



COMMONWEALTH OF AUSTRALIA

Proof Committee Hansard

JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

Reference: Review of aviation security in Australia

WEDNESDAY, 12 NOVEMBER 2003

BRISBANE

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JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

Wednesday, 12 November 2003

Members: Mr Charles (*Chairman*), Ms Plibersek (*Vice Chair*), Senators Hogg, Humphries, Lundy, Murray, Scullion and Watson, and Mr Ciobo, Mr Cobb, Mr Georgiou, Ms Grierson, Mr Griffin, Ms King, Mr King and Mr Somlyay

Senators and members in attendance: Mr Charles, Mr Ciobo, Ms Plibersek and Mr Somlyay

Terms of reference for the inquiry:

To inquire into and report on:

- (a) regulation of aviation security by the Commonwealth Department of Transport and Regional Services;
- (b) compliance with Commonwealth security requirements by airport operators at major and regional airports;
- (c) compliance with Commonwealth security requirements by airlines;
- (d) the impact of overseas security requirements on Australian aviation security;
- (e) cost imposts of security upgrades, particularly for regional airports;
- (f) privacy implications of greater security measures; and
- (g) opportunities to enhance security measures presented by current and emerging technologies

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Committee met at 9.34 a.m.

CHAIRMAN—The Joint Statutory Committee of Public Accounts and Audit will now commence taking evidence, as provided for by the Public Accounts and Audit Committee Act 1951, for its review of aviation security in Australia. I welcome everyone here today to the committee's fourth public hearing. We will retrospectively make this a formal hearing, subject to the parliamentary rules, because we are missing one member who will arrive shortly.

The hearing will commence with the appearance of witnesses from L-3 Communications Security and Detection Systems, a provider of security equipment. It is important to recognise that the committee has neither the expertise nor the intention to recommend particular technologies or specific equipment. It is interested, however, in exploring whether some of the technologies which have been suggested are practical options for enhancing aviation security.

A major focus of this morning's hearing will be the appearance of the two principal domestic airlines, Qantas and Virgin Blue. One issue which has been raised in Sydney is the potential risk posed by the movement of people who are in custody. These passengers may or may not be supervised and the committee understands that airline cabin staff may be unaware of their presence. The airline management will have an opportunity to discuss this issue. Another concern that was raised in Melbourne is the incidence of airport rage. The management of Brisbane and Cairns airports will be appearing this afternoon and will be able to respond to the comments of the Australian Services Union. The public hearing phase of the inquiry will wrap up later this month with a final public hearing scheduled for Monday, 24 November in Canberra.

Before beginning, I advise witnesses that the hearings today are legal proceedings of the parliament and warrant the same respect as proceedings of the House itself. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The evidence given today will be recorded by *Hansard* and will attract parliamentary privilege.

Finally, I refer those members of the press and media who are present to a committee statement about broadcasting of proceedings. In particular, I draw the media's attention to the need to report fairly and accurately the proceedings of the committee. Copies of the committee statement are available from the secretariat staff.

[9.36 a.m.]

KNOX, Mr Mark, Product Specialist, L-3 Communications Security and Detection Systems

MELTZ, Mr Stephen, Vice President Asia Pacific, L-3 Communications Security and Detection Systems

CHAIRMAN—Welcome. Thank you, gentlemen, for your submission, but I have to say that I do not know what we do with it. You made your submission confidential, and I do not know where we go. This committee operates in the public; it does not operate behind closed doors. We have private meetings, but that is just for discussions amongst ourselves. Everything we do is posted on the Web and is open and accessible by the entire Australian public and, indeed, around the world—you are welcome to have a look. We report to parliament, we do not report to the executive. If you could reconsider whether that communication to us as your submission needs to be private, I would appreciate it.

Mr Meltz—I thank you for the opportunity of presenting at this review, but I do want to stress what we said to you in the correspondence—a lot of the information contained in our submission is of a security nature and has some relevance with regard to the protection of our national security requirements, not only in Australia but worldwide. Frankly, there is not a lot of data in here that we could take out that would leave any substance in the presentation that we have made to this review.

CHAIRMAN—How do we do a review of aviation safety if we do not talk about these issues publicly?

Mr Meltz—I think what we can do is talk about it in principle. Unfortunately, on detailed facts contained within this submission or detailed information regarding product technology we would have to maintain some level of confidentiality.

CHAIRMAN—Okay. You have much experience operating internationally, particularly in the United States. Australia's situation is different than the situation in the United States. What experience do you have in the Australian atmosphere?

Mr Meltz—I have been involved in the aviation security sector for the last 12 years in all facets of security: access control, CCTV and also passenger and check bag screening. We certainly understand the requirements from the airlines and the airports and we also clearly understand the requirements of the regulators of the equipment that has to be supplied for airport security.

CHAIRMAN—What about the culture of the security environment in airports?

Mr Meltz—I would say that as a team within the business we have a variety of people that are based in Australia that have a significant amount of experience in the culture of the airports.

CHAIRMAN—I am not asking about your people; I am asking about your knowledge.

Mr Meltz—There is the knowledge that the people have.

CHAIRMAN—What about the knowledge that you have of our situation in Australia?

Mr Meltz—I have a reasonable knowledge and understanding of security requirements and the potential threats in Australia.

CHAIRMAN—Somebody made a statement, I have forgotten who it was, that our security screening personnel seem to have a better public relations face than their counterparts in the United States. Would you care to comment on that?

Mr Meltz—The only comment that I can make is in talking about Australia. I am not familiar with what goes on in the United States—obviously we have had some incidents in the United States. What I can confirm is that a lot of effort and time are put into training the operators and making sure that they are proficient in the duties they perform, as well as operating the technology that is supplied for them to conduct their duties. In my personal opinion, the staff, or the manpower at the various airports using this technology, certainly have a very professional view about the process of screening.

CHAIRMAN—I do not know that that answered my question. Your submission seems to suggest that Australian aviation may be a target of opportunity for terrorists because it may be seen as more vulnerable than the US or UK aviation industry. Can you comment on that?

Mr Knox—The comment you may be referring to is that Australia is lagging behind Europe in many respects. The UK, after the Lockerbie bomb, fast-tracked the implementation of high performance machines for detecting explosives within check baggage. Europe followed suit some years behind. America effectively did nothing until September 11. In 1999 the Australian regulator required a proportion of international luggage leaving Australia to be X-rayed by sophisticated equipment but the UK, for example, has been doing that for all luggage for 10 years now, so we are a bit behind the curve in this country.

CHAIRMAN—If you do not know, I will tell you that to the best of our knowledge we have never had an aviation terrorist incident. In fact, there has only ever been one terrorist incident that I know of in Australia's history, and that was the Hilton Hotel bombing. It takes intent, it takes opportunity and it takes training in order for there to be a successful terrorist incident. You are implying that, because we do not buy enough of your equipment, we are a greater target than the United States or Europe, where there have been very serious aviation terrorism incidents.

Mr Knox—My response to that is that you have to decide what the target is. If the target is an aircraft load of American tourists then they are equally as vulnerable leaving America as they are travelling back to America. Your security is only as strong as the weakest point.

CHAIRMAN—I have recently flown through Europe and in and out of London. My view is that our operators are much more friendly and helpful than anywhere else I have been. The security seemed to me to be very much tighter in Australian airports than it did overseas. I have

also been all over Asia. But you believe, because we have not bought enough of your equipment, that we should do more.

Mr Meltz—I do not think it is because you have not bought enough of our equipment. There are a number of manufacturers that provide the type of equipment that we supply. The important point here, I guess, is the fact that, even if we are providing security—the effective security that you talk about—at the point of passenger screening, there are other loopholes within the system as such that are potentially a threat. That is what Mark is referring to. That relates to check bag screening and cargo screening. There is a lot of freight carried on passenger screening, but we would check a passenger bag. We do not look at freight or cargo screening. The requirements of check bag screening are very low at the moment, although that is now being rectified.

Ms PLIBERSEK—You understand that we get evidence from all sorts of people when they come to these committees. At one end of the spectrum we have people saying that any extra security measures are going to cost the aviation industry millions of dollars and it is going to be a disaster for domestic aviation in Australia. At the other end of the spectrum we have people saying, as you seem to be saying, that we have the potential for terrorist threat because our screening and other safety measures are not the same as those overseas, and so on. So we do get a very wide spectrum of evidence. The chairman is grilling you a little bit because we do get the evidence from the other end of the spectrum, where any extra expenditure is treated with a great deal of suspicion.

I want to ask you about the high-performance machines for check baggage screening that you mentioned. Can you tell us a little bit more about how they work, how much, potentially, they cost and what sort of time pressures they add to the loading and unloading of aircraft—a little bit of that sort of information?

Mr Knox—There are three types of screening equipment. There are machines for screening cargo, which tend to be larger; machines for screening passengers and their luggage; and machines for screening hold luggage. I think it is fair to say that the most advanced type of equipment available now is for screening checked baggage. That is probably because of the Lockerbie bomb and because a few other aircraft have been blown up by bombs in luggage, so that is where the industry has concentrated.

Ms PLIBERSEK—So is it electronic trace detection technology?

Mr Knox—It is all X-rays at the moment. Within that group there are four distinct technologies. You have what we call conventional machines, which give the operator an image of your bag, rather like a chest X-ray. It just gives you an image of what is in the bag and it is left to the operator to determine what is in the bag and whether it is a threat. The next level is what we call dual energy, which gives you a basic explosive detection capability. Going on from that, you have a multiview version of the same thing, which is multiview dual energy. The *creme de la creme* is what we call CT, which is rather like a brain scanner that you see in hospitals. They can take slices of your bag. The prices obviously increase with the sophistication of the machine. The top end machine can cost \$US1.5 million; the cheapest machine can cost \$US20,000. You get what you pay for in terms of detection.

CHAIRMAN—Is it the wish of the committee that the previous evidence be included in the transcript of this hearing? There being no objection, it is so ordered. Is it the wish of the committee to authorise radio and television broadcasting of this public hearing? There being no objection, it is so authorised. The cameras are now free to roll.

Is it the wish of the committee that submissions 64 and 65 to this inquiry be accepted into evidence and authorised for publication? There being no objection, it is so ordered. Is it the wish of the committee that submission 11, the confidential submission by Mr Mark Knox of L-3 Communications Security and Detection Systems, be accepted as evidence? There being no objection, it is so ordered.

Ms PLIBERSEK—You have said that there is a range of prices from between say, \$US20,000 to \$US1½ million. One of the things that set Australia apart from many other countries is that we have got a lot of very small regional airports. Queensland is a good example of that and certainly Western Australia is as well. Most of them are often run by local councils. They are already struggling to make ends meet. If you introduce equipment—say, the middle of a range and that costs \$100,000—into each of those airports, that is a very substantial financial cost for them. The argument that many people would make is that you can introduce \$1½ million equipment at Sydney, Brisbane and Melbourne, but if you are a terrorist and you have malevolent intent, it is the easiest thing in the world to drive to Tamworth and get on a plane there instead. Are you advocating that we have that sort of technology at every airport?

Mr Knox—There are people in this room who are much more qualified than I am to discuss threats and targets. Our view is that smaller airports generally attract smaller aircraft, and we imagine they are a less attractive to terrorists. The current requirement is that passengers who get off those small aircraft and subsequently go on to jumbo jets—which are the big targets—are subjected to security screening. So the \$1½ million machines at Sydney airport you described could potentially screen those passengers who get off the smaller aircrafts and go on to jumbo jets. So we are not advocating that they break the budgets and spend lots of money on screening at smaller airports.

Ms PLIBERSEK—You also mentioned freight and cargo screening. Can you tell us how we compare with freight and cargo procedures internationally?

Mr Knox—I am not overly familiar with procedures. I used to work in the UK doing this job for 11 years. The Europeans certainly have tighter regulations insofar as checks are made on people who handle airfreight. It is fair to say that, globally, the security which is exerted on freight is much lower; it is almost insignificant. For example, there are measures whereby the people who ship the consignments on your behalf have to be registered. They have to be a known shipper. This known system is quite common. There is very little screening of airfreight even though it makes up half of the freight in an aircraft. If you flew to Singapore tomorrow, half of the belly of the aeroplane would be full of freight, which quite probably would not have been through an X-ray machine. So we believe that it is a big threat.

Mr CIOBO—I apologise that I was a few minutes late. I had to come from the Gold Coast, so I missed some of your introductory comments. You may have already touched upon this, but I am interested at the extent to which you undertake an analysis of threat regimes in order to respond with the type of equipment that you provide. Do you see any great difference between

commercial aviation interests in Australia and the threats that we are exposed to and those in Europe or the United States? If so, are there any material differences that would require a different response in terms of the types of equipment you would be concerned with?

Mr Meltz—I think, invariably, what we provide as a solution is a requirement, a stipulation or a regulation that comes from the regulator. At the end of the day it is the airlines and airports that work through the process with the regulator and then come to us for that specific type of equipment.

Frankly, from our point of view as a supplier with a lot of experience, we feel that we should be an integral player in those discussions that we are talking of now. We can provide guidance and support of particular types of solutions. One of the important things is to take care of the regional airports and the airports that are strapped for cash and look after their interests by utilising the experience available and providing a solution that would meet the intent of the risk. As Mark has said, there are people in this room that have a lot more experience than we have in the risk factor. But working with that alongside our experience on technology and how to provide a solution to curtail that risk is what we would do. We see ourselves as being an integral partner of this whole process in the interests of national security.

Mr Knox—I can expand on that. We would like to help the regulator understand the available technologies more. I do not know why—perhaps there has been a change of regime recently in the department of transport here—but there has been little opportunity for us to make representations to them. They certainly have not approached us, I think it is fair to say, whereas in other countries like the UK and the US the regulators have a very good understanding of what is available on the market technology-wise. I think that is lacking here.

Mr CIOBO—In terms of development, obviously there is a correlation between what you provide and the consequent risk. That is effectively your sole focus in terms of this type of product and material. You are not a monopoly supplier in the marketplace, are you?

Mr Knox—No, we do have competition, unfortunately.

Mr CIOBO—In that regard, what models have you been engaged with on an international level where you and competitor suppliers provide briefings and background material to regulators that is then used in the formulation of the appropriate safeguards and equipment requirements that are in place at airports? Do you have a specific model internationally that you could recommend?

Mr Knox—We do not directly advise on the measures that should be taken. We explain the advantages and disadvantages of our equipment to them. For example, we talked about a \$1.5 million X-ray machine that is fantastic at finding explosives, but the throughput is abysmal. Abysmal is probably the wrong word to describe one of my own products, but it is slow and you need a lot of them. The regulator understands that. In Europe they understand that these \$1.5 million machines are not the ideal solution, so they allow you to use them for the higher threat luggage—for example, bags going to Israel.

After September 11 the Americans had not a knee-jerk reaction but quite a violent reaction. They insisted that American airports install these very expensive machines. I think it is fair to

say that they had a more pragmatic approach in Europe. They have listened to the views of the airlines and the airports. They obviously do not want to kill their business, so they have allowed airports to implement something which is more airport-friendly, yet perhaps not quite so secure.

Mr CIOBO—Do you think it is possible for a regulator to specify requirements without specifying the actual equipment to be installed?

Mr Knox—Yes, definitely. As I described earlier—and I do not know if you were here—there are essentially four types of technology: conventional machines, which give you an image; dual energy, which gives you quite a good explosive detection capability; multiple view dual energy, which is essentially the same type of equipment but a bit more of it; and there is CT, which is like a brain scanner. I lost my thread there—

Mr CIOBO—I was talking about whether it is possible for a regulator to specify a standard without a—

Mr Knox—We have competition in those four technologies. It is possible for a regulator to say, ‘Yes, we want the CT-type technology’ or ‘We just want conventional equipment.’ So it is possible for them. I believe that the department of transport has just recently—and I am not certain, because I have not been party to it—insisted that the category 1 airports in Australia screen luggage using multi-view dual energy equipment, which is at the higher end of the spectrum.

Ms PLIBERSEK—Another witness appearing before the committee suggested that aircraft needed video cameras inside the cabin and that wireless threat notification devices could be used by crew. Do you have a view on the effectiveness of that sort of technology? Do you provide it?

Mr Meltz—Our company does not. L-3 is a very large company with a number of different divisions, but we do not currently supply that sort of technology.

Ms PLIBERSEK—Is that a business decision; do you have a view about the effectiveness of that technology?

Mr Meltz—L-3’s business is traditionally defence and homeland security oriented. The next biggest sector is in fact aviation and port security. Our work is on the ground: we look after security at airports rather than onboard the aircraft.

CHAIRMAN—Do you make an antimissile defence system?

Mr Meltz—No, we do not.

CHAIRMAN—Thank you very much for coming. Given our limited ability to access your confidential submission, you won’t mind if we put any further questions to you in writing?

Mr Meltz—Absolutely not; we are happy to answer.

CHAIRMAN—Again, thank you very much.

Mr Meltz—Thank you very much for the opportunity.

[10.05 a.m.]

ASKEW, Mr Geoffrey, Group General Manager, Security and Investigations, Qantas Airways Ltd

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

CHAIRMAN—Welcome. Thank you very much for coming to talk to us again. I understand you have an opening statement. Would you like to very briefly outline the basic points that you are making?

Mr Askew—Qantas certainly appreciates the opportunity to give evidence before the committee this morning. Qantas has built a reputation for excellence in safety and security over its 83-year history. We are committed to achieving, if not exceeding, global best practice in aviation security, and we see ourselves as an innovative leader in this field. Qantas will continue to seek ways for continuous improvement.

Qantas has monitored the hearings to date and wishes to make the following brief observations. All Qantas group jet aircraft flying post 1 November 2003, with the exception of one aircraft that is being retired, have had the new reinforced flight deck doors installed. Crews have been trained to use these new doors and new procedures are in place for the limited movement of aircrew to and from the cockpit during flight. Qantas has decided to install reinforced flight deck doors onto the remainder of the group's aircraft, that being the Dash 8 turboprop fleet that predominantly operates from regional airports throughout Australia. This is not a government requirement but rather part of the ongoing Qantas commitment to enhancing the security of its operations. It is anticipated that this installation program will commence in early 2004 and be completed by 31 December 2004.

A lot has been said about the turnover rates of passenger-screening staff. The screening staff contractors employed by Qantas report screening staff annual turnovers at an average of 14.3 per cent. This compares favourably with the average turnover of staff of Qantas, which is 12.9 per cent, and is certainly less than the current turnover of screening staff in the United States, which the transportation security administration quotes as being as high as 18 per cent.

Outside of terrorist events, the carriage of persons in custody is assessed by Qantas as being the single greatest risk to our operations. Qantas uplifted 3,092 persons in custody in 2002, of which 1,906 were escorted. Between 1 January 2003 and 30 September 2003, Qantas has uplifted 1,741 persons in custody, of which 1,065 were escorted. Qantas accepts that not all persons in custody pose a risk to its operations. The company merely seeks, however, sufficient information on all persons in custody, regardless of their status, in order to make an informed assessment as to any potential risk and thereby discharge its duty of care to its passengers and staff. The necessity for carriers to be appropriately advised by authorities of the proposed carriage of persons in custody cannot be overstated. Further, Qantas advises all of its crew at all times of the carriage of any persons in custody, whether they are escorted or not.

