

Senate Standing Committee on Rural and Regional Affairs and Transport

ANSWERS TO QUESTIONS ON NOTICE

Additional Estimates February 2007

Transport and Regional Services

Question: AAA 01

Division/Agency: Aviation and Airports

Topic: **Audit of Management of Federal Airport Leases – Aeronautical Development Obligations**

Hansard Page: 46 (15/02/06)

Senator O'Brien asked:

Senator O'BRIEN—Thank you. The audit also notes some concerns about the Department's approach to assessing the achievement of each airport's obligations to undertake capital expenditure on aeronautical infrastructure development. What were the inconsistencies in the nature of expenditure that were accepted or rejected for different airports?

Mr Williams—Again, I will have to take the detail on notice.

Answer:

The inconsistencies referred to in the audit report related to the following types of expenditure:

- Flight information displays;
- Control room radios;
- Security measures (including fences and key systems);
- Refurbishment of and civil works for terminals;
- Landscaping around terminals;
- Redevelopment of food and beverage areas within terminals; and
- Buildings for commercial tenants.

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Transport and Regional Services

Question: AAA 02

Division/Agency: Aviation and Airports

Topic: Audit of Management of Federal Airport Leases – Aeronautical
Development Obligations

Hansard Page: 46 (15/02/07)

Senator O'Brien asked:

Senator O'BRIEN—Perhaps on notice would you mind letting me know what the current status of each of the leased airports is when it comes to aeronautical development obligations?

Mr Williams—Yes, we can get you that. In relation to the inquiry into the Bill the other day, we have been looking into the capital expenditure and we have a table we can provide to the Committee. There are only four airports left with obligations.

Answer:

The answer to this question was provided to the Senate Rural and Regional Affairs and Transport Legislation Committee in response to a question about investment in aeronautical infrastructure during the 30 January 2007 public hearing into the Airports Amendment Bill 2006. Reference can be found in the *Hansard* at RRA&T 97 and 98.

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Question: AAA 03

Division/Agency: Airports and Aviation

Topic: Airport Development Plans

Hansard Page: 46-47 (15/02/07)

Senator O'Brien asked:

Senator O'BRIEN—Which airport development proposals are still being considered by the Minister or are undergoing a consultation process with the airport lessee?

Mr Mrdak—In terms of major development plans?

Senator O'BRIEN—Yes, major development plans.

Mr Mrdak—We can get you some details on that.

Mr Williams—I will have a go from memory, but I will confirm it if I am not correct. Currently, the Minister has before him a major development plan from Canberra airport for some offices near the Brindabella Park area. He has two minor variations to master plans for the Adelaide and Parafield airports. Hobart airport has its direct factory outlet proposal that the public comment period closed on last year. They have not yet submitted that proposal to the Minister. Melbourne airport similarly had some retail and bulky goods centres proposal out late last year. Again, I think the public comment period has closed on that and that has not yet been submitted to the Minister. Perth airport currently has a proposal for a distribution centre out for public comment.

Mr Doherty—I think the Brisbane airport additional runway has just closed for the public comment period but, again, is yet to be lodged with the Minister.

Answer:

At 15 February 2007, one further development was being considered by the Minister and one was out for public comment.

• **Brisbane Airport:**

- Convenience Store – MDP has been lodged with the Minister for approval. Approved on 27 March 2007.

• **Gold Coast Airport:**

- Terminal Expansion – Preliminary MDP opened for public comment on 2 February 2007. The public comment period closed on 3 May 2007.

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Question: AAA 04

Division/Agency: Airports and Aviation

Topic: Airport Development Plans

Hansard Page: 47 (15/02/07)

Senator McEwen asked:

Senator O'BRIEN—What are the master plan changes being proposed by Adelaide?

Mr Williams—I believe Adelaide relates to a variation that would enable a childcare centre to be constructed on the Burbridge West precinct.

Senator McEWEN—Is that an extension to an existing childcare centre or a new childcare centre.

