

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

Question no.: 180

Program: n/a

Division/Agency: (AA) Airservices Australia

Topic: Richmond Incident – November 2011

Proof Hansard Pages: 71-72 (24/02/2014)

Chair asked:

CHAIR: ... In November 2011 a Virgin Boeing 737 took evasive action to avoid a military parachute exercise. The final report into the incident on 16 December 2013 of the ATSB found that the AA had no standard documented procedure to ensure that planes that had taken off from Sydney Airport did not fly too closely to aircraft carrying out parachute drops near Richmond Airport where the incident occurred. Airservices has since made changes to ensure coordination when parachuting operations are happening at Richmond. Has Airservices Australia looked into the potential for similar instances to occur near other airports around Australia close to military training areas?

Ms Staib: I will have Mr Hood work our way through the detail on the procedures. That was the incident at Richmond that you are referring to.

CHAIR: How close did he get?

Ms Staib: I will have to refer to my notes.

Mr Hood: I think it is fair to say that the incident was of significant concern to us in relation to the fact that there were some procedural issues in relation to the display, for example, on the air traffic controller's screen. She did not have the appropriate map as a visual cue. We have addressed that issue nationally, across the country. Basically, the 737 aircraft started to head towards the active parachuting area and a fellow controller alerted the controller to the fact that that area was active. We took some action for the aircraft to be vectored clear of that area, but it came close to an area in which active parachuting was taking place.

CHAIR: 'Close' being?

Mr Hood: I believe it was 0.2 nautical miles, but I would have to take that on notice.

CHAIR: That is pretty close, is it not?

Mr Hood: Yes.

Answer:

Separation between the aircraft and the parachute drop zone was 0.2 nautical miles.

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

Question no.: 181

Program: n/a

Division/Agency: (AA) Airservices Australia

Topic: Richmond Incident – November 2011

Proof Hansard Page: 72 (24/02/2014)

Chair asked:

CHAIR: ... Are there sufficient procedures at the other airports? Obviously you have taken some procedural action.

Mr Hood: We have looked nationally at about 38 sites now at which the parachuting takes place. We have standardised the letters of agreement and the procedures that we utilise to separate jet traffic with parachuting airspace.

Senator FAWCETT: Does that point to when it was diverted or was that its proximity?

Mr Hood: That was the lateral proximity. My understanding is that it was active to a much higher degree than the aeroplane, so the aeroplane would have penetrated the area in which potentially parachuters were operating.

Senator FAWCETT: What I am getting at is whether it was notified when it was 0.2 and hence its turn radius would have taken it through or was 0.2 the final separation achieved?

Mr Hood: I will take that on notice.

Answer:

Separation between the aircraft and the parachute drop zone was 0.2 nautical miles.

Rural & Regional Affairs and Transport Legislation Committee
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Question no.: 182

Program: n/a

Division/Agency: (AA) Airservices Australia

Topic: Mildura Incident

Proof Hansard Pages: 72-73 (24/02/2014)

Senator Fawcett asked:

Senator FAWCETT: ... My only question of substance goes to the incident at Mildura with the two 737s that had the met forecasting issue and then ran short on fuel. We have spoken to ATSB about their internal inquiries. I would be interested to know from Airservices's perspective, as the provider of that information, what you are doing internally to learn from that incident to prevent it occurring.

Mr Hood: I will clarify the last point first. The lateral proximity of the 737 to the parachuting area reduced to 2,100 metres. With regard to the Mildura incident, I think I answered a question last estimates from Senator Xenophon in relation to the fact that our inquiries were continuing into the diversion of two aircraft, a Qantas and a Virgin aircraft, from being inbound to Adelaide, where unforecast fog eventuated, to Mildura. We have undertaken our own internal investigation and we are also an active participant in the ATSB's investigation into that incident.

...

CHAIR: So, was the Qantas aircraft landing legal? Did it have sight?

Mr Hood: ...In our investigation we had 10 findings and two recommendations. We are certainly acting on the two recommendations, and we are also participating with the ATSB, next month I believe, in the meeting with CASA, the airlines and the ATSB in relation to the clarification of who was responsible. The other thing that we do not have access to is what they received from their own company in terms of ACARS messages from Qantas and/or Virgin.

Senator FAWCETT: Are you able to table those findings and recommendations for the committee?

