



ROYAL FLYING DOCTOR SERVICE

OF AUSTRALIA
Central Operations

ACCC REVIEW OF PRICE INCREASES FOR AIR NAVIGATION CHARGES

COMMENTS ON ACCC PRELIMINARY VIEW

This response relates to the Royal Flying Doctor Service of Australia Central Operations. Our operations focus on SA and the lower half of the NT.

We do not agree with ACCC's assessment of the Terminal Navigation (TN) issue, as we believe Airservices proposal is still inequitable and will have a significant longer term detrimental impact on many operators and airfield owners, to the detriment of the aviation industry generally. However, we see little value in pursuing this aspect.

We do note with cynicism that some of the argument from large users in attempting to keep the ARFF charges across the greatest number of users, and hence minimise their costs, is applied in reverse when it comes to TN and network charging.

With regard to ARFF, at page 91 of the document, the ACCC clearly announces that the criteria revolves solely around RPT passengers. To be consistent with other arguments espoused in the document relating to TN, **then the ARFF charges must be laid only on those operators who carry RPT passengers**, ie the airlines.

It is hard to see why this is contentious. Contentiousness seems to emanate from the airlines in trying to push some of the cost to other sectors – it is certainly not likely to be contentious among the non-airline operators. It may well be contentious in how to recover the charge, eg ticket pricing, but this is an issue for the airlines and Airservices, not for non-RPT operators. The Government imposed Ansett ticket levy and other taxes would indicate precedent and practice present no problem, the main issue being willingness.

Clearly, operators who do not carry RPT passengers should not be paying ARFF charges. This should be enshrined by the ACCC, and the mechanism of how best to recover the costs then sorted out by those involved – Airservices and the airlines.

Just to emphasise this point, I repeat the statement made in our September 2004 submission:

“Also in Appendix 6, with regard to ARFF cost being borne by passengers for whom the service is required, Airservices indicate more work is required, but goes on to state that “the alternatives are contentious as they simply result in shifting the revenue burden between industry sectors”. True, but the burden should be shifted from those who do not require and mostly operate without ARFF such as the RFDS, to those that do by law require ARFF, the larger airlines. The contentious issue seems only to be with the powerful airlines, and inter alia their desire for the smaller operators to subsidise ARFF for them. On page 29, Airservices acknowledge that opposition to a passenger based charge came from some major carriers. We, the lower end of aviation, are subsidising these large airlines. This is not reasonable.”

On the related subject of the ARFF 2.5 tonne threshold, this seems to be a quite arbitrary weight. I suspect it was established to save Airservices the trouble of imposing and chasing a large number of very small accounts. If only RPT operators are charged for ARFF, as proposed above, then this weight becomes irrelevant. However, if the present regime continues, then it would be appropriate to separate small and large aircraft along a meaningful industry basis, such as the General Aviation grouping of aircraft certified to US FAR 23 and limited to 5.7 tonnes, verse FAR 25 certification used for larger aircraft.

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