

Aviation White Paper must heed ACCC advice on monopoly airport policy reforms

Aviation policy reform is needed to “address the imbalance of power in commercial negotiations between airports and airlines,” according to [the Australian Competition and Consumer Commission \(ACCC\)’s Airport Monitoring Report 2022-23](#), released today.

Welcoming the ACCC’s recommendations for reform, Airlines for Australia & New Zealand (A4ANZ) Chairman (and former ACCC Chair), Professor Graeme Samuel AC said that the Aviation White Paper offered the Government a timely opportunity to heed the regulator’s advice. In particular, the ACCC’s recommendations that:

- commercial arbitration should be available to resolve any disputes between airports and airlines over airport charges;
- greater requirements be placed on airports to provide information to airlines; and
- the Aeronautical Pricing Principles be reviewed, including to make them mandatory and enforceable.

Prof Samuel said, “We now have yet another report in which the ACCC concludes that the current regulatory regime for airports – based on monitoring alone – is not fit-for-purpose. This is consistent with the experiences of A4ANZ member airlines over many years. The government’s Green Paper asked the question of whether the Aeronautical Pricing Principles ought to be mandated. The answer – according to the ACCC – is clearly yes.”

A4ANZ’s own submission to the Green Paper noted that, while airports are on the record as saying they support the Aeronautical Pricing Principles, they are not consistently applied – as the PC, the ACCC and the WA Supreme Court have all found; and are therefore not working to protect Australian businesses and consumers from excessive prices or declining service quality.

Prof Samuel said, “When negotiations break down – with disputes over prices and/or services – there is simply no mechanism for airlines to enforce the clause in the Aeronautical Pricing Principles for referring disputes to independent commercial mediation or arbitration. This leaves litigation as the only avenue for disputes to be resolved, which can take years to progress and cost millions of dollars. The important thing to note here is that there is a negative impact on consumer outcomes while such commercial relationships remain fractured.”

“The impact of high – and growing – airport charges has again been highlighted in recent media concerning Bonza. When the airline launched in 2022, their CEO cited airport charges as its “single largest cost.” Mandating the Aeronautical Pricing Principles would simply provide a more level playing field for airlines to negotiate these costs, as the Principles have requirements for transparency, good faith negotiations and a mechanism for the resolution of disputes.”

“We urge the Government to adopt the ACCC’s recommendations for policy reform via its Aviation White Paper. A4ANZ will continue to work with Government and industry stakeholders through the implementation process, to ensure that our aviation policy settings are fit-for-purpose; addressing bargaining power imbalances, and better protecting Australian consumers from the impact of monopoly market power.”

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