

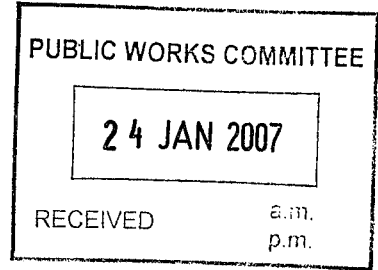


AIRSERVICES AUSTRALIA

Head Office

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The Hon. Judi Moylan MP
Chair
Joint Standing Committee on Public Works
Parliament House
CANBERRA ACT 2600



Dear Ms Moylan

SUPPLEMENTARY SUBMISSION - NATIONAL TOWERS PROGRAM (Stage 1)

I am writing in relation to the Public Works Committee's consideration of Airservices Australia's National Towers Program (Stage 1), in particular the submission by Mr David Hawes Group General Manager Government and International Relations Qantas Airways Limited where he raises the issue of consultation with airlines over the proposal.

The National Towers Program was included in the Capital Program for Long Term Pricing Agreement (LTPA) to which Mr Hawes refers. Funding is shown as an indicative line item as at the time of the LTPA consultation process we were not in a position to provide definitive costings for the project or likely locations. Our recent analysis has led us to conclude that the replacement of the towers referred to in Stage 1 of the program is a priority.

The issue of service delivery requirements from air traffic control towers has been raised through the Australian Strategic Air Traffic Management Group (ASTRA). However, as with the LTPA consultation process consideration of our National Towers Program was limited to the information available at the time and the impact within the current planning cycle and was not meant to substitute for a formal consultation process.

Our Business Case development phase includes full consultation with airlines and a critical analysis of each cost element. Qantas will be invited, together with other airline customers, to review the basis upon which we have concluded that the four control towers in question require replacement.

The total costs associated with the full delivery of this program are substantially different to that which is detailed in the current LTPA however the period of this agreement ends in 2009. We consider that the major cost impact of this program will be post this agreement period and therefore the subject of the next round of pricing consultation which is due to commence in the very near future. Notwithstanding, airlines will be consulted on the likely long term cost of the program prior to finalisation of the Business Case.

Airservices recognises the importance of consultation with airlines and interested parties and has instigated planned briefings to move the process forward.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Paul Dawson', with a long horizontal line extending to the right.

Paul Dawson
Manager
Government Business

23 January 2007