Mr Williams—I am not sure. I will have to take that on notice. With Parafield, I will have to check for you.

Answer:

On 8 March 2007, Adelaide Airport Limited withdrew an application to the Minister for a Minor Variation to the Adelaide Airport Master Plan regarding a childcare centre.

Furthermore, Parafield Airport Limited sought a Minor Variation to their Master Plan to facilitate a change of the existing categorisation, in their Commercial Estate Policy area, of a Brand Outlet Centre from a "non-complying" use to a "complying" use. This proposal was approved on 11 April 2007.

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Question: AAA 05

Division/Agency: Aviation and Airports

Topic: Perth Brickworks - Impacts

Hansard Page: 48 (15/02/07)

Senator Sterle asked:

Senator STERLE—Were there any other sources for your advice?

Mr Williams—Apart from the monitoring I mentioned to Senator O'Brien in terms of the facts—a number of the conditions went to some of the aviation impacts—and some advice from CASA and Airservices.

Senator STERLE—Would you be able to supply the Committee with those impacts or those other impacts?

Mr Williams—The advice from Airservices and CASA?

Senator STERLE—Yes.

Mr Williams—Yes, I will take that on notice.

Answer:

The final advice from Airservices Australia and from CASA is attached.

[AAA 05 attachment]

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Question: AAA 06

Division/Agency: Aviation and Airports

Topic: Perth Brickworks - Authorisations

Hansard Page: 51 (15/02/07)

Senator Sterle asked:

Senator STERLE—What permits, licences, authorisations et cetera has the WAC and BGC been required to obtain from the State Government and Local Government up to this point and what will they be required to obtain prior to the completion of the building of the brickworks and prior to the commencement of brick production?

Mr Mrdak—I would have to check as to what they have at this stage. In terms of statutory authorisations and the like, we know that there has been process concluded with the council in relation to some of the road issues. But I would have to check in terms of any other particular licences or permits that have been required. I am not sure that too many have been required at this point, but I will check for you.

Answer:

To date, BGC has identified a number of licences and permits required prior to the commencement of building activity and during the operation of the plant. These are a dangerous goods licence, a permit to operate in the vicinity of the Dampier to Bunbury natural gas pipeline, use of a licensed operator to trap native wildlife, extractive industry licences and a licence for the generation of liquid wastes.

The Department understands there may also be requirements to hold heavy vehicle permits.

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Question: AAA 07

Division/Agency: Aviation and Airports

Topic: Perth Brickworks – Contact between DOTARS and State Government

Hansard Page: 51 (15/02/07)

Senator Sterle asked:

Senator STERLE—Thank you. What contact did the Department of Transport and Regional Services have with the WA Department of Planning and Infrastructure and the WA Department of Environment and Conservation regarding Westralia Airports Corporation’s plans to lease Perth airport land for a brickworks?

Mr Williams—I am not aware of any particular contact. That would have been a matter for the WAC in the first instance when it brought up the proposal.

Senator STERLE—So DOTARS had no contact with the State Government.

Mr Mrdak—We will check that. Our role is really in the assessment of the major development plan once it was lodged, which included submissions from WA agencies.

Answer:

The Western Australian “whole of government” submission to the draft Major Development Plan contained collated comments from a number of State Departments, including from the Western Australian Department of Planning and Infrastructure, the Western Australian Department of Environment and the Western Australian Department of Conservation and Land Management. This submission was addressed to the then Minister for Transport and Regional Services, the Hon Warren Truss, and to the then Minister for the Environment and Heritage, Senator the Hon Ian Campbell.

There is no correspondence between the Department (of Transport and Regional Services) and the Western Australian Department of Planning and Infrastructure, the Western Australian Department of Environment or the Western Australian Department of Conservation and Land Management (as they were then called) regarding WAC’s plans to lease land at Perth Airport for a brickworks.

