

14th September 2004

Ms Margaret Arblaster
General Manager – Transport and Prices Oversight
Australian Competition and Consumer Commission
GPO Box 520J
MELBOURNE
VIC 3001

Dear Margaret

Re: Airservices Australia long-term pricing proposal – ACCC issues paper

Thank you for giving Archerfield Airport Corporation the opportunity to comment on the proposed increased charges by Airservices Australia.

In response to this matter I have put the following comments together for your consideration:

- Prior to the introduction of Location Specific Pricing by AsA in 1998, the airport's averaged annual aircraft movements were in excess of 230,000 activities. Since that time we have struggled to reach annual movements of 150,000. General aviation is at the poor end of the financial business scale and is very price sensitive.
- Airservices Australia has made a local effort to reduce staff numbers and costs to try and relieve some of the pressures of providing a tower that does not earn its keep. From an AsA perspective its operations are very much to the minimum. However, the AAC feels that if there was more flexibility with the tower hours that a further reduction in the time and cost of this service could be made. We must not over look that even though as a stand alone operation it is not a cost effective service, the airspace at Archerfield Airport is very much a part of the greater Brisbane package.
- The age and quality of physical tower facilities at the two airports are vastly different. The Brisbane Airport tower is relatively new and modern whereas the Archerfield tower is becoming quite dated yet still serves its purpose. Any capital costs in the form of depreciation should be at a minimum for Archerfield.
- At Archerfield Airport we see that we have a reliever function that complements Brisbane Airport's ability to service the large business end of the industry. Even though we are two separate companies providing airports, our colleagues at Brisbane call us their greatest asset as we relieve them of

small aircraft operators. If we fail as a General Aviation airport the impact up the line would be quite significant.

- The AAC has a view that as AsA continues to provide the terminal navigation services for both Brisbane and Archerfield Airports then the charges applied should be the same at both airports. Income from large aircraft going into Brisbane is significant. Small aircraft that are unwelcome at Brisbane Airport and invariably land at Archerfield Airport produce little financial return for both the tower and airport operators.

Please be advised that the AAC supports the “Basin” approach, but recommends to the ACCC that the cost of the two towers should be managed as one business unit, therefore a common charge should apply.

It is very important that we have a tower service that is affordable for the smaller end of our aviation business, particularly one that is in the CBD of Brisbane and is a part of the overall Brisbane aviation network.

Yours sincerely

Richard Kent
Airport General Manager