



Decision

Airservices Australia

Price notification

Aviation rescue and fire fighting services

for the period 1 July 2005 to 31 December 2005

29 June 2005

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Summary

Airservices Australia (Airservices) submitted a draft price notification (the proposal) to the Australian Competition and Consumer Commission (ACCC) on 5 May 2005. The proposal provides for temporary price increases for aviation rescue and fire fighting (ARFF) services for customers operating aircraft weighing 15.1 tonnes and above for the period from 1 July 2005 to 31 December 2005.

The proposal:

- increases the threshold under which aircraft are exempt from ARFF charges from 2.5 tonnes to 5.7 tonnes
- introduces an additional threshold of 15.1 tonnes—between 5.7 tonnes and 15.1 tonnes, current charges will apply
- increases charges for operators above 15.1 tonnes to those prices proposed for 2005-06 in Airservices' 2004 long-term pricing proposal.¹

In response to the draft price notification, the ACCC issued its preliminary view, not to oppose the pricing proposal, on 18 May 2005 for consultation with interested parties.

This document discusses issues raised by interested parties during that consultation and presents the ACCC's decision on Airservices' formal price notification—which is consistent with the draft price notification and was lodged with the ACCC on 28 June 2005.

This temporary price notification follows the ACCC's consideration of Airservices' long-term pricing proposal in 2004. In its preliminary view on that proposal,² the ACCC objected to Airservices' proposed price increases for ARFF services because it was concerned about the effect the application of a weight-based charging structure would have on particular user groups. In Airservices' formal price notification submitted to the ACCC in November 2004, it proposed that ARFF charges be set at (then) current levels, pending a formal review and consultation process that would determine an appropriate pricing structure for ARFF services. The effect of this decision has been that Airservices is under recovering the cost of providing ARFF services in aggregate.

Airservices is now proposing interim changes to the structure of ARFF charges which will enable it to recover a greater proportion of the costs of providing ARFF services whilst it continues work on developing long-term pricing arrangements.

Ten submissions were received from interested parties in response to the ACCC's preliminary view. In general, aircraft operators and their representative bodies did not object to the pricing proposal, but airport operators did object to the pricing proposal.

¹ Airservices Australia, *Draft Price Notification*, August 2004.

² ACCC, *Preliminary view—Airservices Australia draft price notification*, November 2004.

The primary objection to the proposal raised in submissions is that the forecast activity levels that Airservices used to generate prices at particular locations are too low and not reflective of actual activity levels. It is argued that these low activity levels are leading to higher than appropriate proposed charges for ARFF services.

This issue was also raised in Airservices' initial consultation process. The ACCC's preliminary view on this issue was that it would not be appropriate to reconsider the aggregate activity levels accepted in its 2004 decision on Airservices' long-term pricing proposal. Prices based on predetermined activity levels are more likely to result in a stable path of prices for ARFF services over time, and avoid Airservices' customers facing counter cyclical prices for ARFF services.

The ACCC notes that aggregate activity levels in the first six months of the long-term pricing arrangements are expected to be greater than forecast in the long-term pricing proposal and that Airservices will be discussing the implications of this with its customers later this year. Airservices has advised the ACCC that the outcome of these discussions will be taken into account in its proposal for long-term pricing arrangements for ARFF services.

However, as noted in the ACCC's consideration of Airservices' long-term pricing proposal and reiterated in the ACCC's preliminary view in relation to this proposal, there may be merit in Airservices and airports entering into individual risk sharing arrangements.

This is likely to particularly be the case in relation to smaller airports such as Coolangatta, Rockhampton, Mackay and Maroochydore airports. Significant changes in activity levels at locations such as these may not result in a significant change to activity levels at the aggregate level. Such airports are expecting significantly greater levels of activity than those used in Airservices' forecasts, particularly in the periods following the duration of this pricing proposal. In these cases, the ACCC considers that individual risk sharing arrangements should be explored in the context of setting long-term prices for ARFF services.

It is important to note that airports that have more volatile activity levels than aggregate would likely experience a less stable path of prices over time under such arrangements when compared with the current arrangements. Individual risk sharing arrangements also mean that airports take on a greater risk of prices increasing in the event that activity is significantly less than forecast.

The ACCC notes that Airservices' proposal seeks to address the ACCC's concerns about the basis of charging in the short term by adjusting weight thresholds to allocate a greater burden of ARFF charges to regular public transport (RPT) operators while reducing the burden on smaller operators.

