

Rural & Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2014

Infrastructure and Regional Development

Question no.: 229

Program: 2.4 Air Transport

Division/Agency: Aviation and Airports

Topic: Legal Advice

Proof Hansard Pages: 3-4 (27 May 2014)

Senator Fawcett, David asked:

Senator FAWCETT: So could I just ask: has the department sought legal advice as to its responsibilities or any powers it may have to enforce the terms of a lease or the covenant that was signed by somebody that it sold an airport to?

...

Mr Doherty: As I have indicated, under the ALOP deeds, my understanding is that there has been legal advice on a number of issues over a number of years, as they have arisen. So our position, as we understand it, reflects the legal advice that we have received.

Senator FAWCETT: Are you able to provide that legal advice to the committee?

Mr Doherty: I can take that on notice.

Senator FAWCETT: My concern is that, if we are seeing this behaviour already—and we have talked at length about the examples at the leased airports, and we are seeing examples at these ALOP airports—then the aviation sector are increasingly coming under pressure and at this point in time it appears that they have no recourse to actually preserve the physical asset they require to run their business, which is an airport, when they are constantly being squeezed by housing or by increasing rates. I have some examples of people who are having rate increases of up to 300 per cent, having rate reviews in years when there are not supposed to be rate reviews, and the operator of the airport is just saying, 'Well, I make the rules.' Where is the recourse and where is the justice for those people?

Mr Mrdak: Are those circumstances at ALOP or at leased federal airports?

Senator FAWCETT: That one in particular was a sold airport.

Mr Mrdak: So a leased federal airport.

Senator FAWCETT: No, a sold airport.

Mr Mrdak: I am sorry; ALOP. This is the example of Broome?

Senator FAWCETT: Yes.

Mr Mrdak: Broome is in a different category, given the nature of the federal government disposal of that site as a freehold sale.

Senator FAWCETT: But still with a covenant.

Mr Mrdak: Still with a covenant to retain that site as an airport; that is absolutely right.

Senator FAWCETT: Not only to retain the site as an airport, but the covenant also goes to issues around the nature of the relationship between the owner and the operators of that airport and there appear to be a number of quite clear breaches of the terms of that covenant.

Mr Mrdak: We will take it on notice. We have had some legal advice in the past about the powers that we have under that covenant. Certainly, in relation to the ALOP, I think, as Mr Doherty has indicated, our powers are not as extensive as might otherwise be imagined, but we will come back to you with some advice on that.

Answer:

Legal advice received in relation to ALOP matters is legally privileged information.

The Broome International Airport Contract of Sale along with the restrictive covenants and registered caveat over the Airport include provisions to enable airport users access to the Site on reasonable terms and conditions and for disputes regarding these matters to be brought before an arbitrator.

Rural & Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2014

Infrastructure and Regional Development

Question no.: 230

Program: 2.4 Air Transport

Division/Agency: Aviation and Airports

Topic: Regional Aviation Access Funding

Proof Hansard Pages: 4-6 (27 May 2014)

Senator Gallacher, Alex asked:

Senator GALLACHER: We have 33 regional airports in South Australia—a combination of, I think, 22 public, a couple of military and some private. This is in terms of working out where these reductions would occur. None of that money would go to military, I presume?

Mr Doherty: No.

Senator GALLACHER: And none of that money would go to private, like Prominent Hill, Olympic Dam and places like that?

Mr Doherty: I will get advice on that. We can provide to you a list of the airports where there have been projects funded under the program. It is an application based program where the airport comes forward; there is co-funding from the state or local council and there is a process for selecting those which attract a Commonwealth contribution. If I could clarify, it relates to the smaller remote aerodromes and not major aerodromes.

...

Senator GALLACHER: What about Kingscote in Kangaroo Island; is that an airport that has attracted funding?

Mr Doherty: We will have to take that on notice.

Senator GALLACHER: Outside Ernabella, what are the other Indigenous communities that have been beneficiaries of this program?

Mr Doherty: We can provide a full list of the projects funded under this program.

ACTING CHAIR (Senator Sterle): Can you do it for WA as well for the committee, please?

Mr Doherty: Certainly.

...

Senator GALLACHER: I know that Senator Peris is not here, but I am sure that we would like the information in respect of the Northern Territory, which probably has a greater proportion than South Australia anyway of Indigenous communities that are totally reliant on their airports for up to three months of the year, given that their roads are impassable.

Mr Doherty: There is no difficulty; we can provide the list of all projects across Australia under the program.

