



AIRCRAFT OWNERS AND PILOTS ASSOCIATION OF AUSTRALIA
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"The right to fly without unnecessary restrictions and costs"

Mr Paul Logan
Manager Financial Strategy and Business Performance
Airservices Australia
25 Constitution Ave
CANBERRA ACT 2600

cc: Andrew Clark, Chief Financial Officer

13 December 2010

Dear Paul,

Airservices Australia – 2010 Draft Price Proposal

Thank you for your call to Director Allan Bligh on Friday.

At the outset let me say that the effort put in by you, your CFO and staff to consult and explain on this project was highly commendable and appreciated. In addition, I think we in GA have an understanding now, of the pressures that you are under from within your organisation, from the various sectors of aviation and from above you via the political and department hierarchy to achieve a solution that gives a win to each party. This, each of us privately knows, is impossible.

The proposal that you have put to GA is reasonable and in the absence of other choices, we would accept it.

Not covered in any further detail, but of importance to many of our members, is the continued ability to pay a fixed sum either annually or in quarterly instalments based on the previous year's usage.

Nevertheless, it is AOPA's view that the significant benefit the \$500 threshold concept presents to Airservices, to at least some degree, be further optimised to further benefit both Airservices Australia and the GA industry. Whilst the low-end users of Airservices will be pleased to obtain the first \$500 worth of services without charge, the threshold seems to be somewhat arbitrary.

We are a little concerned that a system where one can use \$499 worth of services for free, but have to pay \$501 if one uses \$2 more, may be seen as incongruous.

Initially we considered responding to you that you should make the first \$500 a blanket free benefit, and that charging would begin from zero after that amount was reached. Later we realised that all we were doing was moving your collection cost problem \$500 further along. We realise that if it is not fair to both of us then it is no solution.

We had considered but did not specifically endorse these solutions:

1. Increase the threshold to a higher figure from \$500 to say \$1000.
2. Waive all charges for Private operations
3. Charge only IFR operations
4. Trade-off all Enroute and Terminal Navigation Charges for 10 years on aircraft under 5700Kgs against the cost of fitting ADS-B.

We would be interested to know your opinion of the viability of these options. If you believe that further discussion along any of these lines might be worthwhile, we would welcome the opportunity to meet.

As a temporary answer, for the life of the charging period, we ask that you consider the following additional proposal, which could form the basis of a negotiated permanent solution to GA pricing:

Increase the threshold to a higher figure from \$500 - to say \$999 - wherein the first \$500 is free to all but the second \$499 discount is dependent upon accounts of \$1000 or more being paid in a timely manner.

This proposal would almost guarantee timely payments of what are still relatively small amounts and dramatically reduce the number of invoices that Airservices must produce each period.

We further suggest that the duration of this charging period be only until the agreed time frame for a complete review and if decided, an overhaul of GA charging. A common and vocal criticism of Airservices charges on GA is that after the switch from Fuel Levy to aircraft specific charges, a huge amount of accounting complexity and related workload has been placed on GA. It is debilitating to any business that rents aircraft and we believe that an industry-specific charging mechanism for GA should be devised by which we make our proper contribution, but in a simple and cost effective manner.

AOPA's nominated representative in this matter is Allan Bligh. Please let him know when further discussion is appropriate.

Thank you for considering the interests of general aviation and providing us an opportunity to comment.

Yours sincerely



(Phillip Reiss)
President