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Member for Eastern Metropolitan Region  
Parliament of Victoria | Legislative Council



Airport Regulation inquiry  
Productivity Commission  
Locked Bag 2  
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25 March 2019

## **COMMENT ON PRODUCTIVITY COMMISSION DRAFT REPORT**

### **ECONOMIC REGULATION OF AIRPORTS – FEBRUARY 2019**

#### **RODNEY BARTON MLC**

My contribution stems from my background as a hire car driver with 30 years in the business and my term as recent past president of the Commercial Passenger Vehicle Association of Australia (2014-2018). I am now an elected member of the Legislative Council in the Parliament of Victoria and Leader of the Transport Matters Party.

The focus of my submission surrounds the inequity in the landside access arrangements and associated fees at Melbourne Airport for commercial passenger vehicles, namely taxis, hire cars and ride share.

Rideshare vehicles registered with Uber, GoCatch, Didi and Ola have been provided with premium landside waiting areas at Melbourne Airport and pay a flat fee of \$4.48 to pick up a passenger, regardless of how long their vehicle remains in the holding area prior to engaging a fare. Facilities provided for rideshare services along with the dedicated waiting area include a café, restrooms and dedicated pick up zones in the forecourt outside terminal 2 and in the terminal 4 carpark<sup>1</sup>.

On the other hand, hire car operators and pre-booked taxis are forced to pay anywhere from \$3 (up to 5 minutes) to \$24 (for 60 to 180 minutes, beyond this drive up rates apply), charged incrementally, to park in dedicated VHA parking bays further from the terminal. There are no other facilities provided nearby.

In addition, pre-booked taxis must collect passengers from within this allocated area and are not permitted to enter the terminal. There is no provision for dedicated pick up zones for pre-booked taxis or hire cars in the forecourt or elsewhere. Passengers must either make their own way to the VHA holding bay or be escorted.

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<sup>1</sup> Productivity Commission Inquiry into the Economic Regulation of Airports, Melbourne Airport Response to Issues Paper September 2018, [https://www.pc.gov.au/data/assets/pdf\\_file/0013/231214/sub033-airports.pdf](https://www.pc.gov.au/data/assets/pdf_file/0013/231214/sub033-airports.pdf)

A further anomaly exists in that hire car operators are required to obtain both a Landside Vehicle Authority (LVA) at \$50 per annum and a Landside Driver Authority (LDA) at \$150 on application and \$125 per annum on renewal to access the VHA holding area. It is not clear to the hire car industry why this is needed while pre-booked taxis utilising the same holding area do not require these permits, nor any other taxi or rideshare operator in any other designated holding area.

There is no distinction under the current Victorian legislation between rideshare, hire cars and taxis. They are all able to provide pre-booked commercial passenger vehicle services and come under identical licencing conditions.

Why is it that hire car operators are singled out needing additional permits?

Prior to the introduction of the Uber/rideshare holding area at Melbourne airport, hire car operators and pre-booked taxis were allocated a parking area closer to the terminal. When the current changes came into effect, there was no engagement or negotiation with the hire car and taxi sectors of the industry, merely a notification of the airport's final decision.

There are a number of issues at play here.

The first is that only four ridesharing operators (Uber, GoCatch, Didi and Ola) have established agreements to operate at Melbourne airport. Other rideshare companies exist but have not been accommodated. Under the current arrangement these drivers would need to resort to using the public carpark or short-term public waiting areas away from the terminals.

The second issue is that a clear commercial advantage, both financial and through convenience for clients, has been created for some rideshare operators over other rideshare, hire car and taxi operators. This is understood to be the outcome of a private commercial arrangement between select rideshare companies and Melbourne Airport. There are many other operators who have not been offered nor have they been able to negotiate a similar advantage.

Ultimately, any cost to the service provider is passed to the client. This limits a commercial vehicle operator's ability to offer price-competitive services. Higher landside access prices paid by some sectors of the industry inhibits their ability to compete on a level playing field.

*It should not be within the airports capacity to limit competition in any business or service operating within the airport.*

A major imbalance in the landside access areas and fees charged to rideshare operators versus hire car and pre-booked taxis may allow one party to gain a significant advantage at the expense of others. They are all competing for the same market yet private landside arrangements with some and not others seek to limit competition and protect those that have negotiated these favourable terms.

Large multinational rideshare corporations should not be favoured at the expense of small business operators who have little leverage in influencing any course of action.

There should be an open, transparent and inclusive process for allocating landside areas to the various stakeholders in the commercial passenger vehicle industry. There should also be some justification provided to support any inconsistency in the fee structure across the various industry sectors.

Melbourne Airport holds significant market power in the supply of landside access areas to operators of various transport modes including taxis, hire cars and rideshare. This has been evidently exploited in the negotiations and consultation, or lack thereof, in allocating space and setting fees across the various sectors of the commercial passenger vehicle industry.

I recommend stronger regulatory oversight for these activities beyond the current monitoring arrangements and I urge the Commission to provide a formal direction to the ACCC to monitor landside access arrangements.

I would welcome the opportunity to appear before the committee to discuss my submission and my concerns.

With regards

Rod Barton MP