were aware we were doing this. We offered for them to come with us, but they did not. We spoke to baggage-handling employees, both union and non-union, and said, ‘If there is an issue here and you wish to whistleblow, here are the sorts of authorities you can go to, and if you want to come to us, then we will also put you in contact with lawyers.’ We do not need the evidence; it is not

our job to investigate these matters, but it is our job to make sure that we can give as much protection as possible to whistleblowers.

In relation to the particular issue of what grade of intelligence is useable, to the best of my knowledge and from our research there is no country in the world, including America, that uses that system of relying on intelligence. Over the last 30, 40, 50 years, many royal commissions into drug cartels and everything else have demonstrated that 'intelligence' is not always intelligent.

Senator PARRY—Do you have a solution for the best way of grading or vetting employees for employment in the highly sensitive areas that we are talking about—ports and airports?

Mr Sheldon—I am not an expert in the areas of detail. I am an observer, like many of you here, of what has gone on in the past, whether it be poor intelligence being acted upon, whether it be inappropriately acted upon or whether there is intent to act on it inappropriately. There have been a litany of inquiries done on that, including the Clarke one. At the same time, we have for a very long time been very much on the public record as saying that criminal activity and terrorism activity at airports or ports should be strongly dealt with. We have seen circumstances where a series of companies have been identified. The National Crime Authority leaked a report—to the best of my recollection it was about four or five years ago; it may well have been longer—about an assistant in charge of airport security for Qantas who was allegedly in association with organised crime figures. I do not know whether that was true or not. That is what the report said. Qantas in a very short period of time terminated that person. There have been cases such as the Bondi shooting at Bondi Beach, where there was a connection with police officers and individuals who should not have got clearances but were given clearances to work at our airports.

Where I think there is a danger is to say that this is a solution, because there have been proven inconsistencies, even with the present system that applies. One area for us involves training. When the Schapelle Corby matter was on, we had to act. We actually had to take illegal industrial action to do so. There was a bomb device found at Sydney airport that was later found not to contain an explosive. It took two weeks to get that reported. We had to call a stoppage of workers to get the company to come and talk to us. Our members, of their own volition, held up planes in order to get somebody to come down and deal with the incident. Those planes were released once the device was put in the bomb truck. There are a litany of examples in our evidence about poor systems of security, which overlap terrorism and criminality. We would see any serious attacks on criminality or potential criminality as being appropriate and, if it were properly dealt with, we would fully support it.

Senator PARRY—Finally, do you have a view that you would care to share with us about the culture at the workplace—cultures that may have changed in security, the type of employee, and also the level of organised crime. Would you care to comment on those matters?

Mr Sheldon—It was certainly a shock to airport workers and other people who work in this area, including me for many, many years, to see what happened at Gate Gourmet. I did not know those individuals personally but it was a shock to see that happen, although not surprising because we have identified in our own report the lack of proper checking systems. Also, someone who can get an ASIC pass can still be a danger. It is about risk minimisation, of course.

There is one thing at airports that is very clear: after the 2003 report, the then federal government turned around and made it very clear that the outsourcing of work was a high-risk practice. That high-risk practice has accelerated, not decreased.

We have seen the international baggage. As an employee of Qantas, George Oei, has stated, he has seen employees of a labour hire company working for a very important airport to this country. The airport has outsourced the work and had bags not checked, whether it be for bombs or for drugs, and not X-rayed. That is the assertion that, separately, our organisation is prosecuting. In the next 48 hours we will be handing a 24-page document to both security companies, Sydney Airport Corporation, Jetstar and Qantas detailing all the allegations and the incidents following the investigations that we have carried out.

Senator PARRY—Is that a document you can table with us as well?

Mr Sheldon—As it stands, our legal advisers advise us—and if the Senate advises us otherwise we would be pleased to make the document available—that under the New South Wales Occupational Health and Safety Act, at least until January next year, the Transport Workers Union, or any union, is not able to hand that information over and after January next year will not be able to carry out investigations. We have been asking for a very long time for this, and for things of similar natures, from WorkCover authorities.

Senator PARRY—You did not touch on organised crime. How do you think organised crime sits currently within the airport and port structures?