While the ACCC considers that these modifications will alleviate some of its concerns in the short term about the application of a weight-based charging methodology, there is scope for the application of such a charging methodology to have more serious consequences for economic efficiency in the long term.

The ACCC's decision, therefore, is to not object to the proposed price increases applying to customers operating aircraft weighing 15.1 tonnes and above for the period

from 1 July 2005 to 31 December 2005. However, the ACCC considers that these price increases should be strictly limited to the period to 31 December 2005 and should not be extended beyond that time.

The ACCC encourages Airservices to complete its review into the long-term structure of ARFF charges to be introduced from January 2006. The ACCC considers that relevant factors which should be considered in this process include:

- the impact of users on Airservices' costs of providing ARFF services
- incentive effects for Airservices and its customers.

Part A: Introduction

In this part of the paper, a background to Airservices' proposal is given, followed by details of the proposal, the legislative framework for assessing price notifications and the process the ACCC has followed in assessing this proposal.

Background

The provision of air traffic control and aviation rescue and fire fighting (ARFF) services is declared under s.95X of the *Trade Practices Act 1974*. Under s.95Z of the Trade Practices Act, Airservices is required to notify the ACCC of proposed price increases for these declared services. The ACCC is then responsible for assessing these proposed price increases and for deciding either to object or not to object to the proposed price increases.

Airservices submitted a draft long-term pricing proposal to the ACCC on 12 August 2004, in which it proposed changes to the prices of its terminal navigation (TN), en-route navigation (enroute) and ARFF services for the five-year period between 2004 and 2009. On 5 November 2005, the ACCC released its preliminary view in which it did not object to the proposed price increases for the TN service, but objected to the proposed price increases for ARFF services.

While the ACCC considered that the quantum of revenue Airservices sought to recover for its ARFF services was appropriate, the ACCC was concerned about the basis of charging for ARFF services.

In particular, the ACCC was concerned that the basis of charging was unlikely to be efficient because the prices charged did not appear to be related to the impact of smaller operators on Airservices' costs. The ACCC also considered that the introduction of new ARFF services using the existing basis of charging would be likely to have large impacts on these user groups.

Airservices decided not to reconsider the basis of ARFF charges in response to the ACCC's preliminary view and submitted a formal price notification without the proposed ARFF charge increases.

The current charging arrangements for ARFF services are:

- Airservices levies a charge per landed tonne, with an exemption for aircraft below 2.5 tonnes.
- The charges approved by the ACCC for the 2003-04 period apply.
- Charges are not levied at airports that have recently had an ARFF service installed (Maroochydore and Townsville airports).

Under these arrangements, Airservices estimates that, in the six-month period to 30 June 2005, it will under recover its maximum allowable revenue (MAR) for ARFF services in aggregate allowed in the ACCC's 2004 decision in the order of \$9 million.

Airservices has submitted a price notification for prices to apply for an interim period between 1 July 2005 and 31 December 2005 while it continues to consider long-term pricing arrangements.

Airservices Australia's price notification

The proposal contains the following changes to the current ARFF charging arrangements:

- The threshold under which aircraft are exempt from ARFF charges increases from 2.5 tonnes to 5.7 tonnes.
- An additional threshold of 15.1 tonnes is added, which is designed to separate regular public transport (RPT) and non-RPT service operators.
- Between 5.7 tonnes and 15.1 tonnes, operators pay current charges.
- Above the 15.1 tonne threshold, operators pay the charges originally proposed for 2005-06 in Airservices' long-term pricing proposal.

Table 1 outlines the prices proposed to apply to ARFF services for the six-month period from 1 July 2005 to 31 December 2005.

Table 1: Proposed prices (price per tonne)