Finally, much has also been said about air rage. Qantas classifies both air and ground related incidents into disruptive, unruly and violent behaviour. 'Violent' is defined as any activity involving a physical assault or threat of physical assault. Between 1 January and 30 September of this year there has been a total of 239 incidents, 156 in flight and 83 on the ground, compared with 362 for 2002 and 659 for 2001—a reduction of 34 per cent and 64 per cent respectively. Of the incidents in 2003, only 30—13 in the air and 17 on the ground—were classified as violent. With a travelling population of 22½ million over the first nine months, this equates to an incident rate of one in 94,000 passengers or, for violent incidents, one in 750,000 passengers. To date this year, Qantas has only found it necessary to use restraint equipment in flight on five occasions, or once for every 4½ million passengers. Statistically, that perhaps demonstrates that the public in general are better behaved when flying or in an airport environment than when they are not. Over the same period the number of passengers refused boarding or off-loaded has increased by 22 per cent and 71 per cent respectively.

In conclusion, Qantas reiterates that the aviation industry is complex. Any regulatory or policy change needs to be well thought through and sustainable, and not be an impediment to ensuring the ongoing viability of the industry or to achieving an improved security outcome and public confidence.

CHAIRMAN—Thank you. We will deal with the issue of airport rage and get rid of it, because I have a view that it is not such a huge issue that some people seem to think it is. Perhaps my view is mistaken. Would you have a view that in Australia road rage is a bigger problem than airport rage?

Ms PLIBERSEK—More people are driving than flying on any one day.

Mr Askew—We are very pleased that the number of incidents over the last three years has seen a constant decline both of on-the-ground incidents and of in-flight incidents both domestically and internationally.

CHAIRMAN—From my experience of flying internationally, I have observed that our screening staff in Australia appear to be more courteous and more thorough than screening staff in other nations throughout Europe and Asia. Do you have a view?

Mr Askew—I do. I think the industry in Australia has worked very hard. It understands the importance of the passenger screening process in a total security environment. Qantas put additional effort into training our staff, and part of that is customer service training. The current screening model assumes that 100 per cent of passengers are potential terrorists and that 100 per cent of baggage contains prohibited articles. We of course know that is not the truth. Therefore, it is important that we have a service aspect, as well as a security outcome aspect, of this process.

CHAIRMAN—Having asked you nice questions, I will go on to something a bit more difficult. One of the reasons for this inquiry is that the Auditor-General's report into aviation security was critical of a number of factors surrounding Sydney airport, Melbourne airport and Qantas. One of the things it was critical of was your procedures with respect to discipline of screening crew who make mistakes. Would you like to comment on that again?

Mr Askew—I was not aware of that. At Qantas we changed a number of processes some time ago for the screening staff who work for us. If you fail to abide by a Qantas screening process then we ask the contractor that that person be removed to another site. If you fail a skills test, we ask that that person be removed and retrained before returning to the screening function. We are working very hard with our three contractors to increase the skill rate and therefore increase the outcome—that is, back from recruiting. Recruiting, training and recurrent training are very important parts of that.

CHAIRMAN—What do you think of DOTARS new proposed requirement for demerit points?

Mr Askew—I am not sure that that will enhance security outcomes. I think it is a measurement system that, at the end of the day, is potentially flawed and will not enhance security.

CHAIRMAN—Have you advised DOTARS that you do not agree with that procedure?

Mr Askew—We have.

CHAIRMAN—Fair enough. Your submission states:

... Qantas is concerned that it is not currently provided with the results of systems testing and security infrastructure reviews conducted by the Government and airport operators at Australian airports into which Qantas operates.

Whilst recognising that some sensitivities exist in the release of such information, it is of great concern to Qantas that it is at risk of operating into airports with possible security deficiencies which are known to government and the relevant airport operator, yet of which it is itself unaware.

Do you want to tell us a bit about that?

Mr Askew—That is an issue that we have throughout our network where we are not the screening authority. I think it is important that, when any government undertakes an audit or an inspection of a process that has an impact on Qantas or other carriers, those carriers are then advised of the outcome of that audit or inspection. If we are not so advised then it is impossible for us to work with the government agency, the airport operator or the terminal operator—with our colleagues, other carriers—to improve that process. Simply, in Australia, if the department of transport undertook a security inspection at an international airport terminal, unless the terminal operator advised Qantas of the outcome of that audit, we would not know the outcome of it.

CHAIRMAN—You are saying you need more advice and more control over the procedures. At the same time, if I remember correctly, you suggested in your submission that you would like government to shoulder more of the costs. Is that correct?

Mr Askew—There are two questions there—

CHAIRMAN—Do you want to have your cake and eat it too?

Mr Askew—No, not at all. I think that there are parts of this process that should be funded by government and there are parts that should be funded by the industry. The government has a role to fund border security issues, law enforcement issues, intelligence and security issues and those of a counter-terrorism nature. I think the airlines and airports have a role to provide protective security for their operations. At the end of the day the ultimate responsibility lies with the airlines. They are the people who are entrusted with the wellbeing of our passengers. We need the information, if the system is failing, to be able to redress those problems. We need the governments and airports to provide us with that information where it is necessary.

CHAIRMAN—And you want the government to spend more of the dollars?

Mr Askew—On counter-terrorism measures. I think passenger screening is a process that should be funded by the industry not government.

Ms PLIBERSEK—That is the clearest division we had heard from any of our witnesses—you are prepared to pay for passenger screening, but counter-terrorism should be paid for by the government. There has been discussion back and forth with the various witnesses over the last few months about who should pay for what and nobody has put it quite as clearly as that. Why do you use three different contractors for the screening staff?

Mr Askew—Free enterprise. We use the largest three in the country.

Ms PLIBERSEK—Are they divided with different contractors for different airports?

Mr Askew—It is state based. We use one contractor per state. We believe it is prudent to do so for both capability and outcome. We had an experience with a sole provider that had trading difficulties and we did not want to experience that. Also it enables us to have some contingency across the three major providers in the country. We work very well with all three and enjoy a good working relationship with them all.

Ms PLIBERSEK—You quoted some figures on incidents of air rage and the various categories you have for that. What are those figures based on? Are they reports from the staff?

Mr Askew—Yes, they are.

Ms PLIBERSEK—Do you believe that any incidents go unreported?

Mr Askew—I am sure some do. Unfortunately I cannot quantify that.

Ms PLIBERSEK—The figures that we had in evidence from the union—which I presume you have read and are responding to—cite much higher figures than yours. How do you account for the discrepancy?

Mr Askew—I cannot do that. Although I think it is fair to say that Qantas is not the only provider of customer service agents' services at airports. There are a number of other carriers that provide that work as well. We certainly have a regime in place where we encourage reporting both in our own terminals and by our staff who work in other people's terminals, like the international terminals.

Ms PLIBERSEK—Do you think abusive language and threats would be picked up by the reporting regime that you have set up?

Mr Askew—I think our figures for in-flight incidents in that regard would be more accurate than those on the ground. I think people are probably less inclined to report incidents of that on the ground.

Ms PLIBERSEK—Why would that be? Are they just too busy?

Mr Askew—There is a culture of reporting in-flight incidents of any nature. I think the flight attendants are more used to doing that than perhaps the customer service agents at this time.

Ms PLIBERSEK—Have the customer service agents received any extra security training since September 11?

Mr Askew—Some would have; some would not have. We are in the process of rolling out additional security training for all our ground staff whether they are a customer service agent or working in a freight terminal, whether they are in a regional operation or a capital city. Some of those people would have received that training already and some will receive it before the completion of a 12-month period, and that will be ongoing.

Ms PLIBERSEK—What proportion of customer service agents on the ground would have received additional security training?

Mr Askew—I do not know, at this stage. I would have to take advice and come back to you.

Ms PLIBERSEK—Thank you. What sort of security training are you giving those people?

Mr Askew—There will be a standard piece of training that will be applicable to them all. For instance, that will be with regard to dealing with unidentified items and wearing an identification card in the security environment of an airport. Then there will be specific training depending on their function, so the freight person will have different training from the customer service agent, but the base will be identical.

Ms PLIBERSEK—For customer service agents that are checking in people, are you giving them training in profiling or identifying people that are more likely to be a potential threat?

Mr Askew—To a degree. In terms of profiling and human behaviour, yes, we are. We certainly have a very strong policy of trying to keep any incident on the ground, not in the aircraft. Any unusual behaviour they are encouraged to report to their supervisor, who will deal with the issue, rather than the customer service agent. We do give them conflict resolution training in this, but we really are not encouraging every single employee to deal with this. We do encourage them to pass it on, and the supervisor would deal with it.

Ms PLIBERSEK—Presumably, the supervisor has additional training?

Mr Askew—Yes.

Ms PLIBERSEK—I turn to escorted and unescorted people, and people being transported in custody. What sorts of people do not need an escort?

Mr Askew—It could have been an expired visa, and the information is given to us that the person is more than happy to return to their country of origin. In fact, in some cases the people have bought their own ticket, but the status is still that they are an involuntary or voluntary removee.

Ms PLIBERSEK—If someone coming in is in custody, who is notified that that person is in custody?

Mr Askew—We have a 24-hour security operations centre, and we ask that that information be provided to them, either by a federal government agency or a state government agency. A lot of these people are accompanied by the police as well. We then assess the necessity or otherwise of them being escorted and, in fact, whether we will carry them. Once we have made that determination we put in place a process that will notify the captain and the cabin crew.

Ms PLIBERSEK—But sometimes you do not notify the cabin crew.

Mr Askew—No. We will always notify the cabin crew.

Ms PLIBERSEK—You always do?

Mr Askew—Always.

Ms PLIBERSEK—I know that it is difficult for you to know, but how often do you think you are being told by authorities when they are transporting people? Would you say that they tell you most of the time?

Mr Askew—I think they tell us most of the time. There have certainly been occasions when we have not been told. Our biggest concern is that we are not provided with all the information that is necessary to make an accurate assessment.

Ms PLIBERSEK—Such as?

Mr Askew—Their behaviour during imprisonment and whether they are happy to be deported. It is those sorts of things, rather than just the offence for which they are being deported or have been held in detention, or the offence for which they may have been extradited in a law enforcement environment. Is it an extradition regarding an armed robbery or is it an extradition regarding gangland organised crime? That sort of information is necessary for us to make any informed decision as to whether we should or should not carry that person.

Ms PLIBERSEK—Have you ever had incidents with people who have been in custody on planes?

Mr Askew—Yes, we have. But, thankfully, they have been relatively minor.

Ms PLIBERSEK—Do you think that they could have been averted if you had been given more information?

Mr Askew—I think that we have carried persons in the past whom perhaps we would not have, had we been given all the information.

Ms PLIBERSEK—They were too distressed?

Mr Askew—In a lot of cases, that is the case. Sometimes it is a medical escort that is required, not just a security escort.

Ms PLIBERSEK—Thanks.

Mr SOMLYAY—Can I ask you to expand on the question of freight. How confident can we be that the same attention has been given to secure freight as well as the security of passengers?

Mr Askew—In Qantas we certainly screen all departing international freight for explosives.

Mr SOMLYAY—And domestic?

Mr Askew—No; domestic is a different regime. We have in place processes—I am trying to avoid the regulated agents' terminology here—for the known shipper that we use. We do ad hoc screening on our domestic freight both through X-ray and through explosive trace detection, but we do not do it on 100 per cent at this stage. Our position at this stage, on government advice, would be that the cargo regime should be no different to that which is applied to the passenger baggage. We see little logic, or even responsible security, in applying a 100 per cent measure to cargo yet no measure to passengers' baggage. Alternatively, why would you look at 100 per cent of passengers' baggage and not look at the cargo? I think there needs to be a comparison between the two, assuming that the threat to the aircraft and to the country of destination is identical—which it always is. I should add that we have introduced explosive trace detection equipment in a number of overseas freight terminals. We screen that freight before it gets onto our aircraft overseas as well.

Mr CIOBO—I might just pick up on that point with respect to explosive trace detection. If memory serves me correctly, at our hearings in Sydney it was within a week or so of it being introduced, and there had been a number of people picked up. In terms of the percentages of people being picked up by ETD, is that trend continuing or are you seeing it diminish?

Mr Askew—We would expect to see it diminish to a certain level. It will always be there. This equipment is very sophisticated and very sensitive, and that is what it is trained to do. For instance, people that have been working in the mining industry and people from the farming community that have been working with fertilisers will have positive reactions to explosive trace detection processes. It is what follows that that then makes the process of substance—so you clear those people. Yes, I think there may have been some user error in the early days—people were getting used to the equipment—but I think all organisations and all screening authorities have invested a lot of time in the training of their people on this new equipment, and the number of alarms have reduced. But there will always be some.

Mr CIOBO—My concern is that a high level of false alarms could see the emergence of complacency. Have you put in place measures to ensure that that does not take place?

Mr Askew—The thing is that they are not false alarms. The equipment has done exactly what it is designed to do: it has actually identified a trace of concern. The follow-up process is then to determine whether it should be suspect or not and to go through and clear that person and their baggage. Part of that will be speaking to the person as well as doing a physical check of their baggage.

Mr CIOBO—Are there any legitimate concerns at this stage?

Mr Askew—No.

Mr CIOBO—An area I am interested in is Qantas's operations internationally. Would it be fair to say that, if there was to be an incident that occurred internationally, that would obviously have a fairly significant impact domestically, and consequently on consumer confidence et cetera, irrespective of whether it occurred in Australia?

Mr Askew—Yes.

Mr CIOBO—In that vein, then, does Qantas harbour any concerns about the adequacy of standards in particular airports internationally? If you do, how are you responding at a strategic level to concerns that you may have about a particular airport or, indeed, about particular measures in place in airports?

Mr Askew—We have an audit team that constantly travels around our network undertaking security audits and assessments. There are a number of countries where we have been less than satisfied with the security that has been provided for our operations there. We have spoken to the organisation, whether it is the airport operator or the government agency. If we are unable to have a remedy then we will introduce our own measures. There are a number of airports around the world where we will subject Qantas passengers to secondary screening because of the substandard nature, in our belief, of the primary screening. We will subject our cargo to screening if the locally provided screening does not meet a Qantas standard. So we maintain high standards overseas. It is an impediment sometimes to our operations but we believe it is quite necessary for the security and safety of them.

Mr CIOBO—In those airports where you have those feelings and you introduce secondary screening, are there flight operations that come into Australia through those airports other than Qantas that involve carriers that are not the good corporate citizens that Qantas is making decisions about flying into Australia?

Mr Askew—Yes.

Mr CIOBO—Would it be fair to say that there are concerns about some international operators coming into Australia and the security standards they provide?

Mr Askew—Yes.

Mr CIOBO—I saw you do a number of access penetration tests. I think it was 730 domestic access penetration tests and 66 internationally. What does that involve?

Mr Askew—This would be one of our inspectors trying to get access to the apron through an open freight terminal, just walking from the road through the terminal. If they are able to access a security restricted area where they have not been challenged, we would say that we have undertaken an access control test and it has failed.

Ms PLIBERSEK—You could just pay those three lots of people who have done it in the last six months in Sydney and Melbourne. It was a bunch of pensioners, wasn't it, in Sydney?

Mr Askew—This is through the exit race in the sterile area? Yes.

Ms PLIBERSEK—You could put them on commission!

Mr Askew—They were not paid employees of Qantas, no. Do you want me to talk about that incident? We are highly dependent on a mix of human resources and technology and we will continue to be so for a number of years. On occasions we have a failing of technology and on occasions we have a failing of human resources. I think the strength of our system is that it is a layered approach. If all the layers fell over on the one occasion I think we would have a major concern. Thankfully, as in the case of the Sydney sterile area, we had a breakdown of the system and people were able to gain unauthorised access to the sterile area but other layers were then able to be implemented. We evacuated the terminal and re-established the terminal. We inconvenienced thousands of other passengers but we were able to resume safe and secure operations. I think that the strength of the Australian model is making sure that you have got contingencies and a layered approach to management.

Mr CIOBO—What sort of fault rate are you getting on those access penetration tests?

Mr Askew—I do not know, to be honest with you. We follow up each of those failings, as we follow up the non-failings also. I would have to get back to you on those failing rates.

Mr CIOBO—Is that the same type of thing that you are looking for when it comes to the safety requirements that parties other than Qantas operate with respect to government penetration tests and those types of things?

Mr Askew—With the exception of passenger screening, we undertake very few penetration tests, as you say, of other people's facilities.

Mr CIOBO—Those that do and the audits that are undertaken—that ties in with what you were saying earlier.

Mr Askew—Yes, and then we would take that information to that airport operator or to that terminal operator and seek a remedy to that.

Mr CIOBO—I want to ask you about the linkages between Qantas and, for example, ASIO. In the past I have been told that people are satisfied with the degree of consultation and it ties

back in within the overall framework of covert and overt intelligence and risk assessment. What are your comments on that?

Mr Askew—We have a very good relationship with ASIO. There are a number of ex-government employees in my team all with national security clearances. The director-general has met with me on any occasion that I have sought his counsel on any issue. I think what we have done here in Australia in the last two years is understand in particular the importance of intelligence and the importance of the timely dissemination of that intelligence. As long as we continue to have open access to it through appropriately cleared people, I think that augurs well for our security systems.

Mr CIOBO—With regard to what we were discussing before and some of the other international operators travelling into Australia, what would Qantas like to see from a regulatory point of view either through CASA or DOTARS with respect to those operators?

Mr Askew—I think that the department of transport has, in recent years, concentrated on security operations within Australia and for flights departing Australia. I think an expansion of that both to regional Australia—not necessarily from a regulatory point of view but from a guidance and assistance point of view—and to last ports of departure into Australia would be of assistance. We have introduced additional training, for instance, in some overseas ports. Culturally that is difficult and politically that is difficult, but where we have thought it is necessary we have invested in the training of those people. I think that could be achieved better in the future when there is joint agreement between the operators and the regulator, in terms of both a political and an operational outcome.

Mr SOMLYAY—Can I just go back to international flights where security is substandard and you are required to make secondary checks. Are there international flights from that country that fly into Australia?

Mr Askew—Yes.

Mr SOMLYAY—Do you notify DOTARS when you have to put those additional security measures in place?

Mr Askew—I am not sure that we have a regulatory requirement to but they are certainly aware of where we are doing this, yes.

Mr SOMLYAY—Do you think DOTARS should require any airline flying into Australia to go through the same process as you do? How does the travelling public find out that certain airlines are flying into this country with substandard security arrangements?

Mr Askew—I think DOTARS need additional resources in the first place to do this. They need to ensure that the minimum standards that they set, that should be included in the program of those other carriers, are being met. Should Qantas wish to exceed those minimum standards then that is something for Qantas. I would see DOTARS as having a role to ensure that all carriers coming from those ports achieve the minimum standards that they set. I do not think they have the mandate or the resources to do that at this time.

Mr SOMLYAY—That does not give me a lot of reason to be confident. The travelling public would not feel very confident about that. Does Qantas make public where it has these additional security measures?

Mr Askew—No, but if you were departing that particular port you would experience what we have in place and you would know. We do not use safety and security as a marketing tool but we do understand the importance of it for our operations. We have said before that at the end of the day we are an airline with a safety and security culture, not a security company that fly aircraft. I think that is true.

CHAIRMAN—How many overseas countries does Qantas fly into and out of?

Mr Askew—Thirty-three.

CHAIRMAN—How do you rate Australia in terms of aviation security?

Mr Askew—We have improved enormously in recent times. We are certainly at the top end of the tree. There are a lot of countries that have security that is quite visible but lacks substance. One of the strengths of the Australian regime is that it is quite thick; there are a number of layers there. Can it be improved? Yes, it can. It can always be improved and that is what we should work together to do. We will not achieve that benefit if we do not work together, and that is all the stakeholders as well as the government.

CHAIRMAN—You were here when L-3 communications were answering questions. They implied that we were miles behind Europe and the United States in aviation security. Do you have a comment on that?

