



Australian Government
Productivity Commission

Economic Regulation of Airports

Productivity Commission Issues Paper

July 2018

The Commission has released this issues paper to assist individuals and organisations to prepare submissions.

It contains and outlines:

- the scope of the inquiry
- the Commission's procedures
- matters about which the Commission is seeking comment and information
- how to make a submission.

The Issues Paper

The Commission has released this issues paper to assist individuals and organisations to prepare submissions to this inquiry. It contains and outlines:

- information about the inquiry
- the Commission's procedures
- matters about which the Commission is seeking comment and information
- how to make a submission.

Participants are not restricted to commenting only on matters raised in this issues paper. The Commission wishes to receive information and comment on issues which participants consider relevant to the inquiry's terms of reference.

Key inquiry dates

Receipt of terms of reference	22 June 2018
Due date for submissions	3 September 2018
Release of draft report	Early 2019
Draft report public hearings	Late March 2019
Final report to Government	22 June 2019

Submissions can be lodged

Online:	www.pc.gov.au/inquiries/current/airports-2019
By post:	Airport Regulation inquiry Productivity Commission Locked Bag 2 Collins Street East Vic 8003

Contacts

Administrative matters:	Marianna Olding	Ph: 03 9653 2194
Other matters:	Catie Bradbear	Ph: 02 6240 3320
Freecall number for regional areas:	1800 020 083	
Website:	www.pc.gov.au	

The Productivity Commission

The Productivity Commission is the Australian Government's independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians. Its role, expressed most simply, is to help governments make better policies, in the long term interest of the Australian community.

The Commission's independence is underpinned by an Act of Parliament. Its processes and outputs are open to public scrutiny and are driven by concern for the wellbeing of the community as a whole.

Further information on the Productivity Commission can be obtained from the Commission's website (www.pc.gov.au).

Terms of reference

I, Scott Morrison, Treasurer, pursuant to Parts 2 and 3 of the Productivity Commission Act 1998, hereby request that the Productivity Commission undertake an inquiry into the economic regulation of airports.

Background

Airports operated by the Federal Airports Corporation were privatised during the period 1997–2002. Whilst privatisation has resulted in significant airport infrastructure investments at major airports, successive governments have asked the Productivity Commission (PC) to undertake periodic reviews to determine whether the economic regulatory oversight of these airports remain in line with community and industry expectations.

Prior to 1997, airport pricing and conditions were set by the government. For the five years 1997–2002, some of these airports were subject to a price capping regime.

In 2002 a Commission inquiry into the price regulation of airport services found concerns regarding the significant market power held by some major airports did not warrant the strict regulation imposed, and indeed, believed it was negatively affecting productivity and airport investment. The price capping regime was replaced with a price and quality of service monitoring regime in which pricing terms and conditions became subject to commercial negotiations between the airports and the airlines, monitored annually by the Australian Competition and Consumer Commission (ACCC).

The 2006 Commission inquiry into price regulation of airport services examined the price monitoring regime and recommended the arrangements continue for Adelaide, Brisbane, Perth and Sydney airports. In 2008 the monitoring regime was extended to include prices, costs and profits relating to car parking at these five major airports. In 2009, the Government introduced a second tier self-administered price and quality of service monitoring and reporting regime for Canberra, Darwin, Gold Coast and Hobart airports.

The 2011 Commission inquiry examined the effectiveness and efficiency of the economic regulation and quality of service monitoring regime for airports and found that the regulatory oversight had been effective and should be maintained for Brisbane, Melbourne, Perth and Sydney airports, with a further review to be conducted in 2018.

The purpose of this Inquiry is to determine the effectiveness and efficiency of the current arrangements and determine whether they remain appropriate.

Scope of the inquiry

In undertaking the Inquiry, the Commission should report on the appropriate economic regulation of airport services, including the effectiveness of the price and quality of service monitoring, in achieving the following objectives:

- promoting the economically efficient operation of, and timely investment in, airports and related industries;
- minimising unnecessary compliance costs; and
- facilitating commercially negotiated outcomes in airport operations.

In addition, the inquiry should focus on the provision of passenger and freight transport services at, and surrounding, the main passenger airports operating in Australia's major cities. The Commission should examine:

- aeronautical services and facilities provided by airport operators;
- passenger-related aeronautical services and facilities provided by major airline tenants; and
- the provision and quality of land transport facilities providing access to the airports.

Following on from its 2011 findings, matters the Commission should also consider include:

- the effectiveness of the monitoring regime conducted by the ACCC, including the methodology used and the adequacy of the information collected;
- whether the current regime impacts on the ability of airports to price, operate and invest in airport infrastructure in an efficient and timely manner;
- whether the existing regime is effective in appropriately deterring potential abuses of market power by airport operators; and
- whether existing arrangements for the planning and operation of land transport linkages to the airports are effective.

The Government remains strongly committed to maintaining access for regional communities into Sydney Airport. In order to ensure that the arrangements continue to work in the best interests of regional passengers, the regulatory price cap and price notification regime for regional air services into and out of Sydney Airport (Declaration 94 under section 95X of the *Competition and Consumer Act 2010*) should be reviewed to look at any unintended consequences of the arrangements.

The Commission should also review competition in the market for jet fuel in Australia, including the provision of jet fuel at the major airports.

Process

The Commission is to undertake an appropriate public consultation process including holding hearings, inviting public submissions and releasing a draft report to the public.

The final report should be provided within 12 months of the receipt of these terms of reference.

The Hon Scott Morrison MP
Treasurer

[Received 22 June 2018]

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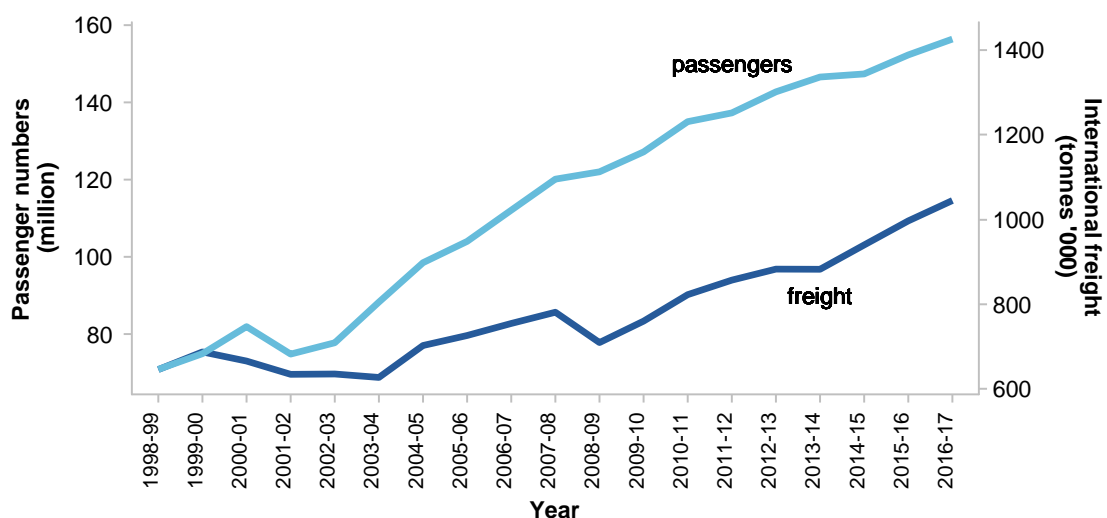
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1 A fresh look at airport regulation

Present day airports have evolved considerably since College Park Airport — the world’s oldest airport still in operation — was established in 1909 in Maryland, United States. Nowadays airports deliver much more than infrastructure services that facilitate the movement of passengers and freight. Modern airports are hubs of economic activity that provide multiple services, including retail, office and warehousing to a range of customers. Some airports offer tourist attractions, such as the museum at Amsterdam’s Schiphol Airport, the butterfly enclosure at Singapore’s Changi Airport and a proposed wave park at Melbourne Airport. The Australian and New South Wales Governments have committed to the development of an ‘aerotropolis’ at the Western Sydney Airport, to be built at Badgerys Creek, which is to be supported by major investments in technology, education and advanced manufacturing (Greater Sydney Commission 2018).

