

Issues and Conclusions

Amendments to the Statement of Evidence

- 3.1 At public hearings the Committee provides witnesses the opportunity to propose amendments to the statement of evidence and submission made to the Committee as part of its inquiry. Airservices summarised its amendments as follows:
- Airservices' indicative cost of \$94.5 million is exclusive of the GST component of \$8.9 million;
 - provision of the tower siting report from Melbourne and the diagram of the potential sites at Melbourne, unavailable at the time of submitting the statement of evidence (items 33c, 34c and 68c), have been provided to the Committee; and
 - the preference for site 1 at Adelaide, item 34a, and the preference for site 2 at Rockhampton, item 34d, are under further consideration.¹

¹ Appendix D, Official Transcript of Evidence, page 2

Airservices Australia Funding

3.2 Airservices stated at the public hearing that it intends to fund the proposed works entirely from its own revenues, commercially raised by service provision to customers. Airservices continued that,

...a portion of the multimillion dollar cost is already in hand, with about a quarter already in Airservices' capital expenditure reserve. The remainder would be held aside for future annual revenues as required.²

3.3 All Airservices' fees and charges are regulated by the Australian Competition and Consumer Commission (ACCC) in consultation with the aviation industry and stakeholders, and are incorporated into a formal pricing agreement. The current five-year agreement commenced in January 2005.³ Airservices continued that,

The proposed national towers program was considered in the capital program of the current pricing agreement; however, the major cost of Stage 1 works would affect the next pricing period, which is due for consultation and negotiation soon. Airservices is mindful of the potential cost impact to industry of this proposal, which is why we are determined to complete this necessary work at the lowest possible cost.⁴

3.4 Based on Airservices' current cost estimates, it believes that the indicative funding level of \$94.5 million exclusive of GST, as submitted in its statement of evidence, would be adequate for the project.⁵

3.5 The Committee enquired as to whether Airservices derives funding from sources other than customers. Airservices replied that its funding is solely from airlines and airline owners that fly through Australian airspace. Aircraft that operate in areas under Airservices' monitoring are registered and, based on a weight and distance flown basis, charged on the service provided.⁶

2 Appendix D, Official Transcript of Evidence, page 5

3 *ibid*

4 *ibid*

5 *ibid*

6 *ibid*, page 7

Legislative Requirements

Public Works Committee Act 1969

3.6 At the public hearing, there was some discussion over the requirement for Airservices to appear before the Committee. The Committee stated that:

...as members of this committee and as members of parliament, we are very interested in your work. It is very important work dealing with the safety of passengers and ensuring an effective airport aviation system in this country...You [Airservices] have very significant regulatory matters to perform. They are matters that have to be signed off by the minister and, therefore, it would seem fitting that there is some level of scrutiny.⁷

3.7 Part I, Section 6A (3) of the Act⁸ states that:

Where the Governor-General is satisfied that an authority of the Commonwealth is engaging in trading or other activities, or is providing services, in competition with another body or other bodies, or with persons, the Governor-General may make regulations declaring that this Act does not apply to that authority.

Site Selection

3.8 The 'Associated Plans/Drawings' contained within Airservices' statement of evidence includes details of the siting options for towers and the various airports.⁹ The Committee noted that a number of siting options were identified at each airport, and enquired as to how a final site would be selected.

3.9 Airservices responded that the number of possible sites at each airport all meet regulatory requirements. Preferred sites have been identified with remaining appropriate sites placed in an order of priority. Airservices propose to have a preferred site and a second option and each of the four airports. Once a site has been chosen, suitable for both airport lessees and Airservices, the proposed site will require approval from CASA. The negotiation between the airports and Airservices is yet to take place,

7 Appendix D, Official Transcript of Evidence, page 6

8 *Public Works Committee Act 1969*

9 Appendix C, Submission No. 1, Associated Plans/Drawings, Plans 1-4

however Airservices is confident that an appropriate site can be selected that suits the Airservices' needs and does not impede airport development options.¹⁰

3.10 Whilst all sites meet regulatory requirements, there may be difference in costs between various sites due to positioning and height requirements. Airservices is confident that this would not impact cost or charging regime significantly, noting that the proposed out-turn cost of \$94.5 million does include a contingency amount.¹¹

3.11 In information provided subsequent to the hearing, Airservices further explained that should there be a disagreement between an airport owner and Airservices regarding site selection:

There is no legislated dispute resolution mechanism for such a disagreement.

Airservices continues that the airport owners and Airservices are bound to site ATC towers in accordance with Civil Aviation Safety Regulations and CASA Manual of Standards, and that discussions between Airservices and airport owners on such matters have been constructive.

Building Design

Design Life

3.12 Part of the design philosophy outlined in Airservices' main submission is that the proposed facilities would incorporate consideration of a 40 year design life.¹² During the site inspection the Committee was shown the type of technology being used at the existing tower at Canberra Airport, and Airservices explained the benefits of a new tower and the use of new technology as proposed to be incorporated into the project. Given the proposed 40 year design life, the Committee sought further information as to what technological upgrades would be introduced and accommodated over the design life of a tower.

