

ACCC

PRELIMINARY VIEW

DRAFT PRICE NOTIFICATION

AVIATION RESCUE AND FIREFIGHTING SERVICES

Regional Express supports the basic concept behind the Draft Price Notification for Aviation Rescue and Fire Fighting Services.

Rex agrees with the methodology in that it shares costs between all airports but still makes allowances for MTOW and differences in ARFF category. This removes the potential for excessively high charges at the less busy airports which is a major concern for Regional Airlines. It also removes to some extent the current unfair practice of operators of small aircraft having to pay for the level of ARFF services mandated for large aircraft.

However Rex notes that while the concept of a basic level service charge plus an incremental category cost charge is the same as that contained in the Airservices *Options for Charging* paper, the spread of charges between the different categories has changed. The basic service level cost pool has grown causing an increase of 16.6% in the common price per ton to \$1.69. This has meant costs have significantly moved from the higher categories into category 6. The net effect for the smaller operators is a very steep price increase for the provision of ARFF. For Rex this amounts to some 43%.

Regional Airlines like Rex provide essential services from the major urban areas to rural centres. Margins are small and the markets extremely price sensitive due to the lesser capacity to absorb such cost increases. It is hard to justify such an increase for the operators of aircraft of between 5.7 and 15.1 tons.

Yours sincerely,



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