	Current prices	Prices previously proposed	Interim prices proposed		
			Aircraft with an MTOW:		
Airport Location	Aircraft with MTOW > 2.5 tonnes	Aircraft with MTOW > 2.5 tonnes	Less than 5.7 tonnes	Between 5.7 and 15.1 tonnes	Above 15.1 tonnes
Adelaide	\$2.69	\$3.35	Nil	\$2.69	\$3.35
Alice Springs	\$6.81	\$8.75	Nil	\$6.81	\$8.75
Ayers Rock	\$13.09	\$16.82	Nil	\$13.09	\$16.82
Brisbane	\$1.46	\$1.76	Nil	\$1.46	\$1.76
Cairns	\$3.83	\$4.31	Nil	\$3.83	\$4.31
Canberra	\$3.58	\$4.60	Nil	\$3.58	\$4.60
Coolangatta	\$4.24	\$5.09	Nil	\$4.24	\$5.09
Darwin	\$7.23	\$9.28	Nil	\$7.23	\$9.28
Hobart	\$8.46	\$10.16	Nil	\$8.46	\$10.16
Launceston	\$9.30	\$11.95	Nil	\$9.30	\$11.95
Mackay	\$9.98	\$12.83	Nil	\$9.98	\$12.83
Maroochydore	Nil	\$16.82	Nil	Nil	\$16.82
Melbourne	\$1.09	\$1.40	Nil	\$1.09	\$1.40
Perth	\$2.40	\$2.74	Nil	\$2.40	\$2.74
Rockhampton	\$9.59	\$12.32	Nil	\$9.59	\$12.32
Sydney	\$0.69	\$0.88	Nil	\$0.69	\$0.88
Townsville	Nil	\$10.37	Nil	Nil	\$10.37

Airservices' consultation process

Airservices undertook a consultation process in developing this proposal. It wrote to those parties that provided responses to the ACCC's preliminary view on Airservices' long-term pricing proposal that were relevant to ARFF operations. Of the 33 parties Airservices wrote to, 17 parties responded. A discussion of the issues raised in those submissions is contained in the ACCC's preliminary view.

Legislative framework for assessing price notifications

The provision of air traffic control and ARFF services is declared under s.95X of the Trade Practices Act.³ The relevant declaration, Declaration number 66, is available from the ACCC's website—www.accc.gov.au. Under s.95Z of the Trade Practices Act, Airservices is required to notify the ACCC of proposed increases in prices of these declared services. The ACCC is then responsible for assessing the proposed price increases and can either not object to the increases, not object to increases lower than those proposed or object to the proposed increases.

Subsection 95G(7) of the Trade Practices Act sets out matters the ACCC must have particular regard to in assessing a notification; namely, the need to:

- maintain investment and employment, including the influence of profitability on investment and employment
- discourage a person, who is in a position to substantially influence a market for goods or services, from taking advantage of that power in setting prices
- discourage cost increases arising from increases in wages and changes in conditions of employment inconsistent with principles established by relevant industrial tribunals.

The ACCC believes that an important consideration regarding these first two criteria is that efficient provision of services underpins investment and employment opportunity in an open and competitive market economy. Investment and employment in the national economy will be promoted when firms produce goods or services efficiently and charge prices which do not incorporate monopoly rents.

Monopoly suppliers do not necessarily produce goods or services at efficient cost levels or at competitive prices. If higher than efficient prices for intermediate services and products are passed on to the rest of the economy, there is a resultant loss in economic efficiency and potentially therefore in investment and employment opportunity.

The ACCC believes that only allowing price increases that stem from an efficient cost base and involve returns aligned with the risk incurred by the firm go some way to reducing the scope for prices to be set at monopoly levels.

Thus, in assessing price notifications, the ACCC will generally consider:

- the efficiency of the cost base that the declared company is working from to earn a return
- the reasonableness of the rate of return that the declared company is seeking.

³ The declaration originally had effect under the *Prices Surveillance Act 1983*, but now has effect under Part VIIA of the Trade Practices Act.

The third criterion outlined in para. 95G(7)(c) does not appear to be directly relevant to this price notification.

More detail on these and other aspects of the ACCC's approach to price notification is contained in its *Draft statement of regulatory approach to price notifications*, available on the ACCC website.

Part B: The ACCC's assessment

In this part of the paper, an introduction to the ACCC's approach in assessing the proposal is given, followed by a summary of issues raised in submissions and a discussion of each of these issues in turn.

Introduction

As mentioned in Part A of this paper, ordinarily the ACCC's assessment of a price notification would focus on a consideration of the:

- efficiency of the declared company's cost base
- reasonableness of the rate of return that the declared company is seeking.

However, the ACCC assessed the MAR implied by Airservices' proposed ARFF prices in the context of its 2004 assessment of Airservices' long-term pricing proposal. While the ACCC objected to the proposed price increases for ARFF services in the long-term pricing proposal on the basis that a weight basis of charging for these services is likely to be inefficient, it accepted that the overall amount of revenue that Airservices sought to recover from these services was appropriate. Given that this proposal seeks to only partially apply the previously proposed prices (and therefore has a lower implied MAR than that approved by the ACCC), the ACCC does not believe it necessary in considering this proposal for the ACCC to at this time reconsider the above two issues.