Answer:

Lists of all projects approved under Rounds One and Two of the Regional Aviation Access Programme (RAAP) – Remote Airstrip Upgrade (RAU) component are attached.

230 – Attachments: A: RAAP-RAU-Round One

B: RAAP-RAU-Round Two

Rural & Regional Affairs and Transport Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Budget Estimates May 2014
Infrastructure and Regional Development

Question no.: 231

Program: 2.4 Air Transport

Division/Agency: Aviation and Airports

Topic: Risk Assessment on Sydney Airports Third Runway

Proof Hansard Page: 10 (27 May 2014)

Senator Rhiannon, Lee asked:

Senator RHIANNON: Just going back to the May 2012 estimates, you replied, in response to my question on notice No. 54 about the last airport risk assessment on Sydney airport's third runway, that there has been no EIS in relation to Sydney airport operations since the third runway development in the early 1990s. Can you confirm when the last airport risk assessment was undertaken? Why I am asking it again is that you did not answer about risk assessment specifically. I must admit that perhaps you were saying that all the EISs have risk assessments in them. Maybe this will be my first question: when you answered by saying that there has been no risk assessment in relation to Sydney airport operations since the third runway development in the early 1990s, was that because the EIS always had a risk assessment in it?

Mr Mrdak: My recollection is that the EIS that was done for the parallel runway development did include a risk assessment; that is correct. I am not aware of a risk assessment of that form being done since that time.

Senator RHIANNON: You said 'my recollection'. Do you need to take that on notice?

Mr Mrdak: I will take it on notice. I am not aware of any risk assessment of the type that was done for the parallel runway EIS being done since that time.

Answer:

A risk assessment was included as a supplement to the Third Runway Environmental Impact Statement.

While no other risk assessments of that type have been subsequently undertaken, operational risk at Sydney Airport is monitored and assessed by the Civil Aviation Safety Authority, Airservices Australia and the airport operator on an ongoing basis.

A safety management system (SMS), which is required by Regulation 139.250 of the Civil Aviation Safety Regulations 1998, is in place and operating effectively at Sydney Airport. The SMS outlines the processes for effectively managing safety and is audited annually by CASA. The SMS provides the system by which long term and daily safety management can be planned, implemented and reviewed in a continuous cycle of improvement.

CASA conducts an annual safety audit of Sydney Airport to assess the airport's compliance with approved operational procedures and to ensure airport facilities meet the requirements under the manual of standards. As a supplementary control, an annual aerodrome technical inspection (ATI) complements the CASA audit and is undertaken by an independent auditor.

Rural & Regional Affairs and Transport Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Budget Estimates May 2014
Infrastructure and Regional Development

Question no.: 232

Program: 2.4 Air Transport

Division/Agency: Aviation and Airports

Topic: Aircraft Movement at Sydney Airport – Non Jet Aircraft

Proof Hansard Page: 12 (27 May 2014)

Senator Rhiannon, Lee asked:

Senator RHIANNON: ... Could you tell the committee what percentage of current aircraft movement at Sydney airport is undertaken by the small planes?

Mr Mrdak: We can get that data for you. When you say small, you are talking non-jet aircraft?

Senator RHIANNON: Yes, the non-jet aircraft.

Mr Mrdak: We can get that information for you.

Senator RHIANNON: Unfortunately I do not have it in my head, but there was a recent report and I thought it was 26 per cent that are small planes. So to ask the question, if you can take it on notice: what is the percentage and any changes that have occurred in that and what you are anticipating could change with upgauging?

Mr Mrdak: We will get that information for you.

Answer:

Turboprop aircraft make up between 30-35% of fixed wing movements or between 29-34% of total movements. The aircraft type breakdown is as follows:

YEAR	JET		TURBOPROP		HELICOPTER		TOTAL
2011	211,929	68.3%	90,401	29.2%	7,737	2.5%	310,067
2012	204,366	63.6%	108,112	33.6%	8,946	2.8%	321,424
2013	209,497	65.8%	99,731	31.4%	8,980	2.8%	318,208

The 2013 Sydney Airport Master Plan forecasts the average number of passengers per movement to grow from 33 in 2012 to around 43 in 2033 for regional services. The Master Plan also anticipates that regional destinations will continue to be served predominately by turboprop aircraft, although by 2033 12% of the movements to regional destinations are expected to be operated by jet services to predominantly leisure destinations.

