



# Airport monitoring report

2021-22

August 2023



## Acknowledgment of country

The ACCC acknowledges the traditional owners and custodians of Country throughout Australia and recognises their continuing connection to the land, sea and community. We pay our respects to them and their cultures; and to their Elders past, present and future.

Australian Competition and Consumer Commission  
Ngunnawal  
23 Marcus Clarke Street, Canberra, Australian Capital Territory, 2601  
© Commonwealth of Australia 2023

This work is copyright. In addition to any use permitted under the *Copyright Act 1968*, all material contained within this work is provided under a Creative Commons Attribution 4.0 Australia licence, with the exception of:

- the Commonwealth Coat of Arms
- the ACCC and AER logos
- any illustration, diagram, photograph or graphic over which the Australian Competition and Consumer Commission does not hold copyright, but which may be part of or contained within this publication.

The details of the relevant licence conditions are available on the Creative Commons website, as is the full legal code for the CC BY 4.0 AU licence. Requests and inquiries concerning reproduction and rights should be addressed to the Director, Corporate Communications, ACCC, GPO Box 3131, Canberra ACT 2601.

### Important notice

The information in this publication is for general guidance only. It does not constitute legal or other professional advice, and should not be relied on as a statement of the law in any jurisdiction. Because it is intended only as a general guide, it may contain generalisations. You should obtain professional advice if you have any specific concern.

The ACCC has made every reasonable effort to provide current and accurate information, but it does not make any guarantees regarding the accuracy, currency or completeness of that information.

Parties who wish to re-publish or otherwise use the information in this publication must check this information for currency and accuracy prior to publication. This should be done prior to each publication edition, as ACCC guidance and relevant transitional legislation frequently change. Any queries parties have should be addressed to the Director, Corporate Communications, ACCC, GPO Box 3131, Canberra ACT 2601.

ACCC 08/23\_23-01  
[www.accc.gov.au](http://www.accc.gov.au)

# Contents

<b>Glossary and abbreviations</b>	<b>v</b>
<b>Summary</b>	<b>1</b>
<b>Monitored airports' key results 2021–22</b>	<b>7</b>
<b>1. Introduction</b>	<b>10</b>
1.1 Airports' importance to the Australian economy	10
1.2 Services provided by airports	11
1.3 Airport market power	15
1.4 History of airport regulation in Australia	15
1.5 The ACCC's monitoring role	20
1.6 Consultation	25
1.7 Structure of the report	26
<b>2. Advice to enhance the current price monitoring regime</b>	<b>27</b>
2.1 ACCC's advice on more detailed information on airport performance	28
2.2 ACCC's advice on airport quality indicators	33
<b>3. Total performance</b>	<b>36</b>
3.1 Passenger numbers began to recover in 2021–22, primarily due to a rebound in domestic travel	36
3.2 Most airports reported improved year on year financial outcomes in 2021–22	40
<b>4. Aeronautical services</b>	<b>44</b>
4.1 Impact of changes in terminal leases on financial results	44
4.2 Despite some rebound, all monitored airports reported aeronautical losses in 2021–22	46
<b>5. Car parking</b>	<b>50</b>
5.1 Monitoring airports' car parking prices	50
5.2 Car parking operational and financial performance began to recover in 2021–22 but was still well below 2018–19 for most monitored airports	51
5.3 Car parking prices	56

<b>6.</b>	<b>Landside access</b>	<b>61</b>
6.1	Monitoring airports' landside access operations	62
6.2	Vehicle numbers began to recover in 2021–22	63
6.3	Landside access revenues rose but had not yet returned to pre pandemic levels	64
6.4	Compared against taxis, proportion of landside access revenue from rideshare continues to increase	66
<b>7.</b>	<b>Investments</b>	<b>68</b>
7.1	Monitoring airports' investments	68
7.2	Impact of COVID-19 on investment	69
7.3	Projects completed in 2021–22	71
7.4	Projects underway in 2021–22	72
7.5	Planned projects	75
<b>Appendix A: Landside access options – access, pricing and facilities</b>		<b>78</b>
<b>Appendix B: Supplementary results</b>		<b>83</b>
<b>Appendix C: Background information</b>		<b>99</b>

# Glossary and abbreviations

ACCC	Australian Competition and Consumer Commission
Act	<i>Competition and Consumer Act 2010</i>
Aerobridge	Allows passengers to board and disembark aeroplanes directly from/to the terminal gate lounge. Avoids need for passengers to go outside and use the apron.
Aircraft related services and facilities	Services and facilities provided by airports that are specifically utilised by aircrafts (for example, runways, aircraft parking bays and taxiways). The full list of aircraft-related services and facilities for monitoring purposes are listed in the <i>Airports Regulations 1997</i> .
Airline surveys	Each year, the ACCC sends domestic and international airlines a survey in which they are asked to rate on a scale of 1 to 5 the availability and standard of services and facilities provided by the monitored airports.
Airports Act	<i>Airports Act 1996</i>
Airports Regulations	<i>Airports Regulations 1997</i>
Airside	Refers to areas specifically in the airport that are dedicated to the provision of aircraft-related services and facilities and most passenger-related services and facilities – for example, terminal buildings, runways and taxiways.
Aeronautical services and facilities	As defined under the <i>Airports Regulations 1997</i> , services and facilities at an airport that are necessary for the operation and maintenance of civil aviation at the airport (including both passenger-related and aircraft-related services and facilities).
Apron	Airport aprons are areas where planes park and are refuelled, passengers embark and disembark and/or where planes are loaded and unloaded.
At airport car park	A car park that is located on the airport's land which could be either an at-distance or at-terminal car park.
At distance car park	A car park that is located within the airport precinct but outside of reasonable walking distance to the terminal. Access to the terminal is via a shuttle that is operated by the airport.
At terminal car park	A car park that is within walking distance of the terminal.
BITRE	Bureau of Infrastructure and Transport Research Economics
CBD	Central business district
Competition and Consumer Act	<i>Competition and Consumer Act 2010</i>
COVID-19	Coronavirus pandemic declared by the World Health Organisation on 11 March 2020.
EBIT	Earnings before interest and taxes.
EBITA	Earnings before interest, taxes, and amortisation.

EBITDA	Earnings before interest, taxes, depreciation and amortisation.
FAC	Federal Airports Corporation
FIFO	Fly in fly out
FY	Financial year
General aviation	Aircraft operations that are not regular public transport, such as private charter and aircraft training flights, and Royal Flying Doctor Services.
Landside	Parts of an airport that are not airside areas – for example, access roads and walkways within airport precincts.
Long-term parking	Parking for a period of one or more days.
Monitored airports	Airports which are subject to price and quality of service monitoring and are specified in Parts 7 and 8 of the Airports Regulations 1997; currently Brisbane, Melbourne, Perth and Sydney airports.
MTOW	Maximum take-off weight
Objective indicators	Airport services and facilities listed in the Airports Regulations 1997 to be monitored and evaluated by the ACCC and of which monitored airports are required to keep records. Includes both physical infrastructure (for example, the number of check-in desks and flight information display screens) and other measurements (for example, number of passengers during peak hour).
Off airport car park	A car park that is located outside of the airport precinct and operated by a third party. Access to the terminals is provided by a shuttle bus that is provided by the off-airport car park operator.
Operating profit	Measured by earnings (revenue less cost) before interest, taxation and amortisation.
Operating profit margins	In this report, this is the ratio of EBITA (earnings before interest, taxes, and amortisation) to total revenue.
Passenger-related services and facilities	Services and facilities provided by airports that are specifically utilised by passengers (for example, check-in desks, aerobridges and gate lounges). The full list of passenger-related services and facilities for monitoring purposes are listed in the Airports Regulations 1997.
Part IIIA Pricing Principles	Part IIIA Pricing Principles set out in section 44ZZCA of the <i>Competition and Consumer Act 2010</i> .
2019 Productivity Commission inquiry	Productivity Commission 2019, <i>Economic Regulation of Airports</i> , Report no. 92, Canberra.
Peak hour	The hour that, on average for each day in the financial year, has the highest number of (arriving/departing/total of both) passengers.
Quality of aeronautical service	A metric derived by aggregating the quality of aeronautical service monitoring results sourced from objective indicators and surveys of airlines and passengers on the quality of services and facilities provided by the monitored airports.
Real terms	A value expressed in the money of a particular base time period (for example, 2021–22 dollars). Values in real terms remove the impact of inflation and provide a better comparison of values over time.

Return on assets	Ratio of EBITA relative to average tangible non-current assets. The ACCC uses a 'line in the sand' approach to valuing 'aeronautical assets' (see Box 1.3 and Appendix C).
Short term parking	Parking for a period of up to one day.
T1/T2/T3/T4	Terminal 1/Terminal 2/Terminal 3/Terminal 4
Taxiway	A road for aircraft that connects runways with airport facilities including ramps, hangars and terminals.



# Airport monitoring report 2021–22



In 2021–22, the financial performance of Brisbane, Melbourne and Perth airports improved, but declined further for Sydney Airport. Total operating profit margins for all 4 monitored airports remained below 2018–19 levels, ranging between 8% and 42%.



Passenger numbers increased across all 4 monitored airports following the reopening of domestic and international borders, largely due to a rebound in domestic travel. The rebound has continued in the first 3 quarters of 2022–23, with domestic travel reaching around 84% to 107% and international travel reaching around 61% to 71% of 2018–19 levels, respectively.



Despite some improvement, all 4 monitored airports reported operating losses from aeronautical operations in 2021–22. Aeronautical services provide the primary source of revenue for the monitored airports.



The 4 monitored airports indicated that they were conservative with their investment programs in 2021–22 due to uncertainties associated with the COVID-19 pandemic. Some advised that they prioritised progressing projects that would otherwise have disrupted air travel.



In May 2023, the ACCC advised the Australian Government of its recommendations to enhance the price monitoring regime by requiring the monitored airports to report more disaggregated information in relation to aeronautical, car parking and landside access services, and updating reported measures of airport quality. The ACCC considers that these actions will improve transparency of airport performance for the benefit of airport users and inform analysis of whether the monitored airports are exercising their market power in relation to specific services.



# Summary

This report presents the Australian Competition and Consumer Commission's (ACCC's) analysis of monitoring the prices, costs and profits of Brisbane, Melbourne (Tullamarine), Perth and Sydney (Kingsford Smith) airports.

Due to the continued significant impact of COVID-19 on the 4 monitored airports in 2021–22, the ACCC has largely confined its observations in this report on monitored airports' recovery from the pandemic.

The ACCC did not collect data on quality of service for 2021–22 from the monitored airports. We have resumed collecting quality of service data from the monitored airports and will recommence full reporting in our next monitoring report.

Earlier this year, the ACCC provided advice to the Australian Government on an updated and enhanced price monitoring regime, as discussed below. If the Australian Government accepts our advice, we will start collecting and reporting new information in the future.

## Developments in 2021–22

### Overall performance of the 4 monitored airports

As was the case in 2020–21, the COVID-19 pandemic continued to have a significant impact on the aviation industry in 2021–22.

This section covers operational and financial results across the monitored airports' overall operations.

### Passenger numbers

With the reopening of domestic and international borders in the latter part of 2021–22, the monitored airports benefitted from some rebound in passenger numbers from the lows of the previous financial year. As a percentage of 2018–19 levels, the total passenger numbers in 2021–22 reached 43% at Brisbane Airport, 35% at Melbourne Airport, 51% at Perth Airport and 30% at Sydney Airport, respectively.<sup>1</sup>

The recovery in domestic passengers outpaced that for international passengers in 2021–22, as shown in table 1.

**Table 1:** Domestic and international passengers in 2021–22 as a percentage of 2018–19 levels

Airport	Domestic passengers	International passengers
Brisbane Airport	54%	13%
Melbourne Airport	42%	17%
Perth Airport	68%	11%
Sydney Airport	39%	17%

Source: ACCC analysis of information from the monitored airports.

<sup>1</sup> Sydney Airport noted that its passenger numbers for the 6 months to 31 December 2021 were significantly lower than passenger numbers in the 6 months to 30 June 2022, hitting their lowest point in late 2021, at just 1% of 2019 levels.

The rebound in both domestic and international travel has continued in 2022–23. As shown in Table 2, domestic travel has reached around 84% to 107% and international travel around 61% to 71% of 2018–19 levels, respectively.

**Table 2:** Comparison of domestic and international passenger numbers in Q1–Q3 of 2022–2023 to Q1–Q3 of 2018–19

	Number of domestic passengers in the first 3 quarters of 2022–23 as a percentage of number of domestic passengers in the first 3 quarters of 2018–19	Number of international passengers in the first 3 quarters of 2022–23 as a percentage of number of international passengers in the first 3 quarters of 2018–19
Brisbane Airport	90%	61%
Melbourne Airport	86%	67%
Perth Airport	107%	71%
Sydney Airport	84%	69%

Source: ACCC analysis of information received from monitored airports and the Bureau of Infrastructure and Transport Research Economics (BITRE).<sup>2</sup>

## Overall profitability

Rebound in passenger numbers led to some recovery in the financial performance of 3 of the 4 monitored airports, however, their financial performance was still below 2018–19 levels. This reflects the fact the pricing structure of the airports means that when passenger numbers are low, their revenues are also low.

Table 3 compares operating profit margins<sup>3</sup> in 2021–22 and 2018–19.

**Table 3:** Total operating profit margin by airport, 2018–19 and 2021–22

Airport	2018–19	2021–22
Brisbane Airport	59%	32%
Melbourne Airport	56.5%	7.9%
Perth Airport	48%	42% <sup>4</sup>
Sydney Airport	59.5%	11%

Source: ACCC analysis of information from the monitored airports.

## Investments

Brisbane, Sydney and Perth airports reported that, in aggregate, they completed about \$90 million to \$117 million in major investments in aeronautical, car parking and landside access facilities in 2021–22. Melbourne Airport did not report a figure to the ACCC. The monitored airports indicated to the ACCC that they remained relatively conservative with their investment programs in 2021–22 due

<sup>2</sup> Bureau of Infrastructure and Transport Research Economics, [Airport Traffic Data](#), released 16 June 2023, accessed July 2023.

<sup>3</sup> Earnings before interest, taxes and amortisation as a percentage of total airport revenue.

<sup>4</sup> Perth Airport reported that its profit metrics for 2021–21, as reported by the ACCC, have been favourably impacted by an inclusion of \$73m in non-aeronautical fair value adjustments (non-cash).

to uncertainties associated with the COVID-19 pandemic. Some of the monitored reports advised that during COVID-19 they prioritised progressing projects that would otherwise have disrupted air travel.<sup>5</sup>

## Performance of the 4 monitored airports across individual service segments

The monitored airports' operations can be broadly split across 4 categories of services – aeronautical, car parking, landside access and commercial.<sup>6</sup> Table 4 shows the split in the revenue that the monitored airports derived from each of the categories in 2018–19 and 2021–22.

**Table 4:** Revenue split by service categories, 2018–19 and 2021–22

Category	2018–19	2021–22
Aeronautical	45–56%	34–51%
Car parking	8–14%	7–15%
Landside access	1–3%	1–2%
Commercial	34–42%	38–53%

Source: ACCC analysis of information from the monitored airports.