While the ACCC has considered the extent to which the proposal will enable Airservices to recover the MAR implied in the ACCC's decision on the long-term pricing proposal, it has focused on considering whether the proposal is likely to lead to efficient and equitable outcomes.

In its preliminary view, the ACCC considered the issues raised by parties which made submissions to Airservices on its draft proposal. Three primary issues were raised:

- whether the proposed interim arrangements are inconsistent with the ACCC's decision in relation to the long-term proposal
- whether the introduction of a new threshold will create a competitive advantage for those operators below the threshold
- whether prices should be adjusted to take into account revised activity forecasts.

The ACCC's preliminary views on these issues are set out in full in its preliminary view document. Submissions received in response to this preliminary view were primarily focussed on the third point above.

In summary, the ACCC's preliminary view was that the proposal will alleviate some of its concerns in the short term about the application of a weight-based charging methodology, but it considered that there is scope for the application of such a charging methodology to have more serious consequences for economic efficiency in the long term.

Issues raised in submissions

Ten submissions were received from interested parties in response to the ACCC's preliminary view. A list of the parties can be found at Appendix A, and all submissions are available from the ACCC's website—www.accc.gov.au.

Users (and their representative bodies) of Airservices' ARFF services (Aeromil, Virgin Blue, the Regional Aviation Association of Australia and International Air Transport Association) did not object to the proposal. However, airports objected to the proposal.

The primary issue raised in objection to the proposal is that the forecast activity levels used at particular locations to develop prices are too low and result in prices that are too high and Airservices over recovering the cost of providing ARFF services at these locations.

Activity levels

Views of interested parties

Submissions from Adelaide and Parafield, Sunshine Coast (Maroochydore), Gold Coast (Coolangatta), Mackay, and Rockhampton airports all expressed the view that activity levels used to derive prices for ARFF services at those airports were based on outdated information and were too low and Gold Coast and Rockhampton airports submitted that there should be a complete review of activity before any increase in charges for ARFF services is permitted.

These parties argue that the effect of using activity numbers that are too low is prices that are too high, providing Airservices with revenue in excess of that required to cover the cost of providing ARFF services at those locations. Sunshine Coast (Maroochydore) airport argued that this could lead to airlines re-routing services to alternative airports where the ARFF charge was lower.

Mackay airport also submits that having a network-based trigger for risk-sharing arrangements is inconsistent with a location-specific approach to pricing. Adelaide and Parafield airports recommend that the ACCC direct Airservices to work with airports in risk sharing arrangements.

Airservices' view

As noted in the ACCC's preliminary view, Airservices submits that the activity levels in the five-year pricing arrangement were established in full recognition that activity is volatile. Airservices argues that it should continue to bear the risk established in the long-term pricing arrangement, subject to separate negotiations of risk sharing arrangements which are yet to be concluded.

Airservices notes that while traffic levels have recovered faster than anticipated, a corresponding correction could occur at any time over the ensuing years. Higher oil prices, slowing economic growth and continuing global security issues are realistic threats to this recovery.

Airservices contends that any adjustment in activity levels should be dealt with as part of negotiated risk sharing arrangements with both customers and airports; not as part of this interim proposal.

Airservices commits to progressing discussions on risk sharing arrangements with airports as part of subsequent consultations regarding the permanent pricing structure at airports.

ACCC's view

Airservices' 2004 long-term price notification was developed in response to the ACCC's decision to object to the 2003–04 pricing proposal on the basis that Airservices had not undertaken a longer-term approach to determining its prices.

Implicit in agreeing to a set of prices for the regulatory period is a risk sharing arrangement between Airservices and its customers. When activity levels are above forecast levels, Airservices' customers realise the risk that prices are above the level that would enable Airservices to recover its MAR and, correspondingly, where activity levels are below forecast levels, Airservices realises the risk that prices are below the level that would allow Airservices to recover its MAR. In general, the ACCC does not consider it appropriate to reconsider the appropriateness of the aggregate activity levels accepted in its 2004 decision on Airservices' long-term pricing proposal. Prices based on predetermined activity levels are more likely to result in a stable path of prices for ARFF services over time, which should help to avoid Airservices' customers facing counter-cyclical prices for ARFF services.

