

Inquiries and monitoring fail to constrain Australia's monopoly airports: passengers pay the price

Australia's four major airports continue to benefit from their monopoly position, achieving record profits – despite weaker passenger growth – with increases almost every year since monitoring began 17 years ago, according to [the Australian Competition and Consumer Commission \(ACCC\)'s Airport Monitoring Report 2018-19](#), released today.

Commenting on the report's release, Airlines for Australia & New Zealand (A4ANZ) Chairman, Professor Graeme Samuel AC, said consumers would be shocked to learn that this report reflected the practices of airports while [under increased scrutiny by the Productivity Commission](#). "The report's findings show that the PC Inquiry had no impact, with travellers left to wear the costs of the airports' monopoly behaviours, including:

- Car parking charges where more than 68 cents in every dollar represent profit to the airport;
- Significant growth in charges for landside access services, such as taxis, ride-share operators and buses, with revenue growth of 159 per cent over a decade; and
- Sydney Airport recording its highest returns since privatisation, despite a drop in domestic passengers

Prof Samuel said, "We already know – because three successive ACCC Chairs have told us – that ongoing monitoring serves no purpose to constrain monopolies. But surely the most egregious revelation of this report is the fact that the 2018-19 period it relates to was the exact time that the lens of the Productivity Commission was squarely trained on Australian airports, and yet monopoly charging was still rife, hurting consumers. Frankly, it just shows how brazen and entrenched airports' behaviour has become over time."

A4ANZ CEO, Dr Alison Roberts said, "This latest ACCC report exposes one of the biggest myths underpinning the current monitoring regime: that Productivity Commission Inquiries act as a credible threat to constrain airports' monopoly behaviour. We hope that these results for 2018-19 act as a wake-up call to Government, who relied on this myth in their [response to the PC Inquiry](#), asserting that the existing system is effective. Clearly, it is not."

Prof Samuel said, "In the short time between the Government releasing its response and now, our member airlines have experienced increasingly emboldened behaviour from airports all across Australia in their negotiations, including but not limited to them seeking returns on capital that are totally out of step with current rates and costs of debt funding, and even seeking to make profits from the implementation of Government-mandated security upgrades, ignoring [accepted global security charging principles](#)."

Dr Roberts said, "In that same period of time, our businesses and regions have been hurting from the bushfires and coronavirus. But we know that when faced with economic shocks in the past, monopoly airports in Australia have insulated themselves and their shareholders from the impact; we only have to look at their profitability trends post-9/11, GFC and SARs to see that. It has been a very different story for airlines, however, with the past two decades seeing 18 regional airlines ceasing to operate, and those that remain having to disproportionately shoulder the burden of economic headwinds in order to remain competitive and keep downward pressure on airfares."

Prof Samuel said, "Looking ahead, our tourism industry, particularly in regional Australia, desperately needs a boost. With over 40 airport agreements to be negotiated this year alone, we simply can't afford more costly, productivity-sapping disputes with litigation through our courts. Yet that is precisely where we are headed, since the Government opted not to adopt the pragmatic reforms recommended by the ACCC, which would have allowed for faster resolution of disputes, and more efficient and effective investment."

"The aviation industry is essential to the economy, [contributing over \\$100 billion and supporting over 700,000 jobs](#). This ACCC report reminds us all of a big problem that is not going away, and issues that are too important for Australians to ignore. The fact remains that there is no other monopoly infrastructure in Australia which is exempt from processes to protect consumers against the exercise of market power. A4ANZ and its members, together with international airlines and other airport users, are continuing in their push towards achieving necessary reforms to ensure our airports can be the best and fairest in the world – not simply the most profitable."

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