

**Rural & Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates November 2013

**Infrastructure and Regional Development**

**Question no.:** 145

**Program:** 2.4 Air Transport

**Division/Agency:** (AAA) Aviation and Airports

**Topic:** Bankstown Airport

**Proof Hansard Page/s:** 68 (18/11/2013)

**Senator Fawcett asked:**

**Senator FAWCETT:** Gentlemen, I have some questions on the airport side. I would like to come back to my favourite areas: Bankstown Airport. There is the question of the north-south runway, which is one of the few north-south runways in the Sydney Basin suitable for light aircraft to land when the wind is southerly or northerly. Basically, the feedback to date has been that it is not an issue, but I understand that they had to cease operations on 30 October. Operations were closed due to southerly winds causing excessive and unacceptable crosswinds. I want to come back again to whether the department is planning to take any action around the fact that the terms of the lease to the people who took over the lease for Bankstown Airport were to maintain the aviation facilities as they were at the time of the lease in terms of capability. They have now closed down the only available north-south runway for GA aircraft in that basin. What is the department going to do about it?

**CHAIR:** Good question.

**Mr Mrdak:** I am not aware of the circumstances of the loss of that runway during that weather condition. I do not think any of our officers are across that issue. If I may take that on notice—

**Senator FAWCETT:** The loss of the runway occurred years ago when the leaseholder wound it up—

**Mr Mrdak:** No, I understand that issue. I just do not know the circumstances of what occurred in October this year in terms of the crosswind and how often. As you know, the basis of the advice some years to enable that runway to be discontinued in use was based on advice of the relatively frequent occurrences when that runway is required. I would need to go back and check that. But, in relation to this matter, the department at this stage is not proposing any further action in relation to that cross runway. In the light of this advice, we will review that position.

**Answer:**

Advice received from Airservices Australia indicates that operations at Bankstown Airport were not adversely affected by weather on 30 October 2013. On October 29 2013 weather including fog and haze, followed by high winds later in the day, impacted operations at the airport. However, the airport did not close down operations at any time on either day.

Airservices Australia confirmed the weather on the 29 October 2013 may have resulted in a number of lighter aircraft deciding not to land at Bankstown. This is a decision for the pilot not the airport operator.

Alternate runways with north south alignments are available for general aviation operators in the Sydney Basin including: Camden (10/28); Richmond (10/28); Wollongong (16/34); Wedderburn (17/35); The Oaks (18/36); Warnervale (02/20); Mittagong (06/24); and, in limited circumstances, Sydney (16/34).

The closure of the runway was approved in 2005 on behalf of the Commonwealth by the then Minister for Transport and Regional Services as part of the 2004 Bankstown Airport Master Plan. The runway has subsequently been closed and removed.

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**Question no.:** 146

**Program:** 2.4 Air Transport

**Division/Agency:** (AAA) Aviation and Airports

**Topic:** Bankstown Airport

**Proof Hansard Page/s:** 68-69 (19/11/2013)

**The Chair asked:**

**CHAIR:** With great respect—I have been watching this for years too—where do they go? To Camden or somewhere if they are running out of fuel?

**Mr Mrdak:** They have to—

**CHAIR:** You used to be able to go to Kingsford Smith, mind you, but I do not think they would have you there.

**Mr Mrdak:** No, I suspect the prevailing weather conditions would have impacted a number of airports in the region at that time. I think the issue here, as you know and as we have discussed at length in this committee, is that the advice that was provided at the time of that Bankstown master plan matter was the basis on which the runway was discontinued. I would need to go back and check the circumstances and seek whether further advice was required.

**Answer:**

See 145.

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**Question no.:** 147

**Program:** 2.4 Air Transport

**Division/Agency:** (AAA) Aviation and Airports

**Topic:** Bankstown Airport

**Proof Hansard Page/s:** 69-70 (18/11/2013)

**The Chair asked:**

**CHAIR:** Maybe you could provide us with the advice that whoever had the power to tick that off—the decision maker—got on the further impact on the flood plain and what the legal remedy would be if someone got flooded who would not have got flooded if—

**Mr Doherty:** Unless Ms Horrocks can add any details, I think we should take on notice to find what we can off the file about what happened when that was approved.

**CHAIR:** Yes. It is a real issue.

**Mr Doherty:** I understand.

**Mr Wilson:** In addition, we will take the issue associated with the legal exposure associated with those decisions and any events that would occur subsequently.

