



Australian
Competition &
Consumer
Commission

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NEWS RELEASE

EMBARGO: 00:01 MONDAY 10 OCTOBER

ACCC: EFFECTIVE REGULATION OF AIRPORTS NEEDED

The Australian Competition and Consumer Commission has provided a submission to the Productivity Commission's draft report inquiring into the economic regulation of airport services.

The ACCC proposes that the existing monitoring regime be replaced by regulations that encourage true commercial negotiations without the ability of the airports to exercise their market power.

"The ACCC is concerned that some airports may have used their market power to achieve monopoly profits in services provided to airlines and in car parking," ACCC Chairman Rod Sims said.

The ACCC has monitored the performance of Australian airports since 1997-98. The ACCC annually reports to the Australian Government on the prices and quality of services provided by Adelaide, Brisbane, Melbourne, Perth and Sydney airports. Monitoring covers services provided to airlines as well as landside services such as car parking.

"The ACCC sees the use of market power contributing to higher prices or lower quality services. This not only directly affects airlines and passengers that use the airports, but can have flow-on effects in related markets such as tourism," Mr Sims said.

"In the ACCC's view, more monitoring and inquiries will not constrain the airports' monopoly behaviour. An effective permanent solution is needed."

The ACCC's proposal is to encourage true commercial negotiations by having ACCC arbitration as a fallback for services provided to airlines. For landside services, the ACCC proposes that airports with significant market power be required to submit court-enforceable undertakings that set minimum terms and conditions of access, giving parties certainty about the access conditions applying to the airports' infrastructure.

Such agreements will promote efficiency and better outcomes for consumers and for businesses in related markets.

The ACCC's submission will be available on its website at <http://www.accc.gov.au/content/index.phtml/itemId/347794>

Media inquiries

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NR 187/11

10 October 2011