

Mr Anthony Wing
General Manager
Transport and General Prices Oversight Branch
Australian Competition and Consumer Commission
GPO Box 520
MELBOURNE VIC 3001

Dear Mr Wing

Notification of price changes for Airservices' Enroute, Terminal Navigation and Aviation Rescue & Fire Fighting Services: effective 1 October 2011

I am writing to notify the Australian Competition and Consumer Commission (ACCC), in accordance with Part VIIA of the Competition and Consumer Act, 2010 of final price changes for Airservices Enroute, Terminal Navigation and Aviation Rescue & Fire Fighting (ARFF) services effective 1 October 2011.

The new locality notice for these services is set out in Attachment 1.

The prices are based on Airservices previous submissions, with revisions made to address the final concern in relation to the rate of return raised in the ACCC's decision on the previous locality notice. We note that the ACCC would not object to a weighted average cost of capital (WACC) of 8.60 per cent provided a corresponding adjustment was made to reduce required revenues by \$35m over the five years (down to \$4.7 billion) with related adjustments to prices for users.

The prices have been adjusted and now reflect a WACC of 8.60% and, in comparison to the previous notice, prices for Enroute and the following Terminal Navigation services have been adjusted accordingly.

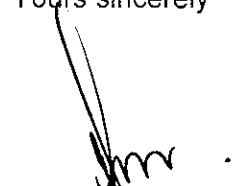
Adelaide	Coffs Harbour	Bankstown
Brisbane	Hamilton Island	Camden
Cairns	Karratha	Essendon
Melbourne	Launceston	Jandakot
Albury	Sunshine Coast	Moorabbin
Alice springs	Tamworth	Parafield
Broome	Archerfield	Hobart

The effect has been to reduce the Enroute services price (thereby further reducing the existing cross subsidies) and to reduce the initial maximum price increase in Year 1 for Terminal Navigation services by 0.5% along with some minor later year adjustments to better align the five year Terminal Navigation service line recovery with the estimated 'allowable revenue' for that service line.

A full schedule of prices supporting this notification for Enroute, Terminal Navigation and ARFF services from 1 October 2011 to 30 June 2016, is contained in Attachment 1.

I would expect that these revised prices will now be endorsed by the ACCC without any further delay.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Andrew Clark', is written over the typed name below.

Andrew Clark
Chief Financial Officer
9 September 2011

ATTACHMENT 1

Notification and Details of Prices Proposed by Airservices Australia for Enroute, Terminal Navigation and Aviation Rescue & Fire Fighting Services

Notification of prices pursuant to section 95Z of the Competition and Consumer Act,
2010

Name of the Declared Person: Airservices Australia
 25 Constitution Avenue
 CANBERRA ACT, 2600

Hereby gives notice that it proposes to supply the goods or services below at the prices detailed, effective from 1 October 2011.

The services, which are the subject of this notification, provide for enroute air navigation services in Australia's flight information region, terminal navigation services at 30 Australian airports and rescue and fire fighting services at 21 Australian airports.

Airservices Australia considers that the proposed price changes do not result in excess revenues based on efficient costs and a reasonable rate of return and are consistent with the requirements of section 95G(7) of the Competition and Consumer Act, 2010.

New Prices for Services: 1 Oct 2011 to 30 Jun 2016

Current	Service Price (inc GST)	1 Oct 2011	1 Jul 2012	1 Jul 2013	1 Jul 2014	1 Jul 2015
Enroute						
\$4.18	20 tonnes or more	\$4.10	\$4.07	\$4.04	\$4.03	\$4.03
\$0.93	Up to 20 tonnes	\$0.92	\$0.91	\$0.90	\$0.90	\$0.90