The number of passengers that pass through Australian airports has more than doubled over the past 20 years. Air freight volumes have also grown strongly (figure 1). The growing number of airport customers is pushing airport operators to do more and to do it better. Passengers expect efficiency in essential activities, such as security screening and border processing, to facilitate rapid transit from forecourt to boarding. They also expect increasing standards of quality in discretionary services, such as shopping, dining and premium lounges. Airlines have invested in modern fleets and rely on airports to facilitate the efficient movement of planes and passengers to enable high utilisation of their aircraft. Air freight operators rely on efficient terminals to satisfy the demands of their time-conscious customers, including those behind the growing number of online purchases.

Figure 1 **The sky is busier than ever**



Source: BITRE (2017a).

The demand for more and better services extends to the infrastructure and transport options that get people and goods to and from airport precincts. Passengers want transport options including fast and efficient mass transit, private cars, taxis and similar services. Freight operators require efficient road and rail infrastructure. These demands must be balanced with the concerns of local communities about noise, congestion and the environmental effects of land transport links.

Airport owners must continually improve their operations by increasing the efficiency with which they use the infrastructure they have, and by investing in new infrastructure. Three of Australia's major airports have new runways in design or under construction with operation due to commence by 2020 (in Brisbane); 2024 (in Melbourne) and 2028 (in Perth) (ACCC 2018a; Perth Airport 2018). Airports have also planned upgrades to existing runways (such as at Canberra) and terminals, and the Western Sydney Airport is scheduled to open in 2026 (ACCC 2018a; Canberra Airport 2018).

Airports' investment and operational decisions are made within the context of regulation and are long-lasting. An effective regulatory framework facilitates efficient investment and operational decisions that are taken by airports (and airlines) to meet the growth in passenger numbers, and passengers' evolving needs, now and into the future.

Although this is the Productivity Commission's fourth investigation of the economic regulation of airport services since 2000, it presents an opportunity for a fresh look at whether existing arrangements are fit for purpose.

An inquiry into economic regulation of airports

The Commission is to provide a report to the Australian Government with its assessment of the regulatory framework and recommendations for improvements. To develop its recommendations the Commission will gather evidence and consult with interested parties, assess the case for regulation and identify the potential benefits and costs of changes to the current system, as well as a transition path to any new arrangements that it recommends (figure 2). The Commission will consider how reforms should be implemented, including any supporting changes to institutional arrangements. It is important to note that, while previous Commission reports will be an input to the inquiry, the Commission has no pre-determined position on airport regulation arrangements.

The Commission will release a draft report for comment in early 2019, and the final report will be provided to the Australian Government by 22 June 2019. Under the *Productivity Commission Act 1998*, the Government is required to table the final report in Parliament within 25 sitting days.

Figure 2 Regulation to promote the efficient operation of airports



The scope of the inquiry

This is an inquiry into the economic regulation of airport services. Although many aspects of air transport services will be relevant for context, it is not an inquiry into air transport as a whole. In the inquiry terms of reference the Australian Government specified that this inquiry should consider a range of activities that are related to airports, including:

- passenger and freight services
- land transport facilities and linkages that provide access to airports
- the market for jet fuel.

While the Commission's focus will be on 'the main passenger airports operating in Australia's major cities', it will also consider regulatory arrangements affecting Australia's regional airports.

Economic regulation of airport services includes the general provisions of competition and consumer law and airport-specific regulations that were introduced following airport privatisations in the late 1990s. Initially this included price caps for aeronautical services. Since 2002 the Australian Government has implemented 'light-handed' regulation of major Australian airports. The terms of reference identified specific aspects of economic regulation that the Commission is to assess:

- the price and quality monitoring regime implemented by the Australian Competition and Consumer Commission (ACCC)
- arrangements for maintaining access for regional communities into Sydney Airport.

Although not explicitly mentioned in the terms of reference, the costs of airport security — measures to reduce the danger to passengers, air crew, ground staff and the general community, and to prevent the transport of controlled materials, such as drugs and smuggled wildlife — have been raised by participants in this inquiry, and in other inquiries (for example, REX (2018)). The costs of security are shared between the Australian Government and airports, which pass on the costs to airlines and passengers through safety and security charges. Regulatory arrangements governing airport security, and the way the costs of security are recovered, can affect the efficiency of airport operations and the air transport system more broadly. The Commission will consider evidence that participants provide on the effects of security charges on airport operations.

Some regulations that have a ‘non-economic’ focus — such as air safety regulation, environmental protection and noise — are not the primary focus of this inquiry, but may be considered by the Commission where they affect the efficient operation of airports.

The inquiry process

The inquiry is a public process that relies on participation from people and organisations to provide evidence. The Commission will meet with interested parties and hold roundtables during the course of the inquiry.

Anyone with an interest in airports and airport regulation, including airport and airline owners and operators, freight operators, other businesses, governments and the wider community, is invited to participate in the inquiry by providing a written submission by 3 September 2018. This issues paper is a guide to the scope of the inquiry but is not exhaustive — inquiry participants are invited to submit on matters relevant to the terms of reference even if they are not discussed in this paper. Quantitative and qualitative evidence to support the arguments presented in submissions is welcome. Submissions can draw on Australian and international evidence.

People making submissions should bear in mind the Commission’s approach as set out in figure 2. Any party arguing for new or increased government intervention would need to demonstrate that there is a sound rationale for intervention and that their proposal would be better than alternatives, including the status quo. Parties arguing for less stringent regulation would need to demonstrate that the current regulatory framework is not effective or efficient and that their proposed alternative would be an effective way to deal with any shortcomings in the current regime.

Submissions will be published on the Commission’s website (although the Commission will accommodate confidential information provided cause for such treatment is shown). Attachment A provides further details on how to make a submission, and the Commission’s approach to material provided in confidence.

There will be a further opportunity to make submissions to the inquiry and to appear at public hearings following the release of the draft report in early 2019 (figure 3).

Figure 3 The inquiry process



2 Aeronautical services and facilities

The ACCC undertakes ‘formal monitoring of the prices, costs and profits related to the supply of aeronautical services and facilities’ at the four major airports — Sydney, Melbourne, Brisbane and Perth (Assistant Treasurer 2012). ‘Aeronautical services and facilities’ are defined in the *Airport Regulations 1997* as ‘those services and facilities at an airport that are necessary for the operation and maintenance of civil aviation at the airport’ and include: runways and other infrastructure for aircraft on the ground; refuelling services; maintenance facilities; passenger and freight terminals; check-in counters; baggage handling; and boarding facilities.

Market power in aeronautical services

One of the rationales for governments to regulate airports is that many airports have natural monopoly characteristics in the provision of aeronautical services. Natural monopoly characteristics arise when a single airport can serve a city or region more efficiently than two or more competing airports. They are common in infrastructure assets that have high fixed costs and relatively low operating costs because a single provider can spread the fixed costs over a larger number of customers.

