

From: Tony Taggart
Sent: Monday, 2 February 2009 9:32 PM
To: Aviation Statement
Subject: Re: national aviation green Paper

Dear Sir,

At this moment I would like to address only a couple of issues as they relate to general aviation:

- 1) The Air Services Australia Charging regime
- 2) Cost imposts on AOC holders and private pilots

1) Air Services Australia Charges

It is a fact that 97% of ASA's revenue comes from less than 20% of the Aviation fleet of aircraft. That translates in simple language that it is the large commercial sector of the aviation industry that is supplying the huge bulk of ASA revenue.

By deduction it is therefore a fact that the remaining 3% of the revenue comes from the remaining 8,000 aircraft (80% of the fleet). Any competent accountant will advise that operating a massive infrastructure for little or no revenue is economic lunacy and is simply not a viable economic model.

It is also true that the entire ASA system is in place to serve the large commercial end of the aviation industry and that therefore the marginal cost of engaging the GA sector is next to \$zero.

Accordingly, it is my contention that sending invoices to operators for amounts between \$3 and \$35 is futile and should cease immediately and that the entire charging regime as it is applied to General aviation should cease forthwith.

2) Cost Imposts on AOC holders and private pilots

I take issue with the statement that a significant number in the GA sector is looking for Gov't subsidies and hand outs to survive. I do not believe that this is a correct analysis of what has been said by many. It is my view that what the sector is asking is that Gov't get off the backs of operators and that artificial costs such as en route and terminal navigation charges, landing fees and access fees and the imposition of rents that are akin to commercial tenancies that have enormously different market conditions to those in the aviation industry be removed. It is not possible to compare a lathe with an aeroplane. Why? Because the lathe can work unhindered for 20 hours a day churning out products on a mass scale and so can amortize its costs over millions of units of production. An aeroplane cannot and nor does it enjoy such privilege. Department of Transport Statistics will confirm that less than 15% of the GA fleet of aircraft do more than the required breakeven hours in a year and that figure is a mere 500 hours. (and this is for an aircraft costing between \$70,000 and \$250,000 and is a far cry from the required breakeven point for new aircraft which cost from \$400,000 to \$1.5M). (of course the massive cost of new aircraft is a critical barrier to anybody other than flight training operators who have very large contracts in place with very large commercial operators for the provision of training services). (That is another subject all of its own). Of those that do manage that feat, 90% of the aircraft are engaged in the very active training industry. Without that training industry there would be precious little GA activity. So it is that sector which masks the real malaise of the industry. A Cessna 210 with a seating capacity of 4 pays a terminal navigation charge to ASA of from \$25 to \$85 each time it stops at a towered airport. When one considers that one can fly from Melbourne to Sydney on virgin airlines for \$39 it makes those TNC's very expensive indeed. But the point is that that fee is an artificial fee imposed by Gov't. Other landing fees and access fees imposed by airport owners have been responsible for a complete breakdown of the fabric of GA in this country. Those private operators privately acknowledge that the costs of collecting the fees do not justify the costs of the exercise. What they seem powerless to appreciate is that they

have been literally killing the industry. Of course what needs to happen is that airport operators must be encouraged to change the nature of the airports and to start treating them as light industrial precincts from which a completely different source of revenue can be earned. Ie from rental and other structural change activity. This requires, in most cases, an amendment to the terms upon which the operators took on the airports in the first place. It needs the gov't to facilitate whatever changes are necessary to enable the airport licence holder to change direction without falling foul of the licence to operate the airport.

Yours faithfully
Tony Taggart

Tony Taggart

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They that can give up essential liberty to obtain a little temporary safety deserve neither liberty nor safety. (Benjamin Franklin)

The hottest place in hell is reserved for those who in a time of moral crisis, maintain their neutrality. (Dante)

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