



FINANCE GROUP

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Dear Stakeholder

Price reduction for Terminal Navigation (TN) services at Avalon from 1 December 2010

I am pleased to advise that a price reduction for Terminal Navigation services at Avalon will take effect from 1st December 2010. The price will reduce from \$5.49 p/tonne to \$4.70/tonne.

Terminal Navigation services were introduced at Avalon in March 2009 and following a post implementation review by CASA between August and December 2009, a price of \$5.49 was subsequently introduced in February 2010.

With uncertainty surrounding the market in relation to both new entrants and activity volumes at the time of setting the original price, it was recommended and agreed with the ACCC that there would be a review of the price, once the environment stabilised.

We have recently undertaken this review and determined that additional flights introduced by Tiger Airways warrant a price reduction. In meeting the needs of these increased operations at Avalon, the cost base has also been increased to take into account the cost of connecting communications back into the Melbourne Centre. The net effect of these changes justifies a reduction in the price from \$5.49 p/tonne to \$4.70 p/tonne.

This reduction will be introduced for flights occurring on and after 1 December 2011.

If you have any further questions on change, please contact myself or Paul Logan, Manager Financial Strategy & Business Performance on paul.logan@airservicesaustralia.com or (02) 6268 4241.

Yours sincerely



Andrew Clark
Chief Financial Officer
30 November 2010