The ACCC focuses its reporting on aeronautical, car parking and landside access services.

### Aeronautical services

Of the 3 service segments monitored by the ACCC, the aeronautical services were the most affected by the COVID-19 pandemic. Despite some improvement, all 4 monitored airports reported operating losses from these operations in 2021–22.<sup>7</sup> The monitored airports' aeronautical operating profit margins<sup>8</sup> in 2021–22 were well below those they achieved in 2018–19, as shown in table 5.

**Table 5:** Aeronautical operating profit margins, by airport, 2018–19 and 2021–22

Airport	2018–19	2021–22
Brisbane Airport	47%	-5.9%
Melbourne Airport	40%	-38.8%
Perth Airport	34%	-0.05%
Sydney Airport	45%	-27.4%

Source: ACCC analysis of information from the monitored airports.

### Car parking

The daily number of vehicles visiting car parks at all the monitored airports in 2021–22 was higher than in 2020–21, consistent with an increase in passenger numbers. While this led to improved car

<sup>5</sup> Investments reported to the ACCC for 2021–22 included re-sheeting of taxiways and resurfacing of runways.

<sup>6</sup> Aeronautical: covers provision of aviation services including runways, aprons, aerobridges, departure lounges and baggage-handling equipment. Car parking: covers provision of at terminal and at distance parking and other related services. Landside access: covers services to parties seeking to access the airport to drop off or pick up passengers, including ground transport operators and independent car park providers. Commercial: covers services to retail outlets, car rental operators, hotels, corporate parks and factory outlets plus anything else that does not fall under the other 3 service segments.

<sup>7</sup> Aeronautical revenue minus aeronautical expenses.

<sup>8</sup> Aeronautical operating profit as a percentage of aeronautical revenue.

parking financial performance for each of the monitored airports, most monitored airports had not yet reached the car parking operating profit margins they achieved in 2018–19, as shown in table 6.

**Table 6:** Car parking operating profit margins, by airport, 2018–19 and 2021–22

Airport	2018–19	2021–22
Brisbane Airport	67%	58%
Melbourne Airport	53%	40%
Perth Airport	58%	58%
Sydney Airport	68%	33%

Source: ACCC analysis of information from the monitored airports.

## Landside access

In 2021–22, all 4 monitored airports reported higher landside access revenues compared with the previous financial year, as more passengers used various forms of ground transport to access the monitored airports.<sup>9</sup> However, when compared to 2018–19, landside access revenues in 2021–22 only reached 38% for Brisbane Airport, 30% for Melbourne Airport, 67% for Perth Airport and 29% for Sydney Airport.

## The ACCC advised the Australian Government on how to enhance the price monitoring regime

The ACCC currently receives and publishes highly aggregated data on aeronautical and car parking services. Aggregated information does not allow analysis of individual services within these segments, such as international compared with domestic flights, or different types of car parking. Further, the information the ACCC currently collects on landside access services is incomplete and inconsistent, as there is currently no formal requirement on the monitored airports to provide this information to the ACCC.

The lack of fulsome and consistent data:

- impedes the Airports Act’s objective of facilitating the assessment and comparison of monitored airports’ performance (for example, in provision of landside access services)
- limits the usefulness of published information to airport users (for example, domestic airlines cannot distil data pertaining to provision of domestic aeronautical services)
- impedes the ability of the ACCC and Productivity Commission to assess whether the monitored airports are exercising their market power in relation to specific services (for example, at terminal car parking).

In June 2022, the Australian Government requested the ACCC to provide advice on how to implement recommendations made by the Productivity Commission in a 2019 inquiry to enhance the price monitoring regime.

<sup>9</sup> Landside access revenue is derived from charges on landside transport operators such as taxis and rideshare.

## Productivity Commission recommendations

In 2019, the Productivity Commission completed its fourth review of the Economic Regulation of Airports. Overall, the Productivity Commission found that the current light-handed approach to airport regulation remains fit for purpose.

However, the Productivity Commission noted that some airport indicators could present cause for concern if considered in isolation. In particular, the Productivity Commission stated that high international charges at Sydney and Brisbane airports, Sydney Airport's relatively high returns, and high operating costs at Perth Airport show that there is reason to remain vigilant.<sup>10</sup>

To strengthen the price monitoring regime, the Productivity Commission recommended that:

- the monitored airports report more detailed information to the ACCC in relation to aeronautical, car parking and landside access services to enhance the transparency of airports' operations and to detect the exercise of market power more readily (Recommendation 9.4)
- the ACCC provide advice to the Australian Government on an updated set of quality of service indicators to improve their fit for purpose (Recommendation 9.5).<sup>11</sup>

## The ACCC advice

The ACCC consulted widely with industry stakeholders, including issuing several consultation papers and convening a joint consultation session with the monitored airports and the Australian Airports Association.

In May 2023, the ACCC recommended that the Australian Government amend the *Airports Regulations 1997* to require the monitored airports to report to the ACCC:

- systematically disaggregated data and detailed cost allocation methodologies for aeronautical, car parking and landside access services
- information relating to 53 quality of service *matters* – to monitor the notional capacity or performance of particular airport services and facilities.<sup>12</sup>

The ACCC considers that the publication of disaggregated information in relation to specific services will strengthen the price monitoring regime by:

- enhancing transparency of performance of the monitored airports for the benefit of airport users, assisting those users:
  - in negotiations with the monitored airports
  - to assess the reasonableness of charges and other terms of access
  - to identify potential problems with specific services
- informing analysis of whether the monitored airports are exercising their market power in relation to those specific services.

---

10 Productivity Commission, Economic Regulation of Airport Services (2019), <https://www.pc.gov.au/inquiries/completed/airports-2019/report>, 2019, p 2, accessed 13 July 2023.

11 Productivity Commission, Economic Regulation of Airport Services (2019), <https://www.pc.gov.au/inquiries/completed/airports-2019/report>, 2019, p 42, accessed 13 July 2023.

12 See <https://www.accc.gov.au/by-industry/travel-and-airports/airport-monitoring/more-detailed-information-on-financial-performance-of-airports> and <https://www.accc.gov.au/by-industry/travel-and-airports/airport-monitoring/airports-quality-of-service-review>.

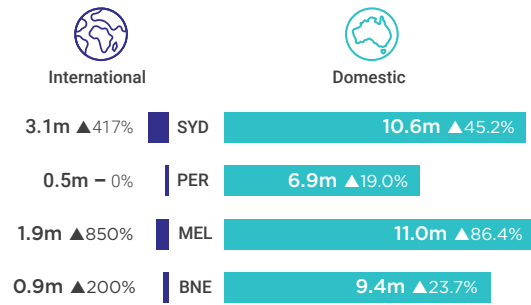
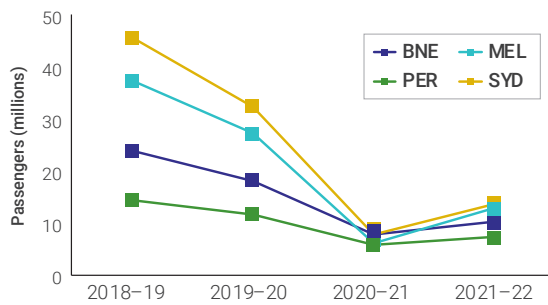
For example, the ACCC expects that publication of disaggregated information will, amongst other things:

- for aeronautical services:
  - improve the information available to domestic and international airlines for the purpose of their negotiations with the monitored airports
  - allow the comparison of the monitored airports' performance in supplying international and domestic aeronautical services
- for car parking services: allow the analysis of the monitored airports' performance in provision of at terminal car parking services for which there is limited, if any, competition
- for landside access services: increase transparency on whether the monitored airports are using landside access charges to off-airport car parking operators to give themselves a competitive advantage in provision of at distance car parking services.

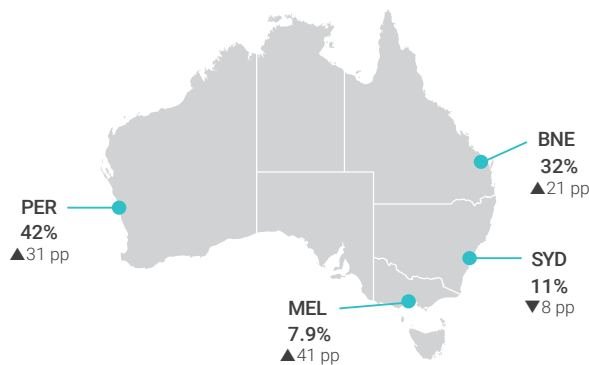
These changes will support the objectives of the price monitoring regime and the Airports Act for the benefit of airport users and the Australian community more generally.

# Monitored airports' key results 2021-22

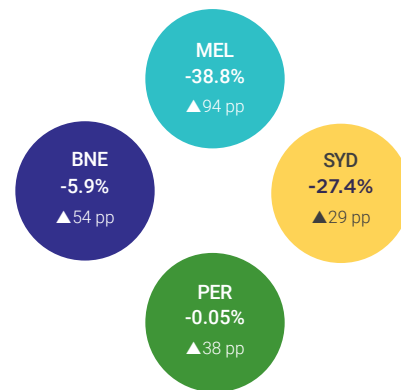
## NUMBER OF PASSENGERS



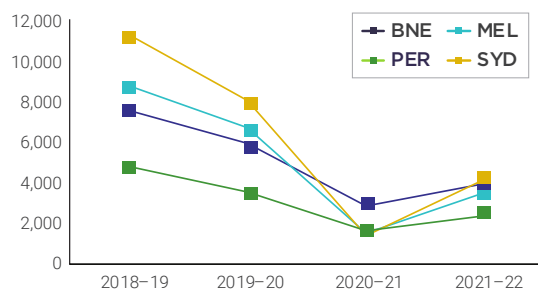
## MONITORED AIRPORTS' LOCATIONS AND TOTAL OPERATING PROFIT MARGINS\*



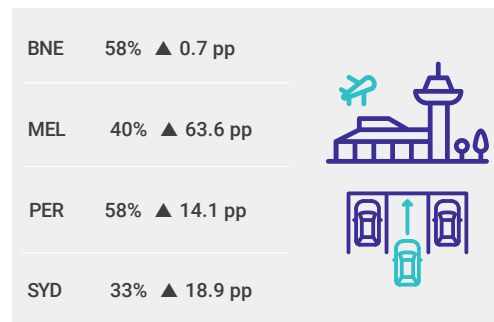
## AERONAUTICAL PROFIT MARGIN\*



## AVERAGE DAILY CAR PARKING THROUGHPUT



## CAR PARKING PROFIT MARGINS\*



\* Profit margin is measured as earnings before interest, taxes and amortisation (EBITA) as a percentage of revenue.  
 Notes: Items as described ▼▲ are comparisons to 2020-21.  
 pp means percentage point(s).

# Key performance indicators for 2021–22

**Table 7:** Key total airport indicators for 2021–22

Airport	Passenger numbers (millions)	Aircraft movement (thousands)	Total airport revenue (\$millions)	Total airport profit (\$millions)	Total airport operating profit margin (%)	Return on total airport assets <sup>13</sup> (%)
Brisbane	10.3	141.3	500.6	158.9	32	2.9
Melbourne	12.9	126.6	519.7	41.3	7.9	0.7
Perth	7.4	108.5	428.5	178.7	42 <sup>14</sup>	6.1
Sydney	13.7	138.6	776.1	83.7	11	1.6

**Table 8:** Changes in key total airport indicators for 2020–21 to 2021–22

Airport	Passenger numbers (%)	Aircraft movement (%)	Total airport revenue (%)	Total airport profit (%)	Total airport operating profit margin (percentage points)	Return on total airport assets (percentage points)
Brisbane	31	22	7	216	21	2
Melbourne	110	58	53	137	41	2.5
Perth	25	11	58	536	31	5
Sydney	75	2	-6	-46	-8	-1

Notes: Changes for financial data are presented in real terms (base year of 2021–22).

**Table 9:** Key aeronautical indicators for 2021–22

Airport	Aeronautical revenue (\$millions)	Aeronautical revenue per passenger (\$)	Aeronautical operating profit (\$millions)	Aeronautical profit (EBITA) margin (%)	Return on aeronautical assets <sup>15</sup> (%)
Brisbane	202.9	19.73	-12.0	-5.9	-0.4
Melbourne	239.2	18.49	-92.8	-38.8	-3.6
Perth	144.3	19.63	-0.1	-0.05	-0.01
Sydney	394.6	28.76	-108.1	-27.4	-3.5

13 This measure covers both aeronautical and non-aeronautical assets. The ACCC uses a 'line in the sand' approach to valuing 'aeronautical assets' (see Box 1.3 and Appendix C).

14 Perth Airport reported that its profit metrics for 2021–22, as reported by the ACCC, have been favourably impacted by an inclusion of \$73m in non-aeronautical fair value adjustments (non-cash).

15 This measure is based on aeronautical tangible non-current assets. The ACCC uses a 'line in the sand' approach to valuing aeronautical assets (see Box 1.3 and Appendix C).



**Table 10:** Changes in key aeronautical indicators for 2020–21 to 2021–22

Airport	Aero revenue (%)	Aero revenue per passenger (%)	Aero operating loss (%)	Aero profit (EBITA) margin (percentage points)	Return on aero assets (percentage points)
Brisbane	37	5	-86*	54	2.3
Melbourne	80	-14	-48*	94	2.9
Perth	48	19	-100*	38	3.6
Sydney	39.5	-20	-32*	29	1.5

Notes: Changes for financial data are presented in real terms (base year of 2021–22).

\* aeronautical operating loss is showing the reduction in losses.

**Table 11:** Key car parking indicators for 2021–22

Airport	Revenue (\$million)	Operating profit (\$million)	Profit margin (%)	Car parking spaces	Revenue per car park space (\$)	Operating profit per car park space (\$)	Revenue share of total airport revenue (%)
Brisbane	64	37.1	58	19,961	-	-	13
Melbourne	76	30.5	40	26,654	2,853	1,143	15
Perth	53.8	31.2	58	19,357	2,778	1,612	13
Sydney	56.3	18.8	33	14,892	4,770	1,593	7

**Table 12:** Changes in key car parking indicators from 2020–21 to 2021–22

Airport	Revenue (%)	Operating profit (%)	Profit margin (percentage points)	Car parking spaces (%)	Revenue per car park space (%)	Operating profit per car park space (%)	Revenue share of total airport revenue (percentage points)
Brisbane	38	39.5	0.7	4.6	-	-	3
Melbourne	96	434	63.6	0	96	434	3.2
Perth	48	96	14.1	66	-11	18	-0.4
Sydney	61	272	18.9	1.2	59	267	-2.8

Note: Changes for financial data are presented in real terms (base year of 2021–22).