The ACCC notes that aggregate activity levels in the first six months of the long-term pricing arrangements are expected to be greater than forecast in the long-term pricing proposal and that Airservices will be discussing the implications of this with its customers later this year. Airservices has advised the ACCC that the outcome of these discussions will be taken into account in its proposal for long-term pricing arrangements for ARFF services.

In its consideration of Airservices' 2004 long-term pricing proposal, the ACCC noted that there may be merit in Airservices and airports entering into individual risk sharing arrangements; particularly where significant changes in activity levels at a particular location may not result in a significant change to activity levels at the aggregate level. Airports such as Coolangatta, Rockhampton, Mackay and Maroochydore airports are expecting significantly greater levels of activity than those used in Airservices' forecasts, particularly in the periods following the duration of this pricing proposal. In these cases, the ACCC remains of the view that individual risk sharing arrangements between Airservices and particular airports should be explored.

It is important to note that airports that have more volatile activity levels than aggregate would likely experience a less stable path of prices over time under such arrangements when compared with the current arrangements. Individual risk sharing arrangements also mean that airports take on a greater risk of prices increasing in the event that activity is significantly less than forecast.

Other issues

Other issues raised in submissions included:

- whether the basis of charging should be weight-based or passenger-based
- whether pricing should be location specific or network based
- whether 15.1 tonnes is the appropriate threshold and
- whether military users of ARFF services should be treated the same as commercial users of ARFF services.

Passenger versus weight-based charging

Mackay, and Adelaide and Parafield airports submit that charging should be on a per passenger basis. In contrast, Virgin Blue submits that the basis of charging should remain weight based.

The ACCC believes this issue should be addressed as part of Airservices' long-term proposal for ARFF pricing.

Location-specific versus network pricing

Adelaide and Parafield airports submit that pricing of ARFF services should be done on a network basis and Sunshine Coast airport considers that its charges for ARFF services should be no higher than at the airports which are its main competitors—Brisbane and Coolangatta.

The ACCC expects that this issue will be addressed in the long-term ARFF pricing proposal. The ACCC notes that the Department of Transport and Regional Services has engaged an independent consultant to conduct a review of Airservices' governance, structure and organisational performance and one of the issues under consideration is network pricing.

Appropriate weight thresholds

While not objecting to the pricing proposal, and considering the changes to weight thresholds a step in the right direction, the RAAA notes that the threshold of 15.1 tonnes may place some operators at a commercial disadvantage to others. In particular, it notes the potential for jet operators just above the 15.1 tonne threshold to be competing with 'turbo prop' operators just under the threshold.

This issue was also raised in submissions to Airservices. The ACCC's preliminary view was that the proposed threshold would not have a substantial effect on competitive outcomes due to the short-term nature of the pricing proposal. Notwithstanding this view, the ACCC acknowledged that there may be merit in adopting alternative weight thresholds at airports where there is scope for the application of the 15.1 tonne threshold to provide some operators under the threshold with a competitive advantage and sought comment on this issue from interested parties. The ACCC did not, however, receive any suggestions of alternative thresholds.

As noted in the ACCC's preliminary view, Airservices based its decision to use 15.1 tonnes as the break point between RPT and non-RPT traffic for a number of reasons:

- The Federal Aviation Administration's (in the United States) regulations separate 'large air carrier aircraft' from 'small air carrier aircraft' on the basis of the seat capacity of the aircraft. Large air carrier aircraft have 30 seats or more.
- The Department of Transport and Regional Services administers a payment scheme for Airservices' en-route charges available to aircraft below 15 tonnes, which is designed to subsidise 45 small RPT services and airlines that provide aeromedical services.
- Aeromil's submission to the ACCC's preliminary view on Airservices' long-term pricing proposal suggested a threshold of 15.1 tonnes or 40 passengers should be applied.

Airservices submits that the objective of applying differential charging above the weight threshold is to isolate the interim price increases to larger passenger carrying aircraft which are a major driver of the need and cost of ARFF services.

Airservices' analysis of the fleet of aircraft consuming ARFF services in the six-month period to December 2004 shows that 97 per cent of passengers travelling on an aircraft of 30 seats or above were captured by using a threshold of 15.1 tonnes.