Airports with natural monopoly characteristics face fewer competitive constraints than other businesses. This gives them ‘market power’ that they could exercise by increasing their charges or skimping on the quality, range or efficiency of their services. Depending on how airlines and passengers respond to changes in charges and service levels, airports that exercise market power can reduce overall community wellbeing by reducing the number or level of services offered.

Whether an airport is exploiting its market power is not a black and white question — many businesses have some market power and could increase their prices somewhat without losing a significant number of customers. For most businesses, however, increasing prices too much will encourage their customers to look for alternatives. The availability of alternatives and the potential loss of business can constrain airports from exploiting their market power. If an airport has only a modest level of market power, the rationale for government intervention is less strong, especially as such intervention has its own set of costs placed on the community.

In the case of airports, alternatives can include other modes of transport (road or rail for example) or another airport offering the same or similar services within a reasonable distance. Some airports might compete with airports in other destinations, to attract both airlines and passengers. For example, high airport charges or poor quality service might influence whether tourists choose an alternative destination that offers similar attractions.

Airports can also be constrained in exercising their market power by the ‘countervailing power’ of users, especially airlines. Australia’s domestic air travel market is concentrated — over 95 per cent of all passenger movements (on regular public transport services) are

provided by three airline groups: the Qantas Group (Qantas, QantasLink and Jetstar), Virgin Australia Airlines (Virgin)/Tiger and (to a smaller extent) Regional Express (REX) (BITRE 2017b, p. iii). For many airports, one or two airlines account for almost all of their passenger movements. An airline may have countervailing market power in this situation — it could withdraw (or threaten to withdraw) from the route if it is unsatisfied with the airport’s terms of service, leaving the airport with a significant loss of revenue. The potential loss of an airline could constrain airports from raising their aeronautical charges excessively.

Currently the four major airports are subject to price and service quality monitoring by the ACCC because the Australian Government considers that they have market power and could cause material damage by exercising it. Identifying whether these or other airports have market power is an important task for this inquiry.

INFORMATION REQUEST 1

The Commission welcomes suggestions on approaches for identifying which Australian airports have market power in aeronautical services and the extent of their market power.

The Commission is seeking evidence on the extent of market power held by Australian airports, constraints on the exercise of any market power, including whether countervailing power by airlines is sufficient to offset airports’ market power. Participants are invited to provide examples of specific airports and airlines, or to discuss these matters in more general terms.

The Commission is seeking evidence on the effects of regulations and regulator behaviour on the conduct of airport operators and airport users, including in relation to an airport’s ability and incentive to exercise any market power.

How airports could exercise market power

The Commission’s preliminary research and consultations found potential examples of how airport operators could exercise market power, including:

- excessive fees or charges for aeronautical services
- inefficient investment decisions
- inefficient operation
- providing services of a low quality or a limited range
- the manner in which they conduct commercial negotiations.

Excessive charges for aeronautical services

In workably competitive markets, prices are determined by the interplay of supply and demand. If the market is highly competitive prices will reflect the costs of producing a good or service. In markets that are not competitive the market price will not necessarily be an ‘efficient price’. An airport operator with market power might maximise the airport’s profits through excessive charges and by providing fewer services, leaving the community as a whole worse off.

Airline representatives have argued that airports have exercised their monopoly power to raise aeronautical charges.

Australia’s light-handed regulatory regime does not constrain monopoly airports from exercising a high level of market power in the form of ever-increasing charges. (A4ANZ 2018a, p. 1)

Prices in different markets are affected by many factors. Airlines use fuel, airports virtually none. Equipment leasing costs are relevant for airlines, not so much for airports. Price rises may be an efficient response to increased costs, or it could be a result of airports exercising their market power (or a bit of both). The fact that aeronautical charges have increased does not of itself mean that they are out of line with an efficient price.

In cases where the efficient price cannot be observed it may be possible to estimate a reasonable benchmark. Regulators that are responsible for setting price caps for certain network infrastructure in Australia (and for airports in some other countries) use a ‘building block’ approach to estimate efficient prices. Common in services such as electricity networks and urban water supply, the building block approach involves setting prices that will allow a business to recover the components of its estimated costs, including:

- operating costs
- depreciation
- allowance for a return on capital
- tax obligations
- working capital.

A particularly contentious part of the building blocks approach is determining a reasonable allowance for return on capital. This requires both estimating an asset base on which the regulated business is allowed to earn a regulated return, and a reasonable rate of return. Airlines and their representatives have suggested that aeronautical charges are too high, evidenced by airports’ returns on their capital.

BARA [Board of Airline Representatives of Australia], therefore, believes that there is scope to temper the returns sought by the major international airports in future pricing agreements. This should be based on an honest negotiation and robust empirical evidence around the level of returns actually needed to secure ongoing investment, which ultimately benefits all industry participants through the continued growth in passenger numbers. (BARA 2018, p. 11)

In a submission to a Senate inquiry on air transport to regional and remote areas, Virgin (2018, p. 10) stated that it sees merit in ‘defining the rates of return that would be accepted as reasonable for an airport to earn on investment in aeronautical assets’.

Inefficient investment decisions

Airports could also exercise their market power by making inefficient investment decisions and passing the costs on to airport users. This could include:

- under-investment, which could lead to congestion and poor service quality
- over-investment (‘gold plating’), which could increase the costs of aeronautical services above the level that airport users are prepared to pay.

Over the past ten years the four monitored airports have invested over \$7 billion in aeronautical assets (ACCC 2018a, p. 38) and more investment is scheduled — as mentioned above, three of the four monitored airports are planning or building new runways. The Australian Airports Association (AAA) has stated that this investment in aeronautical capacity has been necessary to cater for ‘unprecedented growth in passenger traffic over the past few decades’ (Deloitte Access Economics 2018, p. 16).

Airlines and their representatives have argued that many airports’ investments would be classified as ‘overdesign’ (A4ANZ 2018b, p. 14).

- The Board of Airline Representatives (BARA) (2018) stated that most investment in airport infrastructure is to meet forecast growth in peak demand, and that the current arrangements encourage airports to invest in costly capital solutions rather than find ways to use their existing infrastructure more efficiently.
- REX (2018, p. 11) stated that some regional airport operators (usually local government) build ‘grandiose’ terminals and expand runways and other infrastructure beyond any reasonable forecast of future demand (the ‘build it and they will come’ approach to investment).

BARA has concerns about the ‘prefunding’ model that some airports have sought to use to raise funds to cover the costs of future investments (BARA 2018). (Prefunding involves charging airlines additional fees to raise funds for infrastructure that is to be built in the future.)

Airlines have complex incentives in relation to airport investment. In some cases they stand to benefit from airport expansions and improvements that enable them to increase the number of passengers they carry and reduce their turnaround time. In other cases airport expansions could increase competition and chip away some of the benefits of airline incumbency. The Commission will consider the efficiency of airports’ investment decisions from the perspective of the community as a whole, not on their effects on one or another party.

Inefficient operations

Airport operators could also exercise market power by operating inefficiently — by not using the best combination of inputs to produce services. This could be a cost-minimisation measure — operations that lead to inefficiencies for airport users might cost the airport operator less, but not lead to a significant loss of patronage because its users have few other options. Alternatively, inefficiency could be a result of airport managers choosing a ‘quiet life’ and not pushing for maximum efficiency. Either way, airlines and other service users would bear the costs of inefficiency, including financial costs and congestion.

