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Australians deserve airports that deliver quality and efficiency

Airlines for Australia & New Zealand (A4ANZ) has today welcomed the release of the Terms of Reference (ToR) for the upcoming Productivity Commission's (the Commission) Inquiry into the Economic Regulation of Airport Services (the Inquiry).

The Inquiry comes as airport users voice concerns about the market power of Australia's privatised monopoly airports, highlighted in A4ANZ's recent report [The Performance & Impact of Australia's Airports Since Privatisation](#).

The report, with analysis from Frontier Economics, found that earnings at Australia's largest airports are excessive, with profit margins in some cases more than double those of similar airports around the world. The report also confirmed that Australia's 'light-handed' regulatory regime neither constrains monopoly airport operators from increasing charges as they see fit, nor encourages improvements in quality and efficiency.

A4ANZ Chairman, Professor Graeme Samuel AC, said: "Successive Australian Competition and Consumer Commission monitoring reports and international experts have noted that our regulatory system does not benefit consumers and the broader economy. The monitoring process has little effect when dealing with the monopoly power of airports.

"Average airfares have declined by more than 40 per cent in real terms in the last 10 years because airlines have found efficiencies in their own businesses in a competitive environment. At the same time, airport charges have risen by 25 per cent, in the comfort of a monopoly environment. This is not sustainable," he said.

A4ANZ Chief Executive Officer, Dr Alison Roberts, said: "This Inquiry is timely and A4ANZ is pleased to see the Commission's remit extended to all airports. As we have noted, monopoly behaviour is clearly demonstrated by many airports throughout Australia, through inefficient operations, poorly planned infrastructure and rising charges. With at least one in three domestic passengers using airports outside of the 'big four,' it is vital that the Commission examines this behaviour at all airports where market power exists.

"Airlines and airports need to work together to give Australians fit-for-purpose infrastructure. Our current system does not incentivise this but instead allows airports to capture a disproportionate share of the growth, at the expense of consumers and the Australian economy," she said.

Prof Samuel noted: "A4ANZ is pleased that the Commission will not only look at aeronautical services, passenger-related aeronautical services and facilities and land transport facilities, but that it will also examine non-aeronautical services and facilities by reference to the Australian Competition and Consumer Commission's monitoring reports. There are many airport users impacted by airports' monopoly pricing and behaviour, but none more so than the end user – the travelling public.

"Consumers face this not only through the landing fees but car parking charges, taxi surcharges, food and beverage prices in the terminals and the quality of facilities. We will not hesitate to bring to the Commission's attention the consequences of airports' monopoly behaviours on consumers at all stages of their journey," he said.

Prof Samuel added: "Airports are vital infrastructure assets that should be run fairly and transparently to promote travel and trade. The current situation allows them to instead behave as the privatised monopolies that they are, overcharging airport users who have no choice but to accept what is offered. This is not in line with the Government's expectation that our regulatory model should be 'facilitating commercially negotiated outcomes.' Through A4ANZ's recommendations for future regulatory oversight, we will be urging the Government to apply findings from the Inquiry to all Australian airports with regular public transport services."

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