Mr Askew—I disagree with that. I think it is fair to say that the Europeans, certainly after Lockerbie, introduced a number of measures—but one has to look at that in context. There was Northern Ireland at the time; the risk to aviation in the United Kingdom and other parts of Europe was far greater than it was and still is in Australia. That is the challenge for people like Qantas: we are operating in countries and airports with varying degrees of threat. We must be flexible enough to adjust our security measures to meet those varying degrees of threat.

CHAIRMAN—You have read all our transcripts, so you know that we have been told that in order to generate a terrorist incident in Australia or against a Qantas aircraft overseas there need to be (1) intent, (2) capability and (3) training suitable for the task at hand for the terrorist. How do you view the threat generally to Australia versus the threat to the United States, European countries or even some Asian destinations?

Mr Askew—I think the threat to Australian interests in Australia is far less than to US interests in the US or UK interests in the UK. There is no doubt that Australian interests are seen as a greater threat now than they were some time ago, particularly since our involvement in East Timor. Any prudent planner within the aviation industry would be planning under the assumption that a terrorist attack could or will happen in the future in an Australian airport or against an Australian airline. Having said that, the official threat to Australian aviation is of a medium level, and I think it is significantly lower than for a number of overseas carriers and countries.

CHAIRMAN—In your submission you said:

The deterrent benefit of any ASO program or similar is significantly diluted when destinations, frequency of flights and resource costs are discussed in public.

How on earth can security be a deterrent if the public does not know about it?

Mr Askew—If, for instance, we had an international air security officer operation and there were 100 flights, if the five countries in which such an operation was occurring was made public, I think that would have diluted one of the benefits of an air security officer program, which is the deterrent value across all 100 of those flights.

CHAIRMAN—What is your view of a public inquiry like this one?

Mr Askew—There could be details that would be best said in camera, but I think what has been said here today is in the public's interest and should be held in public.

CHAIRMAN—Do you think that the industry benefits in general from having a wide range of views about this important topic rather than having it all in house?

Mr Askew—Yes, I do. I think a robust discussion and debate on this is healthy for the industry.

CHAIRMAN—Good, because we think we add value.

Mr Askew—I think it is a health check for us all.

CHAIRMAN—We have a very firm view that we add value to the whole accountability system across the entirety of the government sector in Australia. We will not resile from that either. You will remember seeing, on page 2 of the *Australian*, one of your aircraft with a mock-up of a surface-to-air missile heading towards it. What did you think of that?

Mr Askew—It was too close to have hit the aircraft.

CHAIRMAN—Right. But what did you think of it as statement? Did you think it was responsible media?

Mr Askew—No, I did not. The use of surface-to-air missiles as a weaponry against aviation is one of a number of challenges facing us in the aviation industry. MANPADS and the use of similar weaponry have been given an enormous amount of media coverage. The use of such technology has been fundamentally in areas of conflict where Australian registered aircraft do not fly. The percentage of success of such weaponry has been questionable. The successes of the counter-measures to date are questionable. An enormous amount of work needs to be done on this. I think it is prudent that government, industries and aircraft manufacturers work together and look at this. But it is only one of a number of measures that needs to be looked at, because it only one of a number of potential threats to the industry. The threat to aircraft operations in this country is almost negligible from this sort of weaponry.

CHAIRMAN—Do you have a view of the suitability of passenger profiling to identify passengers who could be given a reduced level of security screening, such as frequent fliers, members of parliament and those who pay for their tickets with credit cards?

Mr Askew—I think that, in the years ahead, profiling will be a useful tool in our armoury. I think that we will need to have a look at a form of profiling or a form of trusted traveller. But, to be truly successful, some of the privacy issues that we are concerned about today will first need to be addressed. I think that, to be truly successful, you would need access to government databases or to make it a government program. So we need to identify whether it is a positive profiling or a negative profiling—are we trying to identify those who pose no risk to us or are we trying to identify those who do pose a risk to us? I think the intellectual debate needs to be had first.

CHAIRMAN—I have noticed—and this is anecdotal evidence, of course, and subject to question—on a number of trips through or to the United States since September 11 that those of us who carry Australian passports are always subject to secondary inspection. It is 100 per cent of the time, no matter which aircraft, which air carrier or which airport. Sometimes they are nice about it, and sometimes they are mean and nasty. Do you think that that sort of procedure is very helpful?

Mr Askew—No, I do not think that it is. I commend the US government for embarking on such a difficult challenge. It is a computer-assisted program. It is funded by the US government and it is now managed by the US government. But at the moment, as with all these things, they are having some implementation difficulties with it.

CHAIRMAN—We have heard—and I cannot remember where or from whom—that this issue of who pays for what has an awful lot to do with culture. I will give you an example of what I mean. Torres Strait Islanders have a fantastic culture of not letting anybody who does not belong there onto one of their islands and of not taking any risks with quarantine. They would be the strongest advocates in Australia of what AQIS does. The same could be said of aviation security. If everybody in your organisation and the airports was concerned with security and safety, and upfront and pleasant about it, would we not have better chance of achieving the objective?

Mr Askew—Yes, we would. I do not think that security should be left to those with ‘security’ in their title. In Qantas we have some 35,000 employees, and we expect each and every one of those employees—and each and every one of our contractors—to contribute to the security environment in which we operate.

CHAIRMAN—What I just said—I forgot to complete the statement—was that I have heard that, in the United States, the government pays for a lot of the security now, and they have not achieved the kind of culture that we have.

Mr Askew—In my opinion, that is correct.

CHAIRMAN—AACE Worldwide points out that under the current arrangements:

... the DoTaRS is responsible for aviation security and CASA is responsible for aviation safety.

They state that this situation is responsible for delayed deployment of secure flight deck doors on passenger aircraft. Do you have a comment to make on that?

Mr Askew—The fitting of the enhanced flight deck doors is a policy initiative of DOTARS, but because it had an impact on the safety operations of the aircraft it needed to be certified by CASA. It was one of those examples of two government departments working together. The doors to be fitted to meet the policy obviously had to meet the safety standards that were set by CASA. I think CASA was in the beneficial position of being able to look at their US and UK counterparts and learn from their certification processes.

CHAIRMAN—A number of witnesses have been complimentary—as you have been in your submission, from memory—about DOTARS and the way they have operated, but critical of the lack of consultation on the proposed legislation and regulations ahead of their public tabling. Would you like to comment about that?

Mr Askew—We were very disappointed with the lack of consultation on the original bill. We were given a commitment by the department that that would be remedied with regard to the regulations. It was; we have had significant consultation on the regulations. Although I am in conversation with them almost as we speak about the lack of consultation on the amendment to the bill, which we are concerned about, I think part of that is due to resources and some time restraints that the department has to meet its legislative tabling requirements. But to be truly successful here, we need to make sure that we do have a very open consultative process between the government and all of the industry stakeholders. We just need to make time for that consultative process to occur in the future.

CHAIRMAN—There are an awful lot of players in this issue that we are talking about, aren't there? There are the airline operators, airports, municipal authorities—particularly in regional areas—federal police, state police, and the Attorney-General's office. The list goes on. The unions also have a role to play and an interest in all of this. How do we go about achieving that degree of industry-wide consultation and general agreement amongst those who have some responsibility in the industry without having everybody say absolutely yes to everything? How do we do that without creating a slowdown bureaucratic nightmare that never works?

Mr Askew—You could choose representation from those areas and from other government agencies or the airport operators and airlines, or you could set a time line for a response and say, 'We really do need a response to this within seven days.' It is a difficult challenge. I accept that. There are a number of people who wish to have say now that perhaps did not in the past. I do not think there is an easy answer.

CHAIRMAN—We have been to regional airports—both regulated and unregulated. Do you agree with DOTARS that it is jet aircraft carrying 30,000 passengers a year or whatever is the target area for upgraded passenger screening and, ultimately, baggage screening?

Mr Askew—I agree with the idea of having a categorisation, and I agree with the threat assessment that the regional aircraft operations are at less risk than those from major cities and our capital cities and, therefore, that smaller regional aircraft are at less risk of a terrorist act than our international aircraft. Having said that, I think there is more that can be done in the regions. The difficulty here is that not everybody has borne their share of the burden—and they are those

areas that you have just mentioned. I think local and state governments have a role to play in this. It is not just an issue for the federal government; stakeholders and people like Qantas have a role to play in here.

From Qantas's point of view, we have introduced a number of measures to protect our aircraft from crime. We see that as being the greatest risk to our operations in regional airports. The trouble is that once that aircraft has been accessed—whether that is somebody just having a look at the aircraft while it is parked there overnight with no ill-intent whatsoever—you cannot return it to service unless you are absolutely satisfied that there has been no injury to the aircraft. I think there are cultural, training and awareness issues out there for the entire community. It is community based. Having said that, I think DOTARS perhaps have a role here, because they are the experts and they should certainly be able to give guidance—if not regulatory oversight—to that community on how it should go about setting up consultative programs in the regions.

CHAIRMAN—Naturally enough, surprise, surprise, the New South Wales government told us at hearings in Sydney that the Commonwealth government should spend more money protecting regional airports, that they could not afford to and it was not their responsibility. The airlines could not afford to and said they would probably stop flying if we increased security, so we would not have any flights out of regions. I think the Queensland government is going to tell us pretty much the same thing today.

Mr Askew—I think the state governments have a role to play even in the current environment out of capital city airports. The resourcing of police at our major airports is just as big a concern as it is at regional airports. We need to encourage police patrols at three o'clock in the morning to drive past our regional airports. We need to encourage our local police—and I understand the resourcing issues and their workload—to have a presence in our airport environment as they are significant players there. State governments do have a role to play in this.

CHAIRMAN—Going back to my previous question, it is clear from what you just said and from what I said is in the Queensland government's submission—and I think in the submissions from New South Wales and Victoria—that everybody wants the Commonwealth to spend money. There are a lot of vested interests, aren't there? There is a huge number, including the manufacturers of equipment. How on earth does DOTARS enter into such a comprehensive consultation regime that manages to get any sense of total agreement throughout the industry? Is that possible?

Mr Askew—No, I do not think it is possible to get consensus on all issues. But a commitment to the consultative process would be beneficial.

Ms PLIBERSEK—There was a story a few months ago about a Qantas baggage handler who may have had links to a terrorist organisation overseas. One of the witnesses we have heard from suggested that baggage handlers should have security checks done on them for up to 10 years into the past. Do you have a view on this?

Mr Askew—That is in fact occurring now. The new regime for access and ID cards at airports—in the past there was only a criminal background check—includes an ASIO check. So that proposal has been now included in the new ID card requirements.

Ms PLIBERSEK—You mentioned the state governments' responsibilities. Would you mainly put that down to police being as visible in airports as they would be in the main street of a town? You are not talking about additional financial responsibility for what is going on in security upgrades?

Mr Askew—Not from the police, no. I think the police have a role to play not just in response arrangements but also in preventative security. One of those roles is about using their experience to educate the airport community in preventative security as well as the deterrent value of patrols. That is a benefit that can be derived both at a capital city airport and a regional airport. I do not think some of the local government organisations that have management of regional airports have received significant training and awareness education also.

Ms PLIBERSEK—In the case of regional airports that are run by local government and are not big business ventures—they are basically a service for the local community—it makes a lot of sense to rely on local police. But in a case like Sydney Kingsford Smith, which is in fact an enormous shopping centre that also has planes coming in and out of it, doesn't it make sense that they should bear some of the financial responsibility for having security guards? You would not expect the local police to patrol Westfield shopping centres and not have Westfield make a contribution to having their own security guards there. It is a business. It is one of the costs of doing business, isn't it?

Mr Askew—Yes, it is but there is also a community role for law enforcement. There is a public interest here—there is public safety as well as security. I think the police have a role to provide a presence throughout our community. An airport is not an island; it is part of our community, and I do not think it is unrealistic to expect to have a police presence there.

Ms PLIBERSEK—So you think I should take police off the streets at Redfern and send them to Kingsford Smith at Mascot and that Macquarie Airports should not bear the financial responsibility for that?

Mr Askew—No, I think there should be a balance. There should be a contribution by both the airport community and the greater community at large.

Ms PLIBERSEK—In general, are you saying that, if the Commonwealth government want counter-terrorism measures, they should be bearing the increased response?

Mr Askew—Yes. Up to two years ago, airlines like Qantas were very comfortable with the responsibility of protecting their aircraft. We understood the risks that were imposed on us and we understood our requirements. What happened on September 11 was that not only was an aircraft hijacked but it was used as a weapon of mass destruction against people on the ground. It is impossible for an airline like Qantas to have the responsibility for protecting people on the ground. That is a shared responsibility between the state and us. We still understand that the screening responsibilities for baggage and passengers and other protective security measures are a responsibility for the airline. The perimeter security and other protective security measures at an airport should be the responsibility of the airport. But where you have air security officers whose sole role is to protect the integrity of the cabin, where we are doing ASIO background checks for the sole purpose of identifying a potential terrorist and where we have counter-

terrorist first response personnel deployed at an airport, these are responsibilities for the federal government that should be funded by the government.

Ms PLIBERSEK—I have a final question. One of the expert witnesses we heard from said he believed that there were a number of objects still allowed onto aeroplanes which he thought could potentially be used as weapons. He gave two examples, which were duty-free glass bottles that could be smashed and used as a cutting implement and clear bottles apparently filled with water that could be filled with a flammable liquid and used to start a fire. Do you think this is taking things to extremes or that these things are significant threats?

Mr Askew—The only way I can guarantee the security of our operations would be to ground the fleet. From the moment we decide to fly, we are in the business of risk management. It is impossible to remove all items from the cabin of an aircraft that could be used as a weapon by a person with such intent. What we need to do is to look at our priorities and our priorities are to prevent terrorism, so we prevent firearms and the like from being in our aircraft. I am not sure that we enhance the process by the removal of metal knives that will not cut butter, nailfiles or duty-free alcohol. I think the examination of liquid at a screening point, and open liquid at that, is a value added part of the process, but we really need to have that balance and that is what we need to strive for. That will get public confidence back as well. The majority of correspondence that I have from the travelling public would be about their concerns of inconsistencies— inconsistencies between overseas experience and Australian experience or inconsistencies between one Australian airport and another. One of our roles is to harmonise international standards and to have some consistency in the implementation of those standards throughout the industry.

Ms PLIBERSEK—I have seen advertisements for some airlines where they have introduced these sort of self-service bars built into the seats in business class and I read that you were thinking about doing the same. Do you have security concerns about this? It is not for my personal interest; I am actually worried about people who drink too much on planes, because they are a major source of disruption, aren't they?

Mr Askew—We have a facility for holding a bottle of water in the seat. We do have an area in our new business class fit-out that will enable people to go and serve themselves with alcohol, but it is supervised and monitored and it is meant to create an environment where passengers can stand around and chat and not to have an unlimited supply of alcohol. We still have a policy of alcohol delivery.

Ms PLIBERSEK—The figures that you gave at the beginning were that the numbers of disruptions and violent incidents had declined quite dramatically according to your figures. What do you put that decrease down to?

Mr Askew—Certainly part of it is the service of alcohol. If you went back 10 years, I think it was almost a contest between Australian sporting teams to see who could consume the most on the way to London. Those days have well and truly gone. We do have a responsible alcohol policy. I think people themselves are more aware of it now, too. We certainly consume more water on our aircraft than alcohol.

Ms PLIBERSEK—Thank you.

CHAIRMAN—Isn't it also true that part of the change that we are talking about here is a change in culture: that is, your screening personnel on the ground who deal with incoming passengers are now much better trained and much better at doing their jobs—more consistent, more friendly and more helpful—than they were in the reactive phase in the aftermath of September 11?

Mr Askew—We hope so. Again, as part of this tiered process for international travel, your first point of contact is, presumably, when you check your bag in. You will then go through a screening process. You then may go and speak to somebody in a lounge, then you will go through the boarding process and then you will go through the entry of the cabin. Each of those people along that process line has been trained to keep an eye out for people and, if there are any concerns about the behaviour, the gait or anything else of such people, our intention is to keep those people off the aircraft rather than having to deal with it in the aircraft.

CHAIRMAN—Thank you very much. Once again, I will ask—as I have previously—whether, if we have any further questions, you would mind if we put them in writing.

Mr Askew—Not at all.

CHAIRMAN—Thank you very much.

[11.14 a.m.]

SCANLON, Mr Philip David, Head of Security Department, Virgin Blue Airlines Pty Ltd

O'CALLAGHAN, Mr John Jerome, Government Relations Adviser, Virgin Blue Airlines Pty Ltd

CHAIR—Welcome. Thank you for your submission. Do you have a brief opening statement you would like to make, or would you just like to answer all the questions we have asked Qantas?

Mr Scanlon—I thought they answered all the questions.

CHAIRMAN—You might have different views.

Mr Scanlon—Thank you, Chairman. We welcome the opportunity to speak to the committee today. Like Qantas, Virgin Blue is also committed to having a high level of security to ensure the safety and security of our aircraft and our passengers. Virgin Blue has introduced the strengthening of cockpit doors under the phase 2 terminology through the Department of Transport and Regional Services and CASA. We are currently in the process of implementing those doors.

One of the other issues that was raised was in relation to air rage. I have some figures here that I would like to quote. Obviously, being a brand new airline, our figures are somewhat diminished compared to other carriers. In 2001 we carried just over two million passengers, and during that time we had a report of two passenger incidents. What you must remember is that that was only from September to Christmas. In 2002 we had just under six million passengers—a dramatic increase in aircraft and passenger loads—and the number of passenger incidents was 111. In 2003, up to the current date, we have carried in the vicinity of over 7½ million passengers and we have had a slight increase of incidents to 133. Those are incidents reported by airport staff, through airports and through screening authorities throughout the network, which currently conduct 20 airports throughout Australia.

Since the operation of Virgin Blue, we have worked closely with the department of transport, other government agencies such as ASIO and other Commonwealth areas. We believe we have a commitment to continue to increase security and safety on board our aircraft for all persons within our precinct. We believe that it is an expectation not only from passengers but also from the general public for us to ensure the safety and security of the aircraft. The other issue is that we are currently providing detailed submissions to the security review being undertaken by Dr Shergold.

Mr O'Callaghan—I would like to add a comment or two in regard to two issues in particular. The first one is in regard to the areas and division of responsibility in regard to government contribution and industry contribution. I wanted to pick up on one particular point that was raised by Mr Askew from Qantas. As a general principle, Virgin Blue is in agreement with Qantas about the division of responsibility. One area though that is a contemporary issue, which

is of real interest to your committee and to others, relates to the subject of check bag screening. The information that has been made available by a number of airport owners—and in particular at Sydney airport—indicates to Virgin Blue and others that implementation of full check bag screening will be very costly. Virgin Blue has been given an indication from Sydney airport alone that it would cost somewhere in the order of \$80 million to \$100 million or \$120 million for full check bag screening for domestic airline operators. That is not an insignificant cost.

Virgin Blue's view is that there are a number of options the government and the committee might like to have a look at in regard to how that might be funded. For this point in time, we think that Virgin Blue and its passengers have, in fact, held a share of responsibility for implementation of measures, particularly since the introduction of the airline three years ago. We think that there is a case for other measures in this circumstance, because the cost of global check bag screening relates fundamentally to having to change the structure of terminals. For example, at T2 in Sydney it would be quite expensive to change the terminals in such a way as to have full check bag screening. We think there is a case for the committee and others to look at other measures for screening of baggage, perhaps similar to the sort of screening that has been done at the moment for explosives et cetera.

The other issue I wanted to raise with you is the issue of consultation. I think it is fair to say, and consistent with what Qantas was saying similarly, that historically the level of consultation between the Department of Transport and Regional Services and the airlines, whilst good, has always required improvement. I think they have been under enormous pressure in the last three years, certainly since September 11. We think there is perhaps a case for their strengthening some of their skill levels in regard to some commercial experience. From your committee's perspective, there may be scope to have a look at that. Let me be absolutely clear, though, that we have a very good working relationship in particular with the department of transport and we want to continue with that.