Service quality

The ACCC reports airport quality on a scale of 1 (lowest) to 5 (highest). Sydney, Melbourne and Brisbane airports’ ratings have been relatively unchanged over the past five years. Perth Airport’s rating increased materially from 2013-14 to 2016-17.

Airlines have argued that while aeronautical charges have increased significantly over the past decade, airports’ quality of service has been stagnant (A4ANZ 2018b; BARA 2018). The AAA (2018a, p. 1) stated that airports have improved their quality of service.

... airports have provided passengers with more travel options, improved terminals and the latest technology ... airports, in partnership with their airline partners and government agencies, have created a more seamless and easy experience for passengers even as more and more people move through airport terminals each day.

The ACCC acknowledges shortcomings in the quality indicators including that passengers’ perceptions of the services provided by airport operators can be influenced by other providers (check-in facilities, for example, can be operated by airlines rather than airports) and that ‘airlines may potentially have an incentive to deliberately under-report quality for the airports’ (ACCC 2018a, p. 188).

Commercial negotiations

The Australian Government has asked the Commission to assess whether the current arrangements for the economic regulation of airports are effective at facilitating commercially negotiated outcomes in airport operations.

Both airports and airlines have been criticised for the way they conduct negotiations. For example, the chief executive of Qantas recently likened the behaviour of Canberra Airport to ‘Somali pirates’ over a dispute arising from a redirected flight (Trask 2018).

Others have used less rhetorical flourish while arguing that airlines are at a fundamentally disadvantaged position in negotiations with airports, and that airports use their stronger position to make ‘take it or leave it’ offers or to finalise negotiations with airports even when

they have not reached agreement on fundamental points about pricing, risk allocation and service quality (A4ANZ 2018b; BARA 2018).

Evidence of negotiating positions taken by both sides should be made available in sustaining such claims. The Commission has found in recent inquiries an increasing reluctance of parties to expose information that may determine a matter, due to commercial-in-confidence claims. Submitters should consider that position very closely.

Airlines for Australia and New Zealand (A4ANZ) (2018b) considers that some airports make changes to aeronautical charges at short notice, including when tickets have already been sold, which illustrates a lack of transparency and consultation with affected airlines. Again, evidence will be sought and submitters should recognise that the Commission has a good record of protecting commercially sensitive information while drawing clear conclusions, with supporting data.

Airline representatives have argued that the negotiations between airlines and airports are focused on the wrong issues. BARA (2018) stated that the current arrangements are focused on proposed capital investment but that they should be about service levels. The AAA did not agree; it stated that the current regulatory approach ‘fosters collaboration with airline and government partners to direct investment where it is needed most and put passengers at the centre of the decision-making process’ (AAA 2018b). The Commission would welcome evidence on airports’ approach to consultation with airport users on investment proposals.

Identifying the effects of exercise of market power

Airports exercising market power can have effects that vary in materiality, nature, size and distribution. Airport owners could benefit from increased profits, while airline owners could earn lower profits. Airport users (including passengers, freight users and others) could face higher charges, lower quality of service, increased congestion and less choice. Downstream industries, such as tourist destinations that rely on airline passengers, could also be affected (although some of the loss to these businesses could be offset by increased activity elsewhere if people choose to travel to other destinations in Australia).

In response to proposals for general regulatory change, the Commission will take an economy-wide approach to its assessment of whether changes to the economic regulation of airports could enhance the wellbeing of the community. Exercise of market power could provide a rationale for general changes to policy if, taking into account all of the gains and harms to all of the affected parties, it is having material effects on the community as a whole. A policy change would only be justified if the benefits to the community exceed the costs.

All the benefits and costs of regulatory changes are relevant when considering the case for policy change. This includes the effects on airport owners and operators, airport users and the costs to governments and to the community of administering regulations. An assessment of *how* those costs and benefits are distributed will be an important consideration in determining whether further government intervention is warranted to address the exercise of

market power. As well as potential ‘first round effects’, such as reductions in aeronautical charges, the Commission will consider longer term effects, such as incentives for airport owners and users of airport services to undertake investments.

INFORMATION REQUEST 2

The Commission is seeking evidence on airports exercising market power, including:

- *excessive charges for aeronautical services*
- *inefficient investment decisions*
- *inefficient operations*
- *poor service quality*
- *their approach to consultation and negotiation with airport users regarding operational and investment matters, and whether airports’ conduct facilitates reaching commercial outcomes.*

The Commission is also seeking evidence on:

- *airlines’ approach to negotiations in respect to airports and potential competitors*
- *which parties are affected by airports’ exercises of market power*
- *the merits of ‘pre-funding’ airports’ infrastructure investments*
- *the potential costs and benefits of changes to the regulatory regime.*

The Commission seeks co-operation from submitters in not asserting adverse market behaviour without supplying evidence.

Monitoring aeronautical services

Currently the ACCC monitors aeronautical services and facilities at Sydney, Melbourne, Brisbane and Perth airports (box 1). It publishes data on airport performance each year. (The monitoring regime also includes car parking and landside access, which are discussed in section 3.)

Box 1 **The price and quality of service monitoring regime**

The Australian Competition and Consumer Commission (ACCC) monitors service quality, prices, revenue, costs and profits relating to aeronautical, car parking and landside access services at Australia's four major airports (Sydney, Melbourne, Brisbane and Perth). The ACCC collects financial and other data from airports and airlines and conducts surveys of airlines, and airline passengers' opinions of the quality of airports. Currently the ACCC publishes data each year on:

- aeronautical revenue per passenger (as a proxy measure of average aeronautical charges)
- earnings before interest, tax and amortisation
- return on assets
- car parking spaces, revenue, costs, prices, profits
- landside access charges (for taxis and similar services such as Uber, limousines, buses and shuttle buses from off-airport car parks)
- the quality of airside facilities such as runways, taxiways and aprons; terminal facilities such as departure lounges and baggage systems; car parking; taxi facilities and kerbside pick-up and drop-off points. Data are collected through user surveys — from passengers and airlines — and objective data that are obtained from airport operators (such as the number of passengers per immigration desk). It uses these data to construct an overall score out of five for each airport's service quality.

Qantas currently operates domestic terminals at Melbourne, Brisbane and Perth airports under 'domestic terminal leases'. Virgin operates a domestic terminal at Brisbane Airport. The ACCC does not monitor service quality in these terminals, although the Australian Government has encouraged airports to adopt web-based reporting of service quality within these terminals.

In addition to the annual monitoring reports, the ACCC can recommend a public inquiry into pricing (discussed below), although this has never occurred for airport services. It can also exert some pressure on airports through publication of the results of its monitoring and statements to the media.

Sources: ACCC (2018a); Australian Government (2009).

Self-administered reporting at 'second tier' airports

Since 2009, several smaller 'second tier' airports — Hobart, Darwin, Canberra and the Gold Coast — have been required to self-report aeronautical service charges and car parking service prices, service quality outcomes, and complaint-handling processes and outcomes (Australian Government 2009) (table 1). Cairns Airport was also encouraged to participate in this regime, and Adelaide Airport joined in 2012 following a recommendation from the Commission (PC 2012). Some second tier airports report information on service quality, including data that are based on the Airports Council International's Airport Service Quality survey.

There are no guidelines on the approach to reporting or the level of detail required. Airports' reporting is patchy and data are not reported in a way that would make them comparable. A notable gap in the voluntarily reported data is information on the smaller airports' aeronautical and total asset values.