Rural & Regional Affairs and Transport Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Budget Estimates May 2014
Infrastructure and Regional Development

Question no.: 233

Program: 2.4 Air Transport

Division/Agency: Aviation and Airports

Topic: Busselton Airport

Proof Hansard Page: 116 (26 May 2014)

Senator Back, Chris asked:

Senator BACK: ... The first was: what, if anything, is in play for extending the runways at the Busselton Airport in the south-west of WA?

...

Mr Mrdak: If you do not mind we will take them on notice...

Answer:

The Department is not currently a party to any agreement in relation to funding for the extension of the runway at Busselton Airport.

Rural & Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2014

Infrastructure and Regional Development

Question no.: 234

Program: 2.4 Air Transport

Division/Agency: Aviation and Airports

Topic: \$60 Million Reduction - CASA

Proof Hansard Pages: 10-11 (26 May 2014)

Senator Conroy, Stephen asked:

Mr Mrdak: There are two processes underway. Firstly, we are required, by June this year, to have undertaken an audit of all of our regulatory activities and to have subjected them to a compliance cost calculation, which has been set using a framework determined by the Department of the Prime Minister and Cabinet. That gives us the ability to recognise what our total compliance costs on industry are across the portfolio. Secondly, we have been identifying pieces of legislation or regulation that we undertake to identify areas where we can make savings by effectively removing red tape or regulatory impost on industry. At the moment we have been focused on two key portfolios that have delivered significant regulatory reductions. They are the Civil Aviation Safety Authority, through some of their new regulations, and also the Maritime Safety Authority, through some of their new regulations where they have sought to reduce unnecessary regulatory compliance costs going—

...

Senator CONROY: You mentioned legislation and then you mentioned some individual programs inside your own department. You mentioned CASA, I think, first. What sorts of areas in legislative changes are you looking at? What are the areas that are being examined—just because I have no idea what they could be?

Mr Mrdak: I think they principally relate to reporting requirements and effectively paperwork or record-keeping areas where CASA and AMSA have been able to identify areas where they have been able to reduce the regulatory cost for industry. I can take that on notice.

Senator CONROY: What sort of record keeping is it? Instead of a weekly report, does it become a monthly report, or instead of a monthly report does it become a quarterly report? Is that the sort of thing that we are talking about?

Mr Mrdak: That is the sort of thing that they looked at, or whether there is a need for a report at all. They are the sorts of areas, particularly where they are areas not relating to safety outcomes per se but are compliance—

Senator CONROY: What sorts of areas would require no report that currently have a report? Can you give me an example that would fall into that category?

Mr Mrdak: In terms of those agencies, I will take it on notice. I think that is probably best rather than me—

...

Senator CONROY: I am just interested in knowing what sort of record keeping could possibly fall into the category of no reporting, but also I am interested in the other areas that have been identified. I have asked about CASA there. With AMSA, is it different areas or just record keeping? Is there anything other than record keeping?

Mr Mrdak: Again I would need to get some more details for you from those agencies, but it is of that order. It is: how do you ensure that the compliance costs are minimised, in terms of reporting and the like, that means that industry is not bearing some of that burden?

Answer:

Question as clarified by SE Committee:

What areas within CASA and AMSA have been identified to assist the Portfolio with making savings in order to meet the red tape or regulatory cost reduction target of \$60 million per annum?

The Civil Aviation Safety Authority (CASA) is progressing initiatives to change a number of regulatory and service delivery processes to minimise the regulatory compliance and/or administrative burden and costs on aviation industry participants.

Rural & Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2014

Infrastructure and Regional Development

These initiatives include:

- amendments to Part 141 of the Civil Aviation Safety Regulations 1998 (CASR) to reduce the complexity of flight training organisation approvals;
- amendments to CASR Part 61 to remove the requirement for a student pilot licence and reduce requirements for pilot proficiency checks in certain cases;
- limiting the need for aerial work operators to apply for and operate under an Air Operator's Certificate and/or other authorisations for certain low risk and non-complex operations;
- developing proposals to provide administrative relief for small aircraft operators conducting local scenic flights as well as domestic freight operations;
- amending CASR Part 21 to expand the list of recognised countries for the purpose of mutual recognition in relation to airworthiness engineering and airworthiness approvals;
- permitting CASR Part 42 and Part 145 organisations to manage and maintain non-regular public transport aircraft, in addition to regular public transport aircraft, which avoids the need for organisations to hold both approvals (CASR Part 145 and CAR 30) and maintain two sets of manuals and other documentation;
- improvements to Advisory Circulars for aviation-related manufacturing industry participants to provide better guidance on application processes and the required supporting documentation; and
- streamlining medical administrative processes including enabling Class 2 medical certificates to be issued at the time of the medical examination by a Designated Aviation Medical Examiner.