# 1. Introduction

## 1.1 Airports' importance to the Australian economy

Airports perform a vital role in supporting economic activity across Australia. Air travel and transportation have become increasingly popular and essential to several industries over the last few decades. Over the 20 years to 2019, prior to the onset of the COVID-19 pandemic, the number of passengers travelling through Australia's airports more than doubled to over 160 million.<sup>16</sup> The 4 monitored airports – Brisbane, Melbourne, Perth and Sydney – accounted for about 3 quarters of passenger movements across Australian airports in 2018–19.<sup>17</sup>

Apart from airports' core activities, which employ a relatively small number of staff<sup>18</sup>, airport precincts support a much larger sphere of economic activity. This includes retail, office space, logistics and other aviation sector activity.<sup>19</sup>

Outside the airport precinct, airports are essential in facilitating economic activity in other industries. One of the most notable is tourism, which (before COVID-19) contributed around 6% to Australia's gross domestic product and was its fourth largest export industry.<sup>20</sup> The overwhelming majority (some 97%) of international tourists arrive in Australia by plane.<sup>21</sup> The mining, construction and oil and gas industries also rely heavily on airports to facilitate transport of their fly in fly out (FIFO) workforce to remote parts of Australia.<sup>22</sup> Numerous other industries rely on airports to facilitate business related travel.

Airports also facilitate air freight. While this only accounts for 0.1% of freight transported between Australia and the rest of the world in volume, it represents around 20% of trade by value.<sup>23</sup> The majority of the goods transported by air are high value and time critical, such as eCommerce parcels, perishable goods (particularly seafood) and medical supplies.<sup>24</sup>

As well as supporting economic activity, airports also play a role in connecting family, friends and communities throughout Australia.

---

16 ACCC calculation based on [BITRE Airport Traffic Data \(1985–86 to 2020–21\)](#).

17 ACCC calculation based on [BITRE Airport Traffic Data \(1985–86 to 2020–21\)](#). Note that this share of total passenger movements decreased to 56% in 2020–21.

18 IBISWorld estimated that airports directly employed some 12,593 in 2018–19 prior to the pandemic; see IBISWorld, [Airport Operations in Australia I5220](#), IBISWorld website, 2021, p 13, accessed 13 July 2023.

19 These accounted for an estimated 206,400 full-time equivalent staff in 2016–17: Deloitte, [Connecting Australia – The economic and social contribution of Australia's airports](#), Deloitte website, 2018, p ii, accessed 13 July 2023.

20 Department of Infrastructure, Transport, Regional Development and Communications (DITRDC), [Future of Australia's Aviation Sector](#), Issues paper, 2020, p 5, accessed 13 July 2023.

21 Deloitte, [Connecting Australia](#), p 37.

22 DITRDC, [Future of Australia's Aviation Sector](#), p 5.

23 As above.

24 Deloitte, [Connecting Australia](#), p iii; DITRDC, [Future of Australia's Aviation Sector](#), p 5.

## 1.2 Services provided by airports

Airports provide a range of services to various users, including:

- aeronautical services to airlines
- car parking services to passengers, airport staff and employees of businesses located at the airport
- landside access services to transport operators, including taxis, rideshare services, private cars (including limousines), and public and private buses (including shuttle buses for off airport parking)
- commercial services (particularly leasing space) to retail outlets, car rental operators, hotels, corporate parks and factory outlets.

The following sections discuss these in more detail.

### Aeronautical services

Broadly, aeronautical services are services and facilities that airports provide to airlines for the operation and maintenance of civil aviation at the airport.<sup>25</sup>

Airlines operate aircraft on scheduled routes domestically and internationally to transport both passengers and freight. Airports provide services and facilities to assist with airlines' use of the aircraft, including:

- runways, taxiways, aprons, airside roads and airside grounds
- airfield and airside lighting
- aircraft parking sites
- ground handling (including equipment storage and refuelling)
- airside freight handling and staging areas essential for aircraft loading and unloading.

Airports also provide services and facilities to assist airlines' passengers, including:

- terminals, including the necessary departure and holding lounges, and related facilities
- aerobridges and buses used in airside areas
- terminal access roads and facilities in landside areas (including lighting and covered walkways)
- baggage handling and reclaiming facilities.

Airports and airlines engage in commercial negotiations to reach agreement on the terms and conditions of use of an airport's aeronautical services and facilities, including charges and service levels. Under these agreements, aeronautical charges could be based on a variety of factors, such as the number of passengers, maximum take off weight, duration and time of day. While some airports levy charges for each aeronautical service component, other airports bundle some of those services into a single charge. Airports generally levy charges for access to terminals on the basis of the number of passengers per aircraft and type of flight.

Many airports also have standard conditions of use or standard terms of service that apply to all airlines which use the airport's services and facilities, but which have not entered into a service agreement with the airport.

---

25 Part 7 of the Airports Regulations.

## Airport car parking services

Each of the 4 monitored airports provide a range of on-site car parking facilities for the public and staff. Each airport offers at terminal and at distance parking on both a short term and long term basis as well as a range of products and services in-between. For some airports, they have broadened their offering to include premium services such as valet car parking and 'guaranteed space' allocations.

Many motorists choose to park near the terminal as they drop off or pick up friends and relatives. At distance car parking is generally not located within walking distance of the terminals and therefore requires shuttle bus access. Despite the lower level of convenience, at distance car parks are often favoured by motorists parking for extended durations because of the cheaper parking rates.

Airports charge the motorists directly for parking based on their choice of parking facilities and length of stay. Prices charged for parking near the terminal are typically higher than those for parking at some distance from the terminal. Most airports offer promotions that motorists can access online, such as for off peak periods, providing discounts on the standard drive up rates.

The following section provides a brief overview of each airport's car parking service offerings.

### Brisbane Airport

Brisbane Airport has 3 separate car parking precincts, 2 of which are within walking distance of the terminals. The third precinct is located at a distance from the terminals, with access provided via a free, regular shuttle bus service.

The 2 facilities that are located at terminal are both multi-level car parks. One is located near the international terminal and one is located near the domestic terminal (comprising of P1 and P2 car parks):

- The International terminal offers short term (up to 4 hours of parking, also known as ParkShort), long term (over 4 hours of parking, also known as ParkLong) and valet parking services.
- P1 offers ParkShort, ParkLong, valet, premium parking and guaranteed space services.
- P2 offers long term and guaranteed space parking services.

The car park that is located at a distance from the terminals (Airpark) provides open air and undercover parking for longer stays. A shuttle bus service picks up and drops off customers from 3 designated bus stops close to the entrance of both terminals. It is part of the central parking area that also includes staff car parking facilities as well as landside operator facilities and amenities.

### Melbourne Airport

Melbourne Airport provides multiple car parking facilities for both domestic and international passengers. There are 2 main multi-level car parks that are located 'at terminal': At Terminal T123 (for access to Qantas, Virgin and international terminals) and At Terminal T4 (for access to other domestic airlines, including Jetstar, Rex and Airnorth). While both offer premium parking options, the T123 car park also offers valet parking services.

The at distance Value car park provides open air parking for longer stays. It is serviced by a free shuttle bus that picks up and drops off customers at the entrance of all terminals.

### Perth Airport

There are 2 main car parking precincts at Perth Airport: T1/T2 and T3/T4. T1/T2 are serviced by individual at terminal car parks and common at distance car parks, while T3/T4 are serviced by common at terminal and at distance car parks. The T3/T4 precinct also includes a premium, undercover 'Fast Track' car park in front of the terminals.

Perth Airport's at distance parking areas are serviced by free shuttle buses. The airport also offers free parking for 10 minutes at the at terminal car parks and for the first hour in all at distance car parks. At terminal and at distance parking can be booked online except for some short term durations.

## **Sydney Airport**

Sydney Airport provides a range of car parking services and facilities. There are 2 at terminal precincts that are located close to the domestic terminal and international terminal respectively.

During 2021–22, the domestic precinct consisted of 2 multi-level facilities (P1/P2 and P3) that provided both short term and longer term parking. In 2021–22 the P1/P2 car park was located closest to the domestic terminals and included a dedicated 'Guaranteed Space' area, while the P3 car park is a longer walk away from the domestic terminals and offered discounted day rates as well as an express pick up area.

The international precinct consists of a multi-level facility (P7) that provides both short and longer term parking, as well as the relatively new northern multi-level car park (P6) that provide short and longer term parking to the public and to the staff who work in the airport precinct.

There is also a third long term car park (Blu Emu) located at a short distance from the terminals. A free regular shuttle bus service transports users between the car park and the domestic terminal.

## **Landside access services**

Airports provide landside access services to a range of third parties seeking to access the airport to drop off or pick up passengers. These include various landside transport operators, as well as independent providers of car parking services.

## **Landside transport operators**

Apart from driving and parking on airport land, the public can access airports via a range of landside transport operators, including taxis, rideshare services, terminal pick up and drop off, private cars (for example, limousines), public and private buses, and (in some cases) trains.

Airports provide access and facilities to all these landside transport operators such as forecourt and transport hubs, drop off and pick up bays, taxi stands, waiting areas and roads to facilitate movements around the airport. A table showing the alternative ground transport options and facilities available at the monitored airports can be found at Appendix A. Airports often charge landside transport operators an access fee each time they drop off or collect passengers.

## **Independent car parking service providers**

At each monitored airport, the public also has access to a range of off airport parking options. Customers typically drop off their vehicles at the relevant off airport parking facilities and are transported by a courtesy shuttle bus to their respective airport departure terminal, and later picked up from the relevant arrival terminal. The off airport parking operator may obtain airport access by way of a licence agreement granted by each airport operator. This permits the off airport parking operator restricted airport precinct entry and usage rights.

Off airport parking operators may also pay airports an access fee each time they enter the airport precinct to drop off or collect passengers.

Each of the monitored airports is serviced by a varying number of off airport and independent parking operators:

- Brisbane: 4 independent off airport car parking facilities are located near Brisbane Airport.
- Melbourne: at least 17 independent off airport car parking facilities are located near Melbourne Airport.
- Perth: 6 off airport car parking facilities are located near Perth Airport.
- Sydney: at least 8 independent off airport car parking facilities are located near Sydney Airport.

## Commercial services

Airports derive revenue through their ownership of property on airport land, most notably through leasing airport premises and land to a variety of parties. These include car rental businesses, retail outlets and other commercial tenants.<sup>26</sup>

### Car rental

Car rental businesses located at, or near, airports lease vehicles primarily to arriving international and domestic travellers.

Car rental businesses negotiate and enter into lease agreements (sometimes known as licence agreements) with airports to acquire facilities which allow them to operate their businesses. These include counter spaces at terminals and car parking bays, as well as signage providing directions to these facilities. Car rental businesses compete on convenience by locating themselves at, or in close proximity to, airports and require sufficient parking bays to accommodate their fleet.<sup>27</sup>

Some car rental companies also partner with airlines and various tourism service operators.

### Retail

Retail outlets operate within airport terminals, providing goods and services to passengers before or after boarding their plane. These include food and beverage vendors, newsagencies, fashion outlets, souvenirs, travel related goods, currency and phone services. All the monitored airports' international terminals also have duty free shops.

Retail outlets enter into lease agreements with airports to acquire the necessary facilities to operate their businesses. These primarily include the physical site within the airport's terminal, although airports will also provide additional services such as storage space and promotional activities.

### Other commercial activities

Monitored airports' commercial activities also include lease of terminal space, buildings and other space on the airport's land for hotels, business parks, office space and industrial business operators. For example, various hotels are located at Melbourne Airport while its Business Park spans more than 430 hectares with various types of tenants like a large plumbing supplies warehouse and many freight and logistics companies.<sup>28</sup> Likewise, Perth Airport is home to a large supermarket and a shopping outlet.<sup>29</sup>

---

26 Recognition of revenue from car rental operators varied between airports, with some including it as part of property, while some included it as part of landside access. As noted in Chapter 6 of this report, ACCC has historically analysed landside access excluding car rental data.

27 IBISWorld, [Car Rental in Australia OD5485](#), IBISWorld website, 2021, p 34, accessed 13 July 2023.

28 Australia Pacific Airports Corporation Limited (APAC), <https://www.melbournearport.com.au/corporate/annual-reports>, pp 34–5, accessed 13 July 2023.

29 Perth Airport, *Perth Airport Annual Report 2020/21*, [Perth Airport Annual Report 2020/21](#), p 22, accessed 13 July 2023.

Airports typically enter into lease agreements with these parties to use airport premises and land. However, in some cases, airports themselves will own and derive revenue from these assets, such as hotels.<sup>30</sup>

## 1.3 Airport market power

Many airports in Australia are regional natural monopolies. Due to economies of scale and scope there is usually only one airport in a certain region. These airports typically have market power, as they do not face any effective competition from other airports for provision of air transportation services in the relevant region. The extent of that market power depends, in part, on how essential the airport is to those seeking to use it. Airports that act as a critical 'hub' for economic activity will typically have substantial market power. The Productivity Commission has found in its previous inquiries that at least the 4 monitored airports in Australia have significant market power.<sup>31</sup>

Each airport, just as any other private business in Australia, seeks to maximise its profits. As monopolies that are not constrained by competition, airports seek to achieve this by charging monopoly prices, while limiting output and service levels. Airports may also under or over invest in their infrastructure and lack incentives to operate efficiently or to adopt innovative technologies and service models. Such actions hamper productivity and lead to efficiency losses to the detriment of consumers and the broader Australian economy.

Key infrastructure service providers with natural monopoly characteristics, similar to those exhibited by the major airports, are typically regulated to ensure that they will not exploit their market power to the detriment of consumers. Since 2002, the Australian Government has adopted a light handed regulatory regime for Australian airports, discussed in the next section.

## 1.4 History of airport regulation in Australia

Until the 1980s, Australia's main airports were owned and operated by the Australian Government, through the Department of Aviation (and its forerunner, the Department of Civil Aviation).

Following the recommendations in the 1984 *Report of the Independent Inquiry into Aviation Cost Recovery* (Bosch Report), the Australian Government announced the corporatisation of the major Australian airports in 1985, with the goal of improving efficiency in airport operations, investment and pricing. This was part of a wide ranging program of 'microeconomic reform' with a corporatisation model giving the management of airports greater commercial freedom and intended to emulate governance, management, and incentive systems used in the private sector. A total of 23 Commonwealth Airports were transferred from the Department of Aviation to a statutory enterprise, the Federal Airports Corporation,<sup>32</sup> that began operations on 1 January 1988.

In 1996, the Australian Government commenced the phased privatisation (through long term leasing arrangements) of 22 airports, previously owned and managed by the Federal Airports Corporation,

---

30 For example, Melbourne Airport is constructing a 464-room hotel on airport land, which it intends to operate through a third-party manager: see M Bleby, *As demand takes off, Melbourne Airport gets its first new hotel since 2002*, <https://www.commercialrealestate.com.au/news/as-demand-takes-off-melbourne-airport-gets-its-first-new-hotel-since-2002-51387/>, 17 April 2019, accessed 13 July 2023. Note that this project is currently on hold: see APAC, <https://www.melbournearport.com.au/corporate/annual-reports>, p 34, accessed 13 July 2023.

31 Productivity Commission, *Inquiry report, Price Regulation of Airport Services (2002)*, 2002, p 133, accessed 13 July 2023; Productivity Commission, *Inquiry Report, Economic Regulation of Airport Services (2012)*, 2012, p 63, accessed 13 July 2023 and Productivity Commission, *Inquiry report, Economic Regulation of Airport Services (2019)*, 2019, p 89, accessed 13 July 2023.