Table 1 Summary of information reported by second tier airports^a

<i>Airport</i>	<i>Aeronautical charges</i>	<i>Car parking prices</i>	<i>Service quality outcomes</i>	<i>Complaint-handling processes and outcomes^b</i>
Cairns ^c	✓	✓	✗	–
Gold Coast	✓	✓	✓	–
Adelaide	✓	✓	✓	–
Hobart	✓	✓	✓	✓
Darwin	✓	✓	✓	–
Canberra	–	✓	✓	–

^a ✓ fully available; – partly available; ✗ not available. ^b Information on complaint-handling processes and outcomes are considered 'fully available' in this table if the airport's website contains: clear information on how to submit a complaint; some detail on the nature and/or number of complaints received; and whether complaints have been addressed or responded to. ^c Cairns Airport is not regulated under the Airports Act 1996 but was encouraged to participate in the second tier monitoring scheme (Australian Government 2009).

Source: Commission inferences based on information from airports' websites.

Assessing the effectiveness of aeronautical services monitoring

One of the matters that the Australian Government has requested the Commission to consider is the effectiveness of the monitoring regime conducted by the ACCC, including the methodology used and the adequacy of the information collected.

A core function of the monitoring regime is to identify cases of airport operators exercising their market power in ways that cause harm to the community, and to deter such abuses. Some inquiry participants have stated that price and quality of service monitoring is not effective in identifying or deterring abuses of market power. A4ANZ stated:

... in both theory and practice, monopolists have little constraint on their ability to abuse market power to the detriment of consumers. There is a large and growing body of independent evidence pointing to the fact that there is no real incentive for any of Australia's airports to behave otherwise. (2018b, pp. 4–5)

The Commission will consider whether the current monitoring regime is suited to identifying the abuse of market power in aeronautical services. This will include assessing whether *any* type of monitoring is capable of the task or whether the problems are specific to the current monitoring methodology and the information collected.

The effectiveness of the monitoring regime in detecting and deterring abuses of market power is influenced by several factors, including:

- the information that is collected and published
- the methodology for interpreting that information

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- whether the information that is collected can be used to determine that an airport is abusing its market power
 - the consequences for airports that are found to have abused their market power.

This list is not exhaustive, and the Commission welcomes feedback from interested parties on the matters that it should consider when assessing the monitoring methodology.

INFORMATION REQUEST 3

The Commission welcomes comment on whether it is possible to identify abuse of market power through monitoring of airports' behaviour, whether the monitoring regime should continue, and any alternative approaches to identifying abuses of market power.

The Commission is seeking feedback on the matters it should take into account in its assessment of whether the price and quality of service monitoring regime is fit for the purpose of detecting and deterring abuses of market power.

Collecting the right information

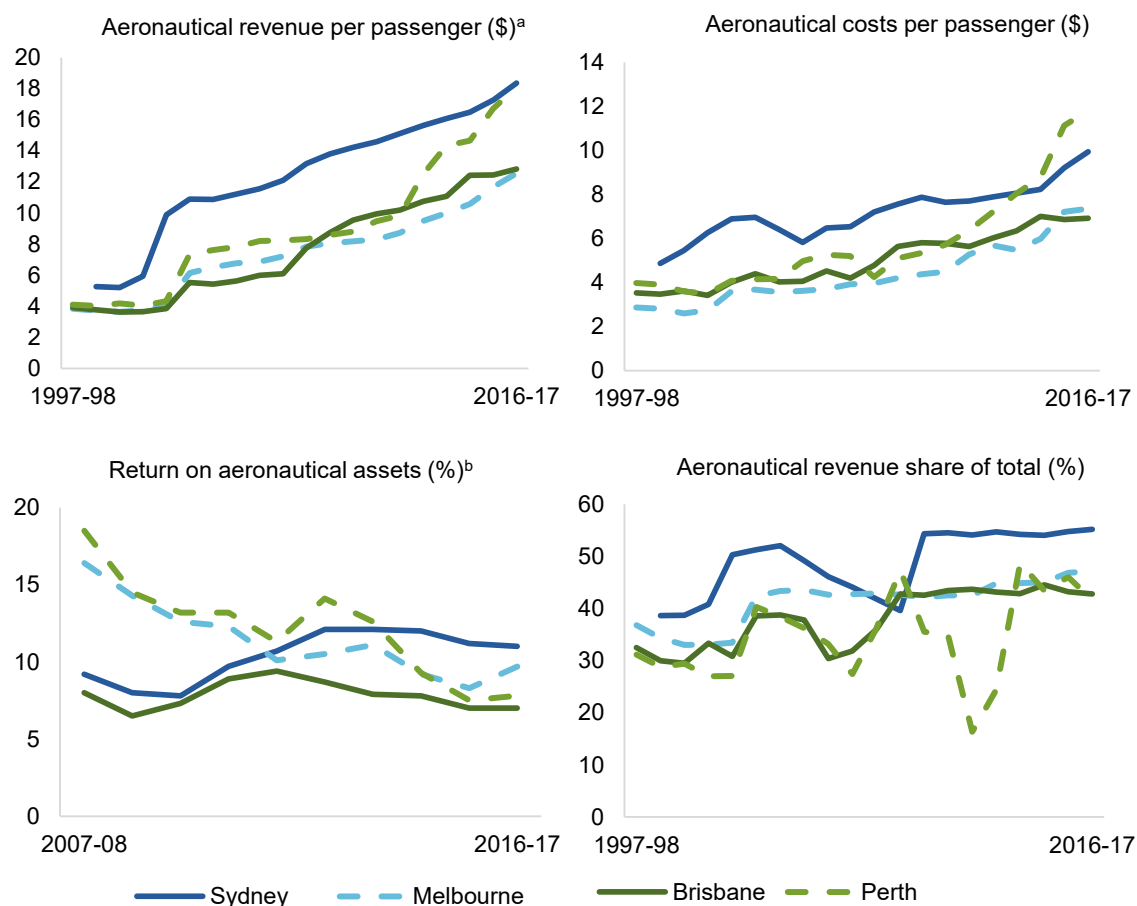
The ACCC and the Bureau of Infrastructure, Transport and Regional Economics (BITRE) currently collect and publish indicators of airports' performance (figure 4). By their nature, each indicator is 'partial' — it tells only one aspect of the story of an airport's performance. For example, some participants have suggested that comparing earnings before interest and tax (EBIT) margins at Australian airports can demonstrate that they are earning excessive profits (A4ANZ 2018b). However, EBIT (and similar measures) does not take into account the cost of capital to airports, which is acknowledged by A4ANZ. Moreover, an airport earning a higher return on assets than airlines is not in itself evidence that airports are exercising market power, or that their conduct is causing harm to airport users. Return on assets in a workably competitive market should reflect risk, and the risk profile of airports is different to airlines.

Using several partial indicators can provide a more complete picture of airports' financial performance and, in some instances, their conduct. Analytical approaches that can be used to evaluate airports' performance, such as data envelopment analysis or stochastic frontier analysis, could assist in understanding the implications of partial indicators.

For the monitoring regime to be effective, the regulator would also need to collect information that relates to the various types of behaviour that could reflect the potential examples of exercise of market power that were set out above. The ACCC stated that the information it collects can give an insight into airports' efficiency, but that:

... the ACCC's monitoring of airports is limited in scope and does not enable a detailed assessment of the airports' performance to establish whether or not an airport has exercised market power to earn monopoly profits. (2017, p. 180)

Figure 4 Indicators of airport performance, 1997-98 – 2016-17



^a Aeronautical revenue excludes revenue from domestic terminal leases. ^b Estimates for Brisbane and Sydney are based on 'line in the sand' asset values. For Sydney the series used here excludes the value of land under the runway.