In regard to the development of legislation and more particularly the regulations that go with that, there is scope for their having additional resources to assist them in better managing that requirement. Clearly they have been under a lot of pressure. It has been the case that in regard to development of regulations in the past the level of consultation with the airlines, including Virgin Blue, has been relatively poor. I think it has improved substantially but there is a way to go and we certainly want to work with the department to do that. Our plea to the committee is that in working with the department it is important that we be involved very early in the process as opposed to late in the process. From the point of view of getting quality legislative outcomes, from your perspective and your committee's perspective that is beneficial.

CHAIRMAN—You heard Qantas say that the only way to guarantee absolute security is to shut down the airlines. Do you agree with that?

Mr Scanlon—I would agree with that. There is always some area of risk involved in any person entering an aircraft, and to get the ultimate solution that would be the only action.

CHAIRMAN—You said in your submission that unfortunately the federal government has forced the aviation industry to shoulder the financial burden of introducing new security measures but no other sector has been required to do so. Really?

Mr Scanlon—The process we have seen is that the department of transport have come forward on behalf of the government and asked for measures to be implemented having no regard to the costs. For the check bag screening, the costs implication is fairly substantial. In that area we see that in the United States that has been funded by the government. I would not say that is the perfect model by any stretch of the imagination, but the consideration has been taken over there to fund that process. We believe there has to be some consideration, whereas at this point in time we have been advised that the industry will pay and there is no consideration.

CHAIRMAN—If someone, a terrorist, puts a bomb into baggage that is checked and blows up one of your aircraft while it is coming in to land in Sydney, do you want the Commonwealth insurance to pick up the bill?

Mr Scanlon—We are not saying that the government is going to be liable; what we are saying is that they should have input and funding measures should be looked at in consultation in relation to that for the process of the check bag screening. We do not disagree with the process.

CHAIRMAN—You do not disagree with the process, yet you have a vested interest and you want the Commonwealth to pay for it, not the airline passengers.

Mr Scanlon—As I stated, the department has stated to the industry that the industry will pay. What we are asking for is that the government consider the terminology and have further input, in consultation with industry, as to the outcome of that payment, whether the industry pays or the government pays some subsidy in relation to that or there are some other measures put in place. We just want the discussions to continue and to be revisited.

Mr O’Callaghan—In the context of check bag screening, as I said earlier, from the evidence that is now coming forward, particularly from the airport owners—and they will speak for themselves on a later occasion—it appears to us at least that there is a very large one-off cost for introducing global check bag screening infrastructure. Let me give this comparison. As witnesses said earlier this morning, the actual cost of the machinery is quite small but to change the chute arrangements, for example, in T2 alone in Sydney airport means that the actual cost in changing that facility is quite high. What Virgin Blue is saying is that we think there is the case in this situation for the government to give consideration to that.

I will go a little bit further and suggest to you that, in terms of funding opportunities and options, one of the areas that the government might want to look at is the Ansett levy and the global amount that was raised as a consequence of that. We do not know what that amount was. Of course, from a Virgin Blue perspective, we appreciate that there is a case for the funding of the entitlements of the former employees of Ansett. We do not have a problem with that at all, but if, in effect, the take from the Ansett levy means that there is scope for the government to do a little more to provide some contribution for check bag screening and other measures, we think there is a case for doing that. It is also probably worth making the point that since September 11 there has been a lot more focus, I think, on aviation security and airport security generally than there has been on other areas of industry. We are now seeing the focus shifting, to some extent, in regard to maritime security, and I think that is a logical extension of that. In terms of shouldering the responsibility, that is the context in which that comment was made.

CHAIRMAN—If the Commonwealth is to be responsible for paying for the check baggage screening equipment, why not make it responsible for paying for the passenger screening equipment? What is the difference, Mr O’Callaghan?

Mr O’Callaghan—I think the difference at this point is that we are finding that the cost of the actual screening machine is relatively low, and whether it is for bags or passengers. Already, of course, the airlines are paying, in effect, for the passengers, but in the case of bags going into the holds of aircraft, substantial additional costs associated with restructuring some—not all—terminals are required. We are suggesting, as a one-off, there is a case here, perhaps, for the Commonwealth making a contribution. I think Mr Max Moore-Wilton has been fairly forthright in regard to that. I defer to his knowledge, which is much greater than ours, in regard to it.

CHAIRMAN—He has not appeared in front of the committee—

Ms PLIBERSEK—No, he has a direct line. He does not need to go through us.

CHAIRMAN—but I understand that is the view of the Sydney Airport Corporation. It is the view of lots of people. Everybody involved in the industry has a vested interest somewhere.

Mr O’Callaghan—On this issue, I think it is important that the substantial cost that has been identified at Sydney would be comparable, perhaps, at one or two other locations as well. I think, in the context of this discussion, that it is worth having a careful look at that.

CHAIRMAN—Does Virgin Blue have a view of aviation security in Australia versus that of the rest of the world?

Mr Scanlon—We are currently only a domestic carrier, therefore we only operate—

CHAIRMAN—I know that, but I asked: do you have a view?

Mr Scanlon—We believe the Australian standards are to a level equivalent to the best within the world surroundings. Unfortunately, at this time our company does not travel through Virgin Atlantic to Australia, so we do not have that linkage through there. We commonly communicate between both companies. We are starting Pacific Blue in New Zealand early next year, and we believe the Australian standards are of a high standard within world practice.

CHAIRMAN—That is good. You did say in your submission that Australia’s security program delivers sound security outcomes. However, so far this year numerous security incidents have occurred on board both Qantas and Virgin Blue flights, and the Sydney terminal, as you know, shut down three times. What do those incidents say about our security?

Mr Scanlon—I do not know the full detail of each individual incident, obviously, because we have no control over other carriers or airports. The incidents that I can refer to are in relation to Virgin Blue. I believe that the way the incidents have been managed and handled has been to a professional level. I believe, as previously stated, there is human knowledge and technology out there that is used on a day-to-day basis and, from time to time, there are going to be failings. We work with other airlines, other airports, and the department of transport to try and structure that layered approach to ensure that we have a number of measures in place. We believe, on a day-to-

day basis, with respect to the number of incidents that have occurred in the three years of our operation, that the incidents have been fairly minor. The matters have been fully investigated by us internally, and also by the department of transport afterwards. Our measures in place do stand in world standards.

CHAIRMAN—Do you have a view about the categorisation of airports?

Mr Scanlon—Yes. I do not see a major concern regarding the categorisation. Virgin Blue only flies to airports that are screened, so all Virgin Blue aircraft passengers are screened in that manner.

CHAIRMAN—What kind of turnover of screening staff do you experience?

Mr Scanlon—We only have one screening point in Australia, which is at Brisbane. At the rest we pay the airport authority or the screening authority for the privilege of using their screening point. Therefore, we have one port. I do not have the exact figures of the turnover, but it would be rather minimal. We have only been a screening authority for approximately 12 months.

CHAIRMAN—Where is that?

Mr Scanlon—It is in Brisbane, at the Virgin Blue terminal.

CHAIRMAN—How effective do you think it is to turn over the responsibility for screening the people who are going to fly on your aircraft to the airport, rather than you doing it yourself?

Mr Scanlon—The situation is that each airport operator has better knowledge and understanding of their own facilities and infrastructure. We do not profess to be the experts at their port. We constantly liaise with all the screening authorities and we ensure that we meet on a quarterly basis. We talk to those people and, should there be any incidents, we provide them with our investigations into what we found, and they provide us with information. It is a fairly open communication, and I believe it is very productive.

CHAIRMAN—Regardless of your quarterly meetings, do you have an audit program?

Mr Scanlon—Yes, we do. We audit those airports where we fly in and out, and their facilities.

Ms PLIBERSEK—You mentioned that until recently there has been very little consultation with the aviation industry about the proposed security enhancements. This apparently caused you some problems. Do you want to tell us a little bit about the problems? Can you tell us whether that consultation process has improved?

Mr Scanlon—Yes. Over the previous 12 months, I would presume, a number of issues were raised by the department of transport. These matters were not consulted on with the industry, and some measures were implemented. As a result of the industry collectively speaking with the department, the matters were reviewed. This has been an ongoing process, and we are attempting to increase that communication level. We believe that it has increased but, ultimately, we would like it to increase even further.

Mr O’Callaghan—It has been an evolving process, and I think it has got better over time. There is always room for improvement, particularly, as I mentioned earlier, with regard to consultation about the development of draft regulations. One useful development in the last few months has been the establishment of a high-level group by the department of transport which includes representatives of the airlines and the airports. That meets reasonably regularly and is dealing more at the macro level with regard to substantive issues of concern relating to aviation security. I think that that has been a positive and welcome development. Basically, it was initiated by discussions between industry and the department.

Ms PLIBERSEK—What would you spend on security in a year?

Mr Scanlon—The exact costings for us are fairly difficult to substantiate at the moment because of our phenomenal growth. We started with two aircraft just over three years ago and we currently have 40 aircraft. So the yearly cost is something that is very hard to pinpoint for us at this point in time. I could possibly get that figure for you, but I do not have it with me.

Ms PLIBERSEK—So you do not know what it adds to the price of a ticket?

Mr Scanlon—There are items that are added onto the price of the ticket, but there are other items that we consume within our organisation.

Ms PLIBERSEK—What proportion of your ground staff, security staff, baggage handlers and so on are permanent employees, and how many are contract staff?

Mr Scanlon—I could not give you an exact figure on that. Our employees staff our four main ports. Our regional ports, which are our smaller ports, are staffed by a mixture of Virgin Blue staff and contract staff.

Ms PLIBERSEK—One thing that interested me about the submission that we had from the Australian Liquor, Hospitality and Miscellaneous Workers Union a few weeks ago was that it said while aircrew had been trained in some security measures post September 11, ground staff, such as customer check-in people, had not received any additional training. Is that the case at Virgin Blue?

Mr Scanlon—No, they have been trained as to security measures. We are obviously developing and enhancing our measures on a daily basis with the growth of our airline. We believe that with the new measures we are reviewing security as constantly as we can. We are developing training programs continuously. We have submitted training programs to the department of transport in accordance with ICAO standards. Our staff—cabin crew, pilots and ground crew—have all been trained. They have general training and then they have specific training for their area of expertise.

Mr SOMLYAY—You are not in the freight business?

Mr Scanlon—We do carry freight but at this time it is a very minor part of our business. We obviously try to concentrate on the passengers that board our aircraft and that takes priority now. We do not have freight aircraft as such.

Mr SOMLYAY—But if you carry a component of freight on your passenger flights, there must be a concern about security?

Mr Scanlon—The situation is that we operate in accordance with the government requirements under the processes today. We see that there are measures that could be implemented to increase added security on the screening of freight but at this time, under domestic standards, we do not screen freight. As I said, it is a very minor part of our business. It is something that we are looking at with suppliers at this point and we are doing costings in relation to possible screening of percentages of freight.

Mr CIOBO—I am a little confused about Virgin Blue's position with respect to additional security measures. Obviously, there was a cost associated with introducing the security measures in order to operate as an airline. Is it your view that the federal government should have paid for those security measures? I am not talking about additional measures, just the existing measures.

Mr O'Callaghan—From the perspective of the costs associated with implementation of those measures up to this point we have had no fundamental problem. We think that the division of responsibility, as I said earlier, with what the Commonwealth does in regard to counter-terrorism activity, intelligence gathering and policing activity is an appropriate balance. What I suggested to you earlier is that we think that for the additional measures, particularly where there are one-off infrastructure costs, there is perhaps a case for some sharing of responsibility. I have to say that we have been having some discussions with Dr Shergold and his people in regard to the review that they are doing. We sense that, in fact, there is at least a desire to hear the case and we would put the case pretty strongly that we think, as a one off, there is some scope to do that. But in regard to the general responsibility and division of responsibility, as outlined previously by Mr Askew we agree with him.

Mr CIOBO—Okay. That was unclear to me in that I thought you were adopting quite a different position from Qantas. But in broad terms, it is the same.

Mr O'Callaghan—In broad terms, it is the same. I mentioned specifically the one-off costs for check bag screening, because of the infrastructure changes at some airport terminals, as being an issue that we think is worthy of consideration in the current context and worthy of some sharing of responsibility. But it would be a one-off cost.

Mr CIOBO—Would I be correct in paraphrasing you to say that is because the goalposts have shifted since you went into the T2 facility?

Mr O'Callaghan—Not so much the goalposts. I think there is recognition, particularly on the part of the airport owners, that it is one thing to make a decision to have check bag screening but it is another then to work through the costs associated with introducing it. Without being unduly critical of the department I think this is a good example of where, had there been a high degree of prior consultation, those sorts of costs would have been identified earlier in the piece and perhaps there would have been an up-front consideration in terms of the announcement that was made about the introduction of that measure.

Mr CIOBO—Has that level of consultation been rectified?

Mr O’Callaghan—In the main—and I think Phil would agree—the level of consultation is pretty good now. With regard to the development of some draft regulations, some areas of the department are a little better than others. Overall the improvement has been good, but there is a way to go. We will continually raise with the department and with others, on occasions when we think that that consultation should improve, that it be improved. It is certainly a lot better than it was three years ago and it is getting better by the day.

Mr CIOBO—With respect to the situation at Brisbane airport where Virgin Blue has its own security staff for checking passengers and carry-on baggage, do you do access penetration tests?

Mr Scanlon—Yes, we do.

Mr CIOBO—What rate of success or failure do you have with those?

Mr Scanlon—The success rate is fairly high. The department of transport also does constant audits on us. We have an agreement with Qantas—because it is a multishared terminal, we both have access into the same sterile area, so we have an agreement that we will test each other’s equipment as well. We are working fairly closely on that.

Mr CIOBO—What about the apron side of the terminal? Is it the same thing there?

Mr Scanlon—We do an audit process and that comes under that. We do that at all ports not just in Brisbane.

Mr CIOBO—I want to deal with the issue of the respective roles between the federal, state and local governments and the airlines themselves. I take it from what you said, Mr O’Callaghan, that the development of the National Counter-Terrorism Plan is important and that that, in large part, is crucial to you having faith in the ongoing success of the partnership in terms of aviation security?

Mr O’Callaghan—It certainly is very important. I have to say that, to the best of my recollection, there has never been any division of the responsibilities in any public way up to this point. We are moving down that track and the discussions we have been having with the Department of the Prime Minister and Cabinet in recent times suggest that they are thinking clearly about this. We think that is a good development. From the point of view of counter-terrorism, it is an area where it is not necessarily appropriate to be exposing the operational side of things, but it is absolutely important that there be clarity about roles and responsibilities.

Mr CIOBO—As part of Qantas’s submission, there was discussion about the threats that are posed by people in custody. What are your feelings with respect to the threat posed by persons in custody whether escorted or unescorted?

Mr Scanlon—We do not see it as a significant issue in itself if it is managed correctly. We have only just commenced carrying persons in custody, and our numbers are basically insignificant at this point in time. However, threat assessments are conducted on each and every one. The whole issue is, as long as we are notified that the person is a person in custody, we can then make that assessment. In the small number that we have carried, we have already refused persons on board our aircraft because we believed the threat was too high for the safety of our

aircraft. That will be paramount to us at every stage. If we believe there is a threat that we cannot control—that is not manageable—we will then reduce the threat by refusing.

Mr CIOBO—Are you satisfied with the process at this stage?

Mr Scanlon—As I say, if we are notified, we are more than happy with that process.

Mr CIOBO—Are there any instances where you are not notified?

Mr Scanlon—No. But working in the industry, we are aware of certain situations that have occurred. But I am only going on second- and third-hand information in relation to that.

Mr CIOBO—I take it not with Virgin, though?

Mr Scanlon—Not that I am aware of—put it that way.

Mr CIOBO—I notice you fly into, for example, Mackay and some of the regional airports—although they are categorised. What are your thoughts about security aspects there? Are you satisfied that the existing security measures are appropriate? Do you believe there is a need for additional security measures in regional airports? I am after some general comments about the regional categorised airports.

Mr Scanlon—With respect to the regional airports that we fly into, we believe the risk assessment of those ports is manageable. We believe that the measures that are currently in place are sustainable. We believe that the overall security measures within the aviation industry in Australia have increased as a result of the Sydney Olympics. The aviation industry raised the bar at that time, and I believe it is continually raising the bar. I believe the measures that are in place are adequate. It is like any process: tinkering around the edges needs to be completed and there needs to be constant review and monitoring but I believe the measures in place are adequate at this time.

Mr CIOBO—Do you get feedback from the government or the department in those ports, for example, about the results of audits conducted?

Mr Scanlon—If the audit is conducted on our section of the terminal, we are given that information. We have a different procedure to Qantas as we are in what we call a common user area. We do not own that terminal; we only have a leased area within that area. We do get that feedback on audits, and we are also asked for input in relation to the outcomes of those audits.

Mr CIOBO—Are you satisfied with your relationship with intelligence agencies—such as ASIO, for example—in relation to risk assessment of domestic flights that Virgin undertakes.

Mr Scanlon—We have a fairly good relationship with the Department of Transport and Regional Services and ASIO in relation to the flow of information. Obviously, domestic contact varies dramatically to international. We are building those communication lines even further as a result of services to New Zealand and, therefore, being an international carrier. So we are currently in constant communication with them to establish higher levels of communication, and they are more than willing to oblige in anyway they can.

Mr O’Callaghan—We have had good contact with the Director-General of ASIO. We appreciate the forthrightness of the advice that he and his people have been able to present to us on a number of occasions, and we would like to see that continue. Regarding regional airports—and this goes back to making sure there is good consultation—it is important that there be a clear understanding about who is responsible for what and what costs are involved when measures are being introduced or proposed, particularly in regional areas, because the impact on local government and local councils can obviously be high. But it also impacts on airlines such as Virgin Blue as well.

From our perspective as an airline, the point I wish to stress is that an early rather than later consultation is better. It is particularly important because we are a low-cost airline, and additional costs fundamentally upset our business model. Whilst we have been growing substantially in recent times—and we want to keep growing—we must keep operating costs to a bare minimum as best we came. Whilst we absolutely take the security and safety of our passengers as the number one priority, it is always in the context of making sure that the balance is right. When people in Canberra, in particular, are thinking about additional measures, it is fundamental there is sufficient consultation so that they understand what the impact both financial and other is before they introduce them.

Mr CIOBO—Are you saying that is not happening at the moment?

Mr O’Callaghan—In the past there has been a tendency not to do that, particularly in regard to the debate as it continues on regional areas. Probably more so than anywhere else, the sensitivities related to the costs involved are high and the requirement for good discussion and consultation is paramount.

Mr CIOBO—Are the sensitivities high in the public’s eye or are they high for the stakeholders, in so far as I am excluding private operators? Is it fair to say that the concerns lie with the various tiers of government, and who will be paying for what, rather than it does in the public’s eye? Do you believe that the public differentiate between whether they are paying their tax dollar to local, state or federal?

Mr O’Callaghan—That is a pretty hard question to answer from the point of view of an airline.

Mr CIOBO—Could you make comment on it?

Mr O’Callaghan—I think from the experience and point of view of Virgin Blue passengers, they would like to pay the minimum amount to get to their destination.

Mr CIOBO—With the maximum amount of safety.

Mr O’Callaghan—Exactly. The question was asked earlier about the actual cost of security measures, and it is very hard to put a complete costing on the table. But the point is that in the additional cost dissuades people from travelling.

Mr CIOBO—So does the plane blowing up.