Rural & Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2014

Infrastructure and Regional Development

Question no.: 235

Program: 2.4 Air Transport

Division/Agency: Aviation and Airports

Topic: Archerfield Airport

Proof Hansard Page: 2 (27 May 2014)

Senator Fawcett, David asked:

Senator FAWCETT: I guess the question I have for you is that I have had a large number of complaints from operators at Archerfield Airport who contend that the expert who was called to support the master planning process looked at the AF10, the flight manual, and derived from that, for each of the aircraft type that flies at Archerfield, a strip length for the new north-south runway which was less than a thousand metres—I think it was about 900 metres—but it did not take into account the factoring that the CAOs require an operator to put into their operations manual. They contend that CASA, in double-checking the figures on behalf of the department, said yes, they accurately interpreted the AFM but did not highlight the fact that factoring had not been included; therefore, the master plan, which has been approved, endorses a runway which is too short to meet the legal requirements that CASA actually require the operators to meet. So my question is: if that contention is validated, what will happen to the master plan?

Mr Doherty: I think CASA took on notice last night the issue about what exactly their assessment was and what it covered in the Archerfield circumstance and I would certainly be happy to take on notice from our side too to look at that assessment. In terms of the impact of that decision, I am not entirely sure at this stage just where the process of the runway changes at Archerfield are and whether there would be some formal further approval required before they were actually given effect to.

Mr Mrdak: If I may add, I think our view would be, in the circumstances that you have outlined, where it was shown that there was any error or there was further information which may have changed that consideration, that would not necessarily invalidate the master plan. What it would mean, though, at the time the airport was to bring forward a major development proposal for the runway work—and I will ask Ms Horrocks to comment about the status of that—is that is the point at which that adjustment would need to be made and a separate approval process would apply. However, coming to your question, I do not think our view would be that the master plan would be invalid, because it is a concept planning document which is set out predominantly for zoning and planning purposes. The details of any runway shortening at either Archerfield or Essendon would have to be dealt with through an MDP and a specific approval program. If you do not mind, I will get Ms Horrocks to give us an update on where we think Archerfield is at on that runway proposal.

Ms Horrocks: Archerfield has not developed the MDP at this point in time. We would normally seek to look at any preliminary or exposure draft of an MDP and identify any required information at that point in time and then it would go through the legislative process for an MDP.

Answer:

Please see response provided during the hearing:

“However, coming to your question, I do not think our view would be that the master plan would be invalid, because it is a concept planning document which is set out predominantly for zoning and planning purposes. The details of any runway shortening at either Archerfield or Essendon would have to be dealt with through an MDP and a specific approval program.”

Rural & Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2014

Infrastructure and Regional Development

Question no.: 236

Program: 2.4 Air Transport

Division/Agency: Aviation and Airports

Topic: Importation Requirements

Proof Hansard Pages: 144-145 (26 May 2014)

Senator Fawcett, David asked:

Senator FAWCETT: You have talked about the less-than-two-kilograms-type area, and as you say there are a lot of other operators getting into that space. Without wanting to go down the path of overregulating everything, can you give us a sense of where CASA sees this space going in terms of education, licensing or software fixes to preclude certain heights or geographic locations. Where do you see this going?

Mr McCormick: At the moment, for vehicles below two kilograms our rules are relatively light, if I can use that term. The principle behind that is that we want people to enjoy themselves using these things. There are other issues around privacy...

All we are really saying with the under two kilogram vehicles is that they are: to operate below 400 feet within a visual line of sight—and that does not mean using binoculars or telescopes; to stay five kilometres away from an airfield; and to stay away from people and buildings et cetera. In other words, these are much like the model aircraft rules. The principle is that this is the responsibility of the operator—the person flying this thing. They are the only ones who have direct control. They are the only people who can violate anything like that.

...

But, of course, there is an issue around the availability of the vehicles. These vehicles can be ordered over the internet relatively easily and there is no control of them coming into the country. There is no requirement for anyone to tell us they are bringing them in and so, in some respects, the Customs and Border Protection Service has a role to play in that as well, if we wish to control all operations. Having said that, if it is a commercial operation then, even for vehicles under two kilograms, they do require our approval and we have much better control.