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Question: AAA 08

Division/Agency: Aviation and Airports

Topic: Perth Brickworks – Objections

Hansard Page: 51 (15/02/07)

Senator Sterle asked:

Senator STERLE—You might want to take this on notice too. Have either of these Departments indicated that there was no objection on planning or environmental grounds in regard to the location of brickworks on Perth airport land?

Mr Mrdak—Certainly the WA Government did lodge a submission on the major development plan which included, I would have thought, comments from those agencies. We will check that and come back to you in relation to their exact comments. But those comments were addressed in our assessment for our Minister in relation to the project.

Answer:

The Western Australian ‘whole of government’ submission to the draft Major Development Plan contained collated comments from a number of State Departments including from each of the Western Australian Departments of Environment, of Conservation and Land Management, and of Planning and Infrastructure.

As comments provided within this State Government submission were collated from comments by these and other Departments, no individual Department’s position regarding objection or support was identified.

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Question: AAA 09

Division/Agency: Aviation and Airports

Topic: Perth Brickworks – Decision on Location

Hansard Page: 51 (15/02/07)

Senator Sterle asked:

Senator STERLE—One of the reasons given for approving the building of the brickworks on Perth airport land was that there was no other commercially viable and environmentally suitable site available in proximity to the Perth metropolitan region. How did the Department justify its position that the location of a brickworks conforms to contemporary community standards regarding the community's right to be able to reside in environmentally safe urban areas?

Mr Mrdak—Certainly the issue of the suitability of that site was part of the MDP and also our assessment of the MDP which was undertaken. I would have to go back and check the MDP, but it certainly went through the argument in relation to why that site was the most favourable and why that was suitable land use for that site. We essentially concurred with that view.

Answer:

The draft Major Development Plan contained information in support of the suitability of the location of the brickworks with consideration of the surrounding land uses through coverage of the following matters:

- Environmental assessment and management including of emissions and health risks;
- Monitoring and reporting of emissions and noise outputs and operational activities;
- Management of environmental impacts including health aspects; and,
- Technical reports on health risk assessments; noise impact assessment, traffic study, and assessment of responses of native plant species to fluoride.

The Department's assessment of the draft Major Development Plan indicated that, subject to compliance with conditions developed to regulate the construction and operation of the brickworks plant, neither the environment, health of the community nor the safe operation of the airport would be unduly affected by the development.

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Question: AAA 10

Division/Agency: Aviation and Airports

Topic: Perth Brickworks – Decision on Location

Hansard Page: 52 (15/02/07)

Senator Sterle asked:

Senator STERLE—Did the Department correspond with the WA Department of Planning and Infrastructure requesting information on possible locations in or near the Perth metropolitan area?

Mr Mrdak—We will check whether there is any direct correspondence. I am certain that there were consultations and discussions between the WAC, the brickworks developer and the Department, but I will check whether there was any direct correspondence between ourselves and that agency.

Senator STERLE—If there were, would you be happy to supply it to the Committee?

Mr Mrdak—I would be happy to. I will check that.

Answer:

Please refer to Question AAA 07.

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Question: AAA 11

Division/Agency: Aviation and Airports

Topic: Perth Brickworks – Contact with WA Department of Health

Hansard Page: 52 (15/02/07)

Senator Sterle asked:

Senator STERLE—Given the responsibilities under the *Airports Act 1996* to prevent environmental and public health hazards on Australian Government airport land, did the Department seek input on the Perth airport brickworks proposal from the WA Department of Health?

Mr Mrdak—As I say, the WA Government provided a submission to the MDP. We looked at that MDP and sought advice from our environment and heritage Department.

Senator STERLE—So you never had any contact with the WA Department of Health?

Mr Mrdak—I will check that, but I am not aware of any such contact.

Answer:

The Western Australian “whole of government” submission to the draft Major Development Plan contained collated comments from a number of State Departments including from each of the Western Australian Departments of Environment, of Conservation and Land Management, and of Planning and Infrastructure.

As comments provided within this State Government submission were collated from comments by these and other Departments, no individual Department’s position regarding objection or support was identified.

