

SINGAPORE AIRLINES



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By Facsimile 03 9663 3699

Ms Margaret Arblaster
 GM - Transport & Prices
 Oversight Division
 ACCC
 GPO Box 520J
 Melbourne VIC 3001

MPSA 669/291

29 November 2004

Dear Ms Arblaster:

ACCC PRELIMINARY VIEW - AIR SERVICES AUSTRALIA PRICING PROPOSAL

Singapore Airlines Limited (SIA) has reviewed the findings on the ACCC's preliminary view of the Air Services Australia (ASA) Long Term pricing proposal.

We note that the ACCC does not intend to oppose the proposed changes to Terminal Navigation (TN) and En-Route (ER) Navigation charges; however, is concerned regarding and accordingly rejects, the proposal for Aviation Rescue Fire Fighting charges (ARFF).

1. Pricing Across Services

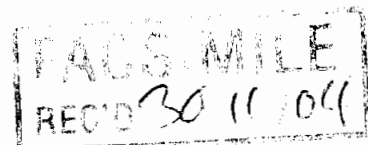
With reference to the structure of pricing across various services, we are encouraged that the ACCC does not agree with a network pricing approach. We agree with the ACCC observation that the current charges levied against large passenger airline operators in radar locations, versus operators in regional or General Aviation (GA) locations, are inequitable when compared to the services utilised.

1.1 Location Specific Pricing

Location specific pricing remains our preferred alternative to network pricing.

We acknowledge that there remains a considerable impact on regional and GA users at certain locations under such a pricing concept. Further, it is our view that any revenue shortfall from unprofitable regional services or GA, should be funded by the Australian Government on the basis that these serve transportation requirements in regional and remote communities, and we recognise that this is an important service in a national continent as vast as Australia.

The Government could consider reversing a revenue shortfall for TN and ARFF service through either a lower dividend from ASA or a direct revenue subsidy from its own reserves. Our key argument on this point is that mono



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directic al cross subsidisation of regional and/or GA operations by major airlines cannot continue in the longer term. Such subsidies do not represent a user-lys model and are unmerited.

2. Structure & Pricing

Following SIA' stated position in part 1.1, SIA remains opposed to ASA's proposed basin pricing approach. We were unable to further evaluate the concept on the basis that the proposal did not contain adequate detail regarding pricing, basin structure or interdependency within basins.

3. BARA Commentary on the ACCC Preliminary View

As an active member of BARA, SIA endorses the views set out in the BARA submission, reference Let1700 dated 26 November 2004.

Thank you for considering SIA's comments on the ACCC preliminary view document. Should you require any further clarification on the above-mentioned points, please contact the undersigned.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Alan Blair'.

ALAN BLAIR
Manager Passenger Services
Australia

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