

The responses contained herein are those of a General Aviation aircraft owner and pilot. Both pilot and aircraft are based in a regional area. As both a pilot and aircraft owner, experiences go back to 1973 and include operations in regional areas as well as in primary and secondary airspace and operations in the USA.

The writer has a strong belief that the GA sector is in a reasonable degree of crisis with both the pilot and aircraft segments demonstrating a significant ageing and also many symptoms of lack of investment.

It appears (from observations and reports) that all elements of the GA sector are suffering - pilots are getting older and hours flown are decreasing, aircraft are getting older and actual hours flown appear to be decreasing (with numerous aircraft being virtually un-flown). Further, the support sector (LAME and others) also appear to be aging and becoming far fewer with a developing concentration towards major coastal centres such as Sydney and Melbourne.

From an observer viewpoint, it would seem that the lower end of the GA sector is approaching the final stages of viability - there are small pockets that survive and there is the recreational sector that is growing (and one hopes it could feed into the GA sector however this is not all that likely in real terms).

Whilst the concept of pricing being related to the cost of provision of services is a long held view, consideration must also be given to the deterrent impacts of costs on important but less profitable sectors. The vast nature of Australia is such that general aviation has long been an integral travel option for remote and regional people. That option has supported many allied activities (such as fuel, maintenance and others) in many small to medium towns and communities. It has had a significant role in emergency situations, medical and like emergencies and general support of those who live in regional and remote areas where public transport is more a concept than a reality.

Over many years, the GA sector has been an important resource that has provided a huge level of comfort, support and service to regional and remote communities.

It may also be appropriate for Airservices to make a case to government that the GA, non-commercial, sector represents an underlying part of necessary infrastructure for regional and remote Australia where ready access to public transport remains a mirage and road transport carries its own risks and hazards.

Question 1: Pricing Principles

Do Airservices pricing principles sufficiently capture the interests of industry in targeting an equitable and efficient pricing outcome?

Response

Possibly yes when viewed on a macro scale however the very important low-end GA sector appears to be suffering from increased and disproportionate costs and compliance burdens. At least in part, this may well be that much of the larger end of the aviation industry is able to readily work within a prescriptive legislative framework that works well (and may be highly necessary) when considering the travelling National and International public. The costs are also recoverable as part of the overheads and operating costs that go to make up the charges (fares) applied by these operators. The same methodology is almost certainly punitive in its application to the low end GA area where considerations of travelling public are not so relevant and where less prescriptive regimes that are more focused on compliance (within a structure) are more equitable, applicable and financially supportable.

Question 2: Rate of price increase

At what rate should prices increase to remove inherent cross subsidies between services and locations?

Response

Rates of price increase are always subject to monitoring by bodies such as the ACCC. Price increases are also the subject of comment in the media and various industry sectors. Such latter forms of comment frequently contain a message (apart from a general aversion to cost increases) and that message is often overlooked even though it contains critical insights into the long-term effects of cost increases.

Common impacts of cost increases are reduction in competition, loss of services and varying degrees of hardship. All too often, these impacts are not noted until it is too late to make meaningful adjustments with a result that smaller and regional business and community sectors are forced to contract further and smaller enterprises are lost. The employment and economic impacts are both significant and negative.

Question 3: Measuring Performance Outcomes

Does Airservices Services Charter adequately cover the key service performance outcomes that are of the highest priority to the industry?

Response

Airservices, like other organisations, have a need to operate within broad budget and cost confines. As Government bodies (whether directly connected or as separate corporations) there is also a need to assess infrastructure and other needs of the broader aviation sector.

When defining performance criteria, final measurements are only as relevant as the original performance criteria. For example, if the performance criteria included such considerations as fostering a sustainable GA sector, ensuring the continued presence of GA in remote and regional areas, developing a process stream from entry level GA participation through to involvement in Charter, RFDS, Angel Flight and the many other aviation streams, then quite different performance outcomes may be achieved (or failed).

Question 4: Graduated services

Is it appropriate to commence charging for services such as the Aeronautical Flight Information Service (AFIS) being provided at Port Hedland?