**CHAIR:** This does happen. Some cotton farmers put up levee banks to protect their cotton farm and, whoosh, someone else gets flooded. I just think there is nothing wrong with it, but there is.

**Mr Wilson:** As I said, we will take that on notice.

**Answer:**

Bankstown Airport Limited (BAL), the leaseholder for Bankstown Airport, has its own flood management process in place including the Bankstown Airport Storm Water and Flood Management Strategy 2006. The South West sector of Bankstown Airport is identified as part of a flood plain in this strategy. This region of the airport is also designated for commercial development in the 2004 Bankstown Airport Master Plan.

Developments on Bankstown Airport are initially assessed by BAL who grant initial development consent. BAL require that proponents for developments provide certification from a suitably qualified hydrologic engineer certifying that, having regard to Bankstown Airport Storm Water and Flood Management Strategy 2006, appropriate flood mitigation and storm water measures are installed.

In addition the Department oversees a rigorous development assessment process in accordance with the *Airports Act 1996*. A works permit to undertake earthworks South West area of the airport has been issued by the Commonwealth appointed Airport Building Controller (ABC). This permit was conditional on the developer undertaking flood mitigation measures, including the requirement to provide the ABC with certification the measures have been carried out, before the works are complete. The works are ongoing. Once construction is completed the ABC will assess the works prior to providing final sign off.

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**Infrastructure and Regional Development**

**Question no.:** 148

**Program:** 2.4 Air Transport

**Division/Agency:** (AAA) Aviation and Airports

**Topic:** Panel to Review Aviation Safety Regulations in Australia

**Proof Hansard Page/s:** 74 (18/11/2013)

**Senator Heffernan asked:**

**CHAIR:** Can I invite you to invite the panel to appear before this committee and give us the answer? We would like it to appear because, if we are going to do this properly without fear or favour, I think we would offer the opportunity of privilege.

**Mr Mrdak:** I will seek some advice, Chair, in relation to how the panel may interact with the committee.

**Answer:**

The Review Panel met with members of the Senate Rural and Regional Affairs and Transport Committee on 10 December 2013.

In relation to privilege, the Review is not able to offer Parliamentary privilege to persons providing submissions or talking to the panel, as the Review is not a proceeding of the Parliament.

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**Question no.:** 149

**Program:** 2.4 Air Transport

**Division/Agency:** (AAA) Aviation and Airports

**Topic:** Foreign Ownership of Domestic Airlines

**Proof Hansard Page/s:** 108-9 (18/11/2013)

**Senator Xenophon asked:**

**Senator XENOPHON:** Mr Mrdak, I asked questions of the previous government in relation to the restructuring of Virgin Australia and their splitting into domestic and international divisions. In regard to the restructuring of Virgin Australia—which took place about two years ago now?

**Mr Mrdak:** About two years ago.

**Senator XENOPHON:** to take advantage of the unlimited foreign ownership of domestic airlines. With which government agencies did the government or the department consult to ensure that both the spirit and the letter of the Air Navigation Act was complied with? You might want to take that on notice.

**Mr Mrdak:** I will take that on notice. This department has responsibility for the Air Navigation Act and compliance with that act.

**Answer:**

The responsibility for monitoring compliance with *The Air Navigation Act 1920* rests with this Department.

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**Infrastructure and Regional Development**

**Question no.:** 150

**Program:** 2.4 Air Transport

**Division/Agency:** (AAA) Aviation and Airports

**Topic:** Ownership of Virgin Australia

**Proof Hansard Page/s:** 109 (18/11/2013)

**Senator Xenophon asked:**

**Senator XENOPHON:** And, in relation to the Air Navigation Act, do you as a department look at any links and any influence, control or commercial relationships between those majority owners of Virgin Australia, the domestic airline, and the Virgin international wing?

**Mr Mrdak:** The company has obligations in relation to the way in which it operates to meet the requirements of the Air Navigation Act. We are satisfied on the advice that we have in relation to how the company operates that there is a clear distinction between the ownership and control of Virgin international and the Virgin domestic operation.

**Senator XENOPHON:** Are you able to provide us with details of that advice?

**Mr Mrdak:** I can certainly take it on notice. I think that the majority of the documentation for the company is available, as a listed entity. We can certainly take on notice the information that is available to be provided to you.

**Answer:**

Virgin Australia provided advice to the Australian Securities Exchange on 23 February 2012 that outlines the relationship between the domestic and international airlines. This information is available at:

<http://www.asx.com.au/asxpdf/20120223/pdf/424jvsx6d984jf.pdf>.