Mr Hood: Certainly, but not today. I am happy to provide the Senate a copy with our internal investigation.

Senator FAWCETT: Thank you.

Answer:

Once the ATSB completes its related report into the incident, the findings of Airservices internal investigation will be provided to the Committee.

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Question no.: 183

Program: n/a

Division/Agency: (AA) Airservices Australia

Topic: Mildura Incident

Proof Hansard Page: 73 (24/02/2014)

Senator Xenophon asked:

Senator XENOPHON: I have some supplementary questions directly on the Mildura incident. The ATSB, in its interim report into this incident, state in part that information about the actual weather conditions at Mildura was not available to the crew from the Automated Weather Information Service, AWIS, as the aircraft approached Mildura'. It goes on to say that the AWIS link from the automated weather station is a very high frequency omnidirectional radio range, which was operated by Airservices Australia, was unserviceable. Does Airservices agree with this statement by the ATSB?

Mr Hood: As I said, the ownership of the AWIS sits with three parties. The Weather Information Service itself sits with the Bureau of Meteorology. The line that takes it from the bureau to the navigation aid belongs to the airport and we own the navigation aid which broadcasts the information. The navigation aid, the NDB, was out of service and had been NOTAMed five days prior.

Senator XENOPHON: What was unserviceable? Was it the automatic weather station or the omnidirectional radio range link?

Mr Hood: My understanding is that the non-directional beacon, the navigation aid which broadcasts the weather, was out of service.

Senator XENOPHON: That is the responsibility of Airservices?

Mr Hood: That is correct.

Senator XENOPHON: How long had that link at Mildura been non-operational?

Mr Hood: My understanding is that it was NOTAMed five days prior to the incident. Whether it was previously NOTAMed I would have to take on notice.

Answer:

The link at Mildura airport had been non-operational for five days prior to the incident with advice provided to industry through a Notice to Airmen (NOTAM).

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

Question no.: 184

Program: n/a

Division/Agency: (AA) Airservices Australia

Topic: Airservices Forecast Profit

Proof Hansard Pages: 74-75 (24/02/2014)

Senator Edwards asked:

Senator EDWARDS: ...What is your forecast profit?

Ms Staib: I will just go to the figures for that. We are tracking for a full-year profit of about \$41.645 million.

Senator EDWARDS: Which is down from?

Ms Staib: Last year we made a profit of \$63 million.

Senator EDWARDS: So, why are you down a third in your profit on your forecast?

Ms Staib: A number of adjustments had to be made around superannuation and the way that was recorded. Some of our operating expenses are higher, and certainly our staff costs are higher.

CHAIR: Can you table what you have just told us?

Ms Staib: Yes, I can do that.

Senator EDWARDS: Why would your staff costs be higher?

Ms Staib: Increase in wages and also increase in numbers.

CHAIR: Increase in salary or increase in the number of people on salary?

Ms Staib: Both.

CHAIR: Can we see that as well?

Ms Staib: Yes.

...

Senator EDWARDS: ... If you could provide a fulsome report in a timely manner and not just prior to the next estimates as to what it is, we will have a discussion. It will be very evident to you if there is some line item in there that is going to create a problem, and I am sure you will be able to address it. But obviously now that we have tackled the issue, let us get the answers as to why that is showing up the way it is. A 30 per cent fall in profit without an explanation out there in private land would be a significant event.

Answer:

Airservices 2013 published corporate plan foreshadowed that there would be a significant reduction in profit in 2013/14 on the previous year's results as a consequence of:

- a. increases in staff costs due to higher superannuation expenses as a result of a change in the superannuation accounting standard AASB119 (\$20.0m); and
- b. higher long service leave expenses as the prior year financial results included a favourable movement in the valuation of long service liabilities in line with the government bond rate at the time (\$27.3m).

However with increased aviation revenue so far this financial year, Airservices is currently anticipating a better than forecast net profit after tax of over \$41 million in 2013/14.

Rural & Regional Affairs and Transport Legislation Committee
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Additional Budget Estimates February 2014
Infrastructure and Regional Development

Question no.: 185

Program: n/a

Division/Agency: (AA) Airservices Australia

Topic: Official Title – CEO Airservices Australia

Proof Hansard Page: 76 (24/02/2014)

Senator Sterle asked:

Senator STERLE: Okay, but you should have 'retired' behind your position, and you do not, although Air Chief Marshal Houston does have 'retired'.