As other graduated services are developed over the course of the next pricing period, how should Airservices introduce a price for these services

Response

In considering graduated service issues, it is essential to maintain some balance and presently, services are supplied into areas where traffic density requires the greatest services. That traffic density is largely driven by commercial imperatives (paying passengers or paid freight). As a regulator and supplier of services, Air Services is largely respondent to external factors such as safety and the service levels needed by the commercial operators.

Were there no accidents or incidents, Airservices would have a very different set of operating parameters. Similarly, were it not for the commercial operators (with passengers and freight) Air Services would not be providing facilities at places such as Port Hedland.

Therefore the distribution of costs recovery must reflect the causes of those costs being incurred. The need for ADS-B in high traffic areas is obvious and the fitment of required airborne equipment is a necessary expense for the commercial operators - they pay to install it and they pay (to Airservices) to use it. They recover all of these costs as part of their overheads.

The lower end of the GA sector, that is, the sector GA that does not operate commercially, has a choice of two options - do not use that aviation resources (eg Port Hedland) or install necessary airborne equipment. The non-commercial GA sector should not then also be obliged to pay to utilise the equipment (or at the very least should only make a nominal contribution).

Question 5: Premium or Value Add services

Should Airservices separately charge for more customised se

Response

It would seem that this question is wholly within the domain of the commercial and regular users who ply their aviation trade for commercial purposes.

This should have nil impact on the non-commercial GA sector and a relatively low impact on the GA Charter sector.

Question 6: New technology incentives

Should Airservices use its charges to encourage the adoption of new technologies to improve overall air traffic management performance and/or enable the decommissioning of legacy systems? If so, what form could the incentives take?

Response

This is a complex question and there is really only one simple answer - yes. This Response must, however, be balanced against the impact that it may have on the GA sector (and possibly even the Recreational and other small sectors).

The low end of the aviation industry has been , and continues to be, users of legacy systems. The uptake of more modern systems is heavily constrained by cost (initial cost, conversion cost and also competency cost) although the ongoing use of newer systems may prove to be of a lower cost (due to greater reliability) and also the reduced costs of paying for the support of expensive legacy systems.

In regional and remote areas, the low end GA sector (including possibly Recreational, gliders and others) may finally be forced from the air if they cannot fund the necessary upgrades and are denied entry to many aerodromes due to lack of designated equipment.

There would appear to be a sensitive balance between the costs of continued supply of legacy systems and the impacts on the non-commercial aviation sector.

Potentially a quite long "Grandfathering" provision is needed for the provision of at least a core of legacy systems to be retained. Possibly some of that cost of retention may be an infrastructure cost to retain and foster GA, some may be directly borne by GA (in return for an amnesty whereby GA is not saddled with costs associated with higher end equipment and services that it does not use).

Potentially the typical times lines for grandfathering need to be developed having regard to the age of the GA fleet. We see many aircraft flying today that are forty or more years old - for these aircraft the cost and mechanical/certification issues in achieving technical upgrades is close to being prohibitive - and yet the options for comparable newer aircraft are even more expensive

Question 7: Deemed weight

Should Airservices continue to reduce the number of weight categories by assigning deemed weights to series of aircraft rather than individual models of aircraft?

Response

With rare exceptions (such as corporate aircraft) this is an issue that does not apply to the GA sector

Question 8: Weight Cap

Is the current weight cap of 500 tonnes appropriate or should it be changed?

Response

With rare exceptions (such as corporate aircraft) this is an issue that does not apply to the GA sector.

In responding to this topic, it does give rise to the potential for some review of weight limits and thresholds as applied to the GA sector.

As part of an overall rationalisation of charges and systems to the GA sector, there may be value in consideration of an upwards increase in relevant weight categories up to possibly 1900kg MTOW. This should also take account of consideration as to whether an aircraft is used for private/recreational purposes or for commercial (passenger, freight, document services or other like purposes).

Question 9: Deemed Distances

How should distance be applied for international operations and would an international route/sector based fixed distance minimise complexity and competitive advantage that may exist for aircraft that fly, what is ostensibly the same route? How often should these distances be reviewed

Response

With rare exceptions (such as corporate aircraft) this is an issue that does not apply to the GA sector

Question 10: Ultralights, Gliders and Balloons

Should Airservices commence charging for sport aviation aircraft undertaking commercial operations?

Response

In that these types of operation are little different to private operations for light GA and Recreational Aviation aircraft, there is a strong argument that they should all be either included or excluded.

