

Senate Standing Committee on Rural and Regional Affairs and Transport
ANSWERS TO QUESTIONS ON NOTICE
Budget Estimates May 2008
Infrastructure, Transport, Regional Development and Local Government

Question: AAA 01

Division/Agency: Aviation and Airports

Topic: Cost of Sydney Noise Insulation Program

Hansard Page: 93 (28/05/08)

Senator Adams asked:

Senator ADAMS—I certainly got the message from the minister that that will be done despite the fact that I wonder why it needs to be done if the school is below the level that is necessary to insulate. What would be the cost of noise insulating all public buildings within this particular contour? Does anyone have any idea about that?

Ms Ellis—I can speak generally in relation to the Sydney program as far as associated costs go. But as far as a breakdown for the public buildings, per se, I would have to take that on notice.

Answer:

The cost of insulating all public buildings within that area is not known.

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Question: AAA 02

Division/Agency: Aviation and Airports

Topic: Costing Evaluation

Hansard Page: 94 (28/05/08)

Senator McGauran asked:

Ms Ellis—Yes, a detailed costing was undertaken and we understand that the cost will be in the vicinity of \$14.5 million.

Senator McGAURAN—How was that detailed costing undertaken?

Ms Ellis—The department used a company which has been involved in costing past insulation programs.

Senator McGAURAN—Are we able to see that evaluation?

Ms Ellis—I would have to take that on notice but I am happy to and, if it is available, we will provide it.

Answer:

Release of the evaluation report would have the potential to prejudice any future tender process.

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Question: AAA 03

Division/Agency: Aviation and Airports

Topic: Number of planes that fly over during School hours

Hansard Page: 95 (28/05/08)

Senator McGauran asked:

Senator McGAURAN—How many planes fly over during school hours, does anyone know?

Ms Ellis—I would have to take that on notice to give you an accurate number.

Answer:

Sample information provided by Airservices Australia indicates that in a 3 month period from March to May 2008, excluding weekends and public holidays, during the hours of 9am and 3pm there were:

- 25 arrivals directly over Fort Street High School
- 386 departures directly over Fort Street High School

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Question: AAA 04

Division/Agency: Aviation and Airports

Topic: Plans to carry out insulation – Fort Street School

Hansard Page: 97 (28/05/08)

Senator McGauran asked:

Senator McGAURAN—Are there any other plans to carry out insulation in that area of the Fort Street School of public buildings? Have there been any applications since?

Senator Conroy—We will take that on notice.

Answer:

There are no plans to carry out insulation of public buildings in the area of Fort Street High School.

There have been no applications received.

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Question: AAA 05

Division/Agency: Aviation and Airports

Topic: National Aviation Policy Statement – Issues Paper

Hansard Page: Written question

Senator Johnston asked:

National Aviation Policy Statement- Issues Paper

The Issues Paper alludes to a “debate” regarding the balance being struck between airports and airlines in relation to commercial arrangements for access to services. Can you provide specific examples of where these concerns lie?

Answer:

A range of views were raised during the 2006 Productivity Commission’s inquiry into ‘Review of Price Regulation of Airport Services’. Issues raised included: the effectiveness of the light-handed regulatory regime, asset revaluation as a basis for sanctioning higher airport charges, whether to have an airport-specific arbitration mechanism and quality of service monitoring.

Further details on these concerns are available in the Productivity Commission’s website which also contains submissions to the Review.

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Question: AAA 06

Division/Agency: Aviation and Airports

Topic: National Aviation Policy Statement – Issues Paper

Hansard Page: Written question

Senator Johnston asked:

National Aviation Policy Statement- Issues Paper

Is the Department aware of any representations made to the government, or to the Department, since the election, that the current framework is not working and if so, who made these and what is the nature of the concerns.