Mr O’Callaghan—Sure. I hear exactly what you are saying. From the point of view of business, we are trying to grow an airline, grow the tourism industry and grow businesses that work with our business, and any additional costs have to be considered in that context.

Mr Scanlon—The other issue, in the context of the security measures that will be implemented, is that the ultimate goal for us is to implement them in a productive manner that is operationally sound. If they are implemented without any consideration for operational efficiencies, that could create a greater cost impact. That is where we are coming from. We are not saying that we will not pay for security measures, because we will and we always will. We just wish to say that, if we can implement them in measures in relation to which we have the operational skills and abilities, and we know potentially the best way to implement those measures or can give the government advice in relation to those areas, they could be implemented in a more cost-effective manner.

Mr CIOBO—Would it be fair to say that government also has a responsibility to taxpayers to drive some of these reforms through, even if it means that stakeholders such as the airlines are unwilling in the first instance to perhaps incur additional costs with additional and enhanced security measures?

Mr Scanlon—At the end of the day it depends on what the measures are.

Mr CIOBO—Is it not part of our responsibility and part of our policy decision making process as government to look at what we believe is reasonable in terms of providing public safety against what you consider to be reasonable in terms of enhanced costs and additional costs to you as an airline operator? Obviously, if we go too far then as an airline you will go bankrupt and shut down. If we do not go far enough then presumably the threat to public safety is such that you will probably go bankrupt and shut down because people will not want to fly.

Mr Scanlon—A current process that was developed and implemented by the department of transport is trace detection at screening points. As a result of that being implemented, we have commenced, as of day one, with the implementation program. However, we have put measures in place that have further enhanced what the government put in. So at no stage are we concerned about the cost factor in that regard, because we believe it is a better security outcome for our passengers and for the general public. Sure, the government is there to make determinations and provide policy and guidelines, but it is like anything: if you are there to provide information or policy and guidelines, if you can get the best information and data available I am sure it is beneficial to all parties to use that information.

CHAIRMAN—In this whole area of cost and security, is it not true that, were you to lose one aircraft full of passengers to a bomb, the cost to Virgin Blue would be far greater than the cost to you today of the security measures you implement?

Mr Scanlon—I think that any incident to any airline within Australia would have catastrophic effects not only for Virgin Blue but also for Qantas, Alliance, Rex and any other airline in Australia; every airport; the hospitality industry; and the tourism industry. It would be phenomenal. I agree with your comments.

Mr O’Callaghan—I will just make one point, because I think it is worth keeping this in context. The important thing here is that we believe, from Virgin Blue’s perspective, that the measures that have been put in train give a very high level of assurance that the security and safety of passengers is paramount. Comments were made earlier that Australia is seen internationally as having a very high level of security and safety, and we want to keep it that way. The point to stress here is that additional measures need to be introduced from time to time. This is an evolving process, as a Qantas representative said earlier, and we agree absolutely. But in introducing or suggesting them, we need to work through the implications—cost, operational and practical. Provided that those measures stack up in terms of the requirement that needs to be met, we do not have a problem.

CHAIRMAN—Do you have a view of the suitability of passenger profiling to identify passengers who could be given a reduced level of security screening? I have suggested frequent flyers, members of parliament, those who pay for their tickets with credit cards and so on.

Mr Scanlon—That is quite timely. I spoke at the Australasian security conference yesterday on the exact topic of passenger profiling. It is something that we are currently looking at. As Mr Askew stated previously, the potential to implement a passenger profiling system—or a trusted traveller system, as you are referring to—has some security benefits, but it has some demerit areas as well. I think that the privacy element of the whole process is paramount. Until we can address the privacy issue, I really do not think we can go too far forward in this process. I am actually looking overseas in the next few weeks at systems that are currently operating in other countries and other airlines.

CHAIRMAN—Even more important than what you just said about privacy is that all passengers see that they are being treated the same.

Mr Scanlon—At the end of the day, we try to treat every passenger the same with extra service and courtesy and we provide them with quality air travel. But there will be situations that will address themselves when persons come to a check-in counter and display certain characteristics that may be of concern. We currently have processes in place and, if people do act in a manner that we do not believe to be appropriate, we will take appropriate action. Regarding the profiling and the privacy issues, I think it would have to be a government implemented plan to ensure that it went through the Privacy Commission.

CHAIRMAN—You may have misunderstood. My concern was that, if you were to let us through without screening, what would the other passengers think?

Mr Scanlon—People would feel discriminated against, because you are a frequent flyer.

CHAIRMAN—There is a big downside, I would have thought. Thank you very much for your submission and for coming and talking openly with us today. If we have further questions, we will put them in writing to save you coming back.

Mr Scanlon—No problem. Thank you.

[12.02 p.m.]

CONDER, Deputy Commissioner Richard Philip, Deputy Chief Executive (Operations), Queensland Police Service

HENDERSON, Chief Superintendent Andrew Charles, Command Coordinator, Operations Support Command, Queensland Police Service

ROBINSON, Mr Colin, Director, Passenger Transport Development, Queensland Transport

VASTA, Mr Damien Alexander, Senior Adviser, Aviation, Queensland Transport

CHAIRMAN—Welcome. Thank you very much, gentlemen, for coming. Thank you to the state government for the submission. Do you have a brief opening statement?

Mr C. Robinson—The Queensland government welcomes the opportunity to provide comment on the issues relating to aviation security to the Joint Committee of Public Accounts and Audit's. While it is acknowledged that the Commonwealth has sole responsibility for the regulation of aviation security under the Air Navigation Act 1920, it is now apparent that aviation security is in many ways a responsibility that falls at all levels of government. The Aviation Transport Security Bill will replace parts 3 and 3A of the Air Navigation Act 1920 and will redevelop the regulatory framework such that the bill and supporting regulations are more readily understood and applied by government and the aviation industry. Much of the comment in the Queensland government's submission to this review reflects the probable impact that this legislation will have on the Queensland government in the context of aviation security regulation and policy.

As the Queensland government, through Queensland Transport, regulates and/or subsidises certain regular passenger transport air services to the state's rural and remote communities, the issue of cost imposts for regional airports is very significant. As many rural and remote air services throughout Australia have been suffering and are continuing to suffer viability concerns, state governments are faced with the decision as to how and when services should be financially supported in order to provide reasonable access for outback communities.

Part of the rationale behind economic regulation of air services is not only to allow operators to trade free from competition—and therefore be more likely to achieve commercial viability—but also, with the provision of subsidy funding, regulation allows for the state government to control airfare levels in order to achieve more affordable access to essential transport services for these communities. In some cases, the imposition of airport security related ticket taxes is significant enough to affect the affordability of air travel to and from certain rural ports, hence negating the effect the Queensland regulated and subsidised air service regime is attempting to achieve.

Notwithstanding the concerns regarding funding, the Queensland government acknowledges the efforts being made by all relevant agencies within both the public and private sectors in

response to the need for heightened security arrangements at Australian airports. That is probably all I need to say at this stage. I thank you for the opportunity to be here today. We are happy to answer any questions. I would also like to acknowledge the presence of our Queensland Police Service colleagues as part of this process today.

CHAIRMAN—Very good. Deputy Commissioner Conder, you were not here when we took evidence from Qantas but one of the things they said was that airports are part of the broader community of Australia and that they believe there is a greater need for a local police presence in airports than there is at the moment. Would you like to comment?

Mr Conder—At one stage, we did consider putting a police facility at Brisbane Airport. Then the Australian Protective Service organisation was established and they took over security at Brisbane Airport. At that time, we shelved that concept but, as a response, we developed Hendra Police Station which is some kilometres away but is closer to the airport. The way we view the airport at the moment is that the Protective Service are there to be the first responders and we are the second responders. I assume that you are talking about a permanent police presence there on a daily operational basis. We did do that a number of years ago but, as part of the current patrol strategies, I would have to check on it. I imagine the patrols out of Hendra Police Station would be required to liaise with and visit the airport as part of their patrol plan each shift.

CHAIRMAN—You state in your submission:

It is important to acknowledge the efforts of the Commonwealth government to simplify the existing regime of security regulation that exists in Australia.

Are you happy with where we are now? Do we need to go further? Do we need more consultation? If so, how do we go about that?

Mr Vasta—The Commonwealth government's efforts to simplify the regulatory framework in which the aviation industry works, in order to achieve the desired security outcomes, are important simply because the process is enshrining the additional security measures that currently exist into legislation and regulations with the new aviation security bill. Ultimately, we believe that it is a process in which consultation should facilitate the best result. We believe at this stage that consultation has been adequate on the regulations. Obviously there was some concern about the implementation of a bill without the necessary consultation but, during the process of implementing the regulations, there has been significant consultation.

CHAIRMAN—You commented that we could drive regional and local airports out of business if we increased the costs too greatly. Do you think the current categorisation by DOTARS is working well?

Mr Vasta—I think the new system under the legislation that will allow for the assessment of security-controlled airports will probably be more effective than the current categorisation of airports, simply because there is an argument to suggest that the existence of jet services at an airport, to warrant the categorisation of an airport, is probably not always appropriate. If an assessment is done independently of each airport, within a state or within the nation, that would determine the threat level that existed and therefore would determine whether or not an airport came within the Commonwealth's security controlling. I believe that would be a better method

than determining that the provision of jet services determines that an airport is categorised or uncategorised, as is currently the case. To some extent, we believe that airports are not necessarily being assessed on a case-by-case basis. So possibly the new regime would implement a fairer and more appropriate process.

CHAIRMAN—Aviation security used to be about control for AQIS and about drugs and criminals. That is what it was all about, wasn't it? We were not worried very much in Australia about people hijacking aircraft, although, as that phenomenon developed in Europe, I think we became a little bit more concerned. But the last inquiry we did into aviation security really focused on screening not for September 11 type incidents but for criminal activity. The world has changed a lot since September 11, but almost everybody—not everybody: we had one witness today who thought we had a long way to go—seems to think we play at the top of the tree internationally, in terms of our security procedures. Are you happy with the way that Brisbane Airport responds to security issues?

Mr Vasta—I probably should not comment too much on the operational issues, simply because the Queensland government is neither a service provider nor a regulator in this instance. We have more concern with the issues of the rural and remote airports that are currently subject to the potential implementation of security measures that have not previously existed, and whether or not they are in a position to cope with the heightened security awareness that they need to be mindful of. I probably would be best not commenting on the issues that you are mentioning regarding Brisbane Airport.

Ms PLIBERSEK—In your comments on passenger profiling, you mentioned that it would be very important to train any staff who come into contact regularly with passengers to recognise and respond appropriately if they believe there is a risk from passengers. You mentioned that this sort of training should be encouraged and even facilitated by the regulator. We had evidence some time ago from the union that check-in staff at airports were not given additional training post September 11. We asked both Qantas and Virgin Blue today and they said that they are at least starting to give that sort of training to staff, particularly at check-in counters. I noticed that you picked it up in your submission. Why have you picked up this issue, and what sort of appropriate training do you think is needed in this area?

Mr Vasta—That issue was one that I wanted to mention simply because I had heard some speakers from international security backgrounds mention that there has been too great an emphasis on the technological advances that we are making in aviation security and not on those relating to the human element not just in Australia but worldwide. Ultimately, issues relating to check bag screening, trace detection at the screening point, secured cockpit doors and so on are only part of the solution. The major part of the solution has to be trusting those staff who come into contact with passengers to identify when there are passengers who present a risk. The provision of training programs and training techniques for all staff who come into contact with passengers needs to be, I think, a priority in the achievement of security outcomes. It is something that the airports, the regulator and the airlines—all parties who are playing a part in this solution—need to be mindful of. This is why the comment was made, simply because at the moment there is still a greater emphasis on technological advances than on those relating to the human element.

Ms PLIBERSEK—One of the previous witnesses suggested that the way costs should be divided is that passenger screening should be paid for by the airline and that counter-terrorism measures should be paid for by the Commonwealth government. Then we had additional evidence from someone else who said the state government's responsibility should be a police presence—not a permanent presence at the airport, but in regional areas a drive by at 3 a.m. and in metropolitan areas an occasional visit. Do you see that as a reasonable division of financial responsibility for increased security measures?

Mr Vasta—Essentially, we believe that it is not always the most appropriate response to the imposition of security requirements at all airports to suggest that it is a cost of running business. There are certain airports that have the financial capability of sustaining the cost impost associated with additional security requirements. There are also airlines that are capable of absorbing those costs, but it does not always apply when you look at the broad spectrum of airports and airlines that exist within Australia. I do believe that demarcation, which was mentioned previously by the airlines, is at a broad level correct. However, some airlines in regional Queensland, for example, could be faced with security requirement costs that they may not be able to sustain. Similarly, airports in regional Queensland are potentially faced with those same concerns.

With regard to the state police presence, I will let my colleagues from the QPS comment on that. But in terms of the costs impost associated with security requirements, we believe that the Commonwealth, if not necessarily providing the funding to impose the security requirements that it has outlined to airports and airlines, needs to be mindful of the provision of funding that the airline and the airport are capable of sustaining and how that particular funding requirement will be met.

Ms PLIBERSEK—Do you think that some airlines and some airports are too small and the Commonwealth should pick up the tab?

Mr Vasta—I think the Commonwealth needs to be conscious of the security outcome that is supposed to be achieved by the imposition of the requirement. If the particular airport is clearly not going to be able to sustain the requirement, the possibility of subsidy funding—in the same way that the Commonwealth subsidises air navigation charges at smaller regional airports—should be considered. It certainly should not be a blanket rule but possibly a case by case answer.

Ms PLIBERSEK—With respect to police presence, I asked the previous witness to explain why we should be pulling police off difficult areas like Redfern in my electorate and sending them to the airport where people are generally well behaved. Do you have a view on that?

Mr Conder—We view the airport as already having a security service with powers to detain and officers who are armed, well trained and capable of dealing with this situation. Our responsibility is to be the second response wave to deal with issues. I agree with you: officers are more effectively deployed into other areas. Going back to the risk assessments that are constantly made, we are monitoring the number of times we have to respond to situations. It is not a great number. Those situations are usually able to be dealt with well by the local security arrangements.

Airports in rural areas right across Queensland have been subject to critical infrastructure review over recent months and police representatives in those areas are on the safety committees for each airport and are part of the assessment in relation to security. As for visits, I think there are random visits at the moment and the movement of people is monitored. There are a number of airports where the police are regularly there. One of those would be Horn Island where people come into Australia and where there are light aircraft travelling around—in the Torres Strait. But generally the police liaise very closely with the committee.

I flew in from Longreach yesterday. There is really no security there but I think we have to come back to profiling and viewing people and looking for body language, which Customs officers, as you would be aware, are astute at. They work out which of the people coming in they should look at. That is a factor out there. Yesterday when I was there I was looking for the security but the person who was dealing with the bookings and loading the aircraft was certainly having a good look at the crowd—about 40 people—that was boarding. So in their own way they have some security strategies that I have seen but in smaller areas I do not imagine they would have any at all; there would just be an agent who would arrive, meet the plane and then two or three people would get on and the aircraft would move on.

Mr CIOBO—What is the Queensland government's feeling on the security risk in regional and rural airports?

Mr Vasta—It is certainly an issue that the Queensland government has become more aware of recently, especially with increased contact with Commonwealth agencies regarding these issues and simply because the Queensland government has such a detailed role in administering air services throughout rural and remote Queensland. And having a high level of contact with rural and regional airlines and airports, we have been aware of the increased need for security awareness. However, we are also conscious of making sure that the requirements that are imposed are imposed appropriately and that the threat assessment is done on a case by case basis with consultation from the state and local governments to determine whether or not the requirements needed at any individual airport are appropriate. We are mindful of the current categorisation process being changed for the security controlled assessment process that I believe will be a better way of assessing whether the security requirements at regional airports are appropriate. Currently, there has been no incident that has alerted us to a greater need for security awareness at any of the regional airports that we monitor—simply because the incidents that occur, but which we may not know about, are handled by the airline. At this stage we are happy to work with the Commonwealth and assess each airport on a case by case basis and see whether or not the measures that are in place are appropriate.

Mr CIOBO—Are you saying that you are satisfied or dissatisfied with the new requirements in terms of the categorisation of airports?

Mr Vasta—I am satisfied with the new requirements because it is not necessarily going to be a cut and dried approach in terms of whether or not an airport is categorised or uncategorised. Whether an airport comes under the control of the Commonwealth and is considered to be a security controlled airport is going to be assessed a little bit more individually than the particular requirement that an airport needs to meet to be categories currently.

Mr CIOBO—You are satisfied with the current process for determining categorisation or otherwise of regional and rural airports at the moment. Does the Queensland government operate regional and rural airports, or are they all local shire and local council owned and operated?

Mr C. Robinson—Basically, local shires and local authorities all run airports privately.

Mr Vasta—Just to clarify that, the only involvement that the Queensland government has is with the airports at Cairns and Mackay that are owned by the Cairns Port Authority and Mackay Port Authority respectively. They are government owned corporations. But in terms of rural and remote airports, they are local government owned airports.

Mr CIOBO—Are rural and remote airports operated by councils on a business case model? Are they profit-making entities, or are they community services?

Mr Vasta—I daresay that the majority of the airports in rural and remote Queensland are certainly not profitable. Under the ALOP program, the Commonwealth government supplied an amount of funding to those local governments to take over ownership and administration of those airports, some of which are more profitable than others. I suppose it is all relative, but all of those airports are certainly subject to the passenger and aircraft movements that come into those ports. The larger rural and remote airports are still quite small relative to the coastal airports. An example of a rural airport might be Quilpie, which only receives two RPT return services per week but may receive some charter or general aviation services that may provide income for the airport. Other than that, there is not much passenger movement, whereas another airport the one at like Mount Isa would receive some jet services, some general aviation and some smaller turbo prop services that would sustain it better than a small rural and remote airport.

Mr CIOBO—What do your concerns about regional airports having to outlay additional expenditure for enhanced security measures pertain to? Is it to those regional airports that will be categorised and therefore obliged to meet additional security requirements?

Mr Vasta—Partly that. And also airports that are not currently categorised that may come within the Commonwealth's control after an assessment process is done by Commonwealth agencies.

Mr CIOBO—They are owned by local councils?

Mr Vasta—That is correct.

Mr CIOBO—As the local council is the owner of the airport and provides a service, why would Commonwealth taxpayers pay for those additional security requirements?

Mr Vasta—They would pay for those security requirements simply because the local government could not sustain the cost themselves. If the local government passed those charges on to an airline, the airline could not sustain those costs. If the airline passed those costs on to the passenger, the passengers would struggle to pay fares, because of ever-escalating costs that may be associated not just with security but with other related charges.

Mr CIOBO—Is the state government subsidising costs?

Mr Vasta—The state government is subsidising the cost to fly to those ports but is not necessarily subsidising the security requirements that may be imposed. Even though the state government does have an infrastructure program to support the upgrading of airports, it does not currently consider the security requirements that may be required as a result of Commonwealth-imposed regulation to be a criterion. But we see that applications could come in from local governments, resulting in the need to increase security requirements. It is a question for the state governments as to whether or not they will consider those applications. Currently, state government provides over \$7 million per annum to fund services to these ports. My argument in the submission points to the port of Mount Isa where services are subsidised heavily by the state government in order to make them viable for an airline operator. The airline is faced with a levy that is imposed by the airport to fund the check bag screening and trace detection devices that are needed under the Commonwealth regulations. That levy is \$14 per departing passenger, which in some instances represents 10 to 15 per cent of the fare price in total.

It is starting to become a significant issue for the state governments simply because the amount of money that is being used to subsidise air services is being somewhat negated by the imposition of airport related security taxes. Whether or not the airport needs to impose such a hefty tax is a question for the airport and not something that the state government can answer, but it is a significant issue when you take into account the fact that the state government is using its own revenue to support these services and without that revenue the services simply would not exist.