Current	Service Price (inc GST)	1 Oct 2011	1 Jul 2012	1 Jul 2013	1 Jul 2014	1 Jul 2015
Terminal Navigation						
\$11.43	Adelaide	\$11.66	\$11.72	\$11.78	\$11.83	\$11.89
\$5.83	Brisbane	\$6.09	\$6.15	\$6.18	\$6.18	\$6.18
\$10.95	Cairns	\$11.44	\$11.84	\$12.20	\$12.20	\$12.20
\$12.66	Canberra	\$12.28	\$12.03	\$11.91	\$11.80	\$11.68
\$10.82	Gold Coast	\$10.28	\$9.77	\$9.28	\$8.81	\$8.50
\$5.06	Melbourne	\$5.29	\$5.47	\$5.49	\$5.50	\$5.52
\$8.63	Perth	\$8.20	\$8.03	\$7.87	\$7.72	\$7.56
\$5.57	Sydney	\$5.58	\$5.59	\$5.60	\$5.61	\$5.62
\$12.69	Albury	\$13.26	\$13.73	\$14.21	\$14.70	\$15.22
\$12.69	Alice springs	\$13.26	\$13.73	\$14.21	\$14.70	\$15.22
\$4.70	Avalon	\$4.70	\$4.86	\$5.03	\$5.21	\$5.39
\$5.06	Broome	\$13.26	\$13.73	\$14.21	\$14.70	\$15.22
\$12.69	Coffs Harbour	\$13.26	\$13.73	\$14.21	\$14.70	\$15.22
\$9.20	Hamilton Island	\$9.61	\$9.95	\$10.30	\$10.66	\$11.03
\$9.54	Hobart	\$9.64	\$9.68	\$9.68	\$9.68	\$9.68
\$5.06	Karratha	\$13.26	\$13.73	\$14.21	\$14.56	\$14.71
\$12.22	Launceston	\$12.77	\$13.22	\$13.68	\$14.16	\$14.65
\$12.69	Mackay	\$12.44	\$12.31	\$12.19	\$12.07	\$11.95
\$12.69	Rockhampton	\$12.94	\$13.20	\$13.33	\$13.47	\$13.47
\$12.69	Sunshine Coast	\$13.26	\$13.73	\$14.07	\$14.21	\$14.21
\$12.69	Tamworth	\$13.26	\$13.73	\$14.21	\$14.70	\$15.22
\$12.69	Archerfield	\$13.26	\$13.73	\$14.21	\$14.70	\$15.22
\$12.69	Bankstown	\$13.26	\$13.73	\$14.21	\$14.70	\$15.22
\$12.69	Camden	\$13.26	\$13.73	\$14.21	\$14.70	\$15.22
\$12.69	Essendon	\$13.26	\$13.73	\$14.21	\$14.70	\$15.22
\$12.69	Jandakot	\$13.26	\$13.73	\$14.21	\$14.70	\$15.22
\$12.69	Moorabbin	\$13.26	\$13.73	\$14.21	\$14.70	\$15.22
\$12.69	Parafield	\$13.26	\$13.73	\$14.21	\$14.70	\$15.22
\$2.26	Darwin	\$2.15	\$2.04	\$1.94	\$1.84	\$1.75
\$2.94	Townsville	\$2.79	\$2.65	\$2.52	\$2.39	\$2.27

Current	Service Price (inc GST)	2011-12	2012-13	2013-14	2014-15	2015-16
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Aviation Rescue & Fire Fighting