32 The Australian Government established the Federal Airports Corporation (FAC) in the 1980s to own and manage airports on a commercial basis. Initially the FAC was required to notify the relevant Minister prior to setting or varying aeronautical charges.



to improve the efficiency of airport investment and operations, and to facilitate innovative management.<sup>33</sup> The Airports Act sets out a number of public policy objectives for the corporatised FAC airports, that included the promotion of the 'efficient and economic development and operation of airports'.

Following the decision to privatise these airports, the Australian Government established a transitional price regulation regime, administered by the Australian Competition and Consumer Commission (ACCC).<sup>34</sup> This was designed to limit the potential for airports to exercise their market power, and included price notification, price monitoring, price cap arrangements and special provisions for necessary new investment. Some 12 airports were designated as 'core regulated' airports under section 7 of the Airports Act and subject to price regulation (Adelaide, Alice Springs, Brisbane, Canberra, Coolangatta, Darwin, Hobart, Launceston, Melbourne, Perth, Sydney and Townsville).<sup>35</sup> These airports were also subject to quality of service monitoring to ensure that airport assets were not allowed to run down at the expense of service standards.

## 2002 Productivity Commission inquiry

In December 2000, the Australian Government directed the Productivity Commission to inquire into the price regulation of airport services, including the price cap regime.

The Productivity Commission released its inquiry report in early 2002, which concluded that many of the major airports did have substantial market power (particularly Sydney, Melbourne, Brisbane and Perth).<sup>36</sup> It also concluded that the abuse of market power could manifest itself as one or more of:

- increasing prices above efficient costs
- deterioration in quality
- inefficient investment
- selective denial of access to airport facilities.

However, the Productivity Commission considered that, while major airports did have market power, it was either:

- not exercised
- was exercised but did not cause inefficiency
- was exercised but offset by the countervailing power of airlines.

Furthermore, it considered that factors such as the countervailing power of airlines and the threat of re-regulation would act as a constraint on the exercise of market power in commercial negotiations between airports and users in the future.<sup>37</sup>

The Productivity Commission concluded that price caps distorted production and investment decisions due to the inability of regulators to set prices accurately.<sup>38</sup> Consequently, it recommended that the price regulation regime be replaced with a more 'light handed' price monitoring regime, which the ACCC would continue to administer. This would apply to 7 of the 12 core regulated airports (Adelaide, Brisbane, Canberra, Darwin, Melbourne, Perth and Sydney), with the remainder no longer

---

33 Department of the Parliamentary Library Australia, [Turbulent Times: Australian Airline Issues 2003 – Research Paper No. 10](#), 2003, p 29, accessed 13 July 2023.

34 This was under Part VIIA of the then *Trade Practices Act 1974*.

35 Productivity Commission, [Price Regulation of Airport Services \(2002\)](#), pp 2–3.

36 As above, p 133.

37 As above, p XLII.

38 As above, pp 307–8.



subject to airport specific price regulation or quality monitoring. Additionally, a price cap regime would apply only to Sydney Airport in respect of regional air services (within New South Wales).

Later in 2002, the Australian Government accepted this inquiry recommendation and replaced the price regulation regime with a price monitoring regime. This was intended to facilitate investment and innovation. The move also sought to promote transparency while retaining some oversight of the exercise of market power by airports in their dealings with airlines and other customers.

## 2006 Productivity Commission inquiry

In 2006, the Australian Government requested the Productivity Commission conduct a second inquiry into the regulation of airports. The Productivity Commission found that the commercial constraints on airports' market power it had identified in its 2002 inquiry were not as effective as originally supposed.<sup>39</sup> The inquiry recommended that price monitoring be continued until 2013, with some adjustments to the scope of monitoring. Darwin and Canberra airports were removed from the monitoring regime following the inquiry's recommendations, based on the Productivity Commission's conclusion that these airports did not have a level of market power warranting regulation.

Following this review, the Australian Government set out the Aeronautical Pricing Principles, which build on the more general Part IIIA pricing principles in the *Competition and Consumer Act 2010* (the Act) for infrastructure of national significance (Box 1.1).

---

39 Productivity Commission Inquiry report, [Economic Regulation of Airport Services \(2007\)](#), 2006, p 39, accessed 13 July 2023.

## Box 1.1: Aeronautical Pricing Principles

The monitored airports together with the other FAC airports are required to follow the Aeronautical Pricing Principles in negotiating with airlines and setting aeronautical prices.

The Australian Government specified a number of overarching 'Review Principles' when changing from a price regulation to a price monitoring regime following the initial Productivity Commission review in 2002.<sup>40</sup> The principles specifically referred to:

- pricing to recover efficient long run costs, including an appropriate return on assets
- the scope for price discrimination and multi part pricing
- the use of efficient peak/off peak prices to deal with capacity constraints
- quality of service outcomes consistent with users' reasonable expectations
- the negotiation of commercial agreements between airports and airlines.

The Review Principles were intended to provide guidance on appropriate outcomes under the new regulatory arrangements. They were later extended based on Part IIIA pricing principles and renamed the Aeronautical Pricing Principles.

The Australian Government has promoted the Aeronautical Pricing Principles as an expression of its expectations on the pricing behaviour and outcomes that should apply to aeronautical services and facilities that are subject to significant market power. The Aeronautical Pricing Principles are not part of any legislative instrument and are therefore not enforceable by private entities. However, the Australian Government has made it clear that it expects all airports, whether monitored or not, to comply with the Aeronautical Pricing Principles. While not enforceable, the Productivity Commission also draws on the Aeronautical Pricing Principles in its assessment of whether airports have exercised their market power and in its assessment of parties' conduct in commercial negotiations.<sup>41</sup>

Additionally, in its response to the 2006 review, the Australian Government supported the Productivity Commission's recommendation for introducing a 'show cause' mechanism. Under this, a persistent failure to comply with the Aeronautical Pricing Principles could lead to more detailed scrutiny. The Government would have regard to the ACCC's annual monitoring report and other relevant information in assessing the behaviour of the airport to determine whether to request the 'show cause'.<sup>42</sup>

In 2008, the Australian Government directed the ACCC to formally monitor prices, costs and profits relating to car parking at Australia's 5 major airports. In addition to its prices monitoring role, schedule 2 of the *Airports Regulations* provided for the ACCC to monitor the quality of service of car parking at the 5 specified airports.

## 2012 Productivity Commission inquiry

In 2012, the Productivity Commission released its third inquiry report on the economic regulation of airports, following a direction from the government in December 2010. The Productivity Commission considered evidence of airports' misuse of market power and again recommended the continuation

40 Minister for Transport and Regional Services and Treasurer, [Productivity Commission Report on Airport Price Regulation](#) [media release], Treasury website, 13 May 2002, accessed 13 July 2023.

41 Productivity Commission, *Inquiry Report, Economic Regulation of Airport Services (2019)*, p 298, accessed 13 July 2023.

42 Treasurer (Peter Costello), *Inquiry Report, Productivity Commission Report – Review of Price Regulation of Airport Services* [media release], Peter Costello, 30 April 2007, accessed 13 July 2023.

of price monitoring. Adelaide Airport was subsequently removed from the monitoring regime following recommendations from this inquiry.

The Productivity Commission also recommended that the ACCC, as part of its annual monitoring reporting, should be able to request an airport to 'show cause' why its conduct should not be subject to a Part VIIA price inquiry.<sup>43</sup> Where it is dissatisfied with an airport's response, it should recommend to the relevant minister to invoke a Part VIIA inquiry, to be guided by the Aeronautical Pricing Principles.

In its response, the Australian Government considered that the ACCC has the power to seek additional information from airports where necessary, and it can make a recommendation to the minister responsible for competition policy for appropriate action under the Act.<sup>44</sup>

## 2019 Productivity Commission inquiry

In 2019, the Productivity Commission conducted its most recent inquiry into the economic regulation of Australian airports, following a direction from the government in June 2018.

The Productivity Commission commented that the monitored airports have significant market power in supply of aeronautical services.<sup>45</sup> The Productivity Commission also stated that airports have a monopoly on access to terminals, which provides airport operators with market power in at terminal parking and landside access.<sup>46</sup>

The Productivity Commission stated that airports could exercise their market power by:

- setting prices above an efficient level
- operating inefficiently and allowing costs to rise
- restricting competition from landside access operators, such as off airport car parking providers, by denying access or setting unreasonable terms of access
- inadequate investment in infrastructure and operational aspects of services, which could affect service quality.<sup>47</sup>

The Productivity Commission reported that it had found that the existing reporting framework remained fit for purpose and that, on balance, most indicators of operational efficiency including costs and service quality, aeronautical revenue and charges, and profitability are within reasonable bounds.

However, the Productivity Commission noted that some airport indicators could present cause for concern if considered in isolation. In particular, the Productivity Commission stated that high international charges at Sydney and Brisbane airports, Sydney Airport's relatively high returns, and high operating costs at Perth Airport show that there is reason to remain vigilant.<sup>48</sup>

In particular, the Productivity Commission observed that the high aeronautical charges at Sydney and Brisbane could be consistent with the airports exercising market power, or they could be explained by the costs of providing those services. However, the Productivity Commission stated that the ACCC's current monitoring reports do not contain the level of detail needed to make that assessment.<sup>49</sup>

---

43 Productivity Commission, *Inquiry Report, Economic Regulation of Airport Services (2012)*, p 179, accessed 13 July 2023.

44 Department of Treasury, [Government Response to the Productivity Commission Inquiry into the Economic Regulation of Airport Services](#), Treasury website, 30 March 2012, accessed 13 July 2023.

45 Productivity Commission, *Inquiry Report, Economic Regulation of Airport Services (2019)*, p 37, accessed 13 July 2023.

46 Productivity Commission, *Inquiry Report, Economic Regulation of Airport Services (2019)*, p 194, accessed 13 July 2023.

47 Productivity Commission, *Inquiry Report, Economic Regulation of Airport Services (2019)*, p 194, accessed 13 July 2023.

48 Productivity Commission, *Inquiry Report, Economic Regulation of Airport Services (2019)*, p 2, accessed 13 July 2023.

49 Productivity Commission, *Inquiry Report, Economic Regulation of Airport Services (2019)*, p 308, accessed 13 July 2023.

More broadly, the Productivity Commission stated that data currently collected for the ACCC's monitoring is insufficient to assess whether charges for aeronautical, car parking and landside access services reflect the efficient cost of providing those services.<sup>50</sup>

Accordingly, the Productivity Commission recommended that the current monitoring regime should be strengthened to enhance transparency over airports' operations, enable greater scrutiny of airport performance and to detect the exercise of market power more readily.<sup>51</sup>

The Productivity Commission recommended improvements to the monitoring regime, which included the recommendation that the monitored airports report more detailed information to the ACCC in relation to aeronautical, car parking and landside access services. This also included a recommendation that the ACCC should undertake a review of quality of service indicators to ensure that quality of service monitoring has a greater focus on outcomes and more closely reflects the expectations of passengers, airlines and other airport users.

The Australian Government accepted these views and supported the inquiry's recommendations.<sup>52</sup> In June 2022, the Australian Government sought the ACCC's advice on implementation of these recommendations. The ACCC widely consulted with the industry and provided its final advice to the Australian Government on 10 May 2023. The ACCC's advice is available on our website.<sup>53</sup> See chapter 2 of this report for more details.

In each of the 4 inquiries above, while the Productivity Commission has recommended various adjustments to the monitoring regime, it has consistently favoured continuing with the existing price monitoring regime rather than reintroducing price controls or any other form of regulation. While the Australian Government has accepted the Productivity Commission's main recommendations from each inquiry, it has reserved the right to reconsider the existing 'light handed' approach to regulation in the future.<sup>54</sup>

## 1.5 The ACCC's monitoring role

The ACCC's monitoring functions originate from directions issued pursuant to section 95ZF of the Act as well as from the Airports Act and associated regulations.

The ACCC monitors revenues, costs and profits of aeronautical services at the monitored airports, along with some non-aeronautical activities (car parking and landside access activities). We report this information annually under a dual till approach. This means that we separately report on aeronautical, car parking and landside access services. This allows us to assess trends in each of these segments.

---

50 Productivity Commission, *Inquiry Report, Economic Regulation of Airport Services (2019)*, p 147, accessed 13 July 2023.

51 Productivity Commission, *Inquiry Report, Economic Regulation of Airport Services (2019)*, p 2, accessed 13 July 2023.

52 Treasury, *Australian Government Response to the Productivity Commission Inquiry into the Economic Regulation of Airports*, <https://treasury.gov.au/publication/p2019-41706>, 11 December 2019, accessed 13 July 2023.

53 See: <https://www.accc.gov.au/by-industry/travel-and-airports/airport-monitoring/more-detailed-information-on-financial-performance-of-airports/accc-final-advice-on-financial-information-may-2023> and <https://www.accc.gov.au/by-industry/travel-and-airports/airport-monitoring/airports-quality-of-service-review/accc-final-advice-on-airport-quality-indicators>.

54 As above, p 8.

The following sections describe these directions and how they relate to the ACCC's monitoring role in greater detail.<sup>55</sup>

## Prices, costs and profits monitoring

### Aeronautical and car parking services monitoring

Under directions made pursuant to section 95ZF of the Act, the ACCC is required to monitor the prices, costs and profits related to the supply of aeronautical services and facilities and car parking services by Brisbane, Melbourne, Perth and Sydney airports.<sup>56</sup>

Subsection 95G(7) of the Act requires the ACCC to have particular regard to the following matters in performing this monitoring function:

- the need to maintain investment and employment, including the influence of profitability on investment and employment
- the need to discourage a person who is in a position to substantially influence a market for goods or services from taking advantage of that power in setting prices
- the need to discourage cost increases arising from increases in wages and changes in conditions of employment inconsistent with principles established by relevant industrial tribunals.

### Financial accounts

Under Part 7 of the *Airports Act* and Part 7 of the *Airports Regulations 1997*, the ACCC collects and reports annual regulatory accounting statements, including an income statement, balance sheet and statement of cash flows, from the 4 monitored airports.

Under Part 7 of the *Airports Regulations*, airports must:

- prepare a financial report which separately shows the financial details in relation to the provision of aeronautical and non-aeronautical services (regulation 7.03)
- lodge these accounts with the ACCC within 90 days of the end of the relevant accounting period (regulation 7.06).

The ACCC's price monitoring and financial reporting information requirements for airport operators are outlined in our *Airport prices monitoring and financial reporting guideline* from June 2009.<sup>57</sup>

Box 1.2 explains the choice of profit measures used in ACCC monitoring.

---

55 The ACCC has some responsibilities in relation to regional air services at Sydney Airport. Prices charged by Sydney Airport for aeronautical services and facilities provided to regional air services are regulated under the price notification regime in Part VIIA of the Act. A declaration issued under section 95X of the Act requires Sydney Airport to notify the ACCC if it intends to increase the prices for regional air services. This declaration commenced on 1 July 2019 and ceased on 30 June 2023. A new declaration was issued to commence on 1 July 2023 that will expire on 30 June 2026. The ACCC must assess any proposed price and either: not object to the increase; not object to an increase that is lower than the proposed increase; or object to the proposed increase. In undertaking its assessment of price notifications provided by Sydney Airport, the ACCC is required by a direction made under section 95ZH of the Act to give special consideration to government policy. To facilitate continuing access to Sydney Airport by operators of regional air services, the direction requires that the total revenue weighted percentage increase in prices over the relevant period should not exceed the total percentage increase in the Consumer Price Index over that same period.