Mr CIOBO—Deputy Commissioner, we have had a lot of comment about the importance of the partnership between tiers of government and the airlines with respect to providing security to airports and associated infrastructure. From a QPS enforcement point of view, at what stage is the roll-out of the national counter-terrorism plan and how do you see that tying back into the threats that are posed to crucial infrastructure, predominantly I guess Sydney and Brisbane type airports?

Mr Conder—The national counter-terrorism plan is actually a flow-on from the old SACPAV arrangements and has basically been written in modern terms. In relation to our response to that, as we have always had, we have extended in the critical infrastructure. We have been associated with committees at airports for many years. One level we are at is the senior level, which looks at the whole of the security arrangements and includes the airlines themselves, the provider, the state department of transport and the federal department as well. At the lesser level there is an operational group that looks at how we are going to respond and deal with those situations there. One of the aspects is that at least once a year or every two years an airport must put on an exercise to requalify for their licence, I understand. We participate very heavily in that.

In relation to the national counter-terrorism plan and the critical infrastructure, ours is already in place. I am the police representative on the national counter-terrorism committee for Queensland. The introduction of the new plan required us to do really nothing different. If anything, the plan has probably brought the states closer together. The parochial boundaries have disappeared and I know with my deputy commissioner colleagues we teleconference with the PSCC, the Protective Service Coordination Centre, each fortnight and it has meant more sharing

of information and resources and being more cooperative. The issue of rural areas and airports is something we are always discussing ourselves.

Mr SOMLYAY—On the Queensland subsidy, does it subsidise the service, the council, the airline or the passenger? How do you actually provide the subsidy?

Mr Vasta—The service itself is subsidised and the funds actually go to the airline in order to meet the shortfall that exists between the cost of operating the service and the revenue collected as fares. So the funds are used to make sure that the airline can operate the service in a profitable way and that the services continue. You may remember the collapse of Flightwest airline in 2001 whilst they were holding contracts with the Queensland government. Those services do represent a significant level of access that the Queensland government provides to rural and remote communities.

Mr SOMLYAY—Are any subsidies paid to local government?

Mr Vasta—Yes, but they are to do with airport infrastructure. The moneys for those services that we support are paid to the airline. The money that goes to local governments is under the grants program known as the Rural and Remote Airport Development Program where airports, through the local government as the owner, can apply to the state government for funding to upgrade their airports. It is usually used to improve the level of access that may or may not exist.

Mr SOMLYAY—But not security.

Mr Vasta—Currently, there has been no need for funding of security requirements because it has never been a concern for those airports until recent times. We are still not sure whether or not those airports that currently qualify for grant funding would even be required to increase the security they have.

CHAIRMAN—We have been advised that there is a memorandum of understanding between the Australian Federal Police and the Department of Transport and Regional Services. Further to that MOU, which agrees on operational procedures addressing, amongst other things, aviation security, there are letters of agreement between the head of the Australian Federal Police and each of the commissioners of the six states and two territories, which define delineation, responsibility and agreement for cooperation. Is all that working pretty well? I understand that the MOU started on 29 April but these letters of agreement have been going for a while.

Mr Conder—In North Queensland, we have had an MOU with all the federal departments for a number of years, and it was reviewed in February this year. It clearly set out—probably not so much for us, but for the federal agencies—who was going to be the lead agency, their roles and responsibilities and how we could support them as well. The MOU is working very well, usually, as a result of initiative by both agencies looking at individual's resources and seeing how we can best help each other. That is generally the basis. We have exceptionally good relations with the Australian Federal Police here. We meet every Friday—and that includes the extension of the AFP, the Australian Protective Services—to deal with issues at police headquarters. We are extremely happy with how it is working. If it was not working well, we would be discussing it at one of these Friday meetings, but so far the issue of problems has not arisen at all.

CHAIRMAN—Good, I am pleased to hear that. Just back to regional airports, costs and risk assessments—which is really what the issue is all about—is it likely that a GA aircraft flying out of Rockhampton, Mackay or Longreach poses a greater security threat than a truck full of fertiliser and diesel oil driving over the Story Bridge?

Mr Vasta—I understand what you are saying, and I believe there has been a tendency post September 11 to assume that every breach in airport security is going to result in a plane flying into a building, and we know that is not necessarily the case. A statistic I heard recently was that, since September 11, there have been 36 aircraft hijacked and, to my knowledge, none have flown into buildings. We are not just dealing with terrorist related incidents; in the case of aviation security breaches, we are dealing mostly with deranged passengers—passengers who are mentally unwell. So the concern that exists in aviation absolutely exists in all other areas. With regard to transport related security, we consider there are other areas of prime concern to us, including maritime. So, in answer to your question, no, I do not believe it poses a great threat in comparison to the concern that may exist when a jet aircraft is hijacked. However, as was stated earlier in one of the submissions given by the airlines, ultimately, the threat of an aircraft crashing is too great to ignore, simply because the aviation industry is in such a delicate state at the moment that one incident could bring back to those lows experienced post September 11. It is just now in a position to fight back, to some extent. The increased attention we are giving to aviation security is maintaining that record of no incidents that could affect the viability of the industry. If an incident does occur, I do fear for the state of aviation generally but, certainly, regional aviation will suffer greatly.

CHAIRMAN—So do we. I remind you of what DOTARS told us and what I have told other participants at this inquiry: in order for there to be a terrorist incident, there needs to be intent, capability and training to use whatever devices. So far, those three have not come together in Australia, thank goodness. Thank you very much for your submission and answering our questions. We appreciate your time and effort.

Proceedings suspended from 12.40 p.m. to 2.01 p.m.

GOODWIN, Mr Stephen Mark, General Manager Operations, Brisbane Airport Corporation

McPHEAT, Mr Edward Thomas, Security and Emergency Services Manager, Brisbane Airport Corporation

CHAIRMAN—Welcome. Thank you for your submission. Do you have a brief opening statement?

Mr Goodwin—Brisbane Airport Corporation is pleased to be here to give evidence and to help this inquiry. In basic terms, whether it is government or industry who is willing to forward security outcomes, we are willing to assist. That is all we have to say.

CHAIRMAN—As long as it does not cost you too much money.

Mr Goodwin—As long as it does not cost too much; yes.

CHAIRMAN—In your submission you express some concern that recent developments, including staff movements at DOTARS:

... have resulted in an exodus of specialist industry experience, knowledge and understanding. This is of considerable concern ...

Would you like to talk about that?

Mr Goodwin—I am fairly new myself; I am basing that on other people. But, having been involved in probably the last two years in a number of department discussions and industry discussions, I have seen that the people from the department leading those discussions are virtually brand new in the industry. Therefore, it is a concern that they are leading that process. They have been very helpful and they are willing to learn themselves, so that has been a positive. But, yes, it is a concern that there is an understanding and a process that needs to go through for people to be taught by the industry.

CHAIRMAN—This morning we talked to Qantas, Virgin and the state government of Queensland, and all three—as other respondents to this inquiry have done—criticised DOTARS for what they called lack of real consultation during the lead-up to the new federal legislation that was tabled. Also, they are not at all short of praise for the department about the consultation since the legislation was tabled and leading to the development of the regulations that make the legislation work. Has that been your experience?

Mr Goodwin—Absolutely. We have been involved in that same process. We were disappointed that there seemed to be a lot of promises made about legislation coming out and the industry being consulted and then we were only given a few days, if that, to give our comments—which realistically was never going to happen. But since that has come out they have really worked through the draft regulations with us quite a lot. There has been a lot of

consultation. Ted McPheat, my emergency services manager—or his screening manager—has gone to most of those. So it has been a constant process since that time.

CHAIRMAN—There are a lot of players in the aviation industry and there are a lot of people that are affected by security issues. We have to recognise that the threat environment is somewhat different than it was before. Somebody reminded us today of the Sydney Olympics, and I suppose that was the start of the change in culture and the change in what we did at airports. Certainly, September 11 had a huge impact on the entire industry worldwide. There are a huge range of players: the airlines, the airport operators—amongst whom you sit with some prominence—the Federal Police, the state police and ASIO. The list goes on and on. How do you reckon we should go about having real consultation with all those players and developing some kind of consensus without the department having to give up in the end and say, ‘This is the way we’re going to do it’?

Mr Goodwin—That is a good question. There is a lot to that but I think there has to be a lead player, particularly from the government. In our submission we made it clear that we think the Department of Transport and Regional Services is that lead player and that they should take a coordinating role. I have a similar attitude to some issues at a state level, where State Development coordinates on behalf of a number of state players, so I cannot see why that could not happen at a federal level. Then if there are state players involved, like the QPS, maybe they should be part of that process as well, so that it is a coordinated approach.

CHAIRMAN—How do you go about that? Do you need a memorandum of understanding—as the police now have between the Australian Federal Police and the Attorney-General’s office and the Department of Transport and Regional Services, and as each of the state police forces has with the Federal Police—so that it is clearly delineated who is responsible for what? Then they would meet to work out how they would make those responsibilities work. Do you see a need for some more formal recognition of the players and their strengths and position in the industry?

Mr Goodwin—I think probably the only effective way is to have some sort of legislative backing. The state police depend on different pieces of legislation to be able to stop certain things in a crisis or take over a scene at a certain place. There probably needs to be some legislative backing given to the department to coordinate that.

CHAIRMAN—Doesn’t it have that now? I thought it was the regulator.

Mr Goodwin—It is, but it has to work with a number of other acts. So if you have to go through that process it can become a legal process at the end of the day and it will not necessarily provide a good security outcome—you are just covering yourself. That is what the law can do.

CHAIRMAN—You said in your submission:

... recent legislative changes, including APS coming under the responsibility of the AFP, have brought great difficulty in managing currently unchanged and unratified contractual arrangements. APS is the responsibility of the AFP, yet the airport is the contract manager who pays the bill.

You go on:

If the Government wants control then surely it must “foot the bill”.

What are you trying to say?

Mr Goodwin—You cannot have your cake and eat it too. Well, you can; they are doing that at the moment, but it is not right, in my opinion. If we pay the bill in that people are contracted to us, as we have a number of contractors that work for us now, they respond to us and we work together with them. You cannot have two masters in that situation. At the moment we do and therefore communication sometimes breaks down. We have issues getting blown out of proportion where we have made an assessment as the airport operator that it is not an issue. But it is driven by political masters, instead of practical, sensible masters in these cases, and therefore, again, you do not get the security outcome; you just have a lot of grief, work and effort for no purpose at the end of the day.

CHAIRMAN—Could you give me an example?

Mr Goodwin—We have had a number of examples with so-called white powder incidents. One incident happened at our international terminal. It was reported 10 hours after the event and somebody found a little fragment of this suspected white powder left. The APS got involved and went through their process down to the Canberra hierarchy, who then got the police to start up the whole centre here in Queensland which looks into this. They fired up the John Tonge centre and looked at this thing right through to three o’clock in the morning to find out it was a piece of tobacco or something. They got my people involved. It had already been stopped. It was not a hazard; there was nothing left but the trace of this substance. Things like that, where we had already made the assessment, we had hazmat in the beginning, we checked it out and then it was refired up because of a process that they had to follow. That is what they told us: ‘We have been told we have to follow this process.’

CHAIRMAN—So the APS has no responsibility to work with the airport management?

Mr Goodwin—It has a huge responsibility to work with us. In that case, after we had said that it was over, their other boss said it was not. That was why it went to that extreme.

CHAIRMAN—How do you fix that?

Mr Goodwin—You have to have one boss.

CHAIRMAN—So you want to pay the APS—

Mr Goodwin—I am happy to pay it if they work with us, yes.

CHAIRMAN—Right. You said in terms of interdepartmental communication:

Of real concern are missed opportunities to maximize good communications between the Department in Canberra and its officers in the field. It is not infrequent that the industry is asked from Canberra to provide comment on documents and policy of which local departmental representatives are unaware and have not been consulted.

Can you give me some examples of that?

Mr Goodwin—Yes, it is good. A couple of them are sitting back here. It might be better for Ted to talk about that. He is more at the coalface and works pretty closely with the guys on the ground.

Mr McPheat—I would prefer not to mention specifics. There is a trend for the department in Canberra to do some general consultation with us in the industry. It is not only here in Queensland but it appears to be common throughout Australia, Canberra expertise is very limited yet the department has a wealth of experience in the regions. Without putting people too much on the spot, I get the opportunity to comment on a lot of legislation and changes that are coming up, yet when I talk to the local representatives they know nothing about it. In some cases, I am the first person that provides them with that information. We believe that is not a good way to do business. The department should be using the expertise that it has within its regions to provide quality advice to get a good departmental position before actually sending it out to industry. A lot of the issues that we as industry raise, and I am talking about the airlines and the airports, could be solved or some reasonable approach developed before it is actually put out to the consultation process.

CHAIRMAN—I do not think we have heard this anywhere before, and my secretariat advises me that is right. This is the first time we have really heard this. Do you think that it is widespread or is just with Queensland? Queensland is different; we all recognise that.

Mr SOMLYAY—And better.

Mr McPheat—My word.

CHAIRMAN—Whatever kind of spin you want to put on it, you are different.

Mr McPheat—The appropriate way to address that is to go back through the department and have them address it through their regional areas and other airports. I can speak specifically on relationships that we have got in Brisbane; I do not want to put people on the spot, but that is my perception. I have been in the game for 11 years and I have talked to lots of people in different airports and in different environments. To be brutally honest, I do not think people in the current environment, with the current team that we have got, would disagree with me to any large extent.

Mr SOMLYAY—Do you have a background in government?

Mr McPheat—I have 22 years in the Defence Force and 11 years on the airport in my current role.

Mr SOMLYAY—I ask because I think you are quite right. Anybody who works in the bureaucracy in the state office always feels neglected when the policies are made at head office in Canberra. You are saying that the processes of consultation should include those at the coalface—which is not done.

Mr McPheat—Definitely.

Mr SOMLYAY—Hence, it states in your submission that you are highly concerned that some proposed legislative changes may be totally impractical, impossible to implement and out of kilter with the privatised and commercial airport environment. Can you give us some examples of that? It is a very sweeping statement to make. I do not doubt that it is right, but it would help us if you gave us some examples.

Mr Goodwin—I just think that sometimes it seems as though government officials have forgotten that we are a private business. No-one argues that we provide public infrastructure—that is obvious.

CHAIRMAN—Given that we sold you, I have some difficulty in coping with that statement.

Mr Goodwin—Maybe not yourself, but there are others that—

Mr SOMLYAY—Old habits die hard.

Mr Goodwin—They do. Believe it or not, we actually surveyed people on airport in Brisbane. There were 8½ thousand people that worked there. It was two years ago when this survey happened. We had a high percentage that said that they still thought we were federally owned, and that was people who worked there.

CHAIRMAN—That was two years ago.

Mr Goodwin—Two years ago, we were pretty actively promoting ourselves as a private company, but—

Mr SOMLYAY—The culture in the bureaucracy still treats you as part of their own.

Mr Goodwin—It does. Customs and Quarantine did, because they are still government and it is difficult working sometimes. We have got a very good relationship in Queensland with Customs and Immigration, but I know that in other ports it is not so good.

Mr SOMLYAY—Is Sydney having the same problem?

Mr Goodwin—I really cannot speak on behalf of Sydney, but they have similar issues in regard to various things we have talked about. Are there any other specific things you can think of, Ted?

Mr McPheat—One of the things is that every time the government wants to change something or impose it, they say ‘Do it!’ and expect us to foot the bill. There are two sides of the story. Because we are not a government agency anymore, they tell us nothing. On the other side they forget that we are private, that we are in business, yet they expect us to do everything for nothing. That not only affects Customs and so on; you are looking at Immigration, Foreign Affairs—the whole gamut of government—at various stages coming back to you and saying, ‘Do this!’ We say, ‘Fine, but it is going to cost you,’ and they say, ‘No; do it anyway! We are government.’ Then you have to turn around and go through the process of explaining, ‘Sorry, we were sold. We do not operate under the same rules, unfortunately.’

Mr SOMLYAY—When you say it is a cost to the company, who is it really a cost to? You have to pass it on, don't you?

Mr Goodwin—Anything that is mandated at the end of the day is a cost to the passenger. It will go from us to the industry to the passenger.

Mr McPheat—But some of it is not—for example, CHOGM, the Olympic Games and the upcoming visit by foreign people that Mr Downer is organising. It costs us a lot of money to facilitate that, yet we cannot recover that cost.

Mr SOMLYAY—How does it cost you money?

Mr McPheat—You have additional security, people providing escorts and special facilitation out in front of the terminals, and we have to put on additional traffic officers so that the dignitary does not have to wait in the queue. People forget, and it adds up over a period of time. Depending on the threat that is involved, if I am doing an air side transfer, I shut down my air side operations with security. I will have 10 people involved in that, probably for four or five hours.

Mr Goodwin—And those things cost us. Most of those guys are probably on \$60,000 plus, so you can work that back to an hourly rate at those times. Those costs all go into it. It is the same with access arrangements. We have done quite a lot since September 11 above what has been mandated and that cost is our own. Again, I do not want to specifically go into that because it can compromise the sort of security measures we have put in place. We do not usually talk about that, which is why our submission originally was confidential—

CHAIRMAN—Can I deal with that one before you continue your sentence. Confidential submissions really are not any good to us. They are a waste of time. We are a public organisation. All of our input is public—published and public. We report to the parliament and therefore to the public in Australia and worldwide.

Mr SOMLYAY—Obviously some things are commercial-in-confidence and they are useful in that context, but—

CHAIRMAN—That is why we ask you to make it non-confidential.

Mr Goodwin—I guess I am always wary of going into too much detail, then, because of our own policy issues. But we have put in a number of measures, and all those costs are our own. That has been hundreds of thousands of dollars that we have spent.

CHAIRMAN—Can I ask you a question about that. What happens to your bottom line, your cash flow and your capital value the first time a big jet comes in to land at Brisbane Airport and is blown up?

Mr Goodwin—Do you mean what happens if it is blown up through a terrorist event?

CHAIRMAN—What happens to your bottom line, your cash flow and your capital value?

Mr SOMLYAY—We blame Victoria!

Mr Goodwin—We did some scenario planning around this, because security is obviously a strategic issue for us at Brisbane Airport. We just based it on being shut for two weeks, and it was something like \$7 million immediately. Multiply that, then, by people thinking that it is an unsafe place to come, so that we do not have a viable business. Multiply that by the fact that it happened in Australia and probably the whole industry shuts down.

CHAIRMAN—Everybody agrees, but every vested interest comes to us with their hand out a bit and says, ‘But we shouldn’t be paying for this.’

Mr SOMLYAY—Mr Chairman, the point of my earlier question ultimately comes down to whether the passenger pays or the taxpayer pays.

CHAIRMAN—That is right, and they want the taxpayer to pay more.

Mr Goodwin—Yes, to pay more, but we are happy to contribute our part. We really are, and we have done that, but I feel we need a better understanding from government that to reach, say, the highest security outcomes that you want will cost the taxpayer more money as well, not just the industry. If it is passed through to the passenger, it really is them who are paying anyway.

CHAIRMAN—I was just making the point that if we do not put the security measures in place and we have an incident it would be devastating for you.

Mr Goodwin—We are not going to take that risk anyway. That is why we have spent more money.

CHAIRMAN—On check baggage screening, you say: ‘No common standard has yet been endorsed by the government.’

Mr Goodwin—I think we made that submission.

CHAIRMAN—I did not know whether that was right.