Ms Staib: Yes.

Senator STERLE: Can you explain how a mistake like this has made it all the way through to the published version of the annual report?

Ms Staib: It is an omission which needs to be corrected.

Senator STERLE: How long ago was it put out?

Ms Staib: The annual report?

Senator STERLE: Yes.

Ms Staib: I think it was September.

CHAIR: It begs the question of when—

Senator STERLE: When was your website done? Do you know when was the website put out with the wrong information on it?

Ms Staib: No. I would have to check.

Senator STERLE: Okay, if you can check that and come back for us. In that case, what steps have you taken to correct the record?

Ms Staib: Now that it has been brought to my attention I will go back to the office and make sure it is corrected.

...

Senator STERLE: When will that be corrected, Ms Staib?

Ms Staib: As I said, I am going back to the office this afternoon and I will have that fixed.

Senator STERLE: Okay, and you can let the committee know as soon as that is done.

Ms Staib: Certainly.

Answer:

Ms Staib did not retire from the Royal Australian Air Force. Rather, she transferred to the active reserve. She continues to hold the rank of Air Vice-Marshal in the Royal Australian Air Force Active Reserve.

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

Question no.: 186

Program: n/a

Division/Agency: (AA) Airservices Australia

Topic: Staff Costings

Proof Hansard Pages: 78-79 (24/02/2014)

Senator Sterle asked:

Senator STERLE: Could you give us the cost to Airservices Australia, Ms Staib? Or, firstly, the three positions that are filled by Sydney based people and, of course, Ms Keenan from Brisbane, who has only been with you for three months, how often are they required here in Canberra?

Ms Staib: It is variable, but in the main three to four days a week. I can take that question on notice if you want?

Senator STERLE: I am going to, because I am also going to ask you to come back for the committee's benefit for the costs associated in airfares.

Ms Staib: Yes.

Senator STERLE: And of course taxis to the airport; we do not expect people to walk, but if you could get us all associated costs for the travel and accommodation.

Ms Staib: Certainly.

...

Senator STERLE: If you could do that for us, thank you. So, Ms Keenan, you said you actually travel outside of office hours as well?

Ms Keenan: I myself choose to do that, yes.

Senator STERLE: Do the others do that as well?

Ms Staib: Once again, it is variable. They might drive their own vehicle depending on the requirement. So, yes.

Senator STERLE: We do sympathise with you giving up your Sunday. There are a few from WA who know exactly what that means. I have a number of questions relating to pricing and finances which I will wait for in the May budget round, so what I would ask, if you could take it on notice now, could you ensure that we have the appropriate officials attend so that we could get through those questions?

Answer:

The cost for travel for the three Executive General Managers travelling from Sydney for the financial year is approximately \$2,644 per person per month. In addition, Fringe Benefits Tax (FBT) of approximately \$2,419 per person per month applies to these arrangements.

The cost for the Acting Executive General Manager travelling from Brisbane is approximately \$2,308 per month which is not subject to FBT as it is an interim arrangement. These costs include airfares, accommodation and taxi fares. Managers are in the Canberra office 3-4 days per week.

Rural & Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Additional Budget Estimates February 2014

Infrastructure and Regional Development

Question no.: 187

Program: n/a

Division/Agency: (AA) Airservices Australia

Topic: Adelaide Airport – Noise Complaints

Proof Hansard Pages: 79-80 (24/02/2014)

Senator Gallacher asked:

Senator GALLACHER: Adelaide Airport is increasingly attracting more carriers and very recently it attracted an exemption to the curfew. I notice on Airservices Australia that you actually monitor noise complaints at all airports. In the Deputy Prime Minister making the decision that the flights needed to land in Adelaide at 5 am to accommodate available slots in Hong Kong and allow connections to Asia and Europe, was he advised by you of the level of existing complaints? Do you have a role there to advise the minister in that he is virtually altering a curfew that has been in place, unchanged, for 12 years? Who tells him what is actually happening before he makes the decision?

Mr Mrdak: The advice in relation to the matter was provided by the department, not Airservices.

Senator GALLACHER: But Airservices is responsible for complete monitoring of noise complaints.

