

AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

COMPETITION AND CONSUMER ACT 2010
PART VIIA, DIVISION 4, SUBSECTION 95ZC(3)

Airservices Australia price notification

1. On 9 September 2011, the Australian Competition and Consumer Commission (ACCC) received a price notification (a locality notice) from Airservices Australia (Airservices) under subsection 95Z(5) of the *Competition and Consumer Act 2010* (Cth) (CCA).
2. Airservices' price notification proposed to increase charges for the provision of terminal navigation (TN) and aviation rescue and fire-fighting (ARFF) services over a five year period (2011-12 to 2015-16), commencing 1 October 2011.
3. Under the CCA, the ACCC has 21 days from when it receives a price notification to make its decision (the applicable period). The ACCC can decide to object or not object to the proposed price increases.
4. On 21 September 2011, the ACCC decided to *not object* to the price increases set out in that price notification, and advised Airservices of its decision by notice issued pursuant to paragraph 95Z(6)(b) of the CCA.
5. The ACCC's decision was made only in respect of the proposed price increases for 2011-12. Under the CCA, Airservices will be required to submit annual price notifications for each of the subsequent years of its proposal. For those subsequent years, the ACCC may consider it appropriate to conduct a short-form assessment process.
6. For the reasons set out in its decision paper, the ACCC considered that Airservices had addressed the concerns expressed in the ACCC's decision on a previous price notification submitted by Airservices.
7. Airservices had previously submitted a price notification to the ACCC on 22 August 2011. The ACCC considered that Airservices, by seeking to change one aspect of the methodology used to estimate a rate of return on capital, had proposed a rate of return that was too high and would cause Airservices to over-recover its costs over the five years. The ACCC decided to object to the proposed price increases in that price notification on 7 September 2011.
8. A summary of Airservices' proposed prices and the reasons for the ACCC's decision have been published on the ACCC's website at www.accc.gov.au/aviation and are included in the public register kept under section 95ZC of the CCA.