Mr Goodwin—It is still right. We have sent a number of pieces of correspondence to the government. We put forward what we said we wanted to put in place—the type of equipment. They didn’t say, ‘It meets a standard.’ All they said was, ‘That is equivalent to what is in America and other Western countries; therefore, go ahead.’ That was their answer in general terms. They did not say, ‘That is the correct piece of machinery, endorsed by the standard’—whatever it was. They said, ‘Yes, that meets similar requirements.’ Ted might know the specific wording.

Mr McPheat—The reply we got was very ambiguous. What we were looking at was an endorsement of the type of equipment we are going to use. We want to use multiview tomography, which is a fairly sophisticated X-ray machine. The differences between MVT and a CAT scan—which you get at the doctor’s—is that one will cost you nearly \$1 million and the other one will cost you nearly \$2 million. The problem is that, if you are using CAT scan equipment, it only does 250 bags an hour. You have probably been through that process. The

difference in cost is horrendous, yet the MVT is certified at the same level for detection as a CAT scan is. We wanted an answer from government saying that MVT, as a solution for Australia, is an acceptable technology. We have not got an answer saying, 'Yes, it is an acceptable technology for Brisbane Airport.' The answer they gave us is that the industry consultative meeting looked at MVT and CT and another piece of equipment. The answer we got was, 'You are consistent with industry's position'—not government's position. That is of great concern, I think, to the industry. There is no platform. We do not want to get to the stage the Americans are at, where they say, 'You put CAT scans in every airport,' when you can do the job a hell of a lot cheaper and achieve the same result using MVT or the equivalent technology. That is the main reason.

CHAIRMAN—That is consistent with other evidence we have had.

Mr McPheat—And we have not got an answer.

Mr SOMLYAY—What about freight?

Mr Goodwin—Freight for us comes through—

Mr McPheat—It is an airline issue.

Mr Goodwin—The airlines have their own equipment or similar equipment.

Mr McPheat—The department has issued a whole raft of specific instructions to airlines for dealing with freight. It is an area that we do not become specifically involved in. It is probably more appropriate to address that question to the airlines that handle that particular item.

CHAIRMAN—Maybe I am misunderstanding, but I think that is probably not quite right in that you control the airport environment and you are responsible for everything that happens behind the counter. You are responsible for air side?

Mr Goodwin—Inside and outside, but there are limitations.

CHAIRMAN—You issue the passes?

Mr McPheat—Not all of them. I only issue passes, for example, to Brisbane. I do not issue any passes to Qantas employees or to National Jet because they are ASIC issuing authorities in their own right.

CHAIRMAN—But the general airport personnel do the maintenance, cleaning, guarding and all the rest of it. They are your responsibility, and you man the gates?

Mr McPheat—They are not our responsibility in the sense that I issue them the identification card but they are not our employees. I have 8,000 people on my database, of which only 130-odd are BAC employees. I have direct control over the 130, but I have absolutely no control over the rest, the 7,000-odd, because they are directly employed by Qantas, as a contractor to Qantas or Virgin—

Mr Goodwin—Or their own agencies.

CHAIRMAN—Who mans the gates?

Mr Goodwin—We man the gate. We have one gate, which is an entry point for all contractors coming through. They have leased space and they have access arrangements that we provide and they are checked, but we do not man those gates. It is their responsibility because it is their leased space.

CHAIRMAN—But the points that bring in things like Coca-Cola and potato chip packets and the caterers and so on: you man those gates, don't you?

Mr Goodwin—They would come through gate 1.

Mr McPheat—We only man one gate. We give approved people on airport—airline staff and whatnot—permission to escort appropriate people through our electronically controlled gates. We authorise the airlines and other agencies to have access through those facilities. There are also lots of properties—for example, Qantas Freight or Patrick's freight. They are entities in their own right and they have total control of what comes through their facility to air side. I have no control over that apart from making sure, as the airport security coordinator, that every person on airport is meeting their legal obligations and that the procedures we have in place, in accordance with our security program and the government legislation, are met 100 per cent of the time.

Mr Goodwin—We have our own officers who do perimeter patrols and checks on a regular basis, which we have to do by law, as well as the APS who regularly patrol and look at those areas.

CHAIRMAN—Who manages temporary passes?

Mr McPheat—I do not issue temporary passes per se.

CHAIRMAN—What happens when an electrician is called in to repair a Coca-Cola vending machine?

Mr Goodwin—If he goes into an air side area, he has to be escorted and issued with a pass.

CHAIRMAN—What kind of pass? It is a day pass?

Mr Goodwin—Yes, which is destroyed.

CHAIRMAN—That is what I just asked. Who is responsible for those?

Mr McPheat—That is not a temporary pass. There is the basic pass, the visitor's pass and a temporary pass. A temporary pass is for somebody who loses their ASIC. Then there is the visitor's pass.

CHAIRMAN—Sorry I have disrupted your terminology.

Mr McPheat—Basically, if you are a visitor to the airport, you must be escorted at all times by a person with an ASIC. That person with the ASIC, before we can collect the visitor's pass, the person has to provide photo ID. We have a full process that we go through to check that visitor's bona fides but the responsibility is with the escort officer, who will have an ASIC.

CHAIRMAN—Do you audit that?

Mr McPheat—My word we do.

Mr Goodwin—Yes. There is a log.

CHAIRMAN—Do you have a 100 per cent compliance rate?

Mr McPheat—To be honest, no. The compliance is there but the way they write up the logs leaves action to be desired. In one particular incident recently, I withdrew their ability to issue those visitor's passes until they complied. We audit them 100 per cent to make sure that they are doing it. If we find any inconsistencies—

Mr Goodwin—We take action.

Mr McPheat—they do not do it any more. It is as simple as that.

CHAIRMAN—In your submission you said:

Passengers often complain of the far higher standards imposed by Australia compared to some other countries. Differing standards, such as between ourselves and New Zealand, cause a lot of passenger confusion and frustration.

Is that still true?

Mr Goodwin—Yes. There are still issues. People are learning—the passengers who are regular travellers. With Brisbane being predominantly leisure based, there are a lot of first-time passengers, particularly internationally. If they are going to New Zealand and it is their first time flying, they may be a bit nervous. They are told one thing, which they see here, then they go over and see another thing, say, in New Zealand. One of those things is with clippers and things like that. Those types of things cause some frustration. They think, 'I had to hand in my toenail clippers over here and over there I am allowed to have them.' Or coming back the other way, they are allowed to have them and then we take them off them. There are some inconsistencies. We have highlighted that to the department. I do not know whether too much has happened really.

CHAIRMAN—We were advised by both Qantas and Virgin that airport rage as a percentage of passengers is reducing, and fairly dramatically.

Mr Goodwin—I saw your statement that was a press release, but what do you mean by 'rage'? What is your definition?

CHAIRMAN—Somebody threatening to take over an aircraft or causing an incident in the terminal because they do not want to adhere to the screening procedures—those sorts of incidents.

Mr Goodwin—We have responsibility for screening internationally. Ted and I discussed this prior to this meeting, and that sort of thing is probably nonexistent. We have incidents where a passenger is asked to remove a belt or something and they do not understand the process. They might ask why, but, because we have a pretty rigorous training regime for our contractor, they explain it pretty well to the passenger and that sort of issue goes away. That has been our experience. As you have said, Qantas and Virgin have more domestic incidents, and we do not give the screening there.

CHAIRMAN—I realise that. Both of them have given evidence that the incidents, particularly the percentage of passengers, are falling.

Mr Goodwin—Being domestic, they would have more regular frequent fliers, whereas internationally you probably do not have that as much—not in Brisbane anyway. It is only about 30 per cent.

CHAIRMAN—For whatever it is worth, my own experience internationally is that the culture in our airports is more user friendly than in the United States, which is appalling. Generally, it is more comforting for passengers than I would have thought anywhere in Europe. That is to say, people feel, ‘Well, we’re being checked.’

Mr Goodwin—I totally agree.

CHAIRMAN—This is consistent with our responsibilities.

Mr Goodwin—I have even received letters from passengers—we do not just get all bad letters saying, ‘You are terrible’—who have been to London or New York, saying the process here is such a great experience because (a) they know they are being checked and (b) the way we facilitated it is so easy compared to overseas. It is not a big issue for us.

Mr SOMLYAY—Qantas gave us evidence this morning that, if they find that standards are not up to scratch at an airport overseas, they will institute their own procedures and bring it up to an equivalent standard as in Australia. They also said that they do not use that as a marketing tool. Does that concern you, Brisbane Airport Corporation, that we might have foreign aircraft coming in that just have not been checked properly?

Mr Goodwin—Yes, we do our own research as well. Ted has probably more specific information on that.

Mr SOMLYAY—By the way, they would not tell us who they were.

Mr Goodwin—We know who they are as well. We have our own processes.

Mr McPheat—From a political sensitivity side, that has been addressed by government. If the aircraft has arrived and the passengers are exiting the terminal, nothing is going to happen

anyway, because all they want to do is escape. The government has put in place a process where we do 100 per cent screening of all transit passengers. That caters for the good carriers and the bad carriers, the good destinations and the bad destinations. We have the same standard—we have explosive trace detection now—and we tar everybody with the same brush, for want of a better phrase. You arrive, and there is the same standard for everybody, so no-one feels they are being punished or victimised. But we know who the good ones are and who the bad ones are. One of the good things with the legislation that we have is that it has given us a consistent standard throughout the whole of the industry. Everybody knows where you are coming from, and we have one position. That works as a very good security outcome in that we have the consistency and a very high standard in Australia. I know that if somebody has transited through any other port in Australia, they are welcome to come into my area because the standards are there.

CHAIRMAN—The culture?

Mr McPheat—What do you mean by ‘the culture’?

CHAIRMAN—The culture of employees at Brisbane Airport.

Mr McPheat—It is excellent.

Mr Goodwin—We focus pretty heavily on that. It is a core focus of BAC. We survey our customers, stakeholders and contractors every year on that, and one of their common praises about us is that we have a very good culture, a culture of working together and partnering, which is value based and we mean that. We are always looking for a win with both sides, whether with a contractor or a tenant, and it works really well.

CHAIRMAN—Do you go through audits of your security, where an individual—one of your employees or somebody you hire—tries to breach security?

Mr Goodwin—Yes. Mostly we have ones from the department. I do not know whether we do that ourselves.

Mr McPheat—I do some using some of my staff but I do not try to actually get weapons through. I try and get test pieces through because if you try it with real weapons you are breaching the law. Our friends at the back from the department are, to praise them, a bit like the plague. They are out at the airport virtually every day of the week doing some sort of inspection systems testing. And they can do it legally. I think we have a fairly good record in that area. People on my staff and I maintain close surveillance of the whole process. We are fairly lucky: my primary responsibility for screening and that sort of process is at the international terminal and we have an excellent working relationship with the Australian Protective Service. Because they are there 24/7 and that is their role, they physically maintain a very high presence and an active checking program—and I can probably say in this environment more so than any other airport in Australia, because of the special relationships we have. I think if you were to dig deep you would find that that would be factual. We do not have the same sort of industrial demarcation lines. We have worked extremely hard to develop our relationships with every person on the airport, including our contractors, and we get very good mileage out of that.

CHAIRMAN—So your only complaint is that we are not paying for it?

Mr Goodwin—Our complaint is just that you need to share that burden a little bit more.

Mr McPheat—The main thing with the payment is that the industry pays.

Mr SOMLYAY—And the compliance costs of regulation?

Mr Goodwin—Yes.

Mr SOMLYAY—Can you measure that?

Mr Goodwin—In terms of how much it costs us?

Mr SOMLYAY—Yes.

Mr Goodwin—I think last financial year it was about 17 per cent of our total cost base. This year it is just under 21½ per cent of our cost base.

Mr SOMLYAY—For compliance costs?

Mr Goodwin—That is for straight mandated security.

CHAIRMAN—Is that just for security or does that also include operations which also wind up costing you money, such as Customs?

Mr Goodwin—No, that is separated out; I am talking about straight mandated security.

CHAIRMAN—And it would have nothing to do with having customs officers?

Mr Goodwin—No.

CHAIRMAN—Do you have concerns about regional airports and general aviation?

Mr Goodwin—Not particularly. I think that there are issues that can occur there but the threat or risk is probably less than for the big airlines that we currently have. I guess that is because the bigger the aircraft the greater potential it has to do immense damage. Any damage is of concern—even if it is small—but if you look at how many regional places we have in Australia and you look at the cost versus the risk, it is probably a lower risk.

CHAIRMAN—As I put to the representative of the Queensland government before lunch, what is the greater risk—a single engine aircraft out of Rockhampton trying to do some damage somewhere or a truck full of fertiliser and diesel oil crossing the Story Bridge out here?

Mr Goodwin—Yes, or even a truck just driving through the perimeter fence with people or a bomb in it or something—you have to weigh those things up.

CHAIRMAN—So you are not that fussed about the regional airports or the general aviation?

Mr Goodwin—Yes, it is not a major concern of mine. I think the risk is low.

CHAIRMAN—The committee has received some evidence that, in the event of an increase in the threat level, privacy issues may have to take second place to security. What do you think we might have to compromise?

Mr Goodwin—This is where you have issues with privacy: the sharing of information—or, now, the mandate that we must give information to other agencies—versus the privacy issues that we are actually under as the primary authority, company or whatever you want to call it which receives that information in the first place. To get the security outcome that has been mandated, I guess you are going to have to breach—or somehow bridge—those privacy issues. That is really what we are saying there: that both sides have to be looked at.

Mr SOMLYAY—Somebody foreshadowed last week that there would be an inquiry into privacy, a review of the privacy laws, so I would encourage you to come forward at the time that inquiry is announced.

CHAIRMAN—Passenger profiling, being one of the next major issues to be addressed, would fall into that category, wouldn't it?

Mr Goodwin—Yes. We have already talked a little bit about that at industry level and that is what has probably highlighted those issues which came out about privacy. It is something that is going to have to be addressed, probably again through legislation.

Mr SOMLYAY—Trying to sum up, if we are to come to a conclusion from your submission and your appearance here, what message would you like us to give the parliament?

Mr Goodwin—I think there are probably a couple of points. We did not talk very much about it here, but I think a real security outcome could have been achieved in a much simpler way than the way we have gone about it. If we had looked to history and the Sydney 2000 Olympics, in our opinion it probably gave the key way that you could have achieved the best security outcome—that is, at that stage they did all the PMV checks on a number of people associated with those games. We strongly believe that, if that had been done, the bad guys—for want of a better term—would have been found out, so to speak, and your security outcome would have been achieved. I think we are going through a lot of process of showing and doing things which look good but which may not actually provide the security outcome that the government and John Anderson actually wanted at the beginning of the day. We would just ask that that be thought of a bit more in the consultative process that we have enjoyed—and it has been a very good one. Yes, there is always room for improvement. You need to listen to those things and particularly to the people with a lot of experience, who have brought that forward at a number of these forums that we have attended over the last few years. It needs to be heard.

Mr SOMLYAY—I think there is an aviation security bill coming up in the House for debate in about a fortnight's time. Do you want to say anything about that?

Mr Goodwin—It has been covered, I think. Our major issue is that. The second one is that we do strongly believe there should be a bit more sharing of the burden of costs.

Mr SOMLYAY—I think we heard that pretty loud and clear, Bob, didn't we?

CHAIRMAN—Yes; lots of vested interests.

Mr SOMLYAY—The taxpayers have a vested interest, too.

CHAIRMAN—Absolutely.

Mr Goodwin—It is their safety.

CHAIRMAN—Thank you very much for your submission. Thank you for coming and forthrightly answering our questions today. If we have further questions, you will not mind if we put them in writing?

Mr Goodwin—No, no problems at all.

CHAIRMAN—Very good. Thank you once again.

[2.51 p.m.]

ROBINSON, Mr Ian, General Manager Airport, Cairns Port Authority

WARWICK, Mr Philip Clive, Security and Emergency Services Manager, Cairns Port Authority

CHAIRMAN—Welcome. Thank you very much for your submission and for coming today. Do you have a brief opening statement, or can we start asking you our challenging questions?

Mr I. Robinson—I will make a brief statement.

CHAIRMAN—Very brief, please.

Mr I. Robinson—Cairns Port Authority has followed the progress of this inquiry with more than passing interest. It will be no easy task for the committee to trawl through the ever-increasing mountain of evidence. As voluminous as it may be, we hope that our submission helps to highlight a number of matters that require further consideration and with the backing of government will further improve our collective reputation in the aviation security field.

It seems to us that this inquiry is already having a positive effect on the administration of aviation security. I refer to recent decisions by DOTARS that were agreed at the last industry consultative group meeting in Canberra on 17 and 18 September. The first was a decision not to proceed with a demerit points system of penalties. They at least have been dropped from the proposed Aviation Transport Security Regulations 2003, although they remain in the bill. That was followed by an undertaking to review the national aviation security program in conjunction with a review of circulated guidelines for transport security programs proposed under clause 16 of the Aviation Transport Security Bill.

We would also like to point out that, contrary to what has previously been raised at this inquiry, the Cairns Port Authority does not have a current contractual arrangement with APS—nor, as far as we are aware, does any other major airport. We are operating under the provisions of our previous contract with APS that expired on 1 July 2002, which was extended for three months to 30 September 2002. We last heard from APS on this matter on 3 April 2003 and we were advised that they were working on some existing issues with their legal people. It is our understanding that most major airports are in a similar position.

We are also at variance with APS in relation to an incident that occurred on the Virgin Blue Sydney-Cairns flight on 10 June this year. According to the *Hansard* transcript, the APS response to a question from Ms King mentioned that the air security officers responded appropriately in that situation and de-escalated it to the satisfaction of the airline and the operational people who assessed it. Our record of that incident appears at page 11 of our written submission.

The final point I would like to make is that information on the current threat levels continues to be inadequate. We used to receive a regular flow of information from ASIO via the

Department of Transport and Regional Services. However, that stopped in November 2001. When the issue was last raised at the most recent industry consultative group meeting in Canberra, we were advised that the departments concerned had not yet got it right and that whatever process they embarked on needed to be secure. To the credit of DOTARS, they recently arranged a presentation to the Cairns airport security committee by ASIO state manager for Queensland, and that presentation was well received.

CHAIRMAN—Thank you, Mr Robinson. One of the difficulties that you create for us is the fact that you have insisted that your report be confidential. In your opening statement you have just referred to an incident in the air between Sydney and Cairns, saying that your response is in the confidential submission. How do we use that? What do we do with it? Of what value is it to us?

Mr I. Robinson—The comments that are in our submission are for the committee.

CHAIRMAN—Of what good is it to us if it is confidential?

Mr SOMLYAY—We cannot publish anything to do with a confidential submission.

CHAIRMAN—We cannot publish confidential information. You understand that we go through a public process. In fact, in your opening statement you said that you think the system is already having positive benefits. We generally find that that is true. We think the Joint Committee of Public Accounts and Audit add value to the process. We are respected enough by government that 99 per cent of the time they accept our recommendations and implement them, even when they cost money and even when they go against current government policy. We are very public about everything that we do. We are all about accountability. We report to the parliament not to the executive, and everything that we do is published on the web site.

Mr Warwick—When we were given the invitation to make a submission to this inquiry, we were alerted to the fact that if we were going to mention anything that may be sensitive we could do that in confidence. Given that our submission was fairly extensive and covered some things that were sensitive, we chose to make it in confidence.

CHAIRMAN—You just told us some information that is in your submission that is of no value to me because I cannot use your submission.

Mr I. Robinson—I do not understand why you cannot. The conclusions that we draw in relationship to that incident are matters that we certainly do not want made public, but you can draw your own conclusions from what is in our submission.

CHAIRMAN—It does not work like that, but okay—thank you.

