

MELBOURNE AIRPORT

Airservices Australia draft price notification 2024-26 Submission by Australia Pacific Airports Melbourne 2 February 2024

Australia Pacific Airports Melbourne (APAM) appreciates the opportunity to comment on the draft price notification 2024-2026 Issues Paper lodged by Airservices Australia ('Airservices') to the Australian Competition and Consumer Commission (ACCC). Our responses to key matters addressed in the Issues Paper are provided below.

Expanded network volume and complexity through Melbourne Airport's Third Runway

Melbourne Airport is discussed throughout the draft pricing proposal in the context of change programs – specifically as a contributor to expanded network volume and complexity through the 'Melbourne Airport's Third Runway' (M3R) project. The draft pricing proposal discusses the "...need to invest materially in...expanded services for new runways at Perth and Melbourne¹" with accompanying projections of significant capital expenditure in FY2026-27.

Although M3R capex costs are beyond the scope of this proposal, APAM notes that future engagement between APAM and Airservices will be a vital component of the next draft price notification (FY2027+).

Airservices also signals throughout this proposal that the FY2027+ price notification will require significant changes to its operating costs, for example:

"This future price notification will be needed to deal with...pricing structure issues created by the operation of new services at Western Sydney International Airport and expanded services at Perth and Melbourne airports with the operation of their new runways... Similarly, new runways at Perth and Melbourne airports will materially increase complexity of the airspace at those airports and increase costs per movement for Airservices. It is likely that this will require an increase in Terminal Navigation and ARFF (Aviation Rescue and Fire Fighting) prices at those airports relative to other airports."

APAM looks forward to collaborating with Airservices in advance of their next price notification to ensure that capital and operational cost mechanisms and forecasts associated with M3R are robust, reliable, and well aligned with the project's development at that stage.

Per- and polyfluoroalkyl substances (PFAS) remediation is excluded from this proposal

The draft pricing proposal makes no mention of Airservices' obligations with respect to per- and polyfluoroalkyl substances (PFAS). Industry consultation material shared by Airservices in May 2023 stated:

"Any recoveries required to fund potential costs relating PFAS remediation activities will be subject to a separate pricing review process. We will commence discussions with industry on the potential cost recovery mechanism via a levy based on location-specific cost of remediation works and confirmed obligations in the preceding financial year."

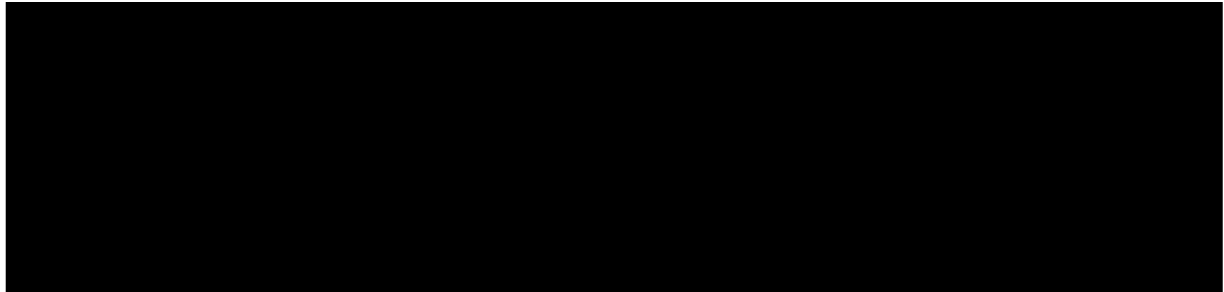
¹ ACCC. Airservices Australia draft price notification 2024-2026 Issues Paper, November 2023, p 16.

“We will commence conversations with industry on increased cost drivers as a result of managing ongoing PFAS issues. We will seek industry inputs on possible mechanisms to seek cost recovery. To the extent of any confirmed obligations to specific locations to remediate PFAS, we may need to recover the costs through additional charges (e.g. potential levy calculated on the basis of confirmed cost of PFAS remediation and obligations in the previous financial year covered over five years and based on the same pricing structure as Terminal Navigation services).”

Explicit exclusion of PFAS remediation costs from the draft pricing proposal assumes that Airservices will be successful in recovering these expenses within industry, which is not assured. APAM strongly objects to the potential cost recovery from industry of PFAS remediation costs. PFAS contamination at Australian airports was caused by the actions of Airservices and its remediation is a Commonwealth liability. Expecting industry to cover these costs demonstrates a lack of accountability on the part of Airservices as it relates to their role in causing environmental damage to lease areas across Australia’s airports.

Airports should be included in Airservices’ customer cohort

During early industry engagement on this draft pricing proposal, Airservices discussed its intention to bring major airports into its ‘customer’ cohort. This evolution of Airservices’ service culture would be a positive step to improve collaboration and deliver enhanced outcomes for industry. APAM strongly supports this initiative and encourages Airservices to explicitly detail this commitment in its official strategies – including this proposal.



APAM supports Airservices’ ongoing delivery of world leading air traffic services. We look forward to continuing to strengthen our partnership with Airservices through the development and growth of Melbourne Airport, including through support of appropriate and competitive pricing structures that reflect the needs of our industry.

APAM would welcome the opportunity to discuss the content of this submission further should that be helpful. If you have any questions, please contact [REDACTED]