The management and regulation of Ultralights, Gliders and Balloons represents a cost that must be considered. A balloon that carries paying passengers, for example, should potentially attract charges when compared to a private operation GA aircraft.

If there were a serious desire to foster aviation in Australia, then the exemption of (or greatly reduced cost imposed on) recreational and private aviation activities could offer Airservices many mechanisms to achieve worthwhile outcomes. There would be incentives to better equip such craft to improve interfacing with the rest of the aviation sector (ie fostering technical upgrades) as well as starting the important task of rejuvenating GA.

Question 11: Alternative mechanisms

What alternatives to the current basis of charging, should Airservices consider including as part of its pricing framework?

Response

A simple Response is to look to fuel however Balloons and Gliders do not use conventional fuels. Newer engine types that may not use conventional aviation fuels also make this option difficult.

Payment for services on an hours flow basis may appeal but has little equity as it takes no account of the facilities actually used or services supplied.

The basics of the current system have many advantages being based on a "User Pays" concept. The apparent inequity of the current arrangement is that it is largely designed in response to the services delivered for, and needed by, commercial users of the system. It is submitted that the non-commercial users, under a User Pays arrangement, become encompassed in the broader cost recovery arrangement whereby they have costs and charges imposed for services that they may otherwise not choose to, or need to, use.

Question 12: General Aviation

How can the process for charging General Aviation (GA) aircraft be improved? Should the \$500 threshold be reviewed?

Response

Treat non-commercial GA on the basis that it is non commercial and is not a primary driver of the resources and systems for which Airservices must achieve commercial cost recovery. If that concept were adopted, and a low flat annual charge were imposed, the incentives for GA would be significant and much uncertainty would be removed.

For example, were there, say, an annual flat charge of say \$100 for all GA aircraft, operators would have certainty and could be thus encouraged to better utilisation (thus helping the GA sector) and also a better incentive to gradually proceed to technology upgrades. The requirements for GA to receive such an extension would, of course, be that the operations would have to be of a non-commercial, private nature. Once the operations became commercial, then normal charges would apply (fare paying passengers, freight, aerial work, charter, training etc). The cut-off point for GA aircraft would probably have to be reconsidered and it may well be that a MTOW figure be imposed at or about 1900kg. The distinction cannot be based around seating capacity, number of engines etc.

Question 13: Risk Sharing

Are current LTPA risk sharing arrangements still appropriate?

Response

In essence, the issues of risk sharing are matters that relate to the commercial sector.

Question 14: Stranded Assets

What is the most appropriate mechanism for Airservices to recover regulated mandated investments that become stranded?

What are the efficiency and equity implications of the presented charging options, having regard to users' sensitivity to price changes and the need to avoid unwanted market distortions?

What is your view on the appropriate timeframe for cost recovery under the various options described above?

Are there any other alternate charging arrangements which would deliver a preferable pricing outcome?

Response

Again the issue of Stranded Assets is one that is more aligned to the commercial sector. Over many years, when GA was more active, many smaller regional and remote communities had an aerodrome. Very many of these have fallen into disrepair and have ceased to be operational. In other instances, that land, being close to a built up area has been resumed and commercial and residential developments are now spread across what was an aerodrome.

It appears that the major driver for new developments is a response to commercial aviation activity, eg mining. Where such increased traffic densities apply, Airservices and others are bound to step in to provide real estate, traffic management, navigation, refueling and many other facilities. All of these facilities exist in response to the demand created by the developer (eg the miners) who are the primary beneficiaries of development. As the cost has been incurred in response to their demand (eg for FIFO services) then the costs need to be underwritten by the beneficiaries (the miners and the commercial aviation operators). Once the cost has been recovered, they should receive a reduction in their costs and equally they should underwrite capital guarantees for the residual balances prior to the point of initial cost recovery - but still of course being required to pay for ongoing services.

Whilst this concept may not be popular, it is a commercial reality that the costs would not have been incurred but for the mining or other development. The cost should not be a public cost and if the cost is unacceptable, then the developer may need to seek alternative arrangements. For emergency purposes, the cost to provide non-commercial aviation facilities (such as for RFDS and emergency services or the operation of light aircraft) would only be a fraction of that currently invested.

The above would largely preclude the risk to AirServices of stranded assets.