Answer:

As would be expected, the Department and the Minister receive a range of representations from interested parties about aviation issues and charges that might be made. The Government has provided an opportunity for all parties to identify any concerns with the current framework and make submissions on future aviation policy as part of the process of developing a Green Paper. Subject to any requests for confidentiality, submissions will be made public on the website.

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Question: AAA 07

Division/Agency: Aviation and Airports

Topic: National Aviation Policy Statement – Issues Paper

Hansard Page: Written question

Senator Johnston asked:

National Aviation Policy Statement- Issues Paper

Obviously airport operators and owners support the current policy. Is the department aware of any other organizations that support the policy

Answer:

In its 2006 review of price regulation of airport services, the Productivity Commission (PC) invited public submissions on the current airport pricing regulatory arrangements. The views of organisations that responded are referred to in the PC Final Report “Review of Price Regulation of Airport Services, PC Inquiry Report No. 40, 14 December 2006” and are available through the PC website.

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Question: AAA 08

Division/Agency: Aviation and Airports

Topic: National Aviation Policy Statement – Issues Paper

Hansard Page: Written question

Senator Johnston asked:

National Aviation Policy Statement- Issues Paper

Can the department explain to the committee the difference between dual till and single till regulation and the merits of each? Precisely, why did the productivity commission recommend the dual till approach?

Answer:

Under a dual till, the aeronautical and non-aeronautical costs and revenues are separated. Only those costs and revenues classified as ‘aeronautical’ are included in the cost base for the assessment of airport charges. ‘Aeronautical costs and revenues’ are those resulting from the provision and use of aeronautical services and facilities and which are recovered by airport operators either directly or indirectly from airlines.¹ ‘Aeronautical services and facilities’ are services and facilities at an airport that are necessary for the operation and maintenance of civil aviation at the airport, and may be aircraft-related or passenger-related.²

Under a single till, the prices, costs and revenues from both aeronautical and non-aeronautical activities of an airport are combined. Non-aeronautical revenue would include revenue from retail shops and cafes, factory outlets, business parks etc.

In its 2001 inquiry into ‘Price Regulation of Airport Services’, the Productivity Commission (PC) considered the merits of each approach. In its final report, ‘Price Regulation of Airport Services, Report No. 19, 23 January 2002’, the PC recommended the adoption of dual till regulation. Further information on the reasons for the PC recommendation can be found in its Report.

¹ See Note under Regulation 7.03, *Airports Regulations 1997*

² Regulation 7.02A, *Airports Regulations 1997*; Tables 1 and 2 in Reg 7.02A provide a non-exhaustive list of aeronautical services and facilities.

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Question: AAA 09

Division/Agency: Aviation and Airports

Topic: National Aviation Policy Statement – Issues Paper

Hansard Page: Written question

Senator Johnston asked:

National Aviation Policy Statement- Issues Paper

How much investment has occurred in airport car parks since 2002? Have operating costs been affected by security issues?

Answer:

Neither the Department nor the ACCC monitors the level of investments by airports on car parking.

The Department has not assessed the impact of security costs on car parking operating costs.

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Question: AAA 10

Division/Agency: Aviation and Airports

Topic: National Aviation Policy Statement – Issues Paper

Hansard Page: Written question

Senator Johnston asked:

National Aviation Policy Statement – Issues Paper

The Government has re-imposed price monitoring for car parks.

- a. Is there any more analysis of the need to change policy other than that contained in the Minister's press release?
- b. How do the new arrangements compare to the arrangements in place prior to the PC review of 2007?
- c. Can the department explain what, if anything has changed since 2007?
- d. Given this is an extension of regulation, what estimate has the Department placed on additional costs to be incurred by airport operators and the ACCC in relation to this?
- e. Can the department advise the committee what competition exists for car parking provided by airport operators and how their prices compare to those charged by airports?
- f. Does the Government expect this to restrain airport prices or is just another example of "price watching by the Rudd Government

Answer:

