



Parliamentary Standing Committee on Public Works

REPORT

relating to the proposed

NATIONAL TOWERS PROGRAM STAGE 1 – ADELAIDE, CANBERRA, MELBOURNE, ROCKHAMPTON

(Third Report of 2007)

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA
2007

The Parliament of the Commonwealth of Australia

National Towers Program Stage 1 – Adelaide, Canberra, Melbourne, Rockhampton

Parliamentary Standing Committee on Public Works

May 2007
Canberra

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Membership of the Committee

Chair Hon Judi Moylan MP

Deputy Chair Mr Brendan O'Connor MP

Members Mr John Forrest MP

Senator Annette Hurley

Mr Harry Jenkins MP

Senator Stephen Parry

Mr Bernie Ripoll MP

Senator the Hon Judith Troeth

Mr Barry Wakelin MP

Committee Secretariat

Secretary Mrs Margaret Swieringa

Inquiry Secretary Mr John Fuhrman

Research Officer Mr Raymond Knight

Administrative Officer Mr Peter Ratas



List of abbreviations

ACCC	Australian Competition and Consumer Commission
Airservices	Airservices Australia
ANAO	Australian National Audit Office
ATC	Air Traffic Control
BCA	Building Code of Australia
CASA	Civil Aviation Safety Authority
ESD	Environmentally Sustainable Development
ICAO	International Civil Aviation Organisation
NTP	National Towers Program
OH&S	Occupational Health and Safety
UPS	Uninterruptible Power Supply



Extract from the Votes and Proceedings of the House of Representatives

No. 146 dated Thursday, 7 December 2006

27 PUBLIC WORKS – PARLIAMENTARY STANDING COMMITTEE –
REFERENCE OF WORK – PROPOSED NATIONAL TOWERS PROGRAM STAGE
1 FOR AIRSERVICES AUSTRALIA AT ADELAIDE, CANBERRA, MELBOURNE
AND ROCKHAMPTON AIRPORTS

Ms Gambaro (Parliamentary Secretary – Foreign Affairs), pursuant to notice, moved – That, in accordance with the provisions of the *Public Works Committee Act 1969*, the following proposed work be referred to the Parliamentary Standing Committee on Public Works for consideration and report: Proposed National Towers Program Stage 1 for Airservices Australia at Adelaide, Canberra, Melbourne and Rockhampton Airports.

Question – put and passed.



List of recommendations

3 Issues and Conclusions

Recommendation 1

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

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.

Introduction

Referral of Work

- 1.1 On 7 December 2006 the proposal for the National Towers Program Stage 1 – Adelaide, Canberra, Melbourne, Rockhampton, was referred to the Public Works Committee for consideration and report to the Parliament in accordance with the provisions of the *Public Works Committee Act 1969* (the Act).¹ The proponent agency for this work is the Department of Defence (Defence).
- 1.2 The Hon Teresa Gambaro MP, the then Parliamentary Secretary to the Minister for Foreign Affairs, currently Assistant Minister for Immigration and Citizenship, advised the House that the estimated cost of the proposal is \$94.5 million. Subject to parliamentary approval, it is anticipated that a design and construct contractor will be appointed by the end of 2007 with construction completed some 20 months later. This timeframe will also be subject to the responses received when the market is approached.

1 Extract from the *Votes and Proceedings of the House of Representatives*, No. 27, 7 December 2006

Background

Airservices Australia

- 1.3 Airservices Australia (Airservices) was established by the Commonwealth parliament on 6 July 1995 to provide a range of cost effective operational services to the Australian aviation industry. These include air traffic control, aeronautical information services, airport rescue and fire fighting and navigation and communication services. Airservices is required under Section 9 of the *Airservices Act 1995* to act in the following manner: “Airservices Australia must regard the safety of air navigation as the most important consideration”. It is also required to ensure, as far as practicable, that the environment is protected from the effects of aircraft problems.²

Funding and Revenue

- 1.4 Airservices charges airlines and aircraft operators for the use of its services and this revenue funds its capital expenditure requirements. Both the capital expenditure and prices are subject to extensive consultation with these customers and with other affected stakeholders, such as airport owners.³ Airservices states that this pricing process is undertaken to assure its customers that capital and technology expenditure is kept at optimal levels.

Inquiry Process

- 1.5 The Committee is required by the Act to consider public works over \$15 million⁴ and report to Parliament on:
- the purpose of the work and its suitability for that purpose;
 - the need for, or the advisability of, carrying out the work;
 - whether the money to be expended on the work is being spent in the most cost effective manner;

2 Appendix C, Submission No. 1, paragraph 1

3 *ibid*, paragraph 28

4 *Public Works Committee Act 1969*, Part III, Section 18 (8).

- the amount of revenue the work will generate for the Commonwealth, if that is its purpose; and
- the present and prospective public value of the work.⁵

1.6 The Committee called for submissions by advertising the inquiry in the *Weekend Australian*, *the Melbourne Age*, *the Adelaide Advertiser*, *the Rockhampton Morning Bulletin* and the *Canberra Times* on Saturday, 16 December 2006. The Committee also sought submissions from relevant government agencies, local government, private organisations and individuals, who may be materially affected by or have an interest in the proposed work. The Committee subsequently placed submissions and other information relating to the inquiry on its web site in order to encourage further public participation.

