

## Message to Productivity Commission on Airports Report is clear: Look at the evidence

Airlines for Australia and New Zealand (A4ANZ) has today made a submission in response to the Productivity Commission's Inquiry into the Economic Regulation of Airports draft report, as a series of public hearings gets underway.

Commenting on the submission, A4ANZ Chair Professor Graeme Samuel AC, said, "We do not like having to say this but this draft report falls well short of what we should all expect from the PC. In the days after its release, we were contacted by journalists, economists, politicians, regulatory and legal experts, all expressing their dismay and surprise at the contradictions contained in the document, and the lack of justification provided for the conclusions the PC reached.

Submissions made by other airport users and stakeholders since the draft report's release offered the following:

- 'simply doesn't pass the pub test'
- 'equal worst report by the PC in 25 years...failed to learn from history'
- 'the Draft Report demonstrates a lack of adequate research by the PC'
- 'the PC's assertions do not appear to be based on adequate research and evidence'
- 'we were hoping for an in-depth analytical, forensic assessment of the practices adopted by these airports and their customers based on actual experience and with real data'
- 'dotted with motherhood statements rather than a good hard look at the reality'
- 'this is not what we normally expect from a highly capable and professional body'

A4ANZ CEO, Dr Alison Roberts said that "The airlines share with many other sector stakeholders a profound sense of disappointment with the PC's lack of engagement with evidence and expert advice provided to them, the absence of explanation for why this was deemed irrelevant, and why proposals considered acceptable in other sectors were apparently unworthy of further consideration by the PC; all simply rejected in favour of the status quo."

"Let's not forget though that the current situation allows airports to take up to 70c in every dollar as profit at their car parks, and slug other airport users such as car rental companies and airlines with charges that are some of the highest in the world. The consumer is ultimately left to pay for this, is it really a system Australia wants to retain?"

Prof Samuel said, "We have come out strongly on this because reform is clearly needed and there is a large body of evidence, plus years of ACCC recommendations in support of it. The PC know we are not recommending heavy-handed regulation. A4ANZ, along with the ACCC, have simply said that access to arbitration when negotiations break down should be provided for all airports with monopoly characteristics. This is standard, commercial practice - why should airports be treated any differently to other infrastructure in Australia?"

"We know of other stakeholders who have been completely discouraged from responding to the Draft Report or attending public hearings. This is an extremely damaging outcome from a public policy perspective, and, we are quite sure, not one that the PC intended. Debating important policy issues is essential for our democracy, but facts matter."

Dr Roberts said, "It is the Productivity Commission that is charged with seeking out evidence, whether from submissions or its own research, applying rigour in its analysis of this evidence, properly assessing proposals on their merits, weighing up the alternatives – including the status quo – and ultimately, explaining the rationale for the conclusions they have drawn thus far. The Government, and the Australian people, ought to expect this of such an institution."

"A4ANZ will be participating in the public hearings and we hope that the PC's ultimate recommendations to Government genuinely reflect sensible, pragmatic, and evidence-informed changes to policy and regulatory settings, for the benefit of consumers, the aviation sector, and the Australian economy."

### 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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