Senator FAWCETT: Perhaps, Mr Mrdak, you might answer this one. From a whole-of-government perspective, what is being done in terms of the Customs and Border Protection Service to look at how we wrap some element of quality—I will not even say control—around this space in terms of import requirements, the requirement to register or the requirement of having things comply with software patches, for example? If I look at the maritime space, a person in a recreational boat has to have a licence, on the back of a training course, to use a VHF radio. What consideration has been given from a whole-of-government perspective to address this rather than seeing it purely through the lens of aviation?

Mr Mrdak: I am not aware of any whole-of government-consideration at this time. I will take that on notice and come back to you.

Answer:

A number of Government Departments and agencies have been participating in hearings and discussions with the House of Representatives Social Policy and Legal Affairs Committee's round table on drones and privacy, which aims to identify regulatory and privacy issues related to the operation of drones. These include the Attorney General's Department, the CSIRO, the Civil Aviation Safety Authority, Airservices Australia, and the Australian Federal Police.

There are currently no international standards for the manufacture or certification of UAVs.

The Australian Customs and Border Protection Service (the Service) has advised that only unmanned aerial vehicles (UAVs) designed or adapted for warfare are regulated at the border. The Service administers border controls on regulated goods on behalf of relevant policy agencies.

Rural & Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2014

Infrastructure and Regional Development

At this point in time there is no proposed regulation relating to the importation of non-military, recreational UAVs and associated software being developed by relevant policy agencies. The Service also advises that a border control may not be the most effective means of controlling non-military UAVs and associated software, and would require careful consideration by the relevant policy agency to assess whether other regulatory mechanisms would be more appropriate to achieve the policy goal.

Rural & Regional Affairs and Transport Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Budget Estimates May 2014
Infrastructure and Regional Development

Question no.: 237

Program: 2.4 Air Transport

Division/Agency: Aviation and Airports

Topic: Virgin Australia

Proof Hansard Page: Written

Senator Xenophon, Nick asked:

1. In relation to Virgin Australia's restructure in 2012, did the department consult with any other agencies or departments? If so, with whom?
2. Does the Department take into account the implications of such a restructure on corporations or taxation laws? Did it do so in this instance?
3. Did the Department receive any advice from the ATO, ASIC or any other agencies or departments? If so, which ones? What advice was received and how was this taken into account?

Answer:

1. The Department liaised with the Australian Government Solicitor.
2. No.
3. The Department liaised with the Australian Government Solicitor. These communications are legally privileged.

Rural & Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2014

Infrastructure and Regional Development

Question no.: 238

Program: 2.4 Air Transport

Division/Agency: Aviation and Airports

Topic: Virgin International

Proof Hansard Page: Written

Senator Xenophon, Nick asked:

The Virgin Australia Holdings Limited Annual Report for 2012 and 2013 include Virgin Australia International Holdings Pty Ltd, Virgin Australia International Airlines Pty Ltd and Virgin Australia Airlines (SE Asia) Pty Ltd as subsidiaries and consolidates their financial reports on the basis of control over their financial and operating policies. It appears that, for the purposes of the Corporations and Taxations Laws, the designated international airlines of the Virgin Group and their holding company are treated as fully controlled subsidiaries. Based on the guidance provided by ICAO in Document 9626, the Manual on the Regulation of International Air Transport, how does DIRD conclude that the two designated Virgin international airlines are not fully controlled by a majority-foreign owned entity?

1. For the purposes of our Air Service Agreements, are Virgin Australia International Airlines Pty Ltd and Virgin Australia Airlines (SE Asia) Pty Ltd designated on the basis of satisfying the requirements for “substantial ownership and effective control” or “principal place of business” or both?
2. Can an entity possessing nothing more than an Australian legal status be designated as an international airline, provided that it has appropriate agreements for financial, operational and managerial services?
 - a. If not, what are the minimum assets required to gain designation?

