



## **Motor Trades Association of Australia Superannuation Fund Pty Limited**

Professor Richard Snape and Dr Neil Byron  
Commissioners  
Productivity Commission Airports Inquiry  
LB2 Collins Street East  
MELBOURNE VIC 8003

Dear Commissioners

I am writing to convey the response of the Motor Trades Association of Australia Industry Superannuation Fund (the MTAA Super Fund) to the Draft Report of the Productivity Commission Inquiry into Price Regulation of Airport Services.

I was pleased to see that the analysis and recommendations of the Draft Report closely reflect the case made and conclusions contained in the MTAA Super Fund submissions. On behalf of the MTAA Super Fund I therefore endorse the Draft Report as an appropriate and well considered response to the Terms of Reference of the Inquiry.

The terrorist attacks in the United States and the collapse of Ansett have had a significant impact on the demand for Australian airport services. These drastic recent events underscore the uncertain nature of the environment in which airport owners must operate. They also emphasise the need for a regulatory environment that gives airport management sufficient flexibility to balance volatile short-term demands and the need to make large sunk investments. I believe the regulatory framework implied by the Draft Recommendations would provide that flexibility, without ignoring legitimate concerns about the potential for abuse of market power.

Without detracting from my endorsement of the majority of the Draft Report, it does include (at page 260, both text and footnote 14, and at page C.7) one substantial misinterpretation of a point made in the MTAA Super Fund's submissions regarding the appropriate scope of price controls. The Draft Report implies the MTAA Super Fund advocates controls, should they be applied, which encompass all airport outputs, including goods and services supplied by other businesses within the airport.

There is nothing in our submissions to support this proposition or to warrant ascribing it to the MTAA Super Fund. The generic discussions of the appropriate scope of price controls in our original submission (sub. 22, pages 16-17 and 58-59) clearly limit the appropriate breadth of price controls to goods and services supplied by the regulated firm.

I would appreciate receiving your assurance that this misrepresentation will not be repeated in the PC's final report.

I have asked David Chessell and Darryn Abraham of Access Economics to continue to make themselves available to you or your staff should you have any queries regarding this point or any other details of the MTAA Super Fund submissions. If necessary, please contact them at their Canberra office on (02) 6273 1222.

Yours sincerely



**MICHAEL DELANEY**  
Director, Principal Executive Officer and Secretary

29 October 2001