

23 September 2024

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Dear Mr Barrett and Ms Chau

### **Submission – Preliminary view on Airservices Australia’s Draft Price Notification**

Canberra Airport appreciates the opportunity to provide comment on the Australian Competition and Consumer Commission’s (ACCC) *Preliminary view on Airservices Australia’s Draft Price Notification* in relation to charges for terminal navigation, enroute navigation and aviation rescue and firefighting (ARFF) services.

The revised draft price notification provides greater certainty than the initial draft price notification which had proposed four separate price increases by 2026.

It is promising Airservices has acted on the feedback provided by Canberra Airport that the 19 per cent increase over a period of two years was not feasible, particularly given the pressure it would have placed on airfares. The amended weighted average 6 per cent increase appears to be much more proportionate to support Airservices improve its financial position while progressing service delivery. This can be achieved without placing significant financial pressure on passengers.

Throughout the revised draft price notification, Airservices provides a clear undertaking that service delivery will improve. This is a welcomed development and indicates that Airservices acknowledges its performance has been below the accepted standard. Airservices must now take concerted action to deliver on this commitment to reestablish confidence across the aviation sector.

Canberra Airport notes that the enroute service and terminal navigation charge increases represent the right balance for Airservices to improve performance while meeting the

Statement of Expectations issued by the Minister for Infrastructure, Transport, Regional Development and Local Government.

Under the revised draft price notification, the ARFF charges remain concerning. The price variation between Category 7 (\$7.72) and Category 8 (\$23.06) charges at Canberra Airport represent a \$15.34 difference per tonne. Airservices' declaration that the high Category 8 charge is an interim fee which will be reassessed during the next price notification is noted. Canberra Airport remains concerned that if Category 8 charges are applied it will be passed on to passengers and as such be a disincentive for those who are already enduring cost-of-living pressures.

Canberra Airport provides the following commentary on certain aspects of the revised draft price notification. It is hoped that Airservices embraces this feedback as was the case during the consultation on the initial draft price notification.

### **Enroute service charges**

The proposed enroute navigation charging rate as outlined in the revised draft price notification is an increase of 17 cents. This represents a 4.5 per cent increase which is comparable to the fee applied by Airservices in October 2011. Canberra Airport believes this proposal is acceptable for the lifespan suggested and does not oppose the proposed charge.

### **Terminal navigation charges**

It is noted that following feedback, Airservices has elected to considerably reduce the increase of the terminal charging rate by 23 per cent over the life of the price notification. This equates to an increase of 88 cents in the rate charged for terminal navigation at Canberra Airport. This is a reasonable amendment that will limit the likely increase in airfares by airlines recovering the fees incurred.

### **Aviation rescue and fire-fighting charges**

The interim Category 8 ARFF charging rate proposed still has the potential to significantly impact passengers travelling to and from Canberra Airport. The charges will be excessive when compared to the Category 7 rates that had been applied since the last price notification. Canberra Airport is concerned that airlines will seek to recover the cost of these considerable charges by passing it on to passengers through increased airfares.

It is encouraging that Airservices has taken into account the concerns raised by Canberra Airport and opted to just implement the interim Category 8 charge of \$23.06 per tonne over the life of the pricing scheme.

There is a significant variation between the Category 7 and Category 8 rates that will be charged under this pricing scheme, although Canberra Airport acknowledges that Airservices

will reassess the interim charge applied for Category 8 during the next price notification process conducted by the ACCC.

Maintaining a single charge for the lifespan of the scheme is much more appropriate than the previous proposal of four considerable increases over a condensed period.

The investment in additional ARFF resources that will hopefully be gleaned from this charge increase will provide Canberra Airport with greater opportunity to grow activity, attract additional routes and offer more choice to the residents of the ACT and southern NSW.

### **PFAS remediation**

As noted in Canberra Airport's submission to the initial draft price notification, due to the historic use of PFAS containing foam by Commonwealth Government firefighting services, there are two sites on Canberra Airport that are subject to PFAS contamination, being the ARFF Station and the Fire Training Ground.

For more than 10 years, Canberra Airport has requested Airservices implement a comprehensive remediation program to remove contaminated soil and water from the two sites.

Consultation with industry in early 2023 had indicated that Airservices would pursue a "cost recovery mechanism" in order to fund remediation works. This was a concerning proposal given that Airservices, and its Commonwealth Government predecessors, are responsible for PFAS contamination on airports. It was hoped concerns raised by industry stakeholders would be adequately addressed by Airservices.

However, the initial draft price notification and revised draft price notification have made no reference to PFAS or how Airservices proposes to cover remediation costs. This omission suggests that Airservices may proceed with recovering costs from industry rather than exploring other funding options.

By seeking to pursue cost recovery from airports it can be perceived that Airservices is seeking to shift accountability and liability for the contamination to those stakeholders who had no responsibility for the procurement and use of PFAS containing firefighting foam.

Given the significant environment and health implications of PFAS contamination at various federally leased airports and the clear responsibility for this pollution resting with the Commonwealth Government, it is not appropriate that Airservices attempt to fund its remediation program through increased prices.

## **Stakeholder consultation**

A concern raised by Canberra Airport about the initial draft price notification had been the lack of direct consultation exercised by Airservices. In particular, Canberra Airport only received notification of the proposed interim ARFF charge for Category 8 classification when the *Issues Paper* was publicly released. Given the potential implications this may have on airfare increases, it was surprising to Canberra Airport that there had not been consideration of targeted consultation.

It is promising to note that Airservices has considered this feedback in the revised draft price notification by making a commitment to conduct two regular consultative forums.

Canberra Airport seeks assurance that these forums will remain a permanent component of Airservices engagement strategy and are not discontinued after a set period of time as was the case with the Pricing Consultative Committee.

## **Conclusion**

Canberra Airport appreciates the opportunity to provide additional comment on Airservices' proposed pricing increase. The revised proposal is much more proportionate than what had been initially suggested.

Over the life of this pricing period, Airservices is encouraged to invest in the resources required to improve overall service delivery. This will increase confidence across the aviation sector.

For further information, please contact our Government Relations and Policy Advisor, Jordan Fallon, by [REDACTED].

Yours sincerely

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Head of Aviation