Whenever differential pricing is introduced, there will be some winners (those that fall just below the threshold) and some losers (those that fall just above the threshold). The ACCC's preliminary view outlined the extent of possible competitive detriment to RPT operators just over the 15.1 tonne threshold and sought comment on the appropriateness of this threshold at Townsville and Maroochydore airports (those that are most significantly effected because there is currently no charge in place at these airports). However, no submissions to the ACCC objected to the pricing proposal on this basis, and no submissions suggested an alternative threshold.

Accordingly, the ACCC accepts the 15.1 tonne threshold for this short-term proposal.

Charging arrangements for military operations

Canberra airport submits that the fact that Airservices does not charge military operations for ARFF services implies that RPT operators are subsidising military operators and that the burden of this subsidy is higher on RPT operators at Canberra airport because other airports:

- receive less traffic arising from military operations
- charge military operations for the supply of ARFF services (Townsville airport)
- provide RPT operators with ARFF services for no charge because the service is provided by the Department of Defence (Newcastle airport).

This issue was also raised by Townsville airport in its submission to Airservices.

The ACCC notes that there is scope for charging arrangements for military operations to affect the prices other operators pay for ARFF services at some airports. While this may be an important issue, the ACCC remains of the view that its consideration is

better suited to Airservices' review of the long-term basis of charging for ARFF services.

Part C: The ACCC's decision

The ACCC accepts the overall revenue that Airservices proposes to recover from ARFF services through the application of the proposed prices to customers operating aircraft weighing greater than 15.1 tonnes. The ACCC also considers that the amendments to Airservices' basis of charging will alleviate to some degree the ACCC's concerns about the application of a weight-based charging methodology in the short term.

However, as mentioned in its preliminary view to the 2004 long-term pricing proposal, the ACCC has serious concerns about the application of the current weight-based charging structure in long-term pricing arrangements. This proposal does not address those concerns.

The ACCC's decision is to not object to Airservices supplying ARFF services in the localities on the terms and at the prices proposed in the locality notice of 28 June 2005, outlined in Table 2:

Table 2: Proposed prices (price per tonne)

	Current prices	Prices previously proposed	Interim prices proposed		
			Aircraft with an MTOW:		
Airport Location	Aircraft with MTOW > 2.5 tonnes	Aircraft with MTOW > 2.5 tonnes	Less than 5.7 tonnes	Between 5.7 and 15.1 tonnes	Above 15.1 tonnes
Adelaide	\$2.69	\$3.35	Nil	\$2.69	\$3.35
Alice Springs	\$6.81	\$8.75	Nil	\$6.81	\$8.75
Ayers Rock	\$13.09	\$16.82	Nil	\$13.09	\$16.82
Brisbane	\$1.46	\$1.76	Nil	\$1.46	\$1.76
Cairns	\$3.83	\$4.31	Nil	\$3.83	\$4.31
Canberra	\$3.58	\$4.60	Nil	\$3.58	\$4.60
Coolangatta	\$4.24	\$5.09	Nil	\$4.24	\$5.09
Darwin	\$7.23	\$9.28	Nil	\$7.23	\$9.28
Hobart	\$8.46	\$10.16	Nil	\$8.46	\$10.16
Launceston	\$9.30	\$11.95	Nil	\$9.30	\$11.95
Mackay	\$9.98	\$12.83	Nil	\$9.98	\$12.83
Maroochydore	Nil	\$16.82	Nil	Nil	\$16.82
Melbourne	\$1.09	\$1.40	Nil	\$1.09	\$1.40
Perth	\$2.40	\$2.74	Nil	\$2.40	\$2.74
Rockhampton	\$9.59	\$12.32	Nil	\$9.59	\$12.32
Sydney	\$0.69	\$0.88	Nil	\$0.69	\$0.88
Townsville	Nil	\$10.37	Nil	Nil	\$10.37

Under the locality notice of 28 June 2005, prices will revert on and from 1 January 2006 to the current prices (subject to any further price notification from Airservices). The ACCC considers that the price increases should be strictly limited to the period to 31 December 2005 and not be extended beyond that time. The ACCC expects any prices proposed to apply from 1 January 2006 to be the result of a thorough review of the appropriate basis of charging for ARFF services.

Appendix A List of submissions

Adelaide and Parafield Airport

Aeromil

Canberra International Airport

Gold Coast (Coolangatta) Airport

International Air Transport Association (IATA)

Mackay Port Authority

Regional Aviation Association of Australia (RAAA)

Rockhampton Airport

Sunshine Coast Airport (Maroochydore)

Virgin Blue