



31 January 2011

Mr Andrew Clark
Chief Financial Officer
Airservices Australia
GPO Box 367
Canberra ACT 2601

Via email: pricing@airservicesaustralia.com

Dear Mr Clark,

2011 Long Term Pricing Agreement – Draft Proposal

Hobart Airport would like to thank you for the briefing supplied on Monday 17 January 2011 on *2011 Long Term Pricing Agreement – Draft Proposal*, this letter serves as a submission on some of the matters contained therein.

Hobart Airport would like to state clearly that a number of the issues addressed within the draft proposal require extensive consultation with Airservices' direct customers, airline and general aviation operators. Hobart Airport has been advised of the consultation process with these customers to date and suggests that the impacted parties review the adequacy of the level of consultation.

Hobart Airport works in partnership with all Regular Passenger Transport ("RPT") operators using our Airport, striving to develop long-term partnerships that reward carriers through achievement of efficiencies for growth in the market. The Airservices draft pricing proposal works against the efficiencies that Hobart Airport is striving to achieve in partnership with the airline operators.

The Aviation White Paper clearly outlined the Federal Government's objective to increase regional passenger traffic throughout the nation, given that Hobart sits within this category, the proposed Airservices price increases are contrary to that objective.

In accordance with the current draft proposal, carriers flying into Hobart Airport will experience an overall increase in Airservices charging across all charging categories over the term of the proposal, with a particularly significant increase in the Aviation Rescue and Fire Fighting ("ARFF") charging category.

Hobart Airport opposes any increase to its airline partners in Airservices charging. Further to that, Hobart Airport opposes the inequities that exist in the charging scheme throughout the country and believes that the inequities that are experienced in

locations such as Hobart can be a contributing factor to airlines allocating additional air services and/or capacity elsewhere.

Hobart Airport supports the centralisation of services where possible to gain greater efficiencies in Airservices charging to RPT operators. Whereby appropriate, centralisation of services should be promoted to create cost efficiencies to mitigate the impact of significantly higher location specific pricing.

Given the significant charging increase and proportion of ticket price of Airservice charging for airports such as Hobart, Hobart Airport would like to request an equalisation scheme be introduced for those ports that are experiencing pricing increases that act as a disincentive for airlines to introduce additional services and/or capacity into that market. Hobart Airport would suggest a subsidy in the form of a financial contribution to marketing support to encourage new route development would be an appropriate action for Airservices to take.

Hobart Airport understands the administrative costs associated with the charging of all general aviation transactions, however it would like to state the position that it deems it inequitable that RPT operators bear the costs of these operators (as well as other airline movements including military) and the associated services that they receive from Airservices.

In particular, the activity of the close proximity Cambridge Aerodrome, whereby a significant number of general aviation movements occur, should not be detracting from the services that Hobart Airport's RPT operators receive (and pay for). Figures published on the Airservices website show that movements at Cambridge constitute over 30% of total movements between Hobart Airport and Cambridge. The costs being borne by RPT operators is even higher than this when Hobart Airport's general aviation costs are broken out, Hobart Airport deems this unacceptable that RPT carriers are bearing this cost.

Hobart Airport believes that the charges paid by its airline partners in return for ARFF services should be associated with aviation responses, and provision of services to all buildings adjacent to the airfield that provide aviation-related services. In regards to non-aeronautical response from ARFF and the development of a Memorandum of Understanding we request that Airservices work in partnership with Hobart Airport in the development of this document, and relevant protocols and processes to ensure their relevance and usability at the location, with key issues including medical emergency response and domestic response adequately addressed.

Hobart Airport looks forward to discussing this feedback in further detail. For any further questions or clarification please do not hesitate to contact Kathryn McCann on 03 62 161 609.

Yours Sincerely



Brett Reiss
Chief executive Officer