



OVERNIGHT AIRFREIGHT OPERATORS ASSOCIATION

ABN 84 511 959 136

5 Margaret Bruce Court,
Worongary, QLD. 4213
Tel./ Fax. (07) 5530 4806
e-mail: knox@bigpond.net.au

11 July 2006

Price Regulation of Airport Services Inquiry
Productivity Commission
Belconnen
ACT 2618

Price Regulation of Airport Services submission.

The Overnight Airfreight Operators Association represents operators of the Express Airfreight Industry across Australia. The Express Airfreight Industry plays a vital role in the Australian economy with guaranteed next day delivery of essential supplies and urgent medical needs to Industry, Agriculture, Commerce and the Medical fraternity around Australia.

Prior to the privatisation of the Federal Airports around Australia, Association members were repeatedly informed by Federal Politicians and their Advisers that the privatising of the Federal Airports would bring more economical efficiency to the management of the airports and this would result in significant reductions in airport operational costs.

Experience show that this was a total misnomer as the Privatised Airports Companies have used their monopolistic position to escalate airport charges.

The Government's soft approach to the oversight of airport services pricing at the major Capital City airports has been a total failure. Price increases for airport services have increased dramatically and new charges have been continually introduced with very limited consultation or negotiations.

In most cases price increases and new charges have been introduced as a fait accompli, with medium to small sized operators not having the power to counteract the monopolistic power of the Airport Management company. Due to contractual obligations with Major freight forwarding companies, operators have no alternative but to accept the new and increased charges.

The increase in airport services costs has not just been confined to the major Capital City Airports that were subjected to price monitoring. Significant increases in airport service costs and the introduction of new charges have also taken place at the Capital City Secondary airports and the Regional airports.

Association members have also reported that several locally owned municipal airports have also increased the airport service costs. When questioning the price increases they were advised that the local councils were following what was happening at the Federal privatised airports.

The Association cannot understand how Airports can be judged under the National Competition Policy, as Airports within Australia due to distance could not be considered competitive. It is the destinations that are competitive, not airports.

The Association Members strongly believe that the light-handed pricing regime has not been successful and the airports have used their monopolistic power to increase airport service costs.

All Major Capital City airports as well as Capital City Secondary and Regional Airports should be subjected to a more rigorous Price Monitoring and Price Justification regime.

The Association believes that this can be the only way that an independent audit of airport service cost increases can be reviewed and assessed.

Yours sincerely,

Howard Knox OAM
Executive Director
Overnight Airfreight Operators Association.