Category 6 Aircraft & below

\$1.81	Brisbane	\$1.99	\$2.14	\$2.25	\$2.29	\$2.32
\$1.81	Melbourne	\$1.99	\$2.14	\$2.25	\$2.29	\$2.32
\$1.81	Sydney	\$1.99	\$2.14	\$2.25	\$2.29	\$2.32
\$1.81	Perth	\$1.99	\$2.14	\$2.25	\$2.29	\$2.32
\$1.81	Adelaide	\$1.99	\$2.14	\$2.25	\$2.29	\$2.32
\$1.81	Cairns	\$1.99	\$2.14	\$2.25	\$2.29	\$2.32
\$1.81	Darwin	\$1.99	\$2.14	\$2.25	\$2.29	\$2.32
\$1.81	Gold Coast	\$1.99	\$2.14	\$2.25	\$2.29	\$2.32
\$1.81	Canberra	\$1.99	\$2.14	\$2.25	\$2.29	\$2.32
\$1.81	Hobart	\$1.99	\$2.14	\$2.25	\$2.29	\$2.32
\$1.81	Karratha	\$1.99	\$2.14	\$2.25	\$2.29	\$2.32
\$1.81	Townsville	\$1.99	\$2.14	\$2.25	\$2.29	\$2.32
\$1.81	Alice Springs	\$1.99	\$2.14	\$2.25	\$2.29	\$2.32
\$1.81	Avalon	\$1.99	\$2.14	\$2.25	\$2.29	\$2.32
\$1.81	Ayers Rock	\$1.99	\$2.14	\$2.25	\$2.29	\$2.32
\$1.81	Broome	\$1.99	\$2.14	\$2.25	\$2.29	\$2.32
\$1.81	Hamilton Island	\$1.99	\$2.14	\$2.25	\$2.29	\$2.32
\$1.81	Launceston	\$1.99	\$2.14	\$2.25	\$2.29	\$2.32
\$1.81	Mackay	\$1.99	\$2.14	\$2.25	\$2.29	\$2.32
\$1.81	Rockhampton	\$1.99	\$2.14	\$2.25	\$2.29	\$2.32
\$1.81	Sunshine Coast	\$1.99	\$2.14	\$2.25	\$2.29	\$2.32

Current	Service Price (inc GST)	2012	2013	2014	2015	2016
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Category 7 Aircraft

\$1.93	Brisbane	\$2.12	\$2.34	\$2.45	\$2.57	\$2.57
\$1.89	Melbourne	\$2.08	\$2.29	\$2.40	\$2.52	\$2.52
\$1.86	Sydney	\$2.05	\$2.25	\$2.36	\$2.48	\$2.48
\$2.01	Perth	\$2.21	\$2.43	\$2.61	\$2.75	\$2.81
\$2.33	Adelaide	\$2.56	\$2.82	\$2.96	\$3.11	\$3.26
\$2.29	Cairns	\$2.52	\$2.77	\$3.05	\$3.35	\$3.69
\$3.39	Darwin	\$3.73	\$4.10	\$4.51	\$4.96	\$5.46
\$4.01	Gold Coast	\$3.97	\$3.93	\$3.89	\$3.85	\$3.79
\$7.91	Canberra	\$8.31	\$8.51	\$8.73	\$8.94	\$9.08
\$6.73	Hobart	\$7.40	\$8.14	\$8.96	\$9.85	\$10.00
\$7.40	Karratha	\$7.77	\$7.96	\$8.16	\$8.37	\$8.37
\$8.47	Townsville	\$9.32	\$10.25	\$11.27	\$12.40	\$13.64

Current	Service Price (inc GST)	2012	2013	2014	2015	2016
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Category 8 Aircraft

\$2.62	Brisbane	\$2.88	\$3.17	\$3.33	\$3.41	\$3.41
\$2.29	Melbourne	\$2.52	\$2.77	\$2.91	\$2.98	\$3.01
\$2.08	Sydney	\$2.29	\$2.52	\$2.64	\$2.64	\$2.64
\$3.01	Perth	\$3.31	\$3.64	\$4.01	\$4.41	\$4.85
\$9.12	Adelaide	\$8.12	\$7.22	\$6.50	\$5.85	\$5.27
\$4.76	Cairns	\$5.24	\$5.76	\$6.34	\$6.97	\$7.67
\$16.06	Darwin	\$17.67	\$19.43	\$20.40	\$21.42	\$21.75
\$4.01	Gold Coast	\$4.41	\$4.85	\$5.34	\$5.87	\$6.46

Current	Service Price (inc GST)	2012	2013	2014	2015	2016
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Category 9 & 10 Aircraft

\$3.70	Brisbane	\$4.16	\$4.58	\$5.04	\$5.54	\$6.09
\$3.03	Melbourne	\$3.41	\$3.75	\$4.12	\$4.54	\$4.99
\$2.45	Sydney	\$2.76	\$3.03	\$3.34	\$3.67	\$3.67
\$5.08	Perth	\$5.72	\$6.29	\$6.92	\$7.61	\$8.37