Inspection and Hearing

1.7 On 23 March 2007 the Committee visited Canberra Airport and inspected the site and environs of the proposed works. A confidential costs briefing from Airservices Australia and a public hearing were held at Parliament House, Canberra, later that day.⁶

5 *Public Works Committee Act 1969*, Part III, Section 17

6 See Appendix D for the official Hansard transcript of the evidence taken by the Committee at the public hearing on Friday, 23 March 2007 in Canberra.

The Proposed Works

Purpose

- 2.1 Airservices Australia (Airservices) proposes to rebuild and refurbish existing Air Traffic Control (ATC) towers through the Airservices' National Towers Program (NTP).
- 2.2 Stage 1 of the NTP, and subject of this Inquiry and Report, is the proposed replacement of existing control towers at Adelaide; Canberra; Melbourne; and Rockhampton Airports.¹

Need

- 2.3 Airservices has undertaken a number of surveys of all the towers in the inventory which included: structural assessments; maintenance risk assessments; and an overall assessment of the state of tower infrastructure.
- 2.4 The most urgent needs are proposed to be addressed under Stage 1 of the NTP. Airservices states that the criteria driving the need for the work are:
- maintainability - the age of existing towers is increasing the cost of operation and maintenance beyond an economic level;

¹ Appendix C, Submission No. 1, paragraphs 2 and 3

- standards – the existing towers do not conform to current standards of amenity and workplace design and, in some cases, to requirements of the Building Code of Australia (BCA) or Occupational Health and Safety (OH&S) standards; and
- technology upgrades – some of the existing control towers lack both infrastructure and design flexibility to support the communications equipment and displays which are required for the current and future generations of air traffic control systems.²

Scope

2.5 The proposed scope of works for the replacement towers in Stage 1 is to design and construct ATC towers at specified sites at Adelaide, Canberra, Melbourne and Rockhampton Airports with necessary support buildings. These works include:

- all earthworks for the building and also for roads, car parks and services;
- control tower and support building(s);
- all services – electrical (mains and emergency power), mechanical, hydraulic, water, stormwater, sanitary plumbing, security, fire detection and protection;
- floor ducts, risers, cable trays, cable entry pipes and pits for all services;
- connection from the control tower site to Airservices Australia's and/or Public Utility communication providers for voice and data communications;
- provision and installation of a telephone system;
- data network;
- lightning protection;
- electromagnetic protection;
- supply and installation of suitable cabling/optic fibre to defined interfaces for supply and installation of air traffic control systems and equipment; and

- space and support structures for communications aerials, including microwave dishes.³

Project Delivery

- 2.6 Pending parliamentary approval, it is anticipated that a design and construct contractor will be appointed by late 2007, then approximately six months in design followed by a 16 month construction period.⁴

Cost

- 2.7 Airservices has allocated an out-turn budget of \$94.5 million to Stage 1⁵ (excluding GST).

3 Appendix C, Submission No. 1, paragraph 31

4 *ibid*, paragraph 65

5 *ibid*, paragraph 64

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.

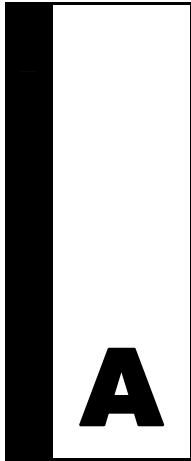
Recommendation 2

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

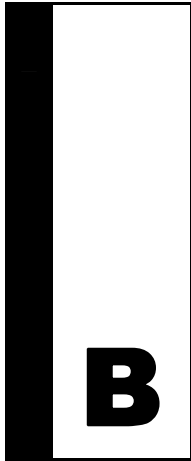
23 May 2007



Appendix A – List of Submissions and Exhibits

Submissions

1. Airservices Australia
2. Mr Eustace Phillips
3. GHD Pty Ltd
4. BARA – Board of Airline Representatives of Australia
5. Airservices Australia (Supplementary Submission)
6. Airservices Australia (Supplementary Submission)
7. QANTAS
8. Airservices Australia (Supplementary Submission)
9. Airservices Australia (Supplementary Submission)



Appendix B – List of Witnesses

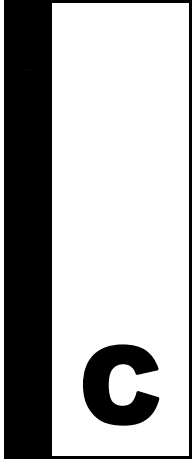
Mr Ken Hinds, Chief Executive, Ken Hinds Engineering Management

Mr Des Joyce, Manager, National Program Office, Technology and Asset Services, Airservices Australia

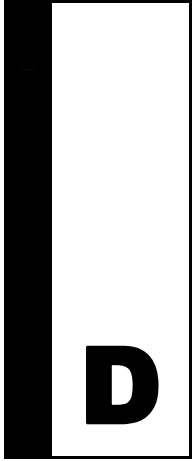
Mr Paul Logan, Manager, Financial Strategy, Airservices Australia

Mr Ken Mclean, General Manager, Air Traffic Control, Airservices Australia

Mr Graham Morgan, Project Manager, GHD Pty Ltd



**Appendix C – Submission No. 1 from
Airservices Australia**



Appendix D – Official Transcript of Evidence