

On 25 July 2002

AIRSERVICES AUSTRALIA PRICE NOTIFICATION – STATEMENT OF REASONS

PUBLIC REGISTER

DECISION

On 25 July 2002, notice (the Notice) was given to the Australian Competition and Consumer Commission (the Commission) pursuant to paragraph 22(2)(a) of the *Prices Surveillance Act 1983* (the Act) by Airservices Australia (Airservices). In the Notice, Airservices proposed temporary price increases for en-route navigation services; terminal navigation at 9 of the 22 locations where those services are provided; and aviation and fire fighting services at all 16 locations where these services are provided.

On 24 July 2002, pursuant to section 29 of the Act, the Commission delegated to John Martin, a member of the Commission, the functions and powers of the Commission described in paragraph 17(1)(a); subparagraphs 22(2)(b)(ii) and (iii); and section 28 of the Act (the Delegation). The Delegation took effect on 25 July 2002 and expires on 31 August 2002. In effect, the Delegation enables John Martin to make a decision on a price notification submitted to the Commission during the specified time.

On 25 July 2002, John Martin decided that the Commission has no objection to the supply of services as described in the notice received from Airservices Australia on 24 July 2002 in the localities and on the terms and conditions and at the prices proposed in the Notice (the Decision).

STATEMENT OF REASONS

The Commission considered three alternative draft price notifications submitted by Airservices on 2 July 2002. The three alternative draft notifications were based on the following options:

- "Option (a)" a 3.9% permanent increase in en route charges;
- "Option (b)" a 5.1% weighted average increase in prices across all services for 2002/03 (comprising an average 5.9% increase for terminal navigation charges, an average 8.1% increase for aviation rescue and fire fighting charges and a 3.9% increase in en route charges); or
- "Option (c)" a 5.1% weighted average increase in prices across all services for 2002/03 (comprising an average 5.9% increase for terminal navigation charges, an average 8.1% increase for aviation rescue and fire fighting charges and a 3.9% increase in en route charges) and a continued 3.9% increase in en route charges beyond 2002/03.

The Commission's assessment of these draft price notifications led to it adopting the position that Option (b) could form a reasonable basis for a price increase. The reasons for it adopting that position are outlined in the *Airservices Australia Proposed Price Increase Position Paper* dated 24 July 2002 (Position Paper).

The Notice submitted by Airservices on 25 July 2002 conforms to Option (b) as outlined above.

The reasons for this Decision are as set out in the Position Paper.