

Singapore Flying College Response to ACCC's Preliminary View

1. Terminal Navigation Charges and Enroute Charges proposal

The Singapore Flying College (SFC) acknowledges that the ACCC has found the proposed increased Terminal Navigation Charges (TNC) are within the ACCC guidelines. However, we firmly believe that the quantum is still too high and will place a significant burden on smaller, short haul and general aviation (GA) operators

The reduction in enroute charges will be of greater benefit to long haul operators, while short haul operators will gain very little. In fact, the general aviation operators involved in flight training is not positioned to enjoy the proposed reduction of the enroute navigation charge.

Airservices' (ASA) proposed TNC increase will exacerbate the woes of the operators in GA airports, including the SFC's operation at Jandakot.

The proposed hikes spread out over five years amount to an increase of over 70% above the current rate. Further increments beyond this period are still unknown, making it impossible to plan and budget accurately in the medium to long term.

The ASA price hike is a hefty one, and we are left with no doubt from our wide discussions with a range of GA operators that they, and we, will find the escalation in price difficult to bear.

Compounding the issue of cost containment, which is critical to ensuring viable, ongoing operations, Civil Aviation Safety Authority (CASA) service fees have sky rocketed, aviation fuel has more than doubled in price recently and the cost of labour is steadily increasing.

The significant appreciation of the Australian Dollar forces additional cost pressure on SFC and other companies with an overseas economic base. In concert, as these cost pressures are severely inhibiting, and a time when demand for training pilots is high in an expanding global industry. The emergence of low cost carriers means that all mainstream airlines are necessarily trimming costs to retain a competitive edge in the aviation market. Singapore Flying College is no exception, and we must be able to continue to operate efficiently.

On the basis of 'you get what you pay for', GA airports are not presented with a quintessential 'fair deal' with the proposed hike.

For example, SFC will pay more on a per ton basis operating from Jandakot when compared with Perth Airport. Jandakot airport does not offer the same

standard or number of services provided by Perth Airport. For instance, Jandakot Air Traffic Control operating hours is limited with no terminal radar coverage. It has only one NDB navigation aid. Thus, the proposal is for GA operators such as ourselves to pay more, and receive no more in terms of services than we currently do.

Obviously it would be less costly to operate out of the major airports with the proposed TNC hikes for the GA operators. In reality, it would be unthinkable for ASA to permit a large number of light aircraft to operate in and out of major airports.

The current proposal presents a conundrum that insists we consider the alternatives, including relocation to GA airports in a neighboring country where charges are more temperate, relevant and discernable.

We propose the following recommendations:

- i. Network pricing, to spread out the cost more evenly and result in a lower unit cost for GA and regional airports,
- ii. ASA's cost recovery be spread over a longer period to allow ASA to reduce the proposed hikes to a more manageable incremental program, and
- iii. The Australian Government should continue to subsidize the regional and GA airports on the basis of the crucial role that these airports play in supporting the community, particularly in rural and regional Australia.

2. ARFF Charges proposal

The SFC is very pleased that the ASA proposed ARFF pricing plan has been rejected by the ACCC.

The RFF service is only required because of the number of paying passengers passing through an airport annually, rather than the number of aircraft movements. The size of the RFF establishment and ultimately the cost of providing this service are dictated by the largest aircraft regularly using an airport.

We believe a fairer cost distribution could be achieved by applying a cost per paying passenger, per flight, as put forward in our previous submission. This would achieve a more equal distribution of costs and would apportion costs directly in relation to revenue earned.

Alternatively, charges for fire services could be levied on aircraft carrying 40 or more passengers, (the same criteria used for airport security charges), or the charges could be restricted to regular public transport operations, thus excluding private and aerial work operations which tend to carry fewer or no passengers.

Singapore Flying College thanks you for the opportunity to express our concerns in relation to the ASA proposed price increases.