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**Infrastructure and Regional Development**

**Question no.:** 151

**Program:** 2.4 Air Transport

**Division/Agency:** (AAA) Aviation and Airports

**Topic:** Hobart International Airport Funding

**Proof Hansard Page/s:** 27 (18/11/2013)

**Senator McLucas asked:**

**Mr Mrdak:** The government has committed \$38 million, as you say. I think we are awaiting details on what the full cost will be. Hobart International Airport is currently working on a design and scope of works for the project.

**Senator McLUCAS:** So where did the \$38 million figure come from?

**Mr Mrdak:** I think it was identified by the airport as an indicative cost. They are now looking to finalise that cost in some more detail. But the government's commitment is \$38 million.

**Senator McLUCAS:** Do you know how much Macquarie Bank, as the owner of the airport, is committing to the project?

**Mr Mrdak:** I do not have that detail with me at this stage, I am sorry. I will take that on notice.

**Answer:**

Hobart Airport, of which Macquarie Bank owns 50.1%, will contribute \$2 million.

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**Question no.:** 152

**Program:** 2.4 Air Transport

**Division/Agency:** (CASA) Civil Aviation Safety Authority

**Topic:** Senate Inquiry on Pel-Air

**Proof Hansard Page/s:** 59-60 (18/11/2013)

**Senator Xenophon asked:**

**Senator XENOPHON:** Perhaps I should ask the minister or the secretary this. What difficulty would there be in CASA providing material to the department about the Senate inquiry on Pel Air.

**Mr McCormick:** Again, Senator, I will have to take that on notice. I am not sure what the protocols are around that.

**Senator XENOPHON:** Perhaps I will ask the secretary. Given the communication that was sent from CASA to the department what difficulty would there be for the department and CASA to provide us with a copy of CASA's response?

**Mr Mrdak:** The minister is currently finalising his consideration of a response to the Senate inquiry. I will take that on notice. I do not think there is an issue in principle but I would need to take that on notice and come back to you.

**Senator XENOPHON:** For instance,—I am not saying this would be the case—if the majority of this committee was minded to ask for that response at some stage, whether it waits for the minister's response to the Senate inquiry with recommendations, you do not see any particular difficulty with that as a matter of principle?

**Mr Mrdak:** Without pre-empting the minister's consideration of the matter, we have put an extensive amount of material and a draft response to successive ministers. Without prejudicing that process I will take that on notice.

**Senator XENOPHON:** Let us not talk at cross purposes here. I am saying that CASA gave a considered response presumably to the Senate inquiry, to the minister, to consider. That itself would not be a draft, it would be a document from CASA to the department. What harm would there be for that document eventually seeing the light of day?

**Mr Mrdak:** Again, without recalling the exact details of the document, I do not have an issue in principle, but I need to take it on notice.

**Senator XENOPHON:** At the end of the day you would not have an issue in principle with that being released, would you, Mr McCormick?

**Mr McCormick:** Again, I will take it on notice. I personally do not, but I am not sure what the protocols are. Perhaps Dr Aleck might have something to say.

**Answer:**

The various agency contributions to assist in the preparation of the Government's response to the Senate Inquiry are internal working documents provided to the Department as part of a deliberative Government process.

Each Government aviation agency cleared parts, pertaining to their organisation, of the proposed Government response to the Senate Inquiry before the response was provided to the Government. Accordingly agency views on the Senate Inquiry's report will be reflected in the final Government response, which will be provided to the Senate as soon as it is approved by the Government.



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**Infrastructure and Regional Development**

**Question no.:** 153

**Program:** 2.4 Air Transport

**Division/Agency:** (CASA) Civil Aviation Safety Authority

**Topic:** CASA's Response to the Senate Report into the Aviation Accident Investigations

**Proof Hansard Page/s:** 60-61 (18/11/2013)

**Senator Xenophon asked:**

**Senator XENOPHON:** If we can go back to that, Mr McCormick, to the department and to the minister, I formally request that you table a copy of CASA's response to the department in respect of the Senate report of the inquiry into aviation accident investigations handed in May 2013.

**Mr McCormick:** I acknowledge your request, Senator, and we will take it on notice and check the legal advice. If it concurs with what we have heard today then we certainly will provide it.

**Senator XENOPHON:** What has legal advice got to do with it?

**Mr McCormick:** We are merely checking to make sure that that is the case.

**Senator XENOPHON:** Are you suggesting that a request from a committee of the Senate for a document is something that could be fettered by legal advice?