Source: Commission estimates based on ACCC monitoring reports and BITRE (2017a).

INFORMATION REQUEST 4

The Commission welcomes comment on whether the information that the ACCC collects is adequate to detect any abuse of market power by airports.

Inquiry participants who consider that the current information collected is not adequate to detect airports' abuse of market power are invited to suggest alternatives to augment or replace this information set. Suggested options should address the question of cost of information, who should pay and why.

The Commission invites comments on the use of analytical approaches, such as data envelopment analysis and stochastic frontier analysis, to interpret indicators of airport performance.

Setting benchmarks

Airports could exercise their market power in ways that do not amount to a material abuse of that power. Benchmarks can be used to specify what does and does not constitute a misuse of market power. Clear benchmarks could make the monitoring regime more transparent so airports can understand the level of charges, quality and operational efficiency that the regulator is likely to interpret as an abuse of market power. Publicly stated benchmarks can also make the regime more credible by setting out objective triggers for regulatory consequences. Currently the ACCC does not publish benchmarks that delineate ‘reasonable’ commercial behaviour or relatively benign exercises of market power from material abuses of market power that could warrant further action.

Setting benchmarks to identify abuses of market power is likely to be challenging. Airports are complex businesses, their assets are long lived and their revenue and profits are influenced by cyclical factors that are beyond their control. Risk is clearly a relevant consideration. Moreover, it would appear to be the case that no single indicator could be reliably interpreted as evidence of abuse of market power.

In some cases it might not be possible for the regulator to determine a specific benchmark. Even where this is the case, there is value in working through the process of understanding how each piece of reported information is relevant to the policy question the monitoring regime seeks to address.

INFORMATION REQUEST 5

The Commission is seeking feedback on benchmarks to identify abuses of market power in aeronautical services, including financial benchmarks, operational efficiency benchmarks, service quality benchmarks and others.

In proposing benchmarks, the Commission would appreciate some consideration being given to risk.

Domestic terminal leases

The exclusion of domestic terminal leases (DTLs) from monitoring could distort results presented on a per-passenger basis. In 2015-16 Sydney Airport took back control of the DTL that Qantas had operated (ACCC 2018a). All of the other monitored airports currently have DTLs in place. This means the reported expenses at these airports, and expenses per passenger, are lower than if they operated the terminals themselves. For example, Sydney Airport’s costs per passenger will appear higher than other airports because it incurs the costs of operating all of its terminals whereas other airports only incur the cost of operating some of their terminals. This should be taken into account when interpreting indicators of airports’ financial performance.

INFORMATION REQUEST 6

The Commission is seeking feedback on the way domestic terminal leases are accounted for in the current price and quality of service monitoring regime and any alternative approaches. It also seeks feedback on the costs and benefits of domestic terminal leases.

Administration and compliance costs

Regulation imposes costs on the regulated parties and on the government. In the case of the price and quality of service monitoring regime, the most significant compliance costs to the airports are likely to be the costs of collecting and providing information to the regulator. The administration costs to government include the costs of staff and on-costs. Both are relevant in assessing whether the regulatory regime delivers a net benefit to the community as a whole.

INFORMATION REQUEST 7

The Commission is seeking evidence on the costs of complying with the price and quality of service monitoring regime, and the cost to the Australian Government of administering the regime.

Consequences for airports that abuse market power

For a light-handed regulatory regime to deter abuses of market power the regulator must have access to effective remedies and the regulated party must anticipate that abuses of market power will trigger those responses within a reasonable time frame. The remedies available under the current framework are:

- governments could impose stricter regulations if airports were found to consistently abuse their market power
- airport users or prospective users can seek to have infrastructure services declared under the *Consumer and Competition Act 2010* (Cwlth) (CCA). When a service is declared, parties have the right to negotiate access to the service and to have their request arbitrated by the ACCC if they are unable to reach a commercial agreement
- the ACCC can use public statements to influence airports and governments about the exercise of market power.

The ACCC has made public statements about airports' conduct, including that they face few competitive constraints and that the monitoring regime does not constrain them from exercising market power (ACCC 2018b). Governments have not introduced stricter

regulations to address the exercise of market power since the light-handed approach was adopted in 2002.

Since 2001, there have been three applications for the declaration of airport services under Part IIIA (all at Sydney Airport). One application, by Virgin Blue in 2002, resulted in declaration of landing services at Sydney Airport for domestic passenger aircraft for five years (NCC 2010). A 2011 application for access to infrastructure services to supply jet fuel did not result in declaration (NCC 2012). Tiger Airways applied in July 2014 to have Sydney Airport domestic terminal services declared. The airline withdrew its application in August 2014, stating that it had reached a commercial arrangement with the airport for access and investment in infrastructure (ACCC 2015).

The Australian Government legislated changes to the criteria for declaration under Part IIIA of the CCA in 2017 (Treasurer 2017). These changes have not yet been tested, so their effects are uncertain. Inquiry participants may wish to provide the Commission with any legal or other advice they have received on the implications of changes to Part IIIA, particularly for airport services.

The ACCC can seek to undertake further investigation of airports' operations by recommending a price inquiry into airport pricing (Part VIIA of the CCA). It has never recommended a Part VIIA price inquiry for airport services.

INFORMATION REQUEST 8

The Commission is seeking comment on whether the remedies that are available under the current framework for economic regulation facilitate commercially negotiated outcomes in airport operations.

Participants are invited to provide the Commission with legal and other advice they have received in relation to the 2017 changes to Part IIIA of the Competition and Consumer Act.

Alternatives to monitoring

The current framework for economic regulation of airports is based on identifying abuses of market power after they have happened and imposing consequences. This is an example of *ex post* (after the event) regulation. The threat of being caught and punished is intended to be a deterrent. In some countries government agencies intervene in airports' conduct to prevent anticipated abuses of market power from occurring (*ex ante* regulation — before the event). This can involve prescriptive regulation such as setting airports' charges for their services, or a lighter touch, such as requiring airports to engage constructively with their major stakeholders (CAA 2012b, 2012a; OECD 2010).

Some have argued for a more interventionist *ex ante* approach in Australia, including mandating a role for the ACCC to arbitrate disputes between airports and airport users if

they are not able to reach agreement on the terms of access to airport services (A4ANZ 2018b). This would be a fundamental change to the current approach.

Beyond providing evidence to support such a shift, inquiry participants arguing for an entirely different approach to airport regulation could assist the Commission in its deliberations by also explaining the details of any policy reforms, the legislative changes that would be required, the roles and responsibilities of the parties, and how reforms should be implemented.

INFORMATION REQUEST 9

The Commission is seeking evidence that changes to the current 'light handed' approach to airport regulation are necessary. Participants are invited to suggest alternative approaches, the mechanisms to put such approaches into practice and the potential benefits and costs of the changes.

3 Car parking and landside access

The price of car parking at major Australian airports is a highly contentious issue. The price of parking can vary significantly depending on the distance from the car park to the terminal, the length of stay and whether parking was booked in advance. Nevertheless, it has become a matter of urban lore that a few hours in a short-term car park close to a terminal building at a major airport can cost more than an airline ticket. (Airlines' ticket pricing constructs are themselves a matter of consumer lore). Revenue and profits per car parking spot vary at the monitored airports (figure 5).

Market power in on-airport car parking and landside access

Airports are monopoly providers of *on-airport* car parking and of 'landside access' to terminal forecourt areas, including for taxis and rental vehicles. High prices and profits from these services could reflect abuses of market power. They could also reflect the opportunity cost of airport land (the value of alternative uses of the land) and the high value that airport users place on access to airports. Or a combination. Of these explanations for high prices, only the abuse of market power would be a rationale for government intervention.

