

2 February 2016

Aviation Rescue and Fire Fighting Regulatory Policy Review  
Department of Infrastructure and Regional Development  
111 Alinga Street  
Canberra ACT 2601

### **Aviation Rescue and Fire Fighting Services Regulatory Policy Review**

The Board of Airlines Representatives of Australia (**BARA**) has reviewed the Department of Infrastructure and Regional Development's ('**the Department**') Public Consultation Paper on Aviation Rescue and Fire Fighting Services Regulatory Policy Review ('**Consultative Paper**'). BARA's comments on the Consultative Paper are provided below.

BARA welcomes a review into the provision of aviation rescue and firefighting services (**ARFF services**) in Australia. As contained in BARA's submission to the Aviation Safety Regulatory Review, BARA is unaware of evidence that demonstrates the requirement for ARFF services at regional airports represents either net benefit to the industry or the highest valued investment in aviation safety. Evidence-based evaluations are necessary to deliver the highest net safety benefits from the ongoing investment in aviation safety.

BARA notes most of the Consultative Paper relates to the merits of ARFF services at regional airports in Australia, which are characterised by relatively modest passenger volumes. While international aviation will make little use, if any, of such services, nonetheless it is expected to fund a large proportion of them through the current 'category six' uniform pricing of ARFF services across major international and regional airports.

BARA has on many occasions expressed concern over the current uniform pricing arrangements. They encourage an inefficient pattern of aviation development, reduce incentives for a thorough analysis of the merits of ARFF services, and ensure little interest in more cost-efficient service delivery models.

In summary, subject to some qualifying comments contained in this submission, BARA supports the Consultative Paper's basic proposition to set a higher passenger threshold combined with formal risk assessments. BARA also supports clarifying ARFF service roles and responsibilities and updating the current prescriptive regulations to make them more outcome-focused.

BARA does not hold a firm view on the level of the passenger thresholds (establishment and disestablishment) that would trigger a risk assessment. The domestic airlines that operate to these regional airports are better placed to suggest when this should occur.

BARA considers that any risk assessment should explicitly address whether an ARFF service is 'likely to make any material difference for persons in response to an aviation incident'. While the stated goal of an ARFF service is to 'optimise the chances of survival of passengers and crew in the event of an aircraft accident', it is necessary to evaluate its ability to promote this objective at a regional airport. This assessment criterion is necessary given ongoing improvements in aircraft technologies, the potential availability of local firefighting services, and the ability of pilots to give the airfield advance warning of a possible incident.

### Applying the establishment criteria of comparator overseas countries

BARA notes the analysis in the Consultative Paper that the number of ARFF stations could increase substantially if the establishment criteria applied in other countries (notable the USA, UK, New Zealand and Canada) was used in Australia. This would mean ARFF services are provided at regional airports with quite modest passenger levels (perhaps less than 200,000 a year).

BARA cautions against assuming the criteria applied in other countries are applicable to Australia because the cost of providing ARFF services in Australia appears to be many times that of the comparator countries. BARA considers that if the same very high costs of providing ARFF services in the comparator overseas countries applied then this would influence the establishment criteria and consequently reduce the number of ARFF stations.

Based on cost data provided by Airservices Australia (**Airservices**), about \$5.5 million (\$4.6 million US\$) is required in funding each year for it to provide a category six ARFF service at a regional airport. For an airport with 200,000 passengers a year, this translates into an average charge of about \$28 a departing and arriving passenger. This exceeds the total aeronautical charge for an international passenger at most of Australia's major international airports. Not surprisingly, these high costs are largely recovered from international aviation through uniform pricing rather than the airlines that operate to the regional airport.

An examination of financial data for regional airports in the comparator countries shows the total aeronautical revenues they recover for all services, including airfield, terminal and ARFF services, are about half the cost incurred by Airservices in providing just the ARFF service in Australia (see Table 1).

Table 1 **Overseas regional airports, passengers and aeronautical revenues**

Country	Airport	Annual passengers (thousands)	Aeronautical revenues (US\$ millions)	Proportion of Australian cat 6 ARFF service
United States	Aspen	360	3.7	80%
United States	Montrose	170	3.3	71%
United States	Friedman Memorial	126	1.8	40%
Canada	Comox Valley	319	1.5	33%
Canada	Charlottetown	318	1.6	36%
Canada	Sudbury	230	3.0	64%
New Zealand	Hamilton	291	1.7	37%
New Zealand	Invercargill	278	2.4	52%
New Zealand	Rotorua	222	1.0	23%
<b>SIMPLE AVERAGE</b>		<b>257</b>	<b>2.2</b>	<b>48%</b>

Sources: Airport and local council annual reports

The data in Table 1 indicate the airports in the comparator countries can provide ARFF services at a fraction of the costs incurred by Airservices. Some of the cost difference may reflect the regional airport operator's different policies towards cost recovery (eg not for profit). However, the magnitude of the difference likely goes well beyond cost recovery policies and indicates that:

1. when accountability of ARFF service provision falls to the airport operator combined with location specific pricing, they provide the service at far lower total cost,
2. if Airservices' cost structure was replicated in the overseas countries, then the same establishment criteria would be unlikely to apply given that cost structure's impact on airport fees and airline costs.

The analysis suggests the comparator countries have taken a different approach to how they deliver ARFF services. It may well be that more modest, cost-effective ARFF services are being provided compared with the elaborate and expensive ones in Australia.

### **Passenger threshold and risk assessment**

BARA supports the Consultative Paper's proposal to increase the current passenger threshold and conduct risk assessments over the need for an ARFF service.

BARA does not hold a view on the appropriate increase in the passenger threshold to trigger a risk assessment at a regional airport. The airlines operating to the regional airports would be better placed to suggest passenger thresholds.

In conducting a risk assessment, it is important for the assessment to directly consider whether the provision of an ARFF service can be expected to materially alter the outcome for passengers should an incident occur at the airport. Some level of accident risk is inevitable but is likely to be very difficult or problematic to quantify. As noted in the Consultative Paper, there has not been an aviation fatality involving high capacity regular passenger transport aircraft in almost 40 years. This quantitative problem could well mean more qualitative approaches are applied, which will likely always find some possible risk, ultimately 'justifying' an ARFF service at the airport.

It is important to note that modern jet aircraft have extensive fire protection systems and are designed to evacuate the passengers from aircraft as quickly and safely as possible in the event of an accident. These aircraft capabilities may already provide adequate firefighting and evacuation services to passengers at airports with relatively few aircraft movements. Such capabilities should be taken into account when assessing whether an ARFF service can materially alter the outcome for passengers.

### **Service delivery model and contestability in ARFF services**

BARA notes the Consultative Paper does not cover the issues of the ARFF service delivery model or contestability of services. It is assumed the Australian Government did not want the Department to consider these issues in seeking advice on potential improvements to the efficiency of ARFF services.

The productivity benefits from an improved service delivery model and contestability of provision are likely to exceed those available under the proposals contained in the Consultative Paper, which effectively seeks to contain the growth in the number of excessively expensive ARFF stations. As such, the proposals in the Consultative Paper seek to stem the ongoing rapid growth in the overall cost of ARFF services but do not provide a long-term solution to efficient service provision.

Without resolving the underlying service delivery and cost issues for ARFF services there is less available funding to direct to other aviation safety technologies and procedures. As such, while the review of the establishment/disestablishment criteria is welcome, it only partly addresses the overall issues and misses the opportunity to maximise the net safety benefits to passengers and the industry from a given level of funding.

Please contact me on 02 9299 9919 for any additional information on BARA's submission.

Yours sincerely

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Barry Abrams  
**Executive Director**