



29 November 2004

Ms Margaret Arblaster  
General Manager – Transport & Prices Oversight  
Australian Competition & Consumer Commission

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Dear Ms Arblaster,

[www.voyages.com.au](http://www.voyages.com.au)

**RE: AIRSERVICES AUSTRALIA – Draft Price Notification**

We refer to ACCC preliminary view of November 2004, and thank you for the opportunity to once again comment on the formal price notification from Airservices Australia.

We are encouraged by your decision to reject the proposed price increases for ARFF. The preliminary view correctly identifies the unacceptable burden placed on regional airports such as Maroochydore, Townsville and Ayers Rock.

Voyages have made numerous submissions on this matter through the process and still fundamentally take issue with the forced introduction, ASA monopoly, lack of transparency, costly delivery and the resulting, disproportionate air ticket increases. At this late stage in the process, we are aware of the limited available scope, and regretfully acknowledge the rejection of network pricing though we are still hopeful in finding a more equitable pricing structure.

Our primary concern is the protection of Ayers Rock as a leading tourism destination and a powerful driver of the economy in the Northern Territory. The past few years have already seen the destination lose market share to other, cheaper, international locations. The physical position already makes Ayers Rock an expensive location to reach, even without the added burden of ARFFS charges that are extraordinarily high compared to other ports in the country.

In terms of specific comments, we therefore seek;

**1. A pricing structure, which is directly linked to the operating expenses of Airservices Australia.**

It is our assessment that the operating cost structure of the ARFF facility is relatively fixed, and as such not linked to the landed tonne activity. The pricing is therefore fundamentally flawed. In the case of Ayers Rock, our forecasts are far more optimistic than the existing model. Further, we are

in the process of upgrading the airport (\$20 M investment) with the strategic objective to drive significant additional growth. We consequently seek an alternative pricing structure to the one suggested, based instead on the actual service delivery. In our opinion, the actual charges, however they are processed, should be capped at actual costs plus 'a reasonable profit' – say 10%.

**2. Operating expenses which are indicative of the actual site activity**

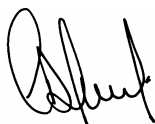
Any business activity in regional Australia is far more costly than the same activity in Metropolitan areas. Exceptional discipline has to be applied to the mode of delivery – a discipline which we have found wanting in the tabled format. ASA, for example propose to rotate their personnel in fortnightly cycles, which of course adds an enormous expense to an essentially simple operation. Were it not for ASA's monopoly, a local supplier of these services may have been able to deliver more effectively. Similarly, specific to Ayers Rock Airport, Airservices Australia's corporate overheads of \$300,000 per annum are truly staggering! Voyages would encourage a structure that rewards cost control measures on an operating level (Share of savings or similar). We would further seek exemption from contribution to corporate overheads on behalf of Ayers Rock Airport and other regional airports.

**3. A fair go**

You have, as we did, established that regional airports are disadvantaged in this current format simply as a result of a limited spread of the expenses. We see airline capacity and affordability as the two most critical aspects of the long-term viability of regional tourism. The Tourism White Paper backs this view and was designed to stimulate demand. In contrast, the pricing structure of ASA, as it stands, is completely counterproductive to regional tourism. We urge you to find the creativity and tenacity needed to overcome the apparent contradictions in providing a level playing field while encouraging productivity.

Yours faithfully

**Voyages Hotels & Resorts Pty Ltd**



**Grant Hunt**

Chief Executive Officer

**Voyages Hotels and Resorts**

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