56 The ACCC's monitoring role for aeronautical services and facilities relates only to those terminals that are owned and operated by each of the monitored airports. For many years, some terminals at the monitored airports have been operated on an exclusive basis by a single airline under a domestic terminal lease. All terminals that previously operated under a domestic terminal lease have now reverted back to airport control. The implications of these changes on the ACCC's reporting of aeronautical data are discussed further in box 4.1 in chapter 4. Table C.2 in Appendix C sets out the terminal configurations at the monitored airports.

57 See: <https://www.accc.gov.au/publications/airport-prices-monitoring-financial-reporting-guideline>.

## Box 1.2: Profit measures used in the Airports monitoring report

The ACCC uses profitability to measure an airport's financial performance.

There are typically 3 ways to measure operating profit (as a dollar amount):

- earnings before interest and taxes (EBIT)
- earnings before interest, taxes and amortisation (EBITA)
- earnings before interest, taxes, depreciation and amortisation (EBITDA).

As a measure of airport operating profit, each can be calculated using accounting data collected as part of the ACCC's monitoring activities.

Historically, the ACCC used EBITA as the profit measure. Compared to EBIT and EBITDA, EBITA includes depreciation but excludes the associated financing costs and amortisation of any intangible assets. By excluding amortisation of externally acquired intangibles, EBITA provides a consistent profit estimate.

In previous Airport monitoring reports, the ACCC typically reported 2 profitability measures:

- Operating profit margin – EBITA as percentage of total revenue. This is the percentage of total revenue remaining after paying off the operating expenses and depreciation.
- Return on assets – EBITA as a percentage of average tangible non-current assets. This shows the rate of return earned on the relevant assets. This measure looks at how effectively a business is using its resources to make a profit.

The ACCC recognises that both EBIT and EBITA can be a more appropriate measure of operating profit in the utility sector than EBITDA, as they account for depreciation of tangible assets in the overall cost. As a measure of post depreciation earnings, they cover gross earnings to equity holders and debt holders.

The ACCC considers that measurement of the return on assets by means of EBIT is the accounting measure that most closely resembles the concept of weighted average cost of capital. However, as the value of intangible assets (other than goodwill and leasehold land) is small or negligible for the monitored airports (other than Sydney Airport), the resulting difference in EBIT and EBITA is not material.

Consequently, for airport monitoring reporting, the use of EBITA compared to EBIT will not have a material difference in assessing profitability.

To measure return on assets, we use EBITA as a percentage of average tangible non-current assets:

- 'average' meaning the average value of asset balances at the start and end of the financial year, to smooth out to a degree the effects of changes the airport has made to assets and asset values during the year
- 'tangible' meaning to exclude 'intangibles' such as 'goodwill' (for instance, a business' reputation and its relations with its customers); and to focus on tangible assets such as property, plant and equipment
- 'non-current', similarly meaning to exclude 'current assets' such as cash; and to, again, focus on 'hard' assets such as property, plant and equipment.

The ACCC also uses the line in the sand approach to asset valuations. Box 1.3 explains the rationale behind this approach, while Appendix C sets out the methodology.

### Box 1.3: The use of a line in the sand approach to aeronautical asset valuations

In its 2006 report into the review of price regulation of airport services, the Productivity Commission noted that most of the monitored airports had revalued above ground assets since the major airports became privatised. The Productivity Commission noted that one possible effect of these revaluations was to justify higher charges over time.<sup>58</sup> For instance, an upward revaluation of airports' aeronautical assets usually results in a lower return on assets measure. The lower rate of return on average assets could be used to argue for the raising of airport charges.

The Productivity Commission recommended that from 30 June 2005, the ACCC adopt a line in the sand approach for valuing tangible (non-current) aeronautical assets to remove the effect of revaluations of aeronautical assets by the monitored airports.

The Productivity Commission recommended that, for the purpose of the monitoring regime, among other things the value of an airport's asset base should be rolled forward as follows:

- the value of tangible (non-current) aeronautical assets reported to the ACCC as at 30 June 2005
- plus new investment
- less depreciation and disposals.

The Productivity Commission line in the sand approach removes the effect of revaluations of aeronautical assets by airports for monitoring purposes.

## Quality of service monitoring

Part 8 of the Airports Act provides for the ACCC to monitor the quality of services and facilities at the specified airports. More specifically, Part 8 provides for:

- quality of service aspects to be specified in the Airport Regulations
- the ACCC to monitor and evaluate the quality of the aspects of airport services and facilities against criteria determined by the ACCC
- records to be kept and retained in relation to quality of service matters
- information to be provided to the ACCC by airport operators and other relevant parties, including airlines, relevant to quality of service matters
- the ACCC to publish reports relating to the monitoring or evaluation of the quality of aspects of airport services and facilities.

The ACCC's approach to its quality of service monitoring role is outlined in its airport quality of service monitoring guideline from June 2014.<sup>59</sup>

The ACCC did not collect quality of service data in 2021–22, to reduce the reporting burden on airports following the onset of the COVID-19 pandemic.

58 Productivity Commission, *Inquiry Report, Economic Regulation of Airport Services (2019)*, p 12, accessed 13 July 2023.

59 See: <https://www.accc.gov.au/publications/guideline-for-quality-of-service-monitoring-at-airports>.



## Limitations of the ACCC's monitoring role

There are some limitations in monitoring.

Typically, monitoring is limited in its ability to address behaviour that is detrimental to the market and consumers, particularly as a longer term measure where the threat of regulation is diminished. Monitoring does not directly restrict airports from increasing prices or allowing service quality to decline. It also does not provide the ACCC with the ability to intervene in airports' setting of terms and conditions of access to airports' infrastructure.

Because airports' approaches to valuing their assets may vary, it is difficult to meaningfully compare profitability between airports based on reported return on assets.

The observations that the ACCC can make in relation to long term trends is further affected by the monitored airports applying various accounting treatments or changing their accounting methods in relation to revenue, expenses and/or asset values from time to time.<sup>60</sup>

The ACCC also has a limited power in collecting information for the monitoring purpose. For example, information on landside access is provided by airports on a voluntary basis. The incomplete and inconsistent financial information received from the airports over time has limited the scope of our analysis.

## Current monitoring information cannot be used to assess the appropriateness of the level of prices and profits

The ACCC's monitoring of airports is limited in scope and does not enable us to assess in detail whether an airport has exercised market power to earn monopoly profits.

One of the key limitations of the existing monitoring regime is that the data collected does not allow the ACCC to make conclusive assessments about whether monitored airports are earning economic returns that are consistent with the degree of risks they face or whether monitored airports have been operating efficiently.

This is mainly because the various financial indicators and measures the ACCC reports are based on historical accounting data. As noted in box 1.2, we have typically used 2 profitability measures – operating profit margin and return on assets. These measures reflect accounting rates of return, which rely on book values of investment, depreciation, and accounting profits. As they do not properly account for time value of money, the measured accounting rate of return does not coincide with the 'economic rate of return'.

The economic rate of return is most appropriate for analysing monopoly profits. This is because an economic rate of return is what provides signals to entry and exit for firms and resources, and therefore should be used and compared to an appropriate airport rate of return, over the long term, when assessing whether a firm is making excessive profits on a sustainable basis.

However, the ACCC cannot estimate the economic rate of return because it currently does not obtain information needed to estimate economic valuation of airport assets or to assess the efficient long run costs of providing airport services.

When assessing the level of prices and profits, it is common regulatory practice to undertake an assessment of the firm's economic returns against their efficient long run costs of providing services. This may involve a public process to rigorously determine an economic value of the firm's asset base (that is, the regulatory asset base) and the required rate of return on capital (that is, the weighted average cost of capital).

---

60 The ACCC does not have a role in assessing revaluations in non-aeronautical assets or cost allocation methodologies.



In the case of airports, however, the benchmark for efficient long run costs has not been set. Instead, airports' asset values under monitoring are based on their accounting values rather than their economic value. Importantly, the accounting value of assets may include revaluations that have been undertaken at airports' discretion and that can distort assessments of airports' performance. For example, in some years, some airports have revalued their assets upwards, which lowers their return on assets. Consequently, airports' asset values under monitoring do not provide a reliable indicator of an airport's regulatory asset base, which is needed to make a meaningful assessment of whether airports are earning monopoly rents.

As discussed in Box 1.3, the ACCC has adopted the 'line in the sand' approach since 2007–08 to address the issues associated with airports revaluing their aeronautical assets. However, this approach only removes any aeronautical asset re-valuations that have occurred after 30 June 2005.

### **Judgement about airports' performance cannot be made based on trends in airports' prices, profits and quality of service alone**

An airport that is already pricing at or near monopoly levels may only report gradual increases in prices and profitability over time. Therefore, trends in prices and profitability alone cannot tell us conclusively whether an airport is extracting monopoly profits. Further, monitoring cannot clearly distinguish between various factors that may contribute to increasing profitability, some of which may raise cause for concern about an airport's performance while others may not. For example, increasing profitability by increasing prices whilst lowering or holding constant quality of services over a sustained period of time may indicate an airport exercising market power, which may be a concern. In contrast, increasing profitability due to increased efficiency in operations or economies of scale may not necessarily raise concerns.

## **1.6 Consultation**

The ACCC consulted with each of the monitored airports in preparing this report. We sought views from the monitored airports on major developments which affected their operations during 2021–22 as well as any factors that impacted on their recovery from the COVID-19 pandemic. We also consulted with each of the monitored airports on the confidentiality and accuracy of the information we proposed to publish. We thank participants for their time and contribution.

## 1.7 Structure of the report

The structure of the remainder of the report is as follows:

- chapter 2 covers the ACCC's advice to the Australian Government to enhance the current price monitoring regime
- chapter 3 provides an overview of the operational and financial performance of the monitored airports
- chapter 4 covers trends in aeronautical services at the monitored airports
- chapter 5 covers trends in car parking services at the monitored airports
- chapter 6 covers trends in landside access at the monitored airports
- chapter 7 covers trends in investments made by the monitored airports
- the appendices contain further information on landside access options, supplementary tables and charts presenting data gathered as part of the ACCC monitoring regime, as well as additional background information on our monitoring role and methodology.

This and past Airport monitoring reports can be found on the ACCC's website at <https://www.accc.gov.au/regulated-infrastructure/airports-aviation/airports-monitoring>. The webpage for each report includes links to supplementary information. This includes the regulatory accounts for the monitored airports for that year and the supplementary database containing financial and operational data in relation to aeronautical, car parking and landside access services for each monitored airport.

## 2. Advice to enhance the current price monitoring regime

### Key Points

- In May 2023, the ACCC recommended to the Australian Government that the Airports Regulations be amended to require the monitored airports to maintain records of, and report to us on, systematically disaggregated data and detailed cost allocation methodologies in relation to aeronautical, car parking and landside access services.
- We consider that this will:
  - enhance transparency of performance of the monitored airports for the benefit of airport users, assisting those users:
    - in negotiations with the monitored airports
    - to assess the reasonableness of charges and other terms of access
    - to identify potential problems with specific services
  - inform analysis of whether the monitored airports are exercising their market power in relation to those specific services.
- We also recommended to the government that the Airports Regulations be amended to require the monitored airports to report information relating to 53 quality of service *matters*, which materially contribute to the outcomes expected by airport users.
- We consider that the actions set out in our advice will achieve the objectives of the price monitoring regime and the Airports Act for the benefit of airport users and the Australian community more generally.

As discussed in section 1.4, in 2019, the Productivity Commission completed its fourth review of the Economic Regulation of Airports. The Productivity Commission found that the current light handed approach to airport regulation remains fit for purpose. However, the Productivity Commission recommended that:

- the monitored airports report more detailed information to the ACCC in relation to aeronautical, car parking and landside access services to enhance the transparency of airports' operations and to detect the exercise of market power more readily (Recommendation 9.4)
- the ACCC provide advice to the Australian Government on an updated set of quality of service indicators to improve their fit for purpose (Recommendation 9.5).<sup>61</sup>

The Australian Government supported these recommendations in principle. In June 2022, the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (Department of Infrastructure) requested the ACCC to review the current reporting requirements under Parts 7 and 8, and Schedule 2, of the Airports Regulations 1997, consult with industry stakeholders and to provide advice on amendments to these regulations.

The ACCC consulted widely with industry stakeholders, including issuing several consultation papers and convening a joint consultation session with the monitored airports and the Australian Airports Association.

61 Productivity Commission, *Inquiry Report, Economic Regulation of Airport Services (2019)*, p 42, accessed 13 July 2023.

On 10 May 2023, the ACCC provided its final advice to the Department of Infrastructure, which is available on our website.<sup>62</sup>

This chapter covers the ACCC's advice on more detailed information on airport performance and on airport quality indicators.

## 2.1 ACCC's advice on more detailed information on airport performance

This section presents a synopsis of the final advice provided by the ACCC to the Australian Government on reporting and publication of more detailed information on airport performance. Our advice is available on our website.<sup>63</sup>

### Productivity Commission recommendation 9.4

The Productivity Commission recommended that the monitored airports be required to provide the ACCC with more detailed information which will:

- show the number of passengers that depart from and arrive at each terminal
- separately show the costs and revenues in relation to the provision and use of aeronautical services for domestic flights and for international flights
- for Sydney Airport, show the costs and revenues in relation to the provision and use of aeronautical services for flights servicing regional New South Wales
- separately show the number of users, costs and revenues in relation to the provision and use of at terminal and at distance car parking and the utilisation rates for each type of parking
- separately show the number of vehicles using different landside services, and the charges (and other terms of access), operating revenues and costs attributed to the provision of each landside service
- report any costs that are allocated to the provision of specific services, including: international and domestic aeronautical services; at terminal and at distance parking; and landside access services
- report the methodologies that they use to allocate costs to specific services.<sup>64</sup>

### Key matters considered by the ACCC

In formulating its advice, the ACCC considered:

- the objectives of the Airports Act and our price monitoring regime
- the limitations of the information and data provided under the current monitoring framework
- the data required to meaningfully enhance transparency over airports' operations for the benefit of airport users and to detect any exercise of market power more readily

---

62 See: <https://www.accc.gov.au/by-industry/travel-and-airports/airport-monitoring/more-detailed-information-on-financial-performance-of-airports> and <https://www.accc.gov.au/by-industry/travel-and-airports/airport-monitoring/airports-quality-of-service-review>.

63 See: <https://www.accc.gov.au/by-industry/travel-and-airports/airport-monitoring/more-detailed-information-on-financial-performance-of-airports/accc-final-advice-on-financial-information-may-2023>.

64 Productivity Commission, *Inquiry Report, Economic Regulation of Airport Services (2019)*, p 314, accessed 13 July 2023.

