



27 September 2024

Attention David Barratt, Assistant Director
Infrastructure and Transport – Access & Pricing Branch, Infrastructure Division
Australian Competition and Consumer Commission (ACCC)

By email: David.barrett@acc.gov.au - dijana.cremona@acc.gov.au

Re: ACCC Preliminary View Paper – Airservices Australia Draft Price Notification

The International Air Transport Association (IATA) is pleased to have the opportunity to provide further input to the ACCC regarding the Preliminary View paper of Airservices Australia's (Airservices) revised pricing notification (PN).

Summary

IATA notes the ACCC's preliminary view to not object to Airservices' proposed weighted average 6% price increase for notified services.

Airservices' revised PN with charges valid to end FY26 is in response to multiple issues raised by industry stakeholders to their initial proposal. IATA can accept the revised PN, however we believe that open issues remain and these need to be highlighted ahead of anticipated further consultation between all parties as part of the process to agree a genuine Long Term Pricing Agreement (LTPA). We note that Airservices acknowledged this requirement, as detailed in the ACCC preliminary view paper (3.1.1 paragraph 2).

Service Performance & Monitoring

IATA notes that Airservices has started more regular and open engagement with the industry through the introduction of a Quarterly Aviation Network Performance Roundtable, and they have stated an intention to re-introduce the Pricing Consultative Committee.

These measures are welcome but do not in their own right create any genuine financial or service accountability on behalf of Airservices. Airlines incur significant costs when delays, disruptions, additional flown track miles or diversions take place directly as a result of Airservices failing to meet its performance obligations, as opposed to disruptions caused by other external factors such as weather. Explaining the reasons for failure to meet a performance target does not equate to commercial accountability.

IATA notes and concurs with the ACCC comments that:

Airservices' KPIs should be measurable and accompanied by a set of clear guidelines that outline Airservices' response if it does not meet the performance targets. A response could include any financial consequences for Airservices not meeting an agreed number of KPIs within a period. (Preliminary Paper pg77).

IATA will support industry engagement with Airservices through further consultation to help agree appropriate performance standards and associated service level standards including financial remedies, and to explore commercial risk-sharing models if appropriate.

Airservices Pricing model inputs

IATA acknowledges the ACCC's comments that any amendments to the WACC proposed by Airservices within their pricing model would have minor impact on the charges proposed for the period covered under this PN.

However, the ACCC also notes that the rate of WACC used will have significant impact on future PNs as these will capture known (for example OneSky) and future (new runway ATC investments) capital expenditure which will significantly increase the asset base upon which returns for future allowable revenues are calculated.

IATA wishes to join other industry stakeholders in placing on record that we do not agree with Airservices proposed WACC as contained within the original PN and consider that further detailed work including and acknowledging industry input will be required to agree an acceptable WACC which can apply in any future LTPA.

**Agreement Duration**

IATA is supportive of this short duration PN, on the proviso that Airservices will commit to starting open and transparent consultation with industry on a new LTPA early in 2025, as this extended time will then better allow for a full review of all the relevant matters that to be included.

Consultation Process

IATA notes the ACCC's statement that it is not satisfied that the level of customer consultation, that has occurred from 2021 to the date of the amended draft price notification, has provided appropriate transparency and accountability. We agree with other stakeholders that the re-establishment of a Pricing Consultative Committee, with a mandate to genuinely review and incorporate expert industry input, will be a necessary and positive step in gaining agreement for future any LTPA.

IATA appreciates the opportunity to provide these comments to the ACCC alongside other industry stakeholders. We are happy to provide clarification on any of the points raised above.

Yours sincerely,

Blair Cowles

Regional Director
Safety and Flight Operations

cc. Matteo Zanarini, Area Manager South West Pacific - IATA