

OneSKY Perth Air Traffic Centre – Modernisation Works

- 4.1 Airservices Australia (Airservices) seeks approval from the Committee to refurbish the Perth Air Traffic Services Centre (ATSC).
- 4.2 Airservices' current air traffic management system, the Australian Advanced Air Traffic System (TAAATS), has been operational since the late 1990s and is approaching end of life. Defence's air traffic management system, the Australian Defence Air Traffic System (ADATS), is also at end of life. Consequently, Airservices and the Defence have partnered to develop OneSKY, a single civil-military air traffic management system.¹
- 4.3 Australian airspace is currently divided into a Northern Flight Information Region (FIR), controlled from Brisbane and a Southern FIR, controlled from Melbourne. This division of the flight regions is reflective of 1990s technology capability. Under the OneSKY program, Australian airspace becomes a single FIR which provides further air traffic control capability with flexibility and resilience. OneSKY will be run in tandem with the current system for a four year period before OneSKY becomes fully operational.²
- 4.4 Airservices and Defence are each responsible for readying their relevant infrastructure to accept the OneSKY joint acquisition over the next few years. For Airservices, this will include a number of construction projects which are at varying stages of planning and development.³

1 Airservices, submission 1, pp. 4-5.

2 Airservices, submission 1, p. 5.

3 Airservices, submission 1, p. 5.

- 4.5 The main objective of the project is to extend the life of the building and upgrade the existing supporting infrastructure to enable installation and operation of the new air traffic management system.⁴
- 4.6 The secondary objective of the project is to upgrade and reconfigure the existing Air Traffic Services Centre (ATSC) building for office space for a variety of functions.⁵
- 4.7 The estimated cost of the project is \$23.05 million, excluding GST.
- 4.8 The project was referred to the Committee on 22 June 2015.

Conduct of the inquiry

- 4.9 Following referral, the inquiry was publicised on the Committee's website and via media release.
- 4.10 The Committee received one submission and one supplementary submission from Airservices. A list of submissions can be found at Appendix A.
- 4.11 The Committee received a briefing from Airservices and conducted an inspection and public and in-camera hearings in Perth on 7 August 2015. A transcript of the public hearing and the public submissions to the inquiry are available on the Committee's website.⁶

Need for the works

- 4.12 The ATSC building in Perth was constructed in 1982 and is structurally sound; however the existing mechanical and electrical infrastructure is at end of life and does not meet the capacity or reliability, maintainability and availability requirements for the provision of air traffic services into the future.⁷
- 4.13 The power and cooling infrastructure for the building is provided by a single plant room which also services the Technical Maintenance Centre (TMC) building.⁸
- 4.14 Additionally, the condition of administrative areas varies and do not comply with Airservices' current office standard.⁹
- 4.15 During the inspection, the Committee saw the ageing infrastructure first hand and the congested nature of the control room, given its inadequate

4 Airservices, submission 1, p. 8.

5 Airservices, submission 1, p. 8.

6 <www.aph.gov.au/pwc>

7 Airservices, submission 1, pp. 6-7.

8 Airservices, submission 1, pp. 6-7.

9 Airservices, submission 1, p. 7.

size.

4.16 At the public hearing, Airservices told the Committee that Perth Airport is supportive of the proposed works.¹⁰

4.17 The Committee is satisfied that the need for the work exists.

Options considered

4.18 The project considered two options: construction of a new facility; and refurbishment of existing facility. Airservices found the main arguments against constructing a new facility were:

- The cost: Airservices pays peppercorn rent on the Perth site. A new facility would require lease or purchase of a new site; and
- Airservices has a requirement for maintenance staff to be located on-site.¹¹

4.19 At the public hearing, Airservices confirmed that the existing lease arrangements will continue until 2034. Airservices is currently negotiating to extend the lease for a further 40 years to 2074.¹²

4.20 Airservices selected refurbishing the existing building which was constructed in 1982 with a design life of 40 years. Refurbishing the building will extend its life for a further 20 years.¹³

4.21 When considering capital and ongoing costs as well as maintaining a critical mass of maintenance technicians, refurbishment was considered the best option.¹⁴

4.22 The Committee found that Airservices has considered available options to deliver the project and has selected the most suitable option.

Scope of the works

4.23 The scope of works for the project will include:

- provision of a new plant room complete with required power and cooling infrastructure;
- upgrade and reconfiguration of the existing ATSC building and infrastructure; and
- upgrades to the existing site security systems.¹⁵