- the Government’s objective that ‘increasing the transparency of prices and performance will assist it to assess airports’ market power over time, for aeronautical, car parking and landside access and services. This will benefit users of airports, both passengers and commercial users, and the broader community in the long run.’<sup>65</sup>
- feedback from all stakeholders.

The ACCC also sought to implement any additional reporting requirements in a way that balances the regulatory burden on airports.

## The downside of reporting highly aggregated data

The ACCC currently receives and publishes highly aggregated data, which has several implications for the efficacy of the current monitoring framework.

First, the aggregated information is of limited utility to users of specific services. For example, domestic and international airlines negotiate with the monitored airports on terms and conditions of use of airport services and facilities, including charges. For the purpose of these negotiations, the airlines need information that is specific to the provision of domestic and international services respectively. Therefore, publication of aggregated aeronautical information by the ACCC only assists the airlines in their negotiations to a very limited extent.

Second, aggregated information does not allow analysis of individual services, such as international compared with domestic flights, or different types of car parking. As a result, where there is potential for airports to exercise market power in one service, for example international aeronautical services, the current framework does not enable the ACCC or the Productivity Commission to effectively assess whether this is occurring or whether there are other explanations for identified differences in charges for certain services.

Further, there is currently no formal requirement on the monitored airports to provide information about landside access services to the ACCC. The information that the monitored airports currently provide, under the existing framework, is voluntary. As a result, the information is often inconsistent, or incomplete, which limits the realisation of the Government’s identified goal of transparency of prices and performance to assess airport’s potential exercise of market power over time in respect of landside access.

The lack of fulsome and consistent data impedes the Airports Act’s objective of providing transparency of airport operations and facilitating the assessment and comparison of monitored airports’ performance.

---

65 Australian Government, *Australian Government response to the Productivity Commission Inquiry into the Economic Regulation of Airports*, <https://treasury.gov.au/publication/p2019-41706>, 11 December 2019 by the Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development, the Hon Michael McCormack MP, and the Treasurer, the Hon Josh Frydenberg MP, p 10, accessed 13 July 2023.

## The benefits of reporting disaggregated data

The ACCC's advice to the Australian Government, set out further below under the heading 'The ACCC's advice', would require the monitored airports to provide disaggregated information in relation to aeronautical, car parking and landside access services, which would have the benefits of:

- enhancing transparency of airport performance for the benefit of airport users, which would assist those users:
  - in negotiations with the monitored airports, for example, by allowing the airlines to better assess whether the parameters of airports' building block models are reasonable
  - to assess the reasonableness of charges and other access terms and conditions
  - to identify potential problems with specific services
- informing analysis of whether the monitored airports are exercising their market power in relation to those specific services.

These benefits are discussed in more detail below.

### Disaggregating to enhance transparency

One benefit of collecting and publishing disaggregated data for individual services is that it would provide greater information transparency for users of those services and assist them in negotiations with the monitored airport, where applicable. Specifically, domestic and international airlines negotiate aeronautical services agreements with the monitored airports for provision of domestic and international services respectively.

Domestic airlines individually negotiate the terms of their aeronautical services agreements with each of the monitored airports. International airlines individually negotiate the terms of airline specific services (for example, access to lounges), while the Board of Airline Representatives of Australia bargains collectively on behalf of most major international airlines in relation to access to common-use services.

As we discussed in 2020–21 Airport monitoring report, the monitored airports told the ACCC that they use a building block model in their negotiations with airlines. As part of this, some monitored airports provide their building block model (in its entirety or just the key parameters), and supporting information, to airlines, while others appear to use their building block models internally to arrive at price offers, but do not discuss the parameters that led to those offers during negotiations.<sup>66</sup>

While the monitored airports consider that the level of information that they provide to airlines is sufficient, some airlines have raised concerns that many airports are not providing sufficient information in a timely manner during their negotiations.<sup>67</sup>

Specifically, some airlines have informed the ACCC that many airports are not providing adequate information for airlines to allow them to estimate various building block model parameters, such as asset bases and operating expenditure. The airlines have said that this makes it hard for airlines to use the building block model to assess whether airports' aeronautical price offers are set to recover long-term efficient costs of providing the aeronautical services.<sup>68</sup>

---

66 See: <https://www.accc.gov.au/about-us/publications/serial-publications/airport-monitoring-reports/airport-monitoring-report-2020-21>.

67 See: <https://www.accc.gov.au/about-us/publications/serial-publications/airport-monitoring-reports/airport-monitoring-report-2020-21>.

68 See: <https://www.accc.gov.au/about-us/publications/serial-publications/airport-monitoring-reports/airport-monitoring-report-2020-21>.

Some airlines have also stated that airports provide limited transparency about their actual capital expenditure. The airlines have said that this means that they are unable to verify whether the charges they pay under the aeronautical services agreements to recover capital expenditure over time are reflective of the costs actually incurred by airports.

Therefore, a benefit of collecting and publishing disaggregated information on costs and assets relating to domestic and international services is that this would complement the information that airlines receive from airports during negotiations and allow the airlines to better assess whether the monitored airports' building block model parameters are reasonable.

Collecting and publishing further disaggregated data for car parking and landside access services would also improve information transparency relating to the monitored airport's ground transport operation and pricing. This would assist relevant airport users to assess the reasonableness of landside access charges and other access terms and conditions, and thus facilitate airports' consultations or commercial negotiations with landside operators.

More generally, collecting and publishing disaggregated data improves information transparency of airport provision of specific services. Operational and financial performance of individual services over time can be analysed by relevant stakeholders in order to identify potential problems with specific services.

## **Disaggregating to assess the exercise of market power**

Another benefit in seeking disaggregated data for individual services is that this would allow analysis of whether the monitored airports are exercising their market power in relation to those specific services (which is not possible to do using aggregated data).

There are a number of reasons why this benefit is likely to be material, including:

- The monitored airports have different degrees of market power in relation to individual services (for example, it is likely that airports have a greater degree of market power in relation to at-terminal car parking versus at-distance car parking). Being able to undertake analysis of the individual services is likely to provide a clearer indication of the sources where airports are exercising their market power in support of the analysis using aggregated data.
- Obtaining disaggregated data would also allow comparison of the monitored airports' performance across similar or related services, which may also give additional indications of whether airports are exercising their market power. For example, as the Productivity Commission noted in its 2019 review, obtaining disaggregated data in relation to international and domestic aeronautical services would allow an assessment of whether the difference in prices charged by the monitored airports for those services are due to a difference in costs of providing those services.
- The monitored airports have different incentives in relation to different access seekers, particularly on the landside. For example, the monitored airports are likely to regard off-airport car parking operators as their most direct competitors in the provision of at-distance car parking. Obtaining disaggregated data will allow a better assessment of whether the monitored airports are exercising their market power in setting terms and conditions of access (including prices) to off-airport car parking operators.

## The ACCC's advice

To overcome the limitations of the current price monitoring regime (as set out throughout this report) and to meet the objectives of the price monitoring regime and the Airports Act for the benefit of the airport users and the Australian community, the ACCC recommended that the Airports Regulations be amended to require the monitored airports to:

- disaggregate aeronautical financial statements<sup>69</sup> and operational data by domestic and international passenger flights and 'other'. Sydney Airport would also need to further disaggregate the data in relation to domestic passenger flights by regional and non-regional flights
- disaggregate non-aeronautical financial statements and operational data, specifically for car parking and landside access and 'other'. Further:
  - car parking should be disaggregated by at terminal and at distance
  - landside access should be disaggregated by taxi, rideshare, private car, private bus, public bus, off airport car parking shuttle bus and train (as relevant).
- break down all expenses and assets into those which are:
  - direct, which exclusively relate to a particular service
  - shared but attributable, which are common amongst services but can be attributed to each of the shared services individually based on a clear causal relationship
  - shared but unattributable, which are common amongst services but cannot be attributed to individual services based on a clear causal relationship. Instead, these should be allocated pro rata based on some high level proxy (for example, revenue share)
- describe the methodologies the airports use to allocate costs, assets and revenues across the different categories in preparing the above statements and provide those methodologies, together with underlying supporting data, to us
- structure the disaggregation of service classification according to a mutually exclusive and collectively exhaustive principle.

Throughout the consultation process, some monitored airports provided information to the ACCC about constraints they currently face in reporting certain disaggregated data, particularly in relation to landside access services. To address this, we advised the Australian Government:

- that the Airports Regulations should provide flexibility for the ACCC to allow some monitored airports to report certain additional financial data in respect of landside access services at a higher level of aggregation where the airport is unable to disaggregate the financial data because it does not have reasonable means of collecting the underlying operational data necessary for allocation of common costs and assets
- to consider whether there is certain disaggregated financial data, particularly in relation to landside access services, that is less amenable to an audit, and if so, make appropriate adjustments to the requirements on airports to independently verify the validity of that data.

---

69 This includes the income statement, balance sheet, and schedule of assets.



## 2.2 ACCC's advice on airport quality indicators

This section presents a synopsis of the final advice provided by the ACCC to the Australian Government on quality of service indicators. Our advice is available on our website.<sup>70</sup>

The ACCC's final advice relates to the 'objective indicators', being *aspects*<sup>71</sup> and *matters*<sup>72</sup> that are set out in Part 8 and Schedule 2 of the Airports Regulations. Separately to this advice, we intend to review other elements of its quality of service monitoring, including the 'subjective indicators' (being airline and passenger surveys) and the ratings system (which we have used to convert all the objective and subjective indicators into a single rating).

### Productivity Commission's recommendation 9.5

The Productivity Commission commented that the current set of airport quality indicators monitored by the ACCC that were determined in 2013 were overdue and in need of a revision.<sup>73</sup> The Productivity Commission recommended that we provide advice to the Australian Government on an updated set of quality of service indicators, in consultation with airports, airlines, other airport users and the Department of Infrastructure.<sup>74</sup> The Productivity Commission stated that quality of service monitoring should be updated to emphasise indicators that reflect outcomes valued by airlines and passengers, drawing on the indicators that airports and airlines currently use in service level agreements.<sup>75</sup>

### Key matters considered by the ACCC

The ACCC considered a range of matters and stakeholder feedback in deciding on what quality indicators to recommend. This section summarises some of the key considerations.

#### Outcomes valued by airport users

Based on its consultation and research, the ACCC reached a view that:

- passengers principally expect the outcome of a predictable, reliable and convenient journey – one that is without interruption and meets passenger's needs
- airlines expect utility from the airport – access to the services and facilities needed for operating efficiently at the airport.

#### Monitoring parameters for which airports are responsible

The ACCC recommended monitoring parameters that appropriately account for an airport operator's areas of responsibility.

Airport operators typically provide the overwhelming bulk of the facilities on an airport site, such as runways, refuelling facilities (operated by third parties such as fuel retailers), security facilities and 'common user' check in desks.

---

70 See: <https://www.accc.gov.au/by-industry/travel-and-airports/airport-monitoring/airports-quality-of-service-review/accc-final-advice-on-airport-quality-indicators>.

71 *Aspects* are broad categories of services and facilities provided by the monitored airports to airlines and passengers that the ACCC has the function of monitoring and evaluating, an example is security inspection.

72 *Matters* are specific metrics that airport operators must keep records of, and report to the ACCC on, each financial year.

73 Productivity Commission, *Inquiry Report, Economic Regulation of Airport Services (2019)*, p 313, accessed 13 July 2023.

74 Productivity Commission, *Inquiry Report, Economic Regulation of Airport Services (2019)*, p 42, accessed 13 July 2023.

75 Productivity Commission, *Inquiry Report, Economic Regulation of Airport Services (2019)*, p 291, accessed 13 July 2023.

In some circumstances, the airport operator is also responsible for providing corresponding services at these facilities. For example, the airport operator (or its contractor) is responsible for passenger security screening. In other circumstances, it is the airlines or other parties that are responsible for providing the services. For example, the check in desks are typically operated by airlines.

The ACCC also recommended measures that reflect the outcomes that airport users expect from the airport operators in their areas of responsibility. Specifically, we consider that both airlines and passengers expect that:

- the facilities provided by an airport operator will work, or otherwise be available, when needed
- the services provided by an airport operator meet an acceptable level of performance.

Consequently, the ACCC recommended that:

- for provision of facilities, the parameters focus on 'notional capacity' (such as size, number or designated nameplate capacity) and 'operability and reliability' (such as the percentage of time the facility required by an airport user is made available by the airport operator)
- for provision of services, the parameters focus on 'performance' (such as processing time or intensity of effort).

## Separate monitoring of domestic and international operations

The ACCC recommended separately monitoring the quality of domestic and international operations, where possible (for instance, where physical layout permits this), because:

- domestic and international airlines or passengers may seek different levels of quality
- domestic and international airlines may have different levels of bargaining power when negotiating with airports (this may be in general or under specific circumstances, such as different prevailing levels of demand for domestic versus international travel). Therefore, airports may offer different levels of quality to the domestic and international airlines or passengers
- separate reporting of quality of airport services for domestic and international operations would complement separate reporting of airport's financial performance in relation to domestic and international services, as recommended by us in our advice discussed in section 2.1 above.

## Targeted use of 'peak hour'

The ACCC considers that the current definition of peak hour remains fit for purpose, so we did not recommend any changes to the current methodology for calculating peak hour. However, we consider that an airport's performance during a 'peak hour' has the most impact on a passenger's journey where unpredictable or unreliable access to certain facilities or services would present a materially higher risk that a passenger might miss their flight. Accordingly, we recommended targeting the monitoring of an airport operators' performance during 'peak hour' to 3 components of airports' operations: access to terminals by vehicles, access to car parking and queue time at security screening.

## Recommended aspects and matters

Regulation 8.01A of the Airports Regulations currently sets out 16 *aspects* of services and facilities for the ACCC to monitor. Schedule 2 of the Airports Regulations currently requires the monitored airports to report on 53 *matters* in relation to 14 of these *aspects*. Schedule 2 does not require the monitored airports to report on 2 *aspects* (ground handling and airside freight handling) – we monitor these through surveys.

The ACCC has not identified any new *aspects* to monitor. We have recommended ceasing reporting in relation to the following 2 *aspects* (and associated 6 *matters*):

- facilities that enable the processing of passengers through customs, immigration, and quarantine
- baggage trolleys.

The ACCC considers that the other 14 *aspects* remain fit for purpose and significant to whether airport users obtain the outcomes they expect. We propose to continue to monitor the quality of ground handling and airside freight handling through surveys. We have recommended requiring the monitored airports to report on 53 *matters* in relation to the other 12 *aspects*, consisting of a mix of existing, amended and new *matters*.

Table 2.1 shows how the reporting across the different *aspects* would change in accordance with the ACCC's advice.

