

AUSTRALIAN COMPETITION & CONSUMER COMMISSION
Record of oral submission in relation to Airservices Australia draft
price notification

Singapore Flying College – Jandakot and Maroochydore

DATE: 7 October 2004

LOCATION: ACCC Offices – Melbourne and Brisbane

PRESENT:

Captain K W Leiw - General Manager, Singapore Flying College
Captain Roger Dawes – Chief Pilot, Singapore Flying College
Mark Bucksey – Operations Administrator (Jandakot), Singapore Flying College
Peter Renton - Operations Administrator (Maroochydore), Singapore Flying College
Samantha Stewart – Public Relations Manager, Singapore Airlines

ACCC : Commissioner Stephen King
Margaret Arblaster
Lyn Camilleri
Rod Middleton
Cathryn McArthur

Singapore Flying College (SFC) reiterated its views as outlined in its submissions to the ACCC, in relation to Airservices Australia's (Airservices) draft price notification. In addition to points raised in its submissions (received from Jandakot and Maroochydore), SFC submitted that:

- A more thorough consultation process with general aviation stakeholders instigated earlier in the development of Airservices' draft price notification may have generated a wider range of cost-saving alternatives. Industry is in a strong position to provide useful feedback and ideas on how GA airports could operate more efficiently. SFC expressed disappointment with the consultation process, particularly at Jandakot, but primarily because the opportunity for idea-generation from the GA industry itself was not sought early enough in the process.
- There was considerable uncertainty regarding the pricing program intended for implementation at the end of 2008-9 particularly with respect to further price increases, and that this was of interest to stakeholders such as SFC who have long term interests in GA operations in Australia.
- The proposed terminal navigation charge was not commensurate with the required or expected level of service. SFC stated that it would pay more to operate its aircraft at a regional / general aviation airport than it would at a major airport where it would receive better (i.e. full) services. SFC submitted that under the proposed price plan, operators would pay more for lesser servicing than it currently received at regional / general aviation airports. SFC holds that an

increased fee should ensure higher levels of servicing: conversely, that lesser servicing should cost less.

- There are legislative hurdles in relation to the provision of ARFF services, but Airservices should examine more cost effective methods of providing such services. For example, it could consider combining ARFF at GA airports with local fire services, which would substantially reduce costs without impacting on the quality of service delivery.
- The ARFF services are provided at airfields that have greater than 350,000 commercial passenger movements per year. SFC believes that the proposed methodology of using aircraft maximum tonnage as a means of determining who should pay is unfair. An alternative to the proposed pricing method could be to link the charge only to flights carrying commercial passengers. For instance, a flight carrying 180 commercial passengers is able to absorb costs through its charging regime, whereas training colleges such as SFC have no recourse to cost recovery in this way. SFC submitted that all flights should be charged for ARFF services based on the number of commercial passengers carried, as this is the basis for the installation for such services.
- If the price increases proposed are implemented, SFC may have to consider using non-regional airports to conduct training flights because they are much cheaper and provide better services. This option would need to be carefully weighed against the increased safety risk associated with greater traffic density at major airports and the practical training outcome due to disruptions associated with ATC overload. SFC may also consider operations outside of Australia as a more cost effective alternative. It reiterated its strong desire to keep operations in Australia as it has invested over 20 million dollars into training facilities and has very strong state government support in WA and QLD. SFC also noted that proposed cost increases will add \$1.2million per year to its operations and this issue cannot be overlooked. SFC pointed out that the cost of operating at different locations in the Asia-Pacific region varied significantly, but that with the proposed Airservices' regime, its bases in Australia were the most expensive. For example, it costs AUD\$100 per landed tonne in Singapore (full service), \$42 in southern Thailand (full service), which compared very favourably against the \$220 per landed tonne at Maroochydore (partial service).
 - Further, SFC submitted that it was possible other training colleges would hold similar views and be facing similar commercial realities.
 - Emergency services would probably move to Perth Airport should the major training colleges be forced to relocate from Jandakot, as there would be insufficient aircraft movements to justify their operations
- SFC (Jandakot) could consider relocation to Perth on a cost basis alone. However, with its hundreds of thousands of landings each year, this would create a major problem with airfield and airspace congestion as well as increase safety risks.
 - SFC (Maroochydore) could operate out of Brisbane, but this would cause negative effects on residents and RPT flights. The Qld government has worked very hard to encourage and assist SFC MCY to become a world class jet training centre with major expansion plans.

- SFC submitted that its operations in Australia ensured a direct injection into the economy of over A\$20 million per annum, and that it is expecting a gradual growth in its operations in Australia in future, pending the outcome of the Airservices' price review.
 - In addition, SFC noted that in its view, the proposed pricing changes would be detrimental to Australia's GA culture and ultimate legacy for rural and regional Australia.
- It was impossible to find evidence to suggest that Airservices' had fully investigated every avenue to identify realisable cost efficiencies. This was on the basis that GA users do not have access to view the internal workings of Airservices. SFC noted that it would like to be involved in finding a solution, but was currently prevented from doing so, due to a lack of information being readily available. ADS-B is due to replace enroute radar services by the end of 2008 and this will result in considerable cost savings both in terms of infrastructure and resourcing. However, it was not possible to see how these savings were to be passed on to users, if at all.

SFC concluded by underlining the issue of Airservices' efficiencies, and by noting that increasing their prices was one way to cover its operational costs, but reducing inefficient practices also needed to be a key plank in its overall strategy platform.

SFC thanked the ACCC for considering its submissions.