

By Post and Email

3 September 2004

Ms Margaret Arblaster  
General Manager  
Transport and Prices Oversight Branch  
Australian Competition and Consumer Commission  
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MELBOURNE VIC 3001, Australia

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Dear Ms Arblaster,

**Submission to the ACCC on the Draft Pricing Notification  
of Airservices Australia**

Cathay Pacific Airways Limited (CPA) wishes to make a submission regarding the Draft Price Notification, August 2004, originated by Airservices Australia (AsA).

CPA is an airline registered in Hong Kong which operates passenger and cargo air services. CPA operates within airspace for which responsibility for the provision of Air Traffic Services has been delegated by the Government of Australia to AsA. These operations comprise arrivals and departures from Australian cities and overflights to other destinations. CPA is required to receive services from AsA and in turn is required to pay AsA a fee for these services. The quantum of this fee is therefore of direct concern to CPA.

In the interests of expediency and clarity CPA would like to refer to the submission on the Subject received by the ACCC from the International Air Transport Association (IATA). CPA fully supports and endorses the comments made by IATA.

Recognising that AsA is a monopoly provider and that CPA is mandated to receive its services, CPA would like to emphasise the following points:

- 1) CPA is disappointed at the lack of Australian Government commitment to fully meet its share of costs to implement the Government directed community services activities and also at the restrictions on cost recovery at priced capped locations;

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- 2) AsA's decision to use the "basin concept" has resulted in terminal navigation charges at the capital city airports being higher than if they were assessed on their actual costs - the international operator is therefore paying more than the real cost of the provision of the service;
- 3) The cost to AsA of providing air traffic services is independent of the weight of the aircraft. However, AA's charges formula uses both weight and distance as cost distribution parameters resulting in the international operators, which use larger aircraft over longer distances within Australian airspace, being burdened with a disproportionately higher amount of overcharging. In addition the calculation of the distance component of the charge is based on a Great Circle Distance between the concerned city pairs as opposed to the distance actually flown in Australian Airspace which is in some cases considerably shorter. This also increases the amount of overcharging to international operations on some overflying sectors.

Yours sincerely,



Owen Dell  
Manager International Operations  
International Affairs Department