**Table 2.1: Current and recommended number of *matters***

Item	Aspect	Number of current matters	Number of recommended matters
<b>Access</b>			
1A	Airport access facilities (taxi facilities, kerbside pickup and drop off)	2	5
1	Car parking service facilities	4	3
2	Baggage trolleys	2	0
<b>Departure</b>			
3	Check in services and facilities	3	2
4	Security inspection	2	9
5	Outbound baggage system	4	2
<b>Arrival</b>			
6	Baggage make up, handling and reclaiming services and facilities	10	3
<b>Departure and arrival</b>			
7	Facilities to enable the processing of passengers through customs, immigration, and quarantine	4	0
<b>Information and signage</b>			
8	Flight information, general signage, and public address systems	3	2
<b>Terminal facilities</b>			
8A	Public areas in terminals and public amenities	1	5
9	Gate lounges and seating other than in gate lounges	7	2
<b>Aircraft related services and facilities</b>			
10	Aerobridge usage	7	7
10A	Runways, taxiways and aprons	2	12
11	Aircraft parking facilities and bays	2	1
12	Ground handling services and facilities	0	0
13	Airside freight handling, storage areas and cargo facilities	0	0

# 3. Total performance

## Key points

- In the financial year 2021–22, the financial performance of all 4 monitored airports was still below 2018–19 levels. The total operating profit margins of Brisbane, Melbourne, Perth, and Sydney airports were approximately 32%, 8%, 42%, and 11% respectively, compared to their higher pre pandemic levels in 2018–19 of 59%, 56%, 48%, and 59%.<sup>76</sup>
- In 2021–22, passenger numbers at monitored airports rebounded from 2020–21 lows, reaching roughly 43%, 35%, 51%, and 31% of 2018–19 levels at Brisbane, Melbourne, Perth, and Sydney airports, respectively.
- In 2021–22, domestic passenger recovery outpaced international, reaching 54%, 42%, 68%, and 39% of 2018–19 levels at Brisbane, Melbourne, Perth, and Sydney airports respectively, compared to 13%, 17%, 11%, and 17% for international passengers.

This chapter reports on the total operational and financial performance of the 4 monitored airports covering:

- trends in passenger numbers<sup>77</sup>
- the monitored airports' overall financial performance (which includes aeronautical, car parking, landside access and commercial operations, as described in section 1.2).

This chapter is based on operational and financial information the ACCC has obtained from the monitored airports.

## 3.1 Passenger numbers began to recover in 2021–22, primarily due to a rebound in domestic travel

As discussed in the 2020–21 Airport monitoring report, the aggregate number of passengers travelling through the monitored airports was steadily increasing by about 2% to 4% annually until the onset of the COVID-19 pandemic, reaching a total of almost 122 million passengers in 2018–19.<sup>78</sup>

The COVID-19 pandemic had a severe impact on all parts of the aviation sector. Governments implemented lockdowns, border closures and other travel restrictions to suppress the spread of the virus. These restrictions, combined with lower consumer confidence due to the pandemic, caused the number of people flying on both domestic and international routes to plummet. By 2020–21, the aggregate number of passengers travelling through the 4 monitored airports had fallen to less than 28 million.

76 Perth Airport reported that its profit metrics for 2021–22, as reported by the ACCC, have been favourably impacted by an inclusion of \$73m in non-aeronautical fair value adjustments (non-cash).

77 The ACCC also collects data on aircraft movements and tonnes landed. This data is closely correlated with passenger numbers. Detailed data on airports' aircraft movements and tonnes landed can be found on the [ACCC website](#).

78 See: <https://minister.homeaffairs.gov.au/KarenAndrews/Pages/reopening-to-tourists-and-other-international-travellers-to-secure-our-economic-recovery.aspx#:~:text=Australia%20will%20reopen%20to%20all,to%20secure%20our%20economic%20recovery>.

The COVID-19 pandemic continued to affect the aviation sector in 2021–22 with travel restrictions and lockdowns. However, the industry began to see recoveries as restrictions were eased. A phased approach to reopening Australia’s border was announced in November 2021.<sup>79</sup>

This led to a progressive reopening of domestic borders and removal of interstate quarantine requirements. The reopening of the Victorian and New South Wales border occurred on 1 November 2021, Queensland’s border on 13 December 2021, while Western Australia’s border reopened to the rest of Australia on 3 March 2022.<sup>80</sup>

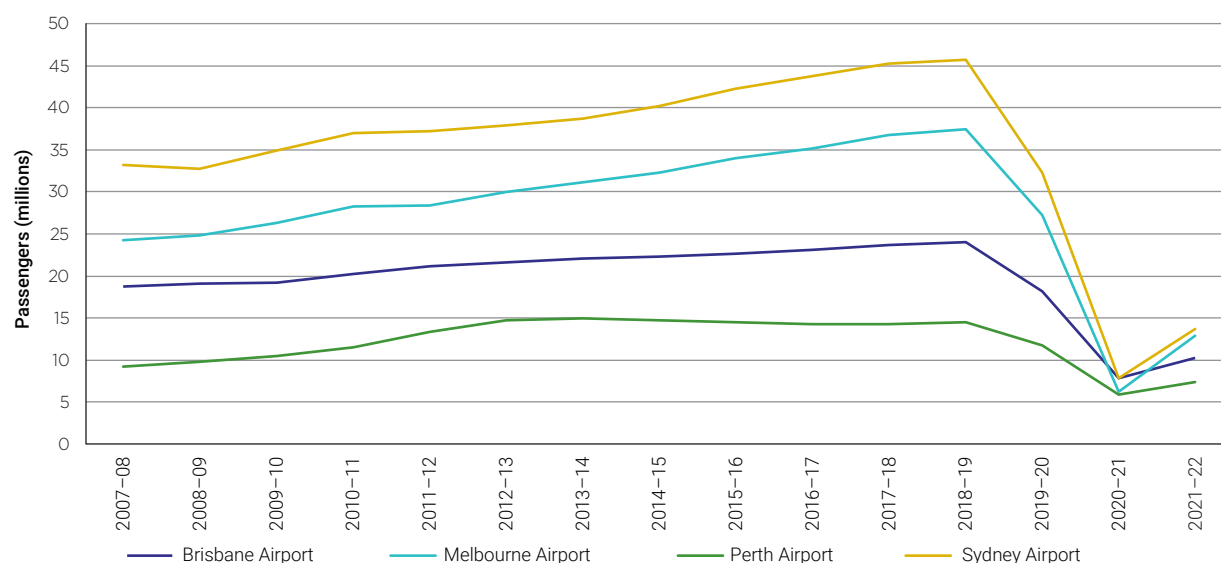
Australia reopened its international border on 21 February 2022. New Zealand reopened its border 2 months later, but some East Asia countries like Japan and China remained closed until 2022–23.<sup>81</sup>

These announcements provided more certainty to the aviation sector and the community, signalling a turning point in passenger recovery. This section examines the recovery in overall passenger numbers at each monitored airport and compares the pace of recovery in domestic travel to international travel.

## Passenger numbers began to recover in 2021–22

Figure 3.1 below shows the total number of passengers at each of the monitored airports since 2007–08.

**Figure 3.1:** Total number of passengers by airport – 2007–08 to 2021–22



Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.

Figure 3.1 shows that during 2021–22, passenger numbers at each monitored airport started to recover from the COVID-19 pandemic lows but were still well below 2018–19 levels.<sup>82</sup> Table 3.1 shows the percentage change in the number of passengers from 2020–21 to 2021–22, as well as the number of passengers in 2021–22 as a percentage of number of passengers in 2018–19.

79 Australian Government, *Reopening to tourists and other international travellers to secure our economic recovery*, The Hon Karen Andrews MP, Former Minister for Home Affairs, media release, <https://minister.homeaffairs.gov.au/KarenAndrews/Pages/reopening-to-tourists-and-other-international-travellers-to-secure-our-economic-recovery>, 7 February 2022, accessed 13 July 2023.

80 Australia Pacific Airports Corporation, *Annual report, 2022 APAC Annual Report*, p 25, accessed on 13 July 2023.

81 Sydney Airport, *Annual Report FY 22, 2022 Sydney Airport Annual Report*, p 5, accessed on 13 July 2023.

82 Sydney Airport noted that its passenger numbers for the 6 months to 31 December 2021 were significantly lower than passenger numbers in the 6 months to 30 June 2022, hitting their lowest point in late 2021, at just 1% of 2019 levels.

**Table 3.1:** Percentage change in number of passengers from 2018–19 to 2021–22 and the number of passengers in 2021–22 as a percentage of number of passengers in 2018–19

Airport	Percentage change in number of passengers from 2020–21 to 2021–22	Number of passengers in 2021–22 as a percentage of number of passengers in 2018–19
Brisbane	31%	43%
Melbourne	110%	35%
Perth	25%	51%
Sydney	75%	30%

Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.

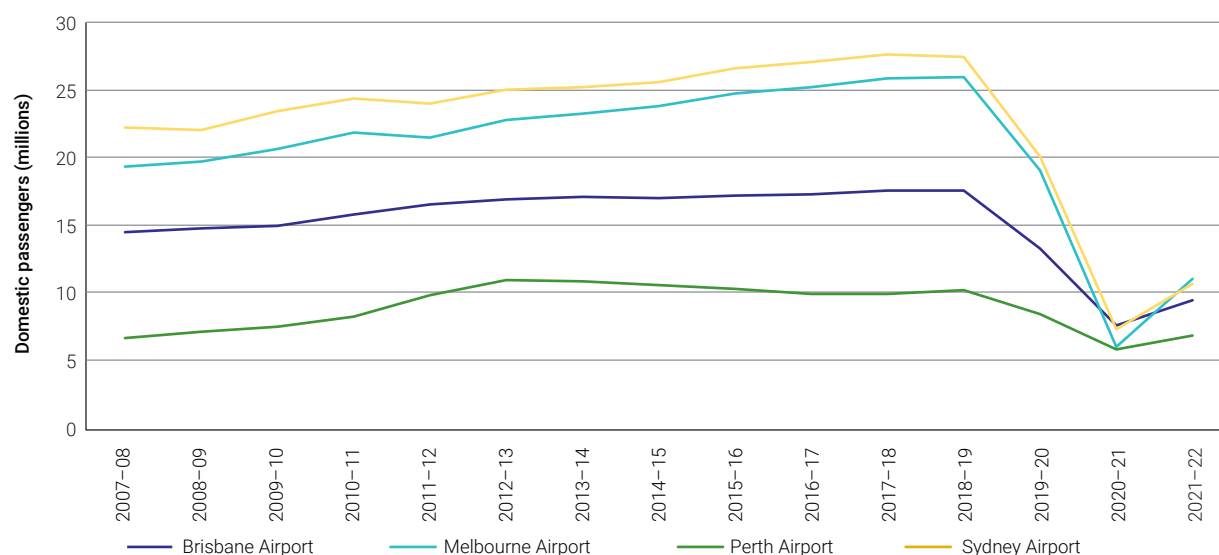
## Domestic travel rebounded more than international travel in 2021–22

As discussed in the 2020–21 Airport monitoring report, before the pandemic the monitored airports differed from each other in their ratios of international versus domestic travellers. In 2018–19, Sydney Airport had the highest proportion of international passengers among the monitored airports (40%), with Brisbane Airport having the lowest (27%).<sup>83</sup>

Airports typically generate more revenue from each international passenger than each domestic passenger. The monitored airports charge airlines higher aeronautical charges, per passenger, for international passengers than for domestic passengers.<sup>84</sup> In addition, international passengers tend to spend more at retail outlets while at the airport, compared with domestic passengers.

Figures 3.2 and 3.3 below show the domestic and international passenger numbers, respectively, at the monitored airports since 2007–08.

**Figure 3.2:** Domestic passenger numbers, by airport, 2007–08 to 2021–22

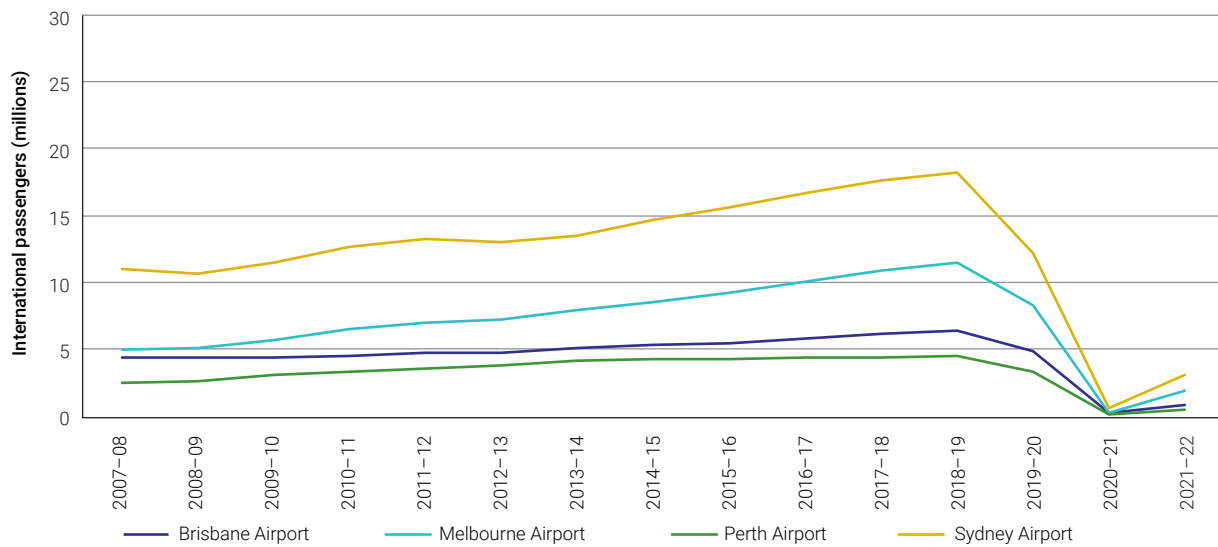


Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.

83 Sydney Airport, *Annual Report FY 22*, [2022 Sydney Airport Annual Report](#), p 46, accessed on 13 July 2023.

84 Brisbane Airport has advised that their pricing differential is due to the core infrastructure requirements for international operations, which are recovered over a smaller passenger base.

**Figure 3.3: International passenger numbers, by airport, 2007–08 to 2021–22**



Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.

The figures above demonstrate that there has been some recovery in both domestic and international travel in 2021–22, with the rebound being somewhat greater in domestic travel. However, the number of both domestic and international passengers across all 4 monitored airports was still well below the 2018–19 levels as shown in Table 3.2 below.

**Table 3.2: Domestic and international passenger numbers comparison by percentage, 2021–22 to 2018–19**

	Number of domestic passengers in 2021–22 as a percentage of number of domestic passengers in 2018–19	Number of international passengers in 2021–22 as a percentage of number of international passengers in 2018–19
Brisbane Airport	54%	13%
Melbourne Airport	42%	17%
Perth Airport	68%	11%
Sydney Airport	39%	18%

Source: ACCC analysis of information received from monitored airports and the Bureau of Infrastructure and Transport Research Economics (BITRE).<sup>85</sup>

As noted previously, the domestic travel restrictions were generally lifted more quickly compared to international restrictions (except in WA). Additionally, certain foreign countries maintained their travel restrictions throughout 2021–22, further delaying the recovery of international passenger numbers. As a result, domestic passenger numbers have rebounded more rapidly.

The rebound in both domestic and international travel has continued in 2022–23 as shown in Table 3.3.

<sup>85</sup> Bureau of Infrastructure and Transport Research Economics, [Airport Traffic Data](#), released 16 June 2023, accessed July 2023.