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Question: AAA 12

Division/Agency: Aviation and Airports

Topic: Perth Brickworks – Contact with WA Department of Health

Hansard Page: 52 (15/02/07)

Senator Sterle asked:

Senator STERLE—Would you know whether there was correspondence between DOTARS and the Department of Health in WA about the possible public health issues in respect of the proposed brickworks?

Mr Mrdak—I am not aware of any such correspondence between ourselves.

Senator STERLE—If there is, would you be happy to supply it?

Mr Mrdak—I am happy to supply it if there is, but I am not aware of it.

Answer:

The Western Australian “whole of government” submission to the draft Major Development Plan contained collated comments from a number of State Departments including from each of the Western Australian Departments of Environment, of Conservation and Land Management, and of Planning and Infrastructure.

As comments provided within this State Government submission were collated from comments by these and other Departments, no individual Department’s position regarding objection or support was identified.

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Question: AAA 13

Division/Agency: Aviation and Airports

Topic: Perth Brickworks – Chimney Stack

Hansard Page: 54 (15/02/07)

Senator Sterle asked:

Senator STERLE—Would you be able to tell me the size of the chimney stack for the Perth brickworks?

Mr Mrdak—I will come back to you on that.

Senator STERLE—You may want to take this on notice, Mr Mrdak. How close to the end of the runway is that chimney stack?

Mr Williams—We will take on notice the exact details. The assessment took into account the potential impact on what is called the obstacle limitation surface which is the protection of airspace in and around the airport. The chimney stack came well within the height limitations of the obstacle limitation surface. It did not penetrate the OLS. The assessment said that the plume that would come out of the chimney stack would not penetrate and cause a potential impact on aviation operations. The conditions on the approval also highlight towards the end that, once the brickworks is operational, if the speed of the plume coming out of the stack is different to what was proposed or modelled in the MDP, that would need to be referred back to CASA and to Airservices for further assessment.

Senator STERLE—I will get you to take it on notice. Can you come back to me with the height and the distance from the end of the runway. I have no further questions.

Answer:

The height of the stack is 37 metres above ground level.

The distance of the brickworks stack to the closest end of Runway 06/24 is approximately 1,350 metres and the stack is offset from the centreline of the runway by approximately 450 metres.

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Question: AAA 14

Division/Agency: Aviation and Airports

Topic: Vacant Land and Land Tax

Hansard Page: 54-55 (15/02/07)

Senator McEwen asked:

Senator McEWEN—Are there any exemptions or special requirements? Does the issue of vacant land apply in terms of calculating land tax?

Mr Mrdak—Yes, it does. It is a similar provision in relation to it. The land tax provision is really designed to ensure that businesses that are operating commercial operations on the airport are not at an advantage to those operating outside the airport through the application of land tax on rate equivalent payments. I would be happy to provide you with the relevant section of the airport lease which deals with land tax as well if that would be of assistance.

Senator McEWEN—That would be useful.

Answer:

The relevant clause is set out below.

RATES AND TAXES

Payment of Rates and Taxes

The Lessee must pay, on or before the due date, all Rates and Taxes without contribution from the Lessor.

Ex Gratia payment in lieu of Rates and Taxes

(a) Where rates are not leviable or payable under sub-clause 24.1 because the Airport Site is owned by the Commonwealth, the Lessee must promptly pay to the relevant Governmental Authority such amount as may be notified to the Lessee by such Governmental Authority as being equivalent to the amount which would be payable for rates as if such rates were leviable or payable in respect of those parts of the Airport Site:

- (i) which are sub-leased to tenants; or
- (ii) on which trading or financial operations are undertaken including but not limited to retail outlets and concessions, car parks and valet car parks, golf courses and turf farms, but excluding runways, taxiways, aprons, roads, vacant land, buffer zones and grass verges, and land identified in the airport Master Plan for these purposes,

unless these areas are occupied by the Commonwealth or an authority constituted under Commonwealth law which is excluded from paying rates by Commonwealth policy or law. The Lessee must use all reasonable endeavours to

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enter into an agreement with the relevant Governmental Authority, body or person to make such payments.

