Ms Margaret Arblaster  
General Manager – Transport & Prices Oversight  
Australian Competition & Consumer Commission  
Box 520J  
Melbourne, Victoria 3001  

21 April 2004  

Dear Ms Arblaster,  

RE : Proposed price notification by Airservices Australia for Aviation Rescue & Fire Fighting services at Yulara Airport (Ayres Rock Airport)  

Thank you for your notification dated 16 April 2004.  

As you would be aware currently Virgin Blue Airlines doesn’t fly to Yulara Airport although we cannot foresee at this point in time if we will or will not fly there in the future. Below I have addressed the questions that you have requested comment on.  

1. **PRICING**  

In our view at the level of the cost of the service at Yulara appears satisfactory considering the low amount of traffic through that location. We also believe that this cost isn’t a disincentive for an RPT operator to commence flights to Yulara airport.  

2. **COSTS**  

Although the costs for the operation appear a little on the high side for this operation, this is a start up operation and we believe that where efficiencies can be gained Airservices will implement same with consultation with the end users. We believe that the ICAO standards require a specific level of service (including number of vehicles at the location required). For this reason many of the cost drivers we understand are out of the control of Airservices.  

3. **ACTIVITY LEVELS**  

Currently as I am aware the main operator at Yulara is Qantas and some general aviation. As general aviation appears to be exempt from this cost we could see that the RPT operators are the only relevant activity for this purpose. The activity doesn’t appear unreasonable but I am sure Qantas could possibly comment on this better than Virgin Blue at this stage.
4. IMPACT ON USERS

Although the cost of this service is significant, we could not be sure what the impact on pricing or passenger demand this would cause us as we do not as yet fly to this destination. In relation to scheduling in this situation the current time requirements for this service are outside what would be considered ideal hours. We don’t believe this cost will impact on a particular schedule time.

5. TIMING

The timeframes we have had to respond to this notification are less than ideal. If this occurred for a port that we currently fly to we would have requested an extension to ensure sufficient time to do an in depth analysis of the costs and drivers. This is especially the case when Airservices has been aware for some time that this requirement was to occur at this time. We would expect a much longer time frame when it comes to the nationwide submission for all declared services (ie approx 2 months).

As I have become more familiar with the costings, restraints and structure of Airservices Australia through my work on the pricing committee with Airservices I am comfortable with the price that has been lodged taking into account the low volume through that port. We thank you for this opportunity to respond in relation to this pricing notification.

Regards

Stephen Lonergan
Divisional Support Accountant
Virgin Blue Airlines