Mr Sheldon—I think we are at high risk. We have high turnover of staff. There is more outsourcing; there is less training; there is the inability to marry security, safety and all those issues in an appropriate way in the one place. Because of the outsourcing, as I said, we have identified 12 private security companies at Sydney Airport, some of whom report to each other but do not know who they report to after that. I have gone to a meeting of 50 delegates where we had a number of people from the WorkCover Authority, the department of transport and the police. We asked, 'Who do we report to if we find security incidents, if we find a criminal incident? Do we report to you because of the work systems that are causing it to happen?' None of them said who we should actually report to. Who was the governing body who would actually control this? I think what really exemplified our concerns at our airports was that there have been—and we have stopped giving them—repeated requests by people who are seen as leaders within their own workplaces, who are elected democratically in the whole system and who represent thousands of people, who have the confidence of the majority of people working at our airports, to come to conferences and hear the detailed concerns, the detailed allegations, the detailed incidents of security weaknesses and criminality, and where it is an appropriate place to be a whistleblower with the right authority. But we are yet to have that opportunity taken up.

Mr Oei—An incident happened a couple of months ago. We had a gas leak in the international airport. Everyone was asked to go out. The only workers who stayed there were the area care workers. They did not have any supervisor or lending hands or anyone. There were just two of them. One actually got very sick. SACL came down and told them to go out half an hour later. The sick person was taken by one of our workers to one of our Qantas nurses. They came back and reported to me a few days later that when the nurse asked the details of his status he said he was not a permanent resident in Australia. So I went to check whether the nurse actually

saw that person. When I went to check with the nurse it turned out that, yes, the nurse actually saw the person. So basically they want any workers they can get.

Mr Sheldon—They were working on a visitors pass without the capacity to be ASIC approved.

Mr HAYES—You have conceded that airports in particular are targets for the attention of organised crime. I think Schapelle Corby's lawyer brought a lot of attention to Sydney baggage handlers improperly when he fabricated a submission on her behalf. I suppose that occurred because there are certainly concessions that baggage handlers do have access to people's bags and could actually do things. If that is the scenario, how has it impacted with the advent of casualisation of baggage handlers? You have indicated that there is significant staff turnover and contracting out, but, as I understand it, the practice has clearly developed in each of our major airports where baggage handlers are becoming increasingly casualised.

Mr Sheldon—Thank you for the question. I will put it in this context and then will go directly to the question you asked. I was before the inquiry into the armoured car industry in New South Wales. We and members of the industry requested an inquiry to take place because of our concerns about organised crime and inappropriate security occurrences within that sector. We would be pleased to make the report available to the committee if they so wished. That report by the Peterson inquiry demonstrated a whole series of weaknesses within the system. It particularly looked at contracting out and the use of casual labour. A recommendation was that not only casual labour should be abolished but also part-time permanent labour should be abolished and that the industry should be required to move towards labour of a permanent status. If you use that logic in the question you just asked me, there are numerous reports about the vulnerability of contingent labour, casual labour, in any workplace, specifically when you look at airports. We have seen a substantive increase in the use of casual labour.

I put this scenario, and I am not suggesting that these individuals would take this up: if you were a worker who has just been told that there is a bomb on a plane and you have just come onto the site, and you are a labour-hire employee, and the boss says to you, 'I want you to go out there and get that bomb off' or 'Don't ask what's in this package but put it in this bag,' whatever that package may contain, and you are silly enough to go out and take a bomb off a plane and potentially blow yourself up, I think you are silly enough to do anything. The reason why that happens is not that they are silly but they are under threat of losing their job. Those particular circumstances, when you do not have whistleblower protection, employment protection and basic standards which will allow you to come forward about those issues in any sensible way, other than repercussions for you as an individual, mean you say nothing and keep your mouth shut.

Mr HAYES—So greater casualisation is actually pulling in a different direction than increasing airport security?

Mr Sheldon—It is moving in a completely different direction. As the 2003 report found, it is increasing risk, it is increasing the capacity and likelihood of criminality, it means that we not only do not have ASIC checks but also that, when you get an ASIC pass, you are very much more susceptible to being compromised as an individual, because of the leverage that the potential crime figure could have over you.

Mr HAYES—Do you have any view about people being able to access aircraft with their baggage these days without having to go through any automatic checking system—simply going into Sydney, pulling your credit card out, having a boarding pass and automatically checking your bag? At that stage you do not present any ID. Is that a concern to you and your members?

Mr Sheldon—I will ask Scott to answer that, if that is okay.

