

MEDIA RELEASE

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Australian Airports Association's response to ACCC Airport Monitoring Report

The peak industry association representing the airport sector, the Australian Airports Association (AAA), notes the release of the Australian Competition and Consumer Commission (ACCC) Airport Monitoring report today.

AAA Chief Executive James Goodwin said: "The ACCC report presents an unbalanced view of the state of Australia's airports.

"While acknowledging airport passenger volumes and operating revenues were decimated during the pandemic, the ACCC's report fails to recognise that airports bear the risk of demand shocks like the pandemic, as high-volume businesses with high fixed costs.

"The selective use of airport financial data to claim airports continued to make significant profits during the pandemic is concerning.

"The facts are that airports provided significant money and in-kind support to airlines, including millions of dollars in rent relief and deferrals, abatements in aircraft parking and other charges to airlines, including forgiveness of significant debts owed to airports after Virgin Australia entered receivership in 2020. This support from airports was provided without the benefit of the \$3.2 billion in financial lifelines given to airlines by the previous Government.

"As volume businesses, it is in the interest of airports to maximise passenger movements through terminals. This fact provides an important incentive for airports to negotiate aeronautical charges on a commercial basis acceptable to the airlines.

"The ACCC continues to repeat unsubstantiated claims from its Airline Monitoring Report that airports are seeking to use their market power to recover pandemic-related losses through increased aeronautical charges. This is despite the ACCC stating in the Airport Monitoring Report that its monitoring does not enable it to assess in detail whether airports have exercised its market power to earn monopoly profits.

"It is noted that the ACCC's argument relies on comments regarding airport market power from the Supreme Court judge in the Perth Airport v Qantas case. The AAA's view is that the ACCC has chosen to quote selectively from the commentary, omitting the fact that in the judge's view there was no suggestion airports were abusing their market power to increase charges.

"The ACCC's claims on airport's use of market power in negotiating aeronautical charges is flawed and stands in contrast with the Productivity Commission's findings from its inquiries into the economic regulation of airports in 2002, 2006, 2012 and 2019 which, in all four inquiries, found airports did not systematically exercise their market power.

"Given recent merger activity in the airline sector, the AAA calls on the ACCC to continue its quarterly Airline Monitoring Report beyond its current expiry date of June 2023. This will go some way to the ACCC holding airlines to the same level of scrutiny as airports."

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