- a. The Department provided advice to the Minister on this issue. In line with accepted practice, such advice is not made available.
- b. Prior to the PC 2007 Final Report, the ACCC had the function, under Direction 27, of monitoring prices, costs and profits relating to public and staff car parking, but not valet parking at Adelaide, Brisbane, Canberra, Darwin, Melbourne, Perth and Sydney (Kingsford-Smith) airports. Under Direction 31 issued by the Government on 7 April 2008, the ACCC is directed to monitor prices, costs and profits relating to the supply of car parking services at Adelaide, Brisbane, Melbourne, Perth and Sydney (Kingsford-Smith) airports. This would include valet parking services.
- c. Please refer to answer (b) above.
- d. The additional costs were assessed to be slight.
- e. Services provided by off-airport car parking, taxis, buses and, in some cases, trains provide some competition with car parking provided by airport operators. The Department does not monitor car parking prices off airport.
- f. The media statement of 6 April 2008 by the Hon Anthony Albanese, Minister for Infrastructure, Transport, Regional Development and Local Government (copy **attached**) outlines the reasons for the Government's decision.

[AAA 10 attachment]

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Question: AAA 11

Division/Agency: Aviation and Airports

Topic: National Aviation Policy Statement – Issues Paper

Hansard Page: Written question

Senator Johnston asked:

National Aviation Policy Statement – Issues Paper

Is it not the case that the current policy largely reflects that of the previous Labor Government?

Answer:

The previous Labor Government held office prior to privatisation of airports in 1997 when a different policy framework was in place. All airports operated by the Federal Airports Corporation (FAC) were subject to a price notification regulatory regime under a uniform single till approach, with the exception of peak period charges at Sydney airport.

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Question: AAA 12

Division/Agency: Aviation and Airports

Topic: National Aviation Policy Statement – Issues Paper

Hansard Page: Written question

Senator Johnston asked:

National Aviation Policy Statement – Issues Paper

Is the department aware of any objections raised by the Labor Party when in opposition to the policy positions adopted by the previous Government in response to the productivity.

Answer:

The Department has no record of the position taken by the Labor Party when in opposition to the policy positions adopted by the Coalition Government in response to the Productivity Commission report.

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Question: AAA 13

Division/Agency: Aviation and Airports

Topic: National Aviation Policy Statement – Issue Paper

Hansard Page: Written question

Senator Johnston asked:

National Aviation Policy Statement – Issues Paper

Can the Department advise the department of the extent of current investment plans at leased airports? Are these underpinned by commercial agreements entered into by airports and airlines? Is the Department aware of any views expressed recently, on in the material put to the productivity commission in its last review, as to whether this investment would be affected by a switch to a more intrusive price control arrangement?

Answer:

Each of the 22 airports subject to the *Airports Act 1996* has a master plan which outlines, among other things, potential development at the respective airport sites during the next 20 years. Each master plan is updated every five years. The master plans are accessible via the airports' websites. The Government has sought views concerning a range of aviation issues in the context of developing its Green Paper.

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Question: AAA 14

Division/Agency: Aviation and Airports

Topic: National Aviation Policy Statement – Issues Paper

Hansard Page: Written question

Senator Johnston asked:

National Aviation Policy Statement – Issues Paper

In raising issues in relation to the regulation of airport prices in the Issues Paper, is the department aware whether the Government intends undertaking a “root and branch” review of these arrangements? For the sake of transparency, wouldn’t it be better for this to be done by the Productivity Commission? What are the likely and potential impacts on investment if the Government changes its policy substantially before the next scheduled review in 2012?

Answer:

The Government has released an Issues Paper outlining a broad range of challenges in the Australian aviation industry including pricing of airport services.

Stakeholders have provided a range of views in submissions in response to the Issues Paper. Based on this feedback, the Government plans to release a Green Paper in September, after which there will be a further period of consultation.

Following this second round of consultation, the Government plans to finalise a White Paper, addressing each of the key short, medium and long term challenges identified.