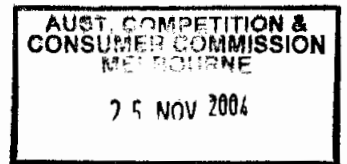


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Your Reference:
Our Reference: GCP\sdc
Enquiries: Graeme Preston
Direct Telephone: (07) 5475 8747
Direct Facsimile: (07) 5475 4431

22 November 2004

Ms Margaret Alabaster
General Manager, Transport and Prices Oversight
Regulatory Affairs Division
Australian Competition and Consumer Commission
GPO Box 520J
MELBOURNE VIC 3001



Dear Ms Alabaster

SUNSHINE COAST AIRPORT - COMMENTS ON ACCC'S PRELIMINARY VIEW TO AIRSERVICES AUSTRALIA DRAFT PRICE NOTIFICATION

Thank you for the opportunity to comment on the ACCC's initial view on Airservices Australia's proposed charging structure.

1. Terminal Navigation Charge

We have no major objection to the proposed capped charge.

2. Aviation Rescue and Firefighting (ARFF) Charges

a) I note that the **ACCC is particularly interested in additional views from interested parties on the appropriate basis for imposing ARFF charges.** Our comments follow.

The criterion for provision of an ARFF requirement is based upon the number of fare paying passengers that an airport throughputs. The proposed charging structure is based upon aircraft weight. All aircraft above 2.5 tonnes will be subject to a charge, irrespective of whether they carry passengers or not.

In the case of Maroochy/Sunshine Coast Airport operators, the charge will apply to training organisations, as well as to the non profit emergency helicopter service. Surely, the charge should be imposed on RPT aircraft operators only.

It would seem appropriate to charge a per passenger charge rather than the proposed aircraft weight charge. This would have the benefit of eliminating charges to non-fare paying passenger operators and aircraft training operators. Also, this would make it beneficial for smaller RPT operators to pay a realistic charge for the ARFF service.

Address	Postal
Suite 1, Demitron House	P.O. Box 658
15 - 17 Ocean St.	Maroochyore
Maroochyore QLD 4558	Queensland 4558
Telephone [07] 5475 8747	
Facsimile: [07] 5475 4431	
E-mail: cranes@maroochy.qld.gov.au	

In the case of Sunshine Express Airlines (SEA), the only commuter RPT operator that conducts flights from Maroochydore /Sunshine Coast Airport, the proposed aircraft weight charge will mean that the price of tickets, that SEA will charge if they pass on the charge to their passengers is likely to increase the ticket charge by about 20%. This could mean the closure or relocation of this airline. Many of SEA flights carry a minimum number of passengers, so they pay only for the passengers they carry, a more realistic charge.

Our understanding is that there is no regulatory requirement for charging on the basis of weight of aircraft. Civil Aviation Safety Regulations require ARFFS for Air Transport Operations. Air Transport Operations are defined as "*an operation involving the transport of passengers for remuneration or hire*". It would therefore appear to be a simple matter to change the policy of charging on an aircraft weight basis to a passenger charge.

Another alternative is to impose ARFF charges to only those airline operators who operate aircraft above a particular weight. This will eliminate those operators who conduct relatively small operations at regional airports from the adverse impact of additional charges.

In summary, Maroochy Shire Council, the owner of the airport believes that only RPT aircraft operators should pay for a Fire Service. If the requirement for the introduction of a Fire Service is based upon airport passenger throughput, then the charging structure should also be based upon a per passenger charge.

b) Mechanism for Review of Charges due to Changes in Activity Forecasts

Airservices Australia's landed tonnage forecast for Maroochydore/Sunshine Coast Airport 2004/05 is 137,000. Our preliminary forecast for the period 2004/05 is 237,000 tonnes. There is a great discrepancy in the forecasts. Before any charge is levied against operators for that forecast period Airservices and Maroochydore/Sunshine Coast Airport should consult on the forecast activity that is most likely to be more accurate.

c) Air Traffic Control coverage and ARFFS coverage.

Air Traffic Control coverage at Maroochydore/Sunshine Coast Airport is designed to cover 90% of all aircraft movements. This equates to 8.15hrs of operation daily.

The ARFF Service is designed to cover 100% of all RPT operations. This equates to 15hrs of operation.

Both services are designed to provide safety measures to aircraft operations. Why can there not be a similar coverage by both services? Yes, this will require a change to the regulations, but it seems incongruous that there is such a difference in the hours of operation between these respective services.

d) Introduction of ARRF Charges

There should be a phasing-in or staged introduction of any charges levied for ARFFS. Consider the introduction of ARRF charges at Maroochydore/Sunshine Coast Airport. Aircraft operators will have to pay the full ARRF charge levied by Airservices Australia, whereas now they are not subject to any charge. This is an extraordinary cost impost, which smaller operators will find difficulty in sustaining.

The House of Representatives Standing Committee on Transport and Regional Services report dated November 2002 includes a statement that the price of aviation safety should be a matter of equity and universality. The Council is of the opinion that the current charges proposed for ARRF to be levied against aircraft operators at Maroochydore/Sunshine Coast Airport are inequitable.

Once again, thank you for the opportunity to comment on your initial comments to the Airservices pricing proposal.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Graeme Preston', written in a cursive style.

Graeme Preston
Group Manager, Business Units

cc: Mayor Joe Natoli
G Lavery, Acting General Manager, Governance & Business
N Weatherson, Manager, Sunshine Coast Airport