



AUST. COMPETITION & CONSUMER COMMISSION  
 METROPLANE  
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19<sup>th</sup> April 2005

Mr M O'Brien  
 Airport Services Group  
 Airservices Australia  
 4/2 Brindabella Circuit  
 CANBERRA AIRPORT  
 PIALLIGO ACT 2609

cc. Margaret Alabaster – General Manager Transport & Price Oversight  
 ACCC

*M20/4  
 → LC*

Dear Mr O'Brien,

**INTERIM PRICE AMENDMENTS - AVIATION RESCUE AND FIRE FIGHTING (ARFF) SERVICES**

I refer to your letter dated 4<sup>th</sup> April 2005, concerning interim pricing arrangements that Airservices Australia is proposing to impose, for ARFF services at Sunshine Coast Airport.

Firstly, it is disappointing that Airservices Australia is considering introducing an interim charge for ARFF services in light of the decision made by the Australian Competition and Consumer Commission (ACCC) on 17 December last. That decision refers to Airservices Australia maintaining current-pricing levels while a review of arrangements is conducted. It does not refer to Airservices Australia implementing interim price amendments while a review is being conducted. Your decision to implement interim charges was not, I believe, the intention of the ACCC.

The following comments are made in relation to your interim proposal

1. Your proposed charge of \$16.82 per landed tonne for Sunshine Coast Airport is too high.

Our main competitors, Brisbane and Coolangatta airports, are to pay per landed tonne, \$1.76 and \$5.09 respectively. Your proposed landed tonne charge of \$16.82 will make this airport far less attractive for the two major RPT operators, Jetstar and Virgin Blue Airlines to operate into the Sunshine Coast Airport. We anticipate that, Jetstar and Virgin Blue Airlines are likely to decrease the number of flights in to this airport, and reroute those flights to either Brisbane or Coolangatta airports.

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. Your proposed charge is inequitable.

2. The data used to calculate the proposed charge is incorrect.

The proposed charge of \$16.82 is calculated using a figure of 140,000 landed tonnes per annum for this airport. This is not an accurate figure. The current schedule of RPT services for aircraft above 15 MTOW equates to about 222,000 landed tonne per annum.

The data used in your calculations include ARFF operational hours. Your calculations use 15 ARFF service hours per day. This is not correct. ARFF hours of operation are currently 13.5 hours per day.

3. There is no allowance for a review of the charge should the landed tones be significantly more than is forecast for this interim period. That is, if RPT operations increase the number of flights to the airport then landed tonnes will increase.

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T:\Documents\%Stephen Brookes\AsA -ARFF interim pricing proposal.doc

4. Your initial calculations were based upon the cost recovery of certain capital costs. These included the capital cost of both a Fire Station, and Fire Training Ground. There is neither a Fire station nor a Fire Training Ground at the airport. There is also no proposed construction dates for either of these facilities.
5. As previously advised, the Council still has concerns with the regulatory requirement that ARFF cover 100% of all RPT operations and the requirement for ATC is to provide a lesser coverage.

In practice this relates to the ARFF service being required for 13.5 hours per day and Air Traffic Control being required for 9.5 hours per day at this airport.

In summary, the Council is of the opinion that Airservices Australia should not impose interim charges for ARFF services. If however, interim charges are to be imposed, charges should be no higher than those imposed at Brisbane or Coolangatta.

Yours sincerely



**JEFF HARRIS**  
**DEPUTY CHIEF EXECUTIVE OFFICER,**  
**GENERAL MANAGER, GOVERNANCE**