Answer:

1. The International Civil Aviation Organization (ICAO) Manual on the Regulation of International Air Transport (ICAO Document 9626) provides non-binding guidance to states on a range of matters, including the various approaches taken by states in relation to evidence of ‘effective control’. An airline applying to be designated as an Australian international airline would be required to meet the designation tests and criteria outlined in (2) below. Virgin Australia International Airlines Pty Ltd and Virgin Australia Airlines (SE Asia) Pty Ltd were assessed by the Department of Infrastructure and Regional Development to have met the tests and criteria.
2. Virgin Australia International Airlines Pty Ltd and Virgin Australia Airlines (SE Asia) Pty Ltd are variously designated to bilateral partners under the relevant air services arrangements. Each arrangement contains its own designation or equivalent provision which generally involve ‘substantial ownership and effective control and/or ‘incorporation and principal place of business’ tests. In assessing applications, the Department of Infrastructure and Regional Development applies the designation tests contained in the relevant air services arrangement and the designation criteria developed by the Department to ensure airlines comply with those tests. The Department applies the provisions in the *Air Navigation Act 1920*, the *Air Navigation Regulations 1947*, the *International Air Services Information Memorandum* and the *International Airline Licences Guidance Notes*. The criteria include:
 - at least two-thirds of the Board members must be Australian citizens;
 - the Chairperson of the Board must be an Australian citizen;
 - the airline’s head office must be in Australia;
 - the airline’s operational base must be in Australia; and
 - no more than 49 percent of the total value of the issued share capital can be held by foreign persons.
3. An airline applying to be designated as an Australian international airline would be required to meet the designation tests and criteria outlined in (2) above.

Rural & Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2014

Infrastructure and Regional Development

Question no.: 239

Program: 2.4 Air Transport

Division/Agency: Aviation and Airports

Topic: Sydney Airport

Proof Hansard Page: Written

Senator Rhiannon, Lee asked:

1. Has the Minister or the Department received any request from the NSW government to increase the number of flights through Sydney Airport?
2. Has any verbal or written submissions been made from any other individual or organisation to the Minister or Department to increase the number of flights through Sydney Airport?
 - a. If yes, what time period has been nominated for when this increased number of flights should occur?
3. Considering the previous two questions, has a specific request been made to increase the number of flights operating during the shoulder prior to or at the end of the curfew?
 - a. If yes, may I have the details please?

Answer:

1. Yes, the New South Wales government has raised the issue in general terms with the Deputy Prime Minister and the Department.
2. Yes, several industry stakeholders have raised the issue. No specific time frame has been proposed.
3. No.

Rural & Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2014

Infrastructure and Regional Development

Question no.: 240

Program: 2.4 Air Transport

Division/Agency: Aviation and Airports

Topic: Hobart Airport – Runway Extension

Proof Hansard Page: Written

Senator Sterle, Glenn asked:

1. Has the Government directed the Department to perform due diligence, including but not limited to cost-benefit analyses, return on investment on this investment?
2. Can the Department explain what is the main business case for the \$38 million funding package? Is this reflected in the budget it's coming from?
3. What is happening to Surf Road near the airport? Have residents been consulted in the design and the impact to the dune area and the road?
4. Did the Government seek any advice from the Department on the actual amount of the grant? Was the final project cost finalised when the grant was announced? Has the Department since provided advice on the amount of the grant in relation to the project cost, and value for money?
5. Has the Hobart Airport provided a final project cost? Are the design and scope for the works of the project complete? If not, where did the \$38 million figure come from? Has the Department advised that the Government delay the grant until we know more about the particulars of the project?
6. What detail do you have about a cost benefit analysis on this project? Do we know how many jobs it will create during construction, ongoing etc.?

Answer:

1. No. The funding was an election commitment outlined in the Coalition's Economic Growth Plan for Tasmania.
2. This funding is for a runway extension of up to 500 metres and associated works at the Hobart International Airport as part of the Coalition's Economic Growth Plan for Tasmania (the Growth Plan). The runway extension is expected to increase Hobart International Airport's ability to attract regular international flights by an overseas carrier and to support Antarctic research aircraft. It is designed to position Hobart as the premier international scientific and operational hub to access east Antarctica, resulting in economic opportunities to Tasmania and Australia. An extension would allow for direct passenger flights with China and other emerging markets in Asia and could facilitate new international air freight corridors.
3. The runway extension and its impacts will be included in the analysis and consultation conducted as part of the Major Development Plan (MDP) for the project, as required by the *Airports Act 1996*. This will include consideration of the impacts on Surf Road.
4. No. The \$38 million grant was announced during the 2013 election campaign. The Government's total commitment is capped at \$38 million. Yes, the Department has provided advice to the Minister regarding the Hobart extension.
5. No. Details of the project will be finalised as part of the development of the funding agreement and Major Development Plan. The \$38 million grant was announced during the 2013 election campaign as part of the Coalition's Economic Growth Plan for Tasmania. Yes.
6. The Growth Plan estimates 200 jobs will be created during the construction of the runway extension. Further details will be provided as part of the Major Development Plan.