Mr Mrdak: They are responsible for that, yes.

...

Senator GALLACHER: Does Airservices Australia have any information about any potential increase in the noise complaints since this decision?

Ms Staib: I can take that on notice. I do not have that detail at hand.

Answer:

Airservices has received very few community enquiries (one in 2014 and less than five in 2013) with direct reference to the proposed Cathay Pacific curfew shoulder operation that will operate between April and October 2014, as permitted under the *Adelaide Airport Curfew Act 2000*.

Advice has been provided to those complainants with respect to the nature and frequency of the operation. Airservices has committed to the Adelaide Airport Consultative Committee to provide details of complaints about that operation at its quarterly meetings.

Airservices produces a quarterly aircraft noise information report for the public for a number of airports, including Adelaide. This report includes information on flight patterns, aircraft movements (including curfew movements), noise monitoring, complaints data and noise improvements investigated.

Rural & Regional Affairs and Transport Legislation Committee
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Additional Budget Estimates February 2014
Infrastructure and Regional Development

Question no.: 188

Program: n/a

Division/Agency: (AA) Airservices Australia

Topic: Recruitment of Head of Corporate Affairs

Proof Hansard Page: Written

Senator Sterle asked:

I notice you have recently advertised for the position of Executive General Manager Corporate Affairs, to be based in Canberra, Sydney, Melbourne or Brisbane. I'm aware of the market pay scale for such a position.

1. Can you advise the Committee of the salary range you propose for this position?
2. What would be the additional costs associated with someone based in Sydney, Melbourne or Brisbane?
3. Would they be met entirely by AirServices?
4. How many other of your direct reports have similar employment arrangements - i.e. being Sydney based for example?
5. What are the costs associated with each of them?
6. Does AirServices ensure that all of their commuting is undertaken outside of office hours?

Answer:

1. The position is currently under recruitment and the salary will be negotiated with the successful applicant.
- 2 and 3. As the position is currently under recruitment any additional costs would depend on the location of the successful applicant and the package negotiated.
4. Three.
5. Refer to answer 186.
6. No.

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

Question no.: 189

Program: n/a

Division/Agency: (AA) Airservices Australia

Topic: Financial Management

Proof Hansard Page: Written

Senator Sterle asked:

1. Can you assure the Committee that Airservices intends to meet the forecast dividend payment to the Government as outlined in your corporate plan?
2. I notice from recent press releases, Airservices is in the process of building a number of new fire stations. Will there be additional charges to Airservices customers to cover the cost of these stations?
3. Can you advise the Committee of any negotiations/discussions you have had with the airlines to date about any increased charges to cover the costs of these fire stations and any other capitals works being undertaken?

Answer:

1. For the 2013-14 financial year, Airservices is planning to pay a total dividend of \$16m. This is \$1.9m higher than indicated in the Corporate Plan 2013-18 due to higher than expected forecast profit.
2. The construction of fire stations is to support the introduction of Aviation Rescue and Fire Fighting (ARFF) services at a number of new locations. Once services are established customers will be charged for services in line with the ARFF base level service network charge currently in place at other Australian airports in accordance with the Long Term Pricing Agreement (LTPA). This pricing agreement was established with customers in 2011 and runs until June 2016.
3. Airservices consults on its charges and capital program on a quarterly basis with industry representatives through a Pricing Consultative Committee. Industry representatives include major domestic, international, regional, recreational and general aviation operators and industry associations.

The committee has discussed how charges might be applied if a pricing increase for new services was sought outside of the current LTPA. Airservices current position is to maintain its charges in line with agreed pricing arrangements until 2016.

Rural & Regional Affairs and Transport Legislation Committee

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Additional Budget Estimates February 2014

Infrastructure and Regional Development

Question no.: 190

Program: n/a

Division/Agency: (AA) Airservices Australia

Topic: CEOs Involvement with Air Force

Proof Hansard Pages: 78-79 (24/02/2014)

Senator Sterle asked:

It is noted from the website and annual report that Ms Staib titles herself, Air Vice Marshall (unlike the Chair who uses Air Chief Marshall retired). I assume this means she is still on the active list for the Air Force?

Answer:

Ms Staib holds the rank of Air Vice-Marshal in the Royal Australian Air Force Active Reserve.