

A Submission to the Commission on the Economic Regulation of Airports

I have been operating and managing off site Airport Carparks (OAC) for Melbourne Airport users for the last 20 years. In that time the companies I have been employed by have been obligated to pay access fees to the Airport in order to facilitate customer pickups and drop offs. Within this period we have encountered some significant issues with the Airport and its landside operation.

Significant issues of concern:

Airport consultation with landside users is limited and inconsistent. Of particular concern are changes to the collection points and the lack of appropriate notice to landside users. In turn, we are unable to appropriately notify users of our service to the changes in a timely manner. Constant changing by the Airport creates significant business expenses via printing of notice leaflets and customer churn when service is substandard due to collection point changes without notice.

Excessive landside access fees and A lack of transparency for landside access fee calculations. Access fees to the Airport constitute a significant expense to any off site parking provider. We strongly believe that the fees charged by the Airport are excessive and are not a cost recovery plus reasonable profit calculation. My conservative estimate is that the stretch of road that OAC are charged to access landside generates over \$2,000,000 annually for the Airport, and if that is combined with Uber and other users of the off Airport parking/off site Hotel collection areas, the total revenue for a 100m stretch of road is in excess of \$7,000,000. Wages to monitor the particular stretch of road could not exceed \$200,000 annually. That's a profit of \$6,800,000 or a ROI of 3,400%.

When assessed on a usual day, the majority of labour expenses for landside are incurred in the public pickup areas. OAC fees essentially cover the public access area expenses, even though OAC providers assist in reducing forecourt clutter by providing an alternative to public passenger collections, and are extremely efficient at passenger collection.

The Airport is able to use the landside fee to essentially monopolise its position as the only Carpark operator by pushing up fees at its discretion and with no consultation or cost analysis. The annual increases are well above inflation and many businesses remain uncompetitive with Melbourne Airport Parking because of this. OAC businesses have absolutely no choice but to accept Airport access fees set down by the Airport, by not accepting the charges, access to the Airport would be revoked, and the business would become untenable.

Users of the Airport are essentially double charged in that they pay their airport fees at the time of flight purchase and then have to pay additional access fees via the landside access tax.

Kind Regards,

Mark Ryan