Mr SOMLYAY—When we receive a submission we approve it for publication, which then gives it parliamentary privilege. This hearing is covered by parliamentary privilege so that you can say whatever you like and you cannot get sued for it. You cannot defame somebody here. But when a submission is confidential and we cannot publish it, really, in the rules of the parliament, we cannot ask you about it, unless you want to declassify it or parts of it.

Mr Warwick—I do not think our submission was confidential. The caveat was ‘security in confidence’.

Mr SOMLYAY—But you would not like to see it published on our web site with the other submissions?

Mr Warwick—From my point of view, I think the submission contains certain information that the inquiry should be able to consider. In view of the line of questioning that we have sustained so far, from my point of view, if our submission is going to be of any value to the inquiry at all, we should retract its confidentiality.

CHAIRMAN—We would appreciate that. If you could send us a letter to that effect, we will then publish your submission and we can then properly consider—

Mr SOMLYAY—Can’t we do that now?

CHAIRMAN—I am advised that it has to be in writing. It says so in the act. Sorry about that.

Mr I. Robinson—We will provide it to you in writing.

CHAIRMAN—Thank you very much. Now tell us about the in-flight incident and how the outcome was different than what was reported—that is to say, the APS evidently said that it was resolved satisfactorily, but you are not convinced that that is true.

Mr I. Robinson—It goes to the matter of how the incident unfolded and was coordinated, the way we perceive our responsibilities in managing a large infrastructure facility and what public risks might be created out of the management of that incident. So from our perspective the failure to advise the airport authority of this incident until after the event created quite significant problems for Cairns airport in terms of the resolution of that incident. Our view is that the coordination and management of security incidents must involve the airport authority. On this occasion it did not.

CHAIRMAN—Have you held discussions with the APS, the Australian Federal Police or the Queensland police to try to improve that information flow?

Mr I. Robinson—Yes, absolutely. We have had discussions with the APS as to the nature of the coordination that we require.

CHAIRMAN—We were advised that on 26 or 29 April a memorandum of understanding was signed between DOTARS and the Australian Federal Police regarding delineation of responsibilities. Further to that, there were either MOUs or letters of agreement between the heads of the Australian Federal Police and each of the state and territory police agencies. We also understand from the Queensland police witnesses here today that those procedures are working extremely well. They reckon that the coordination and cooperation between our policing agencies is top drawer. Are you satisfied now that your concerns have been heard and will be dealt with properly in the future?

Mr I. Robinson—I think that the concern associated with the coordination on security incidents is something that the agencies all need to work very actively on. I would not say that we consider it to be at 100 per cent at this stage. For instance, the Queensland police were not advised of the Virgin incident until after the matter was resolved. So we still have a distance to go in terms of effective coordination of the management of those incidents.

CHAIRMAN—There is something I want to ask all participants in this inquiry, today and in the past, since we are dealing with this issue. There are a great range of players in the aviation industry. They range from aircraft operators and airport authorities, as you are, to freight forwarders, to the police and to ASIO. It is everywhere. How on earth do we get that coordination that each of you talks about as being crucial? I am sure it is. How do we get there?

Mr I. Robinson—It needs to be divided into segments. We have our regulator—it needs to be a single person. The issue associated with threat assessment or risk assessment needs to be provided through a range of agencies and provided to the regulator, who interprets that. That forms the basis of the direction that the industry takes, whether you are an airline or an airport operator. I think, from our point of view, that that is quite clear. Then you have in day-to-day activities how you comply with those regulations and how you manage incidents or circumstances on the ground. I think the compliance aspects are well proven because they have developed over quite a period of time. Increasingly, we are being faced with the management of incidents on the ground, whereby we do need to work in a much more coordinated way. No one agency has the knowledge of what is actually occurring in relation to that incident.

CHAIRMAN—You are an authority, which means that you have not been privatised yet.

Mr I. Robinson—That is correct.

CHAIRMAN—So you are still run by—

Mr I. Robinson—We are a government owned corporation of the Queensland government.

CHAIRMAN—Do they intend to sell you?

Mr I. Robinson—I hope not.

CHAIRMAN—Or corporatise you?

Mr I. Robinson—No, I do not believe there is any proposal.

Mr Warwick—We are fully self-funding.

CHAIRMAN—Then you do not need any help from the feds, do you?

Mr Warwick—Oh, yes.

Mr I. Robinson—That is not necessarily a logical conclusion.

CHAIRMAN—I thought it was quite logical, with the greatest of respect.

Mr I. Robinson—We operate an international airport that caters for international passengers through Northern Queensland. Our ownership through the Queensland government does not impact on where or how we obtain the funding to pay for security aspects. The Queensland government does not fund us in that regard at all. Like a privatised airport, we receive funding through the passenger levies that pay for mandated security requirements. There is an element of government funding, in terms of APS, which exists today.

Mr CIOBO—You pay a dividend to the Queensland government, don't you?

Mr I. Robinson—Yes, we do.

Mr CIOBO—If you wanted to have additional funds for these sorts of compliance measures, it would be easy for the Queensland government to forgive you a dividend for a year, wouldn't it?

Mr I. Robinson—If you look at the overall operation of Cairns airport, the Queensland government expects us to make investments in a broad range of areas—from terminals to runways—and in the overall operation of the airport.

Mr CIOBO—All I am saying is that, at the end of the day, requests for Commonwealth government assistance with respect to the installation of security equipment, especially where it pertains to state owned corporations, essentially comes down to a transfer of funds between one tier of government and another. Fundamentally it would be just as easy for the Queensland state government to forgive you a dividend. I highlight that as one example—wouldn't it to some extent go a long way to helping you fund the additional security equipment that you need at your airport to ensure that there is compliance with enhanced safety measures?

Mr I. Robinson—It may be one option but I do not think it is necessarily an attractive option.

Mr CIOBO—Why is that more or less an attractive option than asking the Commonwealth for funds?

Mr I. Robinson—The degree to which we ask the Commonwealth for funds, I think, goes to the issue of what aviation actually provides. Airports and aviation provide a huge benefit to the country from a Commonwealth perspective. I am sure you have heard this through the submissions that have been made to you. You can view partial passenger funding and partial government funding—either federally or state, and in regional activities through regional funding—for security purposes, but the propensity to pay and to operate in the smaller airports becomes extremely difficult.

Mr CIOBO—That is my whole point. At the end of the day, it is a service that a tier of government wants to provide to the community. What I am saying is I do not fully comprehend the argument and the rationale that the funds should rightly come from the Commonwealth, because I cannot see how it would be any different for the funding to come from the state government.

Mr Warwick—But the state government—

Mr CIOBO—I am not saying the state government should pay; I am asking why there is a view that it should be paid for by the Commonwealth government and not by the state government.

Mr Warwick—Can we define the funding it is that you are talking about?

Mr CIOBO—The funding for additional security measures.

Mr SOMLYAY—They are Commonwealth regulations, so the Commonwealth pays. You cannot expect the state government to pay—the passenger pays, the corporation pays or the taxpayer pays.

Mr CIOBO—If you listened to the comments that were made earlier today by Virgin Blue, they want the Commonwealth to pay for changes to RPT travel.

Mr SOMLYAY—Mr Robinson, am I right that the state government would still expect its dividend and would expect you to pass that on to the airline and on to the passenger?

Mr I. Robinson—That is correct.

Mr SOMLYAY—The bottom line still remains the same as with the BAC that either the passenger or the general taxpayer pays—is that what it boils down to?

Mr I. Robinson—That is correct.

Mr CIOBO—I am not sure the Queensland government's position is that.

Mr I. Robinson—The Queensland government have made a submission to you. They are responsible for a broad range of airports, from Cairns all the way through to regional airports, so they will have potentially different issues in terms of the size and nature of the airport that operates.

CHAIRMAN—To tidy up some business, I have received a letter from the Cairns Port Authority wishing to withdraw the security-in-confidence submission to the inquiry. Would someone move that that be received as an addition to submission No. 23?

Mr SOMLYAY—So moved.

CHAIRMAN—There being no objection, it is so ordered. Thank you; we cleared that up.

Mr SOMLYAY—I move for publication.

CHAIRMAN—There being no objection, that is ordered, too.

Mr CIOBO—To put it back into the context of the broader discussions, at Cairns airport you pay for security arrangements. Is your relationship with the airline one where you are required to

provide them with data in terms of audits of the security arrangements? Do you provide them with information in relation to breach tests and those types of things?

Mr I. Robinson—In terms of funding, we provide them with what we call an open book approach, which identifies all of the man-hour content required to provide security services and which demonstrates to them how that translates to the per passenger cost.

Mr CIOBO—I meant in terms of the actual effectiveness of your security on the ground for carry-on baggage.

Mr I. Robinson—That is fully shared through a very effective security committee on which the airlines are represented, as are government agencies.

Mr CIOBO—You raised the concern earlier that you felt the information from ASIO had dried up to some extent, or that perhaps it was not flowing as freely as it was previously. That is an interesting point because that is the first time that I have really heard that. Certainly some of the major airports have indicated that they have been happy with the amount of information they are receiving. What do you think has brought about the change that you have felt? Is it a lack of formal advice guidelines? What is largely the cause of that?

Mr I. Robinson—It could have been largely because of the remoteness of Cairns, I suspect. I think the last briefing that we had from ASIO, which was recently, was of a high quality and, from our perspective, met the requirement of our security committee. But it had been almost two years since we had received that sort of briefing. I have no doubt that some of the larger airports had been receiving more regular briefings than we had.

Mr CIOBO—So is there a formal process in place as to how regular it should be? Is it when there is a material change in circumstance or anything like that, or is it just ad hoc?

Mr Warwick—No. It has been raised at industry consultative meetings. I have raised it myself, as I said. Our last formal threat assessment from ASIO was, I think—from memory—in November 2001. I understand, though I cannot be sure of this, that it dried up because there was a breach somewhere along the line—so it stopped. We were a member at that stage of the Defence Industrial Security Program. We joined that program back in the early nineties at the request of the department but, since the threat assessments have dried up, last year we were withdrawn from that program. So we now do not belong to any government program that would provide us with a conduit for any sort of classified material or intelligence relating to aviation security.

Mr CIOBO—What scope is there for a plane that might take off from Mareeba, for example, to land at Cairns airport and for passengers—or materials, for that matter—to be transferred from that light aircraft to the air side of your jet service operations at the terminals?

Mr I. Robinson—Cairns airport is separated by a runway. We have our general aviation area to the western side of the runway and our RPT—regular passenger transport—operation to the eastern side of the runway. An aircraft coming in from Mareeba will largely operate through the GA side of the airport and then have to transfer around to the RPT side of the airport. If they

arrived onto the domestic apron then they would be required to vacate that area, come through and be screened into the relevant terminals.

Mr CIOBO—What process is followed at the moment, for example, for a charter flight that connects from Cooktown to Cairns, and then from Cairns on a jet service to Brisbane? Do they land and go to the RPT side?

Mr I. Robinson—It depends on the operation. We have aircraft that arrive from unscreened ports today onto the domestic apron. Those people come through and enter the baggage reclaim areas of the domestic terminal. Before they can enter the sterile area they must be screened, so those people are escorted from their aircraft into the public area of the terminals and then must enter the sterile area through the screening point.

Mr SOMLYAY—I do not know the origin of all the flights to Cairns, but Qantas gave us evidence that some countries do not have as high a standard as we have, so they put their own standards in place. Do you have aircraft arriving from countries that have substandard security? Would that be a worry?

Mr I. Robinson—Our focus on security is on the arrival of an aircraft. Passengers disembark and are processed through the customs agency or, if they are in transit, transit through our screening point and enter the air side sterile area. So we do not really have any concern in terms of the destinations that are serving Cairns, or the standard, because when passengers arrive they are taken to the Australian standard.

CHAIRMAN—In your opening statement you said that the demerit system, which is in the legislation that is currently before the House, was going to be abandoned. Are they going to amend the legislation?

Mr I. Robinson—No. It has been withdrawn from the regulation, but it stays in the bill.

CHAIRMAN—What does that mean?

Mr I. Robinson—It is not featuring—

CHAIRMAN—If they want to introduce it eventually, they can, but they have no intention of introducing it at the moment, as long as you guys play ball. Is that right, in the vernacular?

Mr Warwick—That is right.

CHAIRMAN—Very good. We kept asking people about the demerit system, and nobody liked it. The first we heard was that it was going to be dropped.

Mr I. Robinson—We just think that there are better models. That is something that the industry working group has worked on. It is positive, from our perspective, that the consultation has arrived at that as a conclusion. We are quite happy to work through the industry consultation as to the sorts of models that are available. An example we use in our submission is the CASA model, which has a process of identifying safety breaches by an airport and requiring

rectification. But it does not necessarily go to the same mechanisms that were proposed within the demerit system.

CHAIRMAN—We have heard over and over again, both today and in prior hearings, criticism of DOTARS over the lack of consultation ahead of the legislation but praise for DOTARS for the degree of consultation since the development of the regulations to go with the legislation. Do you concur with the preponderance of those views?

Mr I. Robinson—I think we do. I think that the pendulum has swung back to where we think it needs to be. There is a level of consultation occurring now that is positive.

CHAIRMAN—That is good. I turn to the issue of the incident between Sydney and Cairns. You might or might not be aware that in Canberra there is a relatively new national surveillance centre which operates under the Coastwatch program. It coordinates all the incoming information from all over the world regarding threats to our coastline and then sends out assets, like the boats and planes that constantly patrol the north, north-east and north-west of Australia. I understand that cabinet has approved a new national security centre to operate along the same lines. Have you had any indication of what that may encompass?

Mr I. Robinson—Not personally.

CHAIRMAN—And how it might affect you?

Mr Warwick—Not at all.

Mr I. Robinson—No, we are not aware of that.

CHAIRMAN—Do you understand how the national surveillance centre operates?

Mr I. Robinson—Yes, I do.

CHAIRMAN—Do you understand that it is all based on MOUs? It did not have some, but it does now that we have finished our inquiry and all our recommendations have been accepted. If that national security centre operated in the same way and we recommended a series of MOUs or written procedures for those authorities, owners and players in the aviation security industry to sign up to, would you approve of that?

Mr I. Robinson—Yes, we would agree to that. We look forward to our contract with APS, for instance.

CHAIRMAN—I gathered that. We have had expressed to us some concerns over aircraft flying out of regional areas and private properties, particularly in Queensland and New South Wales. Do you have concerns about that?

Mr I. Robinson—Our operation at Cairns is about 50 per cent general aviation and 50 per cent regular passenger transport. We are quite unique for a large airport, if you look at the level of aircraft movements that we have that are of the very small aircraft type. We have a very active training program. The concerns we might have are about awareness at the point of uplift in

regional areas and about educating the general aviation community about evolving security requirements in that precinct of the airport. Looking at our concerns in relationship to other issues, they are at the lower end of the scale.

CHAIRMAN—Thank you for that. It has been an issue rather popularised by the press.

Mr I. Robinson—I agree with that.

CHAIRMAN—I have a view that the photograph on the *Australian* the day we started this inquiry of a Qantas jet and a SAM was not helpful. Almost all the evidence we are getting is that, yes, it could be an issue, but probably not as big an issue as vans full of explosives that could blow up major buildings or icons elsewhere. There has to be a balance between cost and security, doesn't there?

Mr I. Robinson—I agree with that. Very much so.

CHAIRMAN—Because if there is not, we could close everything down. Qantas did say today that the only way to guarantee absolute security is to shut down the airlines so we do not fly.

Mr I. Robinson—Yes.

CHAIRMAN—Your submission makes reference to the most recent review of the counter-terrorism first response function. You state:

... future arrangements need to take account of the specific requirements of airports and not leave the industry short of effective ... protective security.

Can you tell us a bit more about that?

Mr I. Robinson—Certainly. We wanted to ensure the emphasis from when CTFR was originally established was not detracted from or reduced. That is, we want to see a uniformed presence physically within our terminals and within our boundaries, to provide the patrolling that is required to perform that overt presence at an airport. We think that is extremely important. With respect to shifts to make the CTFR function more intelligence based, we believe that service is provided through other agencies and through the AFP. The CTFR function should remain highly visible and responsive to incidents on the airport.

CHAIRMAN—Is the coming installation of check baggage screening going to be very expensive for you?

Mr I. Robinson—It will be expensive. In relative terms, we are a small international airport. We have only a million passengers a year through our airport. When you look at the actual cost—and we are in the design process today—it will be in the order of between \$12 million and \$14 million to introduce, with an approximate life of around 10 years for the equipment. In looking at transferring that cost to the travelling public, the issue for us is that it becomes disproportionate in a location like Cairns where the passenger charge for that introduction is so high.

CHAIRMAN—So you would like somebody else to pay for it.

Mr I. Robinson—No. That is not our submission, Mr Chairman. What we have said is that there needs to be a recognition that the larger airports are implementing it at not much greater cost than what Cairns is introducing it. What we are saying is that we are effectively disadvantaging the destination in tourism terms, because the cost levied on the passenger, as it relates, is much higher.

CHAIRMAN—I might tell you that every other major airport organisation that we have talked to has asked for the Commonwealth to finance that capital expenditure, or at least to assist with it. Is your air side control done by airlines, or do you have involvement air side?

Mr I. Robinson—In terms of the issuing of ASICs?

CHAIRMAN—Yes, and control and day passes and that sort of thing.

Mr I. Robinson—We control all screening points and all access to the airfield, probably with the exception of the airfreight facilities that have an air side/landside barrier. We do have other ASIC issuing authorities on airport, such as Qantas and Virgin Blue.

Mr Warwick—I think Virgin Blue is just about to become an ASIC authority.

Mr I. Robinson—They have become an ASIC issuing authority.

CHAIRMAN—How well do you think ASIC is working? Has it still got holes?

Mr I. Robinson—We think the upgrade we are implementing today is a positive step. We think that the increased police checks are necessary, and that they have been necessary for some time.

CHAIRMAN—The Brisbane Airport Corporation representatives have told us that, to get a day pass to come in and repair a coca-cola machine, you have to have somebody with an ASIC with you 100 per cent of the time. What procedure do you have in Cairns?

Mr I. Robinson—We have the same procedure. Any form of day pass is required to be escorted by an ASIC holder. We probably have the benefit of being a small airport. We have a centralised control system where all contractors or people requiring passes must attend. We can then ensure compliance with the escort requirements.

CHAIRMAN—I remember Coffs Harbour representatives telling us that, whilst they are a regulated airport, they are small enough that everybody knows everybody and that you would have Buckley's hope of being a terrorist wandering loose around the runway.

Mr I. Robinson—It is a little like that in Cairns, but we are a little larger than Coffs.

CHAIRMAN—You sure are. Gentlemen, thank you very much and thank you for allowing us to have access to your full submission. Now we can use it.

Mr Warwick—You are welcome.

CHAIRMAN—That is indeed most beneficial. I get very upset about confidential submissions, because we just cannot use them. They just do not work. We understand that this whole issue is a security issue. We do not want to advise terrorists of what we are doing, but, at the same time, the more open we make it the more confident the public can be that Australia is addressing whatever problems we help find. The more open and public it is the more confident the travelling public will be—at least, that is our view. We hope to add value to your industry, too. Thank you once again. If we have further questions, will you mind if we put them in writing?

Mr I. Robinson—Not at all; we will be happy to receive them.

CHAIRMAN—Thank you for attending. I thank observers and others in the media for being so polite this morning. I thank the committee members and our secretariat. And, as always, God bless Hansard.

Resolved (on motion by **Mr Somlyay**):

That this committee authorises publication, including publication on the parliamentary database, of the proof transcript of the evidence given before it at public hearing this day.

Committee adjourned at 3.30 p.m.