

Detailed below is the response of the Association

- In general we are more satisfied than dissatisfied with the proposals contained in the document although we note :
  - that no mention has been made of revenue gained (or costs incurred) from international export activities. We think these should be used viewed as integral to the performance of the single entity. We submit that such practice is consistent with the practice of businesses operating in the contestable market. In fact for a number of our businesses revenue gained from international markets will ensure that the businesses remain afloat this year.
  - If an organisation or business initiates an aeronautical study and that study shows that Airways should not be providing a service at that location and the CAA agrees that the level of service provided is not required then the cost reductions should not flow solely to Airways. The gains should be shared – we do not think the 50% sharing model addresses this however we may have misinterpreted this relative to the comments on Page 11.
  - There should be an agreed strategy to reduce the amount of controlled airspace – this should be a position or view expressed to CAA supported by Airways. As much as anything this is a demonstration of good faith.
  - Overall the increase for GA is 29% and we think this is unsustainable given most of the GA contributors are flight trainers on fixed contracts. We appreciate that there is a phased in approach proposed but we believe 29% increase with no guaranteed improved levels of performance from Airways is not an attractive proposition

**Circuits** – we do not object to a network charge however we do not think we should be penalized where Airways restricts entry into the circuit. If there is a charge then every endeavour should be made to accept traffic – if this was the quid pro quo then the level of objection to the introduction of this charge would diminish. In our view Airways in determining the quantum of the charge this should be set on cost divided by the total number of movements including those who are declined entry. In setting the charge this way we believe there may be some incentive for Airways to accept increased numbers. We are concerned that on the one hand we are being asked to pay a separate price but the efficiency incentives are simply not there – in fact it could be argued that the incentive is to become less efficient ie the fewer numbers Airways accept in the circuit the higher the change will be. We would also issue a word of caution that

the fees for those who access circuit services are fixed and are now fixed in perpetuity with the government's most recent determination to cap fees at \$35,000 plus GST per EFT. Flight training organizations with EFTS funded students have no ability to increase or impose additional charges. We are concerned that if volumes drop then charges will increase even further but there seems to be no recalibration if volumes increase.

**Incursions into controlled airspace** – we think this is a safety issue and there should be no charge. While we accept that it may generate additional work for controllers at times at other times it does not. We do not think the case has been made to impose an additional charge. However once airspace allocation issues are resolved ie the amount of airspace Airways should control, we would support the charge being revisited although even at that point we have serious concerns over safety matters as in our view it is far more preferable to speak to Airways than not speak to Airways.

**Milford charges** – the charges at this airport are inappropriate and are driven by government policy settings of DoC restricting movements. Our proposal would be for a whole of government approach and an alternative delivery approach. The rates are simply unsustainable and there must be some efficiencies brought in. With the serious volume decline is it necessary to have flight service at Milford at all? Movements per annum are now effectively down as low as 6000 per annum – a long way from their peak when the requirement for flight service was imposed. We would wish to discuss this matter with QMUG and Airways separately.