10 Mr Darryl Woods, Airservices, transcript of evidence, 7 August 2015, p. 2.

11 Airservices, submission 1, p. 7.

12 Mr Paul Logan, Airservices, transcript of evidence, 7 August 2015, p. 2.

13 Airservices, submission 1, p. 7.

14 Airservices, submission 1, p. 7.

15 Airservices, submission 1, p. 6.

- 4.24 Planned works will provide the following:
- Air Traffic Control (ATC) and Royal Australian Air Force (RAAF) operational areas;
 - equipment room to accommodate the Civil-Military Air Traffic Management System equipment;
 - ATC and RAAF administrative areas;
 - transition facilities required to support the OneSKY implementation;
 - Aviation Rescue and Fire Fighting administrative areas;
 - shared facilities;
 - provision of a new plant room including generators, fuel storage, air-conditioning plant and mains switchboards;
 - provision of new chilled water piping and air conditioning cooling towers;
 - provision of a new building control and management system, power control management system and integration of infrastructure monitoring with the National Technical Monitoring System; and
 - upgrades to the existing site security systems.¹⁶
- 4.25 At the public hearing, Airservices told the Committee:
- The proposed refurbishment will allow operations for both the existing and the new system in parallel. This is to allow the design, testing and implementation of the new system and to ensure a continuance of service during the transition period.¹⁷
- 4.26 Further to this, Airservices stated that there are no plans to do further refurbishment works to those parts of the building that house the existing system, once the transition to OneSKY is complete.¹⁸
- 4.27 Airservices' submission originally stated that, subject to Parliamentary approval of the project, work is expected to commence in 2015 and be completed by early 2016.¹⁹ At the public hearing, Airservices told the Committee that work is now expected to be completed in early 2017.²⁰ Airservices confirmed that OneSKY is still scheduled to be operational by 2018.²¹

16 Airservices, submission 1, p. 9.

17 Mr Mark Rodwell, Airservices, transcript of evidence, 7 August 2015, p. 1.

18 Mr Darryl Woods, Airservices, transcript of evidence, 7 August 2015, p. 2.

19 Airservices, submission 1, p. 12.

20 Mr Darryl Woods, Airservices, transcript of evidence, 7 August 2015, p. 2.

21 Mr Mark Rodwell, Airservices, transcript of evidence, 7 August 2015, p. 2.

- 4.28 At the public hearing, the Committee queried what impacts there may be should the OneSKY program not be in operation by 2018. Airservices assured the Committee that project timeframes are considered monthly²² and added:

In regard to Airservices, our current system is supported by Thales, the incumbent provider, and we have an agreement in there that we are in the process of extending that support – certainly, at the moment, out to 2018; we can extend that to 2020 and we can continue to extend it on a yearly basis. What it is reliant on, though, is on some upgrade works to the actual system itself that we are undertaking at the moment. That will allow the ongoing level of support, and that provides a level of comfort that, should there be any schedule slippage, we can continue to maintain the civil system and not result in any disruption to the travelling public.²³

- 4.29 The Committee asked Airservices when it will be able to confirm that the operational date of 2018. In response, Airservices stated:

...the first starting point will be the actual completion of the current commercial negotiations. At that point in time we enter into a fixed price arrangement with the supplier, and part of that will be establishing a formal agreed schedule by which both organisations will need to meet.²⁴

- 4.30 The Committee finds that the proposed scope of works is suitable for the works to meet its purpose.

Cost of the works

- 4.31 The estimated cost of the project is \$23.05 million, excluding GST.

- 4.32 At the public hearing, the Committee queried the cost of maintaining the existing system post-2018. Airservices responded:

We have reached an agreement with Thales, the provider, as part of the contract renewal basis that we undertook a couple of years ago. Part of that was the ongoing support provision, and it was contingent on the upgrade works actually being undertaken.

Those are actually being done at the moment as we speak.²⁵

- 4.33 Airservices provided further detail on the project costs in the confidential submission and during the in-camera hearing.

22 Mr Darryl Woods, Airservices, transcript of evidence, 7 August 2015, p. 2.

23 Mr Mark Rodwell, Airservices, transcript of evidence, 7 August 2015, pp. 2-3.

24 Mr Mark Rodwell, Airservices, transcript of evidence, 7 August 2015, p. 3.

25 Mr Mark Rodwell, Airservices, transcript of evidence, 7 August 2015, p. 3.

- 4.34 The Committee considers that the cost estimates for the project have been adequately assessed by Airservices and the Committee is satisfied that the proposed expenditure is cost effective. As the project will not be revenue generating the Committee makes no comment in relation to this matter.

Committee comments

- 4.35 The Committee notes the change to the original time frame, and reminds Airservices that in future it requires any amendments to projects put before it to be forwarded as they occur. It is important that the Committee receives updated information before the hearings take place so that it is considering the project using the most up-to-date information.
- 4.36 The Committee did not identify any issues of concern with Airservices' proposal and is satisfied that the project has merit in terms of need, scope and cost.
- 4.37 Proponent agencies must notify the Committee of any changes to the project scope, time, cost, function or design. The Committee also requires that a post-implementation report be provided within three months of completion of the project. A report template can be found on the Committee's website.
- 4.38 Having regard to its role and responsibilities contained in the *Public Works Committee Act 1969*, the Committee is of the view that this project signifies value for money for the Commonwealth and constitutes a project which is fit for purpose, having regard to the established need.

Recommendation 4

- 4.39 **The Committee recommends that the House of Representatives resolve, pursuant to Section 18(7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: OneSKY Perth Air Traffic Centre - Modernisation Works.**

Senator Dean Smith

Chair

20 August 2015