- (b) Where land tax is not payable under sub-clause 24.1 because the Airport Site is owned by the Commonwealth, payments in lieu of land tax must be made by the Lessee in respect of those parts of the Airport Site:
 - (i) which are sub-leased to tenants; or
 - (ii) on which trading or financial operations are undertaken including, but not limited to, retail outlets and concessions, car parks and valet car parks, golf courses and turf farms, but excluding runways, taxiways, aprons, roads, vacant land, buffer zones and grass verges, and land identified in the airport Master Plan for these purposes,

unless these areas are occupied by the Commonwealth or an authority constituted under Commonwealth law which is excluded from making payments by Commonwealth policy or law. Unless otherwise directed by the Lessor, the Lessee will make payments promptly in lieu of land tax at the relevant State rate to the Commonwealth addressed as provided for in sub-clause 22.1.

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Question: AAA 15

Division/Agency: Aviation and Airports

Topic: Vacant Land and Land Tax

Hansard Page: 54-55 (15/02/07)

Senator McEwen asked:

Senator McEWEN—Are the principles that you use for calculating tax and the council rates the same?

Mr Mrdak—Broadly. We apply the equivalent provisions of state legislation and the like.

Senator McEWEN—And that is available—

Mr Mrdak—We provided some guidance material to airports quite early on when this regime was first put in place. There was some tension around how this would operate. But the guidance material we have provided to airport operators, which has largely operated quite well since the early days, we can provide to you and that will show how this is calculated.

Senator McEWEN—That would be good—including any exemptions.

Mr Mrdak—The provision of the lease sets out the areas that are subject to the land tax.

Answer:

See attached guidance material.

[AAA 15 Attachment A]

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Question: AAA 16

Division/Agency: Aviation and Airports

Topic: Vacant Land and Land Tax

Hansard Page: 54-55 (15/02/07)

Senator McEwen asked:

Senator McEWEN—Have any airport operators refused or withheld payments to the Commonwealth on the same basis that councils have because they are not happy with the calculations?

Mr Mrdak—Not that we are aware of.

Senator McEWEN—Never?

Mr Mrdak—I will check that, but I do not think so.

Senator McEWEN—If that has happened and there has been a refusal to pay, could you check whether the Department has used its powers under the legislation to have the payments made.

Mr Mrdak—The provisions for land tax are under the lease, but we can certainly check. I am not aware of any such dispute.

Answer:

There have not been any cases where the Department has used its powers under the lease to resolve disputes over land tax payments.

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Question: AAA 17

Division/Agency: Aviation and Airports

Topic: Vacant Land and Land Tax

Hansard Page: 52-53 (15/02/07)

Senator Ian Campbell—A massive expansion of an existing brickworks – two new kilns.

Senator STERLE—Yes, I think I read something where you said something that did not quite match up, Minister, and I would like to have a further conversation about it. That was a proposal for a new kiln, was it not?

Senator Ian Campbell—Yes.

Senator STERLE—Was that at Boral?

Senator Ian Campbell—It is an EPA document. We can actually table the document. I am happy to get it.

Senator STERLE—was there a proposal for two? I am just trying to remember.

Senator Ian Campbell—You do the remembering. We will find the document and table it.

Senator STERLE—Yes, good.

Answer:

In the Australian Government *Journal of the Senate No. 97* dated 17 August 2006, Senator Campbell tabled two documents providing the level of assessment set by the Western Australian Environmental Protection Agency (EPA) for two separate applications for kilns under the Midland Brick Kiln Replacement Project. For both kiln applications, the levels of assessment assigned were “Not assessed – No advice given and managed under part V of EP Act”. Copies evidencing this tabling and the assessments assigned by the Western Australian EPA are attached with relevant sections marked.

[AAA 17 attachment]