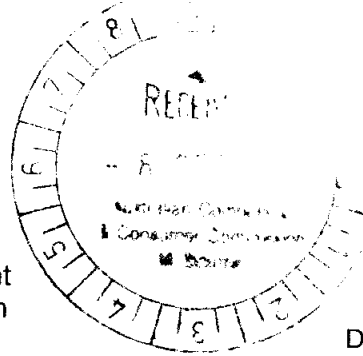




6th September, 2004

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



Direct Fax: (03) 9840 3546

FILE No: D04/43096
DOC:
MARS/PRISM:

Dear Ms Arbalaster,

Re: Proposed Price Increases for Airservices Australia Fees

As you may be aware, Air Ambulance Victoria (AAV) based at Essendon Airport provides a crucial service to critically ill rural Victorians and is a lifeline for country Victorians to specialist hospitals in Melbourne.

In June 2004 the Metropolitan Ambulance Service (MAS) became aware that Airservices Australia proposed to increase the prices it charges for terminal navigation services and aviation rescue and firefighting services. The MAS and consequently AAV had been omitted from the industry consultation process in relation to the proposed increase and duly submitted its concerns to Airservices Australia.

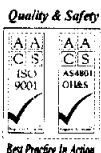
Any proposed price increase will have a deleterious effect on the finances of air ambulance services in Victoria. Although there is a significant reduction from the original proposal to that before the Australian Competition and Consumer Commission (ACCC), it still reflects a 71% increase to AAV in Terminal Navigation fees at Essendon Airport, over the five-year period covered by the proposal.

MAS feel that the 'Basin' approach to Airservices pricing is a fairer approach than the original proposal, however, unlike many commercial entities AAV does not have the capacity to directly recoup increases in fees. These funds will need to be sourced by AAV.

The AAV has a limited number of options available to it to fund the increase – none of which are desirable to us. One option would be for us to relocate our operations from Essendon Airport to Melbourne Airport where terminal navigation charges are cheaper and proposed to increase by 46% over the five years. Although the increase to terminal navigation costs could partially be defrayed by such a move, there are a number of other financial and non-financial factors, which could be prohibitive.

A second option is to pass the price increase on to the rural community, which will no doubt create concerns for these people and their household budgets.

The third, and preferred option, is for the MAS and consequently the AAV to be exempted from these price rises, as they would have a significant impact on rural communities, which would outweigh the benefits of implementing the increases.



I trust that you will take these issues into account when considering the Airservices Australia price notification before the ACCC.

Yours sincerely



GREG SASSELLA
Chief Executive Officer

c.c. Mr Ian Patrick, MAS General Manager Operations
Mr Keith Young, Operations Manager Air Ambulance Victoria