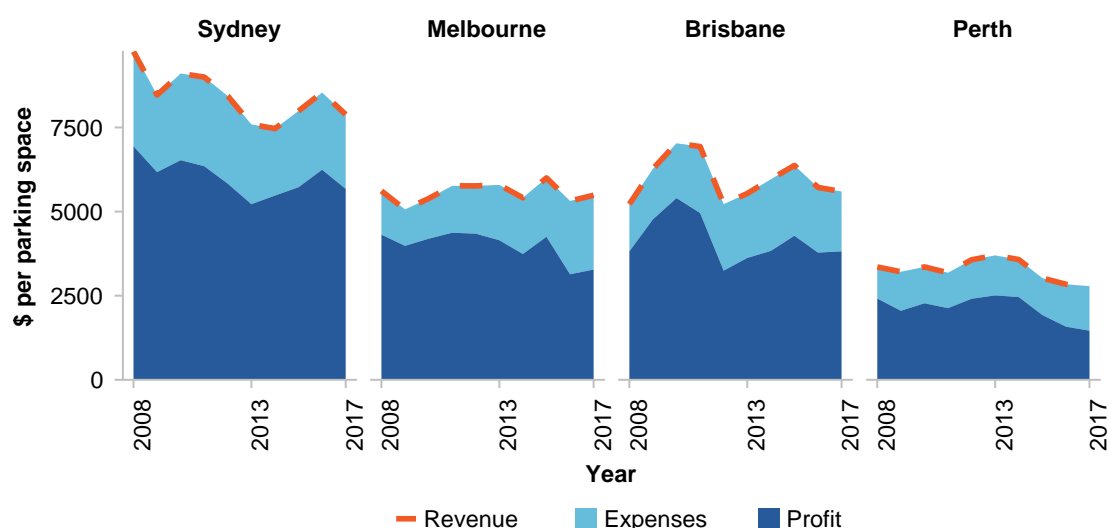
Airports could use their market power in landside access to limit the availability or increase the price of services that are alternatives to on-airport car parking, such as taxis and taxi-like services (such as Uber), trains, buses, rental cars and private car drop-off points. Such behaviour could induce more airport users to use on-airport car parking, increasing airports' profits from these services.

The efficacy in a competitive sense of substitute services, such as off-airport parking, will also be relevant.

INFORMATION REQUEST 10

The Commission is seeking evidence on the extent of market power held by Australian airports in on-airport car parking and landside access services and constraints on the abuse of market power.

Figure 5 Car parking revenue, expenses and profit^a
Real value in 2016-17 dollars, 2007-08 to 2016-17



^a Melbourne Airport changed its cost allocation methodology in 2015-16, contributing to a fall in its profit margin.
Source: ACCC (2018a).

Monitoring on-airport car parking and landside access

Currently the ACCC monitors the price of car parking facilities operated by the four monitored airports, including on-airport at-terminal and at-distance parking, and the revenues, expenses and profits that the airports report for their car parking operations. It publishes data on the number of car parking spaces and throughput, and trends in the quality of car parking facilities, as rated by passengers.

Since 2009-10 the ACCC has also published information on airports' landside access charges, responses to quality of service surveys and total revenue from landside access (table 2). The ACCC discontinued its survey of off-airport car parking operators, taxi and bus industry bodies in 2016-17 due to low response rates (ACCC 2018a).

Data on car parking revenue are limited for the airports that are not subject to the ACCC monitoring regime. Many airports publish their rates for car parking on their websites, but aggregate data, such as the proportion of total airport revenue that comes from car parking or landside access, are scarce. Some airports collect and report data on the quality of car parking, but comparisons of the price and quality of parking at different airports are difficult.

Table 2 Landside access revenue
Real value in 2016-17 dollars

	<i>Sydney</i>	<i>Melbourne</i>	<i>Brisbane</i>	<i>Perth</i>
Revenue by fee type (\$000)				
Taxi	11 858	6 869	3 933	2 711
Public bus	323	..
Private bus ^a	2 490	7 803 ^b	2 398 ^c	..
Train	.. ^d	..	165	..
Private car operators	3 676	2 443	na ^e	335
Total revenue ^f (\$m)	18.0	17.1	6.8	3.0
Share of total airport revenue (%)	1.3	1.8	1.0	0.6

^a Includes off-airport car parking shuttle buses. ^b Also includes Skybus service. ^c Also includes private car operators. ^d Sydney Airport does not own its train terminals, nor does it generate revenue from train travel. ^e Included under private bus revenue. ^f Revenue from taxis, public buses, private buses, train and private car operators. .. Not applicable. na Not available.

Source: ACCC (2018a).

Assessing the effectiveness of car parking and landside access monitoring

The rationale for monitoring prices, revenue and quality of service of car parking and landside access is the same as for aeronautical services — to detect and deter abuses of market power. Whether the regime is effective will depend on similar factors, including:

- whether the ACCC is collecting the right information
- the methodology for interpreting that information
- whether the information that is collected can be used to determine that an airport is abusing its market power
- the consequences for airports that are found to have abused their market power.

INFORMATION REQUEST 11

The Commission is seeking comment on the effectiveness of the price and quality of service monitoring regime for on-airport car parking and landside access. The Commission would welcome participant views on:

- *whether data that the ACCC collects are suitable for identifying the abuse of market power*
 - *evidence that could be used to determine whether airport operators are abusing market power in car parking and landside access*
 - *whether regulators have adequate remedies to deal with abuses of market power*
 - *the costs of complying with the price and quality of service monitoring regime*
 - *alternative approaches to detecting and deterring potential abuses of market power in on-airport car parking and landside access.*
-

4 Land transport linkages

The Australian Government has asked the Commission to consider the arrangements for the planning and operation of land transport linkages — the facilities that provide access to airports. Roads around airports can be subject to congestion, and mass transit options (rail and bus) that would reduce congestion can be expensive, infrequent, of poor quality or non-existent. Sydney Airport faces particular challenges with congestion due to its location, passenger and freight loads and geographic constraints (PC 2012).

Coordination between State, Territory and Australian governments

State and Territory Governments have the authority for planning and delivering road and rail links to airports and for managing congestion. The Australian Government is responsible for planning and development decisions on federally-leased airports. This disjunction in planning responsibilities has potential to lead to failures in coordination in planning.

In 2010 the Australian Parliament amended the *Airports Act 1996* so as to require airports to develop a ground transport plan within their five-yearly master plans (DIT 2012). Ground transport plans must consider, among other things, linkages between the airport roads and neighbouring road systems, the likely effect of any proposed developments on traffic surrounding the airport, and arrangements for working with State and local authorities.

INFORMATION REQUEST 12

The Commission is seeking comment on the existing arrangements for the planning and operation of land transport linkages including evidence of problems and suggestions for alternative approaches or improvements to existing arrangements.

5 Air services to access regional New South Wales

The Australian Government regulates access to Sydney Airport to provide access for airlines servicing regional destinations within New South Wales and to limit the aeronautical charges they face. The Australian Government has requested the Commission to review the arrangements for regional access and identify any unintended consequences.

