

29 March 2019

The Commissioners
Economic Regulation of Airports

Sent by e-mail: airports@pc.gov.au

Dear Commissioners

Re: Invitation to participate in public hearings regarding the Draft Report for the Inquiry into the Economic Regulation of Airports

Mobil Oil Australia Pty Ltd (Mobil), as an operator of jet fuel infrastructure, fuel supplier to the airline industry, and significant investor in the jet fuel supply chain, welcomes the opportunity to participate in the ongoing consultation by the Productivity Commission to support its inquiry into the Economic Regulation of Airports.

Mobil would like to confirm that we are committed to being actively engaged in this process and providing meaningful and accurate information to support the Commission in its review. Mobil's engagement in, and contribution to this inquiry includes:

- A meeting with the Commission in which we outlined our role in the jet fuel supply chain in Australia, and the market mechanisms that support competition.
- A comprehensive submission to the initial consultation on this inquiry, in which we outlined in detail the jet fuel supply chain and matters pertaining to competition in the market for jet fuel.
- A comprehensive public submission providing feedback on the conclusions and recommendations in the Commission's draft report, with supporting information provided in – confidence.
- As operator of the Melbourne Airport JUHI JV and Adelaide Airport JOSF JV Mobil also made submissions to the Commission's draft report on behalf of these bodies

As outlined in our submission to the Commission's draft report, Mobil is disappointed that our initial submission and the information we provided in our meeting with the Commission, did not seem to be considered in the draft report. We encourage the Commissioners to revisit this submission in preparing their final report.

Mobil would like to highlight that the legal and competition law limitations in relation to the jet fuel supply arrangements are genuine and limit the ability of fuel suppliers to share information publicly.

Given the nature of the inquiry and content of the Commissioners draft report, Mobil has grave reservations in participating in a public hearing where adherence to these strict protocols may be seriously compromised. As a result, Mobil has elected not to participate in the public hearings.

Mobil wishes to make the following observations which were key in our decision not to participate in the public hearings:

- Where Mobil is a participant in JUHI JV arrangements at capital city airports, the participants of those JUHI JVs operate to strict confidentiality protocols adopted from a global standard provided by the Joint Inspection Group (JIG)
- The purpose of the strict protocols (known as '*Core Principles*') is to prevent anti-competitive conduct, given the role of JUHI JVs is to provide infrastructure services to competing fuel suppliers

- Adherence with the Core Principles means that information must be strictly managed - publically, between the JV members and also within respective JV member companies
- Whilst Mobil has informed the Commissioners of these protocols and given their global nature the protocols are widely known, the request for information by the Commissioners in the draft report demonstrates that this has been misunderstood.

Although we are not participating in the hearings, we urge the Commission to consider the information we have provided both confidentially and that which is able to be in the public domain and look forward to continued engagement with the Commission as it prepares its final report. In this regard, we are very pleased that, in addition to the contributions made to this inquiry so far, a further meeting with the Commission is to be held at Mobil's operating sites which are involved in the Melbourne Airport jet fuel supply chain on 22 May 2019.

Please contact Public & Government Affairs Adviser for Mobil, Melanie Saliba, for any queries with respect to this matter.

Yours sincerely

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Mobil Oil Australia