Mr Connolly—Absolutely. Allowing that process to occur and expanding it—streamlining those processes is very much a concern to us in terms of providing another opportunity for the already flawed systems to not operate.

Mr HAYES—It just seems to me a little strange that when I get an aeroplane down from Port Macquarie I have to present my drivers licence or some other form of photo identification before I can check in my bag and get on the plane, yet in Sydney, a category 1 airport in terms of security, I can pull out a credit card and get on a plane without any photo ID at all.

Mr Connolly—Yes, absolutely, it is an enormous issue for us in terms of the disparities between standards of airports, the disparities in operating procedures and systems. We submit, and our submission supports this, that it is a loophole that certainly needs attention in terms of both its issues in relation to aviation security—but equally the exposure to organised crime—and that potential loophole in terms of the industry.

Mr HAYES—We do need greater consistency in our airports' approaches to security.

Mr Connolly—We certainly support that, absolutely; we have for numerous years. We think also, as we have made clear here today, that we need a single agency or single authority with responsibility. The scenario is that we are allowed—it is sanctioned—to have different systems operating at different airports and different systems to operate at different companies because the scenario you have given us could not happen down the road, at another company, for example. There are scenarios in relation to checking in freight or parcels to go on board a variety of companies, be it for contraband or potential security issues. Yet the self-policing and contracting out of the requirements by the relative authorities to date has allowed that to happen, and the economic imperative for the industry has exacerbated it, just like contracting out has. It is an issue of increasing concern to us. Foremost in our minds is the provision of labour—it has an immediate impact—but these other issues are very concerning.

Mr HAYES—Thank you.

CHAIR—Just two quick questions—and we have a number of other questions which we will send you, and if you could please respond that would be very much appreciated. Firstly, you said one of your officials had his ASIC removed due to leading industrial action. Who issued him with the card? Was it SACL?

Mr Connolly—Yes, SACL was the issuing authority at that time and SACL was the agency that made the decision to review it—

Mr Sheldon—What is particularly concerning in that incident—and I will not go to the previous ground; I am just answering your question too—is that he was issued the card, the card

was taken off him, he was not told why and then the card was given back to him. We were not told why.

CHAIR—So there was no written correspondence or anything like that? It was just cancelled?

Mr Sheldon—There was a letter saying ‘you are to hand in your ASIC’.

CHAIR—But that was all?

Mr Sheldon—That was all. And I am actually the authorising officer from our organisation for people who are making applications to be checked. I was not told. I was not informed of why it was taken off him or why he was given it back.

CHAIR—Do you have an ASIC and a maritime card?

Mr Sheldon—Not presently, no.

CHAIR—Neither of them?

Mr Sheldon—Not presently, no.

CHAIR—But do your officials who handle, say, the waterfront and the airlines have cards?

Mr Sheldon—Yes, they do.

CHAIR—Secondly, a number of the industry bodies we have had from both the maritime and aviation sectors have suggested having one single issuing authority, similar to a passport office, as they described it. Would you support having a single issuing authority for maritime and aviation security cards—essentially, I suppose, government run?

Mr Sheldon—I think being government run is critical because there has to be an accountability system. Does that mean it is going to be perfect? No, but it means we have an accountability system in one place, centralised, and that means when procedures are found to be weak you do not just give a report and hope there is change; you actually have people responsible for changing it and accountable for it not been changed, if that occurs.

CHAIR—Just a quick question on your other point, about Defence removals: are you aware of how many removals are involved for Defence each year?

Mr Sheldon—No, not the full number, but we have actually FOId that and we are waiting for a response.

CHAIR—So it could be—what?

Mr Sheldon—Many thousands. It is a contract that is worth over half a billion dollars. It is the single largest removalist contract in the country. I actually live in Wattle Grove—Holsworthy—so I have a lot of friends in the defence forces and—

CHAIR—They move regularly.

Mr Sheldon—Yes. I actually have an example here from one defence wife who says that not only has her husband served overseas in a series of postings in the last five years but she has moved six times, all of which have been horrific.

CHAIR—Yes, I bet they have. Mr Sheldon, Mr Connolly and Mr Oei, we will have to put some written questions to you, and hopefully you will be able to respond to them quickly. Thank you very much for coming along this afternoon.

Evidence was then taken in camera—

Committee adjourned at 4.59 pm