The ‘regional ring fence’

The Australian Government, through the *Sydney Airport Slot Management Scheme 2013* (made under s. 44(2) of the *Sydney Airport Demand Management Act 1997*), guarantees some slots for NSW regional services — the ‘regional ring fence’. Sydney Airport stated that the ring fence ‘has been frozen since 2003, with 28 per cent of slots in the morning peak, and 35 per cent of slots in the evening peak allocated to regional services’ (Sydney Airport 2018, p. 2). (This equates to an average of 22 and 28 slots an hour respectively.)

The scheme for managing the ring fence is complex. Peak and off-peak slots are treated differently. Permanent regional slots can be converted to non-regional slots if no airline has used or wishes to use that slot over a period of two consecutive equivalent scheduling seasons to provide a regional service (for example, two northern hemisphere winters across two consecutive years). However, slots for non-regional services in peak periods cannot be converted to regional slots — new slots can only be created during off-peak hours, so any loss of peak period regional slots is permanent.

Regional and non-regional slots can only be ‘swapped’ if they are within 30 minutes of the original regional slot time, so permanent regional slots cannot be progressively swapped out of peak hours in favour of international or interstate services.

The complexity of the ring fence arrangements could lead to unintended consequences. Sydney Airport stated that the scheme has:

... the unintended impact of disincentivising airlines to operate regional services. For example, while a domestic operator is able to move from operating an interstate flight to a regional flight, once they do so they are unable to move to once again use that slot to operate the interstate route. Therefore, a disincentive exists to use the slot to operate the regional service in the first place. (2018, p. 3)

Price notification and price caps

Aeronautical services and facilities provided by Sydney Airport to regional air services are subject to price caps. Specifically the total revenue-weighted percentage increase in prices from 1 July 2016 should not exceed the total percentage increase in the CPI over the same period (Direction no. 35, Treasurer 2016). In addition, Sydney Airport must notify the ACCC of its intention to change the prices it charges for aeronautical services and facilities for regional NSW flights. The ACCC assesses whether the proposal would exceed the price

cap, and can reject the proposal if it considers the price increase is not required to recover the costs of efficient service provision. The ACCC publishes this information.

Since 2002, Sydney Airport has made three price notifications for regional air services (ACCC 2018c). The ACCC did not object to price changes in 2002 and 2013 because they were structural changes that were not considered to result in a price increase. The ACCC did object to the 2010 proposed price increase. This was because Sydney Airport did not sufficiently demonstrate that a price increase was required to recover costs for the efficient provision of services and did not support its claims that current prices signalled inefficient use of airport assets by regional services (ACCC 2010).

Opinions on the price cap arrangements differ. REX has suggested that price regulation of regional services could be extended to other major city airports (REX 2018). Sydney Airport stated that aeronautical charges fell in real terms from 2001 to 2017, and that the costs of security and infrastructure investment have increased at a faster rate than aeronautical charges (Sydney Airport 2018).

INFORMATION REQUEST 13

The Commission is seeking information on:

- *the objectives of the arrangements for providing access to Sydney Airport for airlines servicing regional destinations within New South Wales*
 - *the effects of the regional ring fence and price cap regime on the availability and price of regional air services into and out of Sydney Airport*
 - *the effects of the arrangements on interstate and international flights, and on Sydney Airport*
 - *alternatives to the current arrangements.*
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6 Competition in jet fuel supply

Jet fuel represents about a third of an airline's operating costs. The supply chain for jet fuel includes: oil refineries in Australia and ports for petroleum product imports; off-airport fuel storage facilities; pipelines and other infrastructure to transport fuel to airports; and on-airport fuel storage and distribution facilities. The on-airport fuel storage and distribution facilities at the major airports — known as Joint User Hydrant Installations (JUHIs) — are operated by joint ventures between fuel suppliers (and Qantas in the case of the Sydney JUHI).

BARA has stated that potential new suppliers of jet fuel in Australia have difficulty gaining access to the jet fuel supply chain (from port to plane) and that this effectively shuts new suppliers out of the market. It described the supply of jet fuel in Australia as 'uncompetitive'

and stated that the lack of competition ‘unnecessarily increases industry costs and constrains growth’ (BARA 2014, p. 2).

In 2011 BARA applied for the Sydney JUHI and the Caltex pipeline to be declared under Part IIIA of the CCA. The application was rejected by the National Competition Council on the grounds that:

- the Sydney JUHI and pipeline had insufficient capacity to cater for the additional demand for pipeline capacity that may arise as a result of declaration and therefore declaration would not result in an increase in competition
- access was not likely to promote a material increase in competition in any dependent market
- access could result in significant cost increases.

INFORMATION REQUEST 14

The Commission is seeking evidence on the extent of competition in the jet fuel market, the effects of the current level of competition on airlines, passengers, air freight users and other parties, and options for addressing any lack of competition in the market for jet fuel.

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Attachment A: How to make a submission

How to prepare a submission

Submissions may range from a short letter outlining your views on a particular topic to a much more substantial document covering a range of issues. Where possible, you should provide evidence, such as relevant data and documentation, to support your views.

Please send submissions to the Commission by **3 September 2018**.

Generally

- Each submission, except for any attachment supplied in confidence, will be published on the Commission's website shortly after receipt, and will remain there indefinitely as a public document.
- The Commission reserves the right to not publish material on its website that is offensive, potentially defamatory, or clearly out of scope for the inquiry or study in question.
- The *Productivity Commission Act 1998* (the Act) provides broad protections for witnesses and persons making a submission to the inquiry. In particular, section 57 of the Act states that 'civil proceedings may not be brought against a person in relation to loss, damage or injury of any kind suffered by another person because the first-mentioned person: (a) made a statement or submission; or (b) gave information or a document in good faith to the Commission in the course of the proper performance or exercise of the Commission's functions or powers'.

Copyright

- Copyright in submissions sent to the Commission resides with the author(s), not with the Commission.
- Please do not send us material for which you are not the copyright owner, such as newspaper articles. You should just reference or link to this material in your submission.

In confidence material

- This is a public review and all submissions should be provided as public documents that can be placed on the Commission's website for others to read and comment on. However, information which is of a confidential nature or which is submitted in confidence can be treated as such by the Commission, provided the cause for such treatment is shown.
- The Commission may also request a non-confidential summary of the confidential material it is given, or the reasons why a summary cannot be provided.
- Material supplied in confidence should be clearly marked 'IN CONFIDENCE' and be in a separate attachment to non-confidential material.

-
- You are encouraged to contact the Commission for further information and advice before submitting confidential material.

Privacy

- For privacy reasons, all **personal** details (for example, home and email address, signatures, phone, mobile and fax numbers) will be removed before they are published.
- You may wish to remain anonymous or use a pseudonym. Please note that, if you choose to remain anonymous or use a pseudonym, the Commission may place less weight on your submission.

Technical tips

- The Commission prefers to receive submissions as a Microsoft Word (.docx) files. PDF files are acceptable if produced from a Word document or similar text based software. You may wish to research the Internet on how to make your documents more accessible or for the more technical, follow advice from Web Content Accessibility Guidelines (WCAG) 2.0 <<http://www.w3.org/TR/WCAG20/>>.
- Do not send password protected files.
- Track changes, editing marks, hidden text and internal links should be removed from submissions.
- To minimise linking problems, type the full web address (for example, <http://www.referred-website.com/folder/file-name.html>).

How to lodge a submission

Submissions should be lodged using the online form on the Commission's website. Submissions lodged by post should be accompanied by a submission cover sheet.

Online www.pc.gov.au/inquiries/current/airports-2019

Post Airport Regulation inquiry
Productivity Commission
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Collins Street East Vic 8003

Please contact the administrative officer if you do not receive notification of receipt of your submission to the Commission.