**Mr McCormick:** No, Senator, I will not go there. What I am saying is that I will take it on notice and I acknowledge your request.

**Answer:**

See answer 152.

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**Question no.:** 154

**Program:** 2.4 Air Transport

**Division/Agency:** (AAA) Aviation and Airports

**Topic:** ATSBs Response to the Senate Report into Aviation Accident Investigations

**Proof Hansard Page/s:** 68 (18/11/2013)

**Senator Fawcett asked:**

**Mr Dolan:** Our starting point will be CASA's response to that particular investigation report on the ABC helicopter you are talking about. We certainly want to understand better the new CASA part 133 and what that means not just for passenger operations but more broadly. Depending on what happens with that, the commission reserves the right to make recommendations after receiving responses from various organisations, but we do not have any power to direct any organisation. We only have the power to recommend.

**Senator FAWCETT:** Chair, can I clarify: in the previous discussion Senator Xenophon was asking CASA for a copy of the advice that was provided to the previous minister?

**CHAIR:** For which there is no impediment.

**Senator FAWCETT:** So I relay the same request to ATSB: that we see a copy of the response to the Senate report into the air accident investigation that was provided to the minister.

**Mr Mrdak:** I will take that on notice.

**Answer:**

See answer 152.

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**Infrastructure and Regional Development**

**Question no.:** 155

**Program:** 2.4 Air Transport

**Division/Agency:** (AAA) Aviation and Airports

**Topic:** Air Accidents Investigation Inquiry

**Proof Hansard Page:** Written

**Senator Macdonald asked:**

Question on Notice 01 from Budget Estimates in May 2013 asked the Minister and the Department to provide an indication of when the Minister could be expected to adopt the report, and when the Government could be expected to respond to it.

In answer to Question on Notice 01 from Budget Estimates in May 2013 the Department indicated that the Government would be providing a response "as soon as possible".

1. What action, if any, has been taken by the Department following the report of the Air Accidents Investigation Inquiry?
2. What action, if any, was taken by the previous Government following the report of the Air Accidents Investigation Inquiry?

**Answer:**

1. The Department, in consultation with the other relevant Government agencies prepared a draft Government response to the report which was provided to the Deputy Prime Minister for his consideration.
2. As the timing of the Government response fell due during the caretaker period of Government the response became a matter for the incoming Government.

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**Infrastructure and Regional Development**

**Question no.:** 156

**Program:** 2.4 Air Transport

**Division/Agency:** (AAA) Aviation and Airports

**Topic:** Aviation Policy Settings

**Proof Hansard Page:** Written

**Senator Edwards asked:**

1. Are current circumstances in the Australian domestic aviation market representing a level playing field?
2. Do you consider it level where there are different rules for different airlines, in particular foreign ownership rights?
3. Is Australia alone in permitting 100 per cent foreign ownership of domestic airlines when no comparable jurisdiction in the world permits the same level of foreign ownership?

**Answer:**

1. The current policy and regulatory framework for aviation provides for a strong Australian based aviation industry that is safe, competitive and productive.  
Australia's aviation framework allows for 100 per cent foreign ownership in domestic airlines (excluding Qantas), subject to approval by the Foreign Investment Review Board under the *Foreign Acquisitions and Takeovers Act 1975*.  
Qantas has some additional restrictions imposed by the *Qantas Sale Act 1992*, which also deals with foreign investment matters including limitations on foreign ownership and foreign outsourcing.  
Furthermore, the Australian Competition and Consumer Commission monitors competitive actions of businesses operating in Australia, including airlines, ensuring compliance with the *Competition and Consumer Act 2010*.
2. Foreign ownership in Qantas is subject to a range of limits outlined in the *Qantas Sale Act 1992*. Foreign ownership in other Australian international airlines is subject to the limits in the *Air Navigation Act 1920*.
3. No.

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**Question no.:** 157

**Program:** 2.4 Air Transport

**Division/Agency:** (AAA) Aviation and Airports

**Topic:** Aviation Policy Settings

**Proof Hansard Page:** Written

**Senator Edwards asked:**

1. How much money did the aviation market in Australia lose last year?
2. Is it appropriate to be adding more than 5 per cent new capacity to the result? If so, why?