3.13 Airservices explained that ATC tower technology is very similar the world over ensuring consistency for aircraft. Any upgrades and change to technology would change the configuration inside the tower, with the

10 Appendix D, Official Transcript of Evidence, page 8

11 *ibid*, page 9

12 Appendix C, Submission No. 1, paragraph 41b

basic design of a column with a cab at the top remaining unchanged. Airservices stated that it anticipates that the introduction of any changes to the basic design of an ATC tower would be beyond the 40 year lifetime of the proposed design of the towers before the Committee.¹³

Access Equity

3.14 During the public hearing Airservices submitted that it had received an independent report from an economic and public policy firm concluding that:

Airservices Australia is able to fulfil its obligations under the Disability Discrimination Act without providing lift access to the cabin level of the four towers under Stage 1 of the National Towers Project. Therefore, it is now envisaged that disabled access will not be provided to all levels of the control tower.¹⁴

The Committee further enquired as to how it fulfils the requirements of the Disability Discrimination Act 1992 and the provisions for employment of persons with a disability.

3.15 Airservices indicated that the issue of providing access to all persons who are interested in being employed by Airservices as an air traffic controller had been the subject of some debate within Airservices. Two key issues were identified:

- lift access to the tower cab would restrict visibility for one part of the aerodrome which jeopardises meeting regulatory requirements; and
- the requirement of air traffic controllers to pass a class 3 medical assessment from the Civil Aviation Safety Authority (CASA).

3.16 As stated by Airservices, class 3 CASA medical standards preclude people with physical disabilities such as people who use mobility aids. Airservices continued that CASA has not to date approved the class 3 medical for a person with a physical disability which would not enable them to climb the stairs to the tower cabin.¹⁵ Airservices also stated that the ground support complexes would provide access for persons with a disability.

13 Appendix D, Official Transcript of Evidence, page 12

14 *ibid*, page 2

15 *ibid*, page 8

Consultation

- 3.17 The Committee received submissions from the Board of Airline Representatives of Australia (BARA)¹⁶ and Qantas¹⁷ as part of the inquiry. Both submissions expressed concern over the level of consultation regarding the proposed NTP Stage 1. Airservices submitted supplementary submissions¹⁸ responding to BARA and Qantas, and the Committee asked Airservices to further expand on its responses and details of its consultation process.
- 3.18 Airservices responded that it recently met with major airline customers and peak aviation representative bodies, which included BARA and Qantas. At that meeting Airservices outlined the proposed tower program and the process undertaken to identify and prioritise towers for replacement. Airservices added that it proposes,
- ...to undertake further consultation following the development of the functional design brief and before the release of any request for tender.¹⁹
- 3.19 During the public hearing Airservices conceded that its understanding of the Public Works Committee and associated obligations was limited and as a consequence, Airservices information may have entered the public arena earlier before being presented to customers.²⁰
- 3.20 Airservices recognises that its initial approach to consultation did not fully meet the expectations of customers and have subsequently established a process to satisfy needs and concerns of customers.²¹ Following on from a consultation meeting in February, Airservices stated that it will meet with customers in April; July/ August; and October to update customers on project progress.

16 Volume of Submissions, Submission No. 4, Board of Airline Representatives of Australia

17 *ibid*, Submission No. 7, Qantas

18 *ibid*, Submission No. 8, Supplementary Submission – Airservices Australia; and Submission No. 9, Supplementary Submission – Airservices Australia

19 Appendix D, Official Transcript of Evidence, page 5

20 *ibid*, page 11

21 *ibid*, page 5

Recommendation 1

The Committee recommends that Airservices Australia continue a comprehensive program of consultation with customers and stakeholders.

Environment and Heritage Considerations

- 3.21 Airservices stated at the public hearing that there are no significant, or potentially significant, impacts on the natural environment at any of the proposed sites, which precludes a requirement to refer the proposal to the Minister for the Environment and Heritage.
- 3.22 Furthermore, the existing towers identified for replacement as part of Stage 1 are not listed on the Commonwealth Heritage List, the register of the National Estate or similar state registers. No demolition of existing tower will occur prior to an assessment by a qualified heritage consultant.
- 3.23 Airservices assured the Committee that any environmental impacts associated with construction would be mitigated by appropriate management plans and in consultation with relevant authorities.²²

Future Work Stages

- 3.24 Airservices operates 26 control towers throughout Australia²³ of which four (Adelaide, Canberra, Melbourne, and Rockhampton) are to be replaced as part of Stage 1 of the NTP. The Committee sought further information on Airservices' plans for the control towers not identified for replacement or refurbishment under Stage 1.
- 3.25 Airservices responded that the NTP is a long-term project, and does not anticipate rebuilding all the towers within the next 10 years. A review of the ATC towers has indicated that some structures are ageing and require replacement; however Airservices has not yet determined which of the towers will be replaced or refurbished as part of Stage 2.²⁴

22 Appendix D, Official Transcript of Evidence, page 6

23 Appendix C, Submission No. 1, paragraph 4

24 Appendix D, Official Statement of Evidence, page 7

- 3.26 Subsequent to the hearing, Airservices informed the Committee that it would be pleased to host the Committee at any of its facilities. The Committee welcomed the invitation from Airservices and may take the opportunity to visit other ATC towers in the future.

Recommendation 2

The Committee recommends that the proposed National Towers Program Stage 1 - Adelaide, Canberra, Melbourne and Rockhampton, proceed at the estimated cost of \$94.5 million exclusive of GST.

The Hon Judi Moylan, MP

Chair

23 May 2007