

Air navigation charges highlight importance of appropriate regulatory settings for monopolies

Airlines for Australia and New Zealand (A4ANZ) has today questioned the basis for the [21% increase to be levied by Airways New Zealand](#), at the same time welcoming [the 2% reduction in charges announced by Airservices Australia](#).

Commenting on Airservices Australia's fee reduction, A4ANZ Chairman, Professor Graeme Samuel AC, said: "While A4ANZ welcomes the move and commends Airservices Australia on their efforts to improve efficiency, we note there is scope for reductions in other areas, to ensure sustainable pricing.

"The huge increase in fees announced by Airways New Zealand has understandably been met with disappointment from [key industry stakeholders](#). This situation highlights the problem airlines face when relying on the goodwill of a monopoly supplier to keep costs reasonable. The fact remains that, in the absence of appropriate regulation, there is little, if any, incentive for a monopoly operator to:

- Engage in genuine consultation with stakeholders;
- Take on feedback from customers/users of their services;
- Provide reasonable justification for increases in charges;
- Ensure standards of service quality are met, and linked to any increased charges; or
- Seek more efficient ways to operate."

A4ANZ CEO, Dr Alison Roberts said: "Getting the right regulatory settings to support appropriate behaviours and pricing is critical to the sector's success. We welcome the Australian Deputy Prime Minister's recent statement of the [Government's commitment to do their part in keeping aviation costs down](#)."

"It is timely that the Government is considering the regulation of airports, because, under the current regime, our privatised monopoly airports are able to slug airlines and other airport users such as car rental companies with [charges that are some of the highest in the world](#), with the consumer ultimately left to pay the bill. We know the airports have no appetite to change this themselves, but with their ['super profits' accounting for nearly THREE times those of the banks](#), we hope we won't need a Royal Commission before something is done to address this issue."

Prof Samuel added: "Reform is clearly needed in this sector. The economists, regulatory experts, general public and our parliamentarians know it. The Australian Competition and Consumer Commission has called for it. This reform is simply about providing access to arbitration when negotiations break down for all airports with monopoly characteristics. This is standard, commercial practice, yet [the Productivity Commission inexplicably chose to ignore it](#) in its draft report, along with the large body of evidence right in front of it. Based on [public comments](#) made since, we are not optimistic that the final report will be based on the PC's commitment to use ['the best available evidence and the most rigorous analytical techniques to reach its conclusions'](#)."

"A4ANZ's advocacy during the Inquiry focused on an appropriate regulatory regime to protect airport users from the monopoly behaviour and pricing of airports. Our submission on [New Zealand's Civil Aviation Bill](#) will similarly recommend the inclusion of pricing and service quality measures for monopoly operators in the sector."

Dr Roberts said: "Ensuring that our regulatory settings are fit-for-purpose is critical for safeguarding all airport users from egregious monopoly behaviours and charges. This is important in any sector, but given the importance our citizens and economies place on affordable air travel in Australia and New Zealand, there is now an urgent need to introduce sensible, minor reforms on both sides of the Tasman."

"From our work with experts in other sectors, A4ANZ knows that pragmatic, evidence-informed changes to policy and regulatory settings actually reduce risk and create investment certainty. Why wouldn't we seek the same benefits for the aviation sector, the Australian and New Zealand economies, and ultimately, consumers?"

About A4ANZ

Airlines for Australia and New Zealand (A4ANZ) is an industry group that has been established as a voice to represent airlines based in Australia and New Zealand. Member-funded and representing international, domestic, regional, full service and low cost carriers, A4ANZ advocate on key public policy issues that impact airline operations such as efficient access to infrastructure, in the interests of our passengers, staff and shareholders.

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