**Answer:**

1. The Department does not collect such data.
2. This is a commercial matter for airlines.

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**Infrastructure and Regional Development**

**Question no.:** 158

**Program:** 2.4 Air Transport

**Division/Agency:** (AAA) Aviation and Airports

**Topic:** Aviation Policy Settings

**Proof Hansard Page:** Written

**Senator Edwards asked:**

1. What would be the positive and negative effects of Virgin being fully privatised buy 2 or 3 of its investors?
2. Do you consider the division on the domestic and international arms of Virgin to be genuine?
3. Do you see Virgin continuing to have access to Australia's air treaty rights with its current business structure?

**Answer:**

1. This is a commercial matter for Virgin Australia and its shareholders.
2. Australia's aviation policy and regulatory settings allow majority foreign-owned domestic operations and limit foreign ownership in Australian international airlines (other than Qantas) to 49 per cent. Based on the information available to the Department, Virgin Australia is compliant with these requirements.
3. The Department is unaware of any impediment to continued access to Australian designation by the international airlines within the Virgin Australia Group.

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**Infrastructure and Regional Development**

**Question no.:** 159

**Program:** 2.4 Air Transport

**Division/Agency:** (AAA) Aviation and Airports

**Topic:** Hobart Airport

**Proof Hansard Page:** Written

**Senator Urquhart asked:**

1. Where did the proposal to re-develop the Hobart Airport originate?
2. What percentage of the funding will be provided by the Airports owners?
3. Given that the Howard Government privatised Australian airports partly in order to prevent Government having to provide infrastructure improvements, isn't this an admission that that policy failed?
4. Who owns the Hobart airport?
5. What was the Hobart airport's net profit last financial year?
6. Why is the Government giving money to corporations already making huge profits?
7. Is it true that this proposal has previously been submitted to Infrastructure Australia by the Tasmanian State Government?  
Why was that submission rejected?
8. Why has the Government decided to ignore the advice of Infrastructure Australia?
9. Has there been any community consultation regarding this project?
10. Will there be any additional infrastructure required in terms of access roads to and from the Tasman Highway? Who will be responsible for these? Has there been any consultation with Tasmanian Government?

**Answer:**

1. The concept to extend Hobart Airport runway to drive economic growth in Tasmania has been in existence for some years and was presented for consideration by the Tasmanian Government previously. The current proposal was put forward by Hobart Airport and was included in the *Coalition's Economic Growth Plan for Tasmania* announced in August 2013.
2. 5 per cent (\$2 million) of the funds for the Hobart Airport runway extension will be contributed by the owners.
3. The Government believes a comprehensive package of policy measures aimed at enhancing Tasmania's competitiveness and investment prospects is necessary to boost employment, real wage growth and opportunities for individuals, families and businesses. Hobart Airport is also in a unique position to be able to enhance Australia's Antarctic expertise and position as a world-centre for Antarctic research and field operations.
4. Tasmanian Gateway Holdings Corporation Pty Ltd (TGHC) owns Hobart Airport. The stakes in TGHC are held by:
  - a. JP Morgan Nominees Australia Limited as custodian for the Retirement Benefits Fund Board (49.9%);
  - b. Trust Company Limited as custodian for Macquarie Specialised Asset Management Limited (in its capacity as responsible entity for Macquarie Global Infrastructure Fund IIIA) (25.05%); and
  - c. Trust Company Limited as custodian for Macquarie Specialised Asset Management 2 Limited (in its capacity as responsible entity for Macquarie Global Infrastructure Fund IIIB) (25.05%).
5. Hobart Airport reported a \$13,000 net profit in the 2012-13 financial year.
6. Please refer to answer to Q3 above.

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7. Infrastructure Australia has previously received a project submission from the Tasmanian Government titled “Hobart – A World Class, Liveable, Waterfront City” which included a proposal for the further development of inner Hobart port and airport facilities to support the seagoing and airlink operations of Antarctic research programs. The project was rated as ‘early stage’ on Infrastructure Australia’s infrastructure priority list.
8. Please refer to answer to Q7 above.
9. Community consultation has commenced with local government and through Hobart Airport’s Community Aviation Consultation Group and will be conducted more broadly as Hobart Airport develops its new Master Plan and a Major Development Plan for the runway extension, as required by the *Airports Act 1996*.
10. Hobart Airport is currently undertaking a range of studies to develop the runway extension project. The statutory approval process under the *Airports Act 1996* requires Hobart Airport to include the proposed runway extension in both a Master Plan and Major Development Plan. Approval of these plans by the Minister requires evidence of impact studies (environmental, employment, traffic etc) and stakeholder consultation, including stakeholders such as the State and local governments.