**Table 3.3:** Domestic and international passenger numbers comparison by percentage, 2023 Q1–Q3 to 2018–19 Q1–Q3

Airport	Number of domestic passengers in the first 3 quarters of 2022–23 as a percentage of number of domestic passengers in the first 3 quarters of 2018–19	Number of international passengers in the first 3 quarters of 2022–23 as a percentage of number of international passengers in the first 3 quarters of 2018–19
Brisbane	90%	61%
Melbourne	86%	67%
Perth	107%	71%
Sydney	84%	69%

Source: ACCC analysis of information received from monitored airports and the Bureau of Infrastructure and Transport Research Economics (BITRE).<sup>86</sup>

The ACCC notes that certain other countries, such as Japan and China, still had travel restrictions at times during the first 3 quarters of 2022–23.<sup>87</sup>

On 5th May 2023, The World Health Organisation declared that COVID-19 no longer represented a global health emergency.<sup>88</sup>

## 3.2 Most airports reported improved year on year financial outcomes in 2021–22

This section examines the trends in profitability among the 4 monitored airports since 2007–08, focusing on the period since the commencement of the COVID-19 pandemic. In reporting on financial performance, the ACCC:

- uses the profit measures discussed in box 1.2 in chapter 1 and in Appendix C
- has chosen 2007–08 as a starting point for the analysis because this is the first year that we collected financial data under the line in the sand approach to valuing aeronautical assets (as explained in box 1.3 and Appendix C)
- presents the financial figures in ‘real terms’ with values in 2021–22 dollars.<sup>89</sup>

<sup>86</sup> Bureau of Infrastructure and Transport Research Economics, [Airport Traffic Data](#), released 16 June 2023, accessed July 2023.

<sup>87</sup> Inside Japan, *Latest Japan Travel Requirements*, <https://www.insidejapantours.com/au/covid-19-latest-japan-travel-and-tourism-updates/?setloc=au>; 3 May 2023, accessed 13 July 2023 and China Highlights, *China Travel Restrictions and Travel Advisory*, <https://www.chinahighlights.com/travelguide/china-travel-reopen-restrictions.htm>, 29 May 2023, accessed 13 July 2023.

<sup>88</sup> Australian Broadcasting Commission, *WHO declares COVID-19 is no longer a global emergency, a major symbolic step towards the end of the pandemic*, <https://www.abc.net.au/news/2023-05-05/who-says-covid-is-no-longer-a-global-emergency/102311746>, 5 May 2023, accessed 13 July 2023.

<sup>89</sup> Deflator series derived from the Australian Bureau of Statistics Consumer Price Index, Australia (cat. No. 6401.0, tables 1 and 2, Index Numbers; All Groups CPI; Australia), <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/mar-quarter-2023#data-downloads>. Base year for the ACCC deflator series is 2021–22.

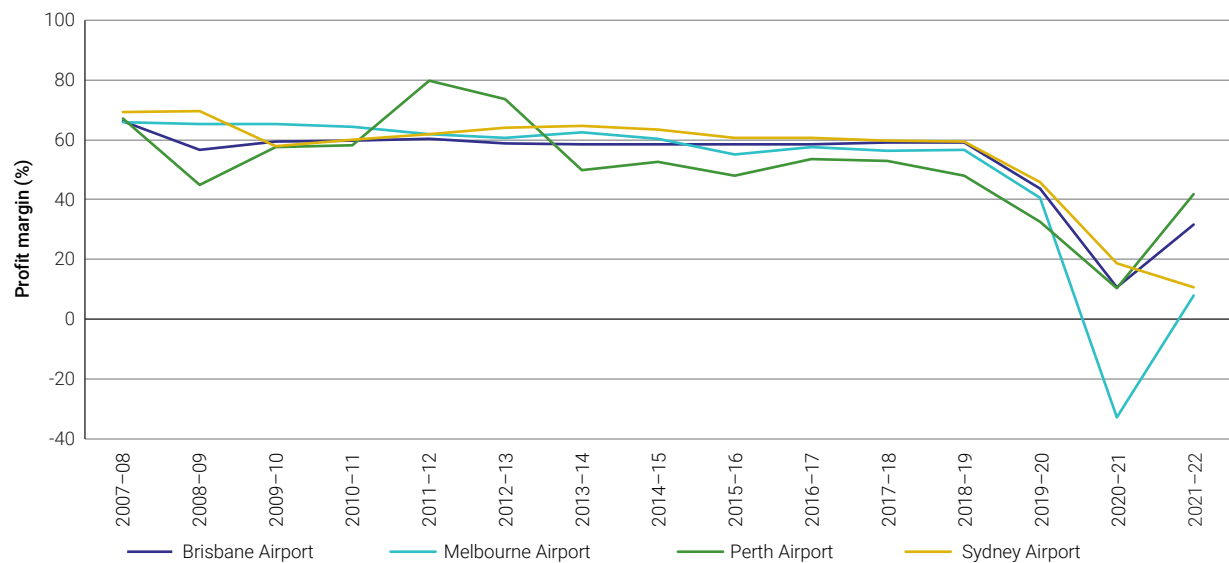


## Total operating profit margins improved for 3 of 4 airports but were still below pre pandemic levels

As discussed in the 2020–21 Airport monitoring report, the COVID-19 pandemic had a substantial impact on the total operating profit margins of all the monitored airports.<sup>90</sup> The decrease in profit was primarily due to fall in revenue. The monitored airports largely charge airlines (for aeronautical services) and motorists (for car parking and landside access services) on a per passenger or per motorist basis. As a result, the significant fall in the number of passengers (and thereby motorists) directly affected the monitored airports' revenue in the provision of each of these services.

Figure 3.4 shows the total operating profit margins (earnings before interest, taxes and amortisation [EBITA] as a percentage of total airport revenue) of each of the monitored airports between 2007–08 and 2021–22.

**Figure 3.4:** Total operating profit margin, by airport: 2007–08 to 2021–22



Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.

Figure 3.4 shows that while total operating profit margins improved for 3 of the 4 monitored airports in the 2021–22 financial year, none of the monitored airports had yet returned to their pre pandemic performance levels.<sup>91</sup> The total operating profit margin of Sydney Airport declined further. Table 3.4 shows this in more detail.

<sup>90</sup> See: <https://www.accc.gov.au/about-us/publications/serial-publications/airport-monitoring-reports/airport-monitoring-report-2020-21>.

<sup>91</sup> Perth Airport reported that its profit metrics for 2021–22, as reported by the ACCC, have been favourably impacted by an inclusion of \$73m in non-aeronautical fair value adjustments (non-cash). Perth Airport further reported that its profit metrics in 2011–12 and 2012–13 were also impacted by a change in accounting treatment resulting in an asset revaluation gain of the non-aeronautical investment property.

**Table 3.4:** Total operating profit margins, by airport, 2018–19 to 2021–22

	2018–19	2019–20	2020–21	2021–22
Brisbane	59%	44%	11%	32%
Melbourne	56.5%	41%	-33%	7.9%
Perth	48%	33%	10%	42%
Sydney	59.5%	46%	19%	11%

Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.

Table 3.4 shows that the extent of recovery has varied across the 4 monitored airports in 2021–22. Specifically, the total operating profit margin at Melbourne Airport returned to positive, while Perth Airport recovered almost to its pre pandemic performance. In contrast, the total operating profit margin at Sydney Airport declined further.

A slower recovery of international travel has particularly affected Sydney Airport, which had a relatively high proportion of the international passengers prior to the pandemic.

## Returns on assets improved for 3 of 4 monitored airports but were still below pre pandemic levels

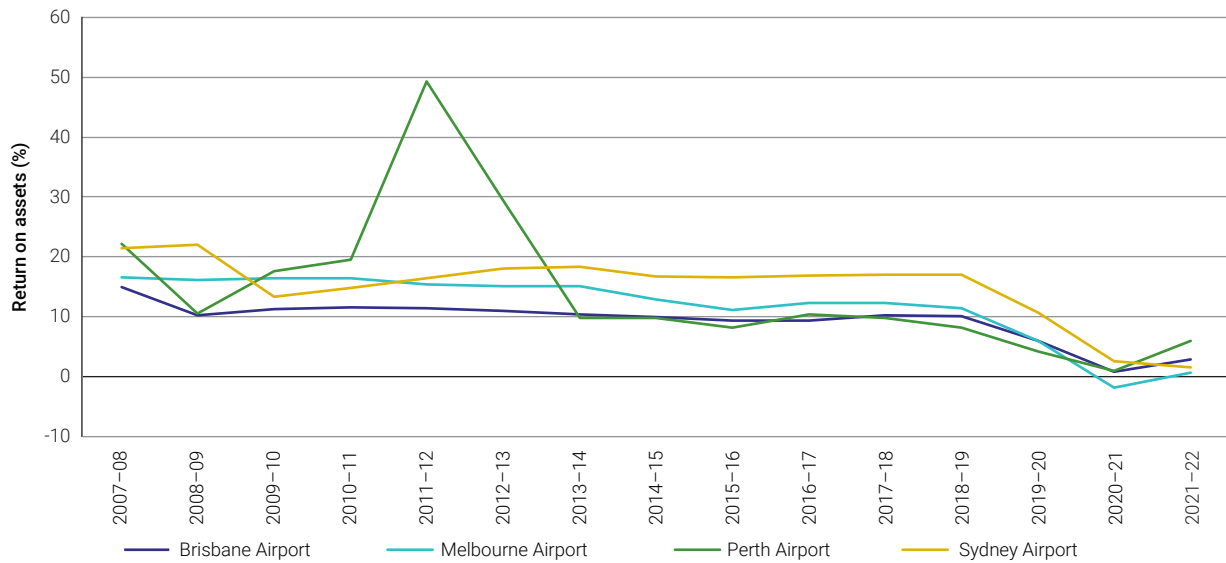
Airports are capital intensive businesses with large scale and ongoing investment to meet increases in passenger numbers. This includes infrastructure like terminals, runways, safety systems and providing buildings for handling services and commercial activities such as car parking and retail. As part of monitoring airports' financial performance, the ACCC calculates the rate of return on tangible non-current assets.

One limitation of this analysis is that the monitored airports are not restricted from revaluing their non-aeronautical assets, as the line in the sand approach to asset valuations outlined in Appendix C is limited to aeronautical assets. This means that if the monitored airports revalue their non-aeronautical assets over time, this will affect the comparability of return on tangible non-current assets over time and between the monitored airports.

Further, the line in the sand approach incorporates new investments valued at actual cost. The actual cost incurred may not be prudent and the assets in place may not necessarily be efficient. The return on tangible non-current assets measured could reflect inefficient investment decisions.

Figure 3.5 shows the return on total tangible non-current assets (EBITA as percentage of average tangible non-current assets) since 2007–08.

**Figure 3.5: Return on total airport tangible non-current assets, by airport: 2007–08 to 2021–22**



Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.

Figure 3.5 shows that recovery of return on tangible non-current assets from the COVID-19 pandemic followed a similar pattern as total operating profit margins. Table 3.5 below shows the return on total tangible non-current assets from 2018–19 to 2021–22.

**Table 3.5: Return on total tangible non-current assets, 2018–19 to 2021–22**

	2018–19	2019–20	2020–21	2021–22
Brisbane	10%	6%	0.9%	2.9%
Melbourne	11.5%	5.9%	-1.8%	0.7%
Perth	8.3%	4.3%	0.9%	6.1% <sup>92</sup>
Sydney	17%	11%	2.7%	1.6%

Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.

92 Perth Airport reported that its profit metrics for 2021–22, as reported by the ACCC, have been favourably impacted by an inclusion of \$73m in non-aeronautical fair value adjustments (non-cash). Perth Airport further reported that its profit metrics in 2011–12 and 2012–13 were also impacted by a change in accounting treatment resulting in an asset revaluation gain of the non-aeronautical investment property.

# 4. Aeronautical services

## Key point

- Despite some improvement in revenues in 2021–22, all 4 monitored airports reported losses from their aeronautical operations. The monitored airports reported the following aeronautical profit margins for 2021–22: Brisbane Airport -5.9%, Melbourne Airport -38.8%, Perth Airport -0.05% and Sydney Airport -27.4%.

The primary function of an airport is to provide aeronautical services to airlines and, by extension, members of the public. Aeronautical operations are those that directly relate to the provision of aviation services including runways, aprons, aerobridges, departure lounges and baggage-handling equipment.

This chapter presents key financial results in relation to the aeronautical operations of the monitored airports. This chapter is based on financial information provided by the monitored airports.

The ACCC has chosen 2007–08 as a starting point for the charts as this is the first year that we received financial data under the line in the sand approach to valuing aeronautical assets (see box 1.3 and Appendix C for more information on the line in the sand approach).

The ACCC did not collect quality of service data in relation to airports' aeronautical services in 2021–22, to reduce the reporting burden on airports arising due to COVID-19 pandemic. We will resume reporting quality of service data in 2022–23.

The financial figures in this chapter are presented in real terms with values in 2021–22 dollars.<sup>93</sup>

## 4.1 Impact of changes in terminal leases on financial results

The historical financial results in this section are affected by how the monitored airports' terminals have been operated over time. Some of the airports' terminals were operated by the airport and some directly by airlines under a domestic terminal lease. These arrangements have changed over time, as some domestic terminal leases expired, and airports have taken over operation of those terminals. Box 4.1 below explains how the reporting of aeronautical data relating to domestic terminal leases by the monitored airports and the changing of the arrangements over time has affected the ACCC's reporting of aeronautical data.

93 Deflator series derived from the Australian Bureau of Statistics Consumer Price Index, Australia (cat. No. 6401.0, tables 1 and 2, Index Numbers; All Groups CPI; Australia), <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/mar-quarter-2023#data-downloads>. Base year for the ACCC deflator series is 2021–22.

### **Box 4.1: Changes in terminal leases impact the aeronautical data reported by the ACCC**

In 2007–08, each monitored airport operated some of the airport’s terminals itself and had at least one terminal that was operated by airlines under a domestic terminal lease. This affected the way that the monitored airports reported their aeronautical expenses and revenues.

The monitored airports did not report any expenses that they incurred from the terminals operated by airlines under domestic terminal leases as aeronautical expenses. This is because the expenses that they incur from these terminals are not classified as aeronautical expenses.

The monitored airports’ reporting of aeronautical revenue relating to the domestic terminal leases depended on the structure of pricing by the relevant airport. It was common for monitored airports to levy separate airfield and terminal charges. The monitored airports did not levy terminal charges in relation to domestic terminal leases, as they did not operate those terminals and the lease payments that they received were not counted as aeronautical revenue.

However, the monitored airports levied airfield charges on airlines irrespective of which terminal they used. Therefore, the monitored airports collected some revenue from airlines that were using domestic lease terminals. The monitored airports included this revenue as part of their overall aeronautical revenue that they reported to the ACCC.

This means that the aeronautical data reported by the monitored airports was skewed, as the monitored airports reported some revenue relating to domestic terminal leases but did not report any associated aeronautical expenses. Each monitored airport recovered a different proportion of its total aeronautical revenue through airfield charges (versus terminal charges).

Therefore, the extent to which this reporting discrepancy affected the aeronautical results of each airport varied across the monitored airports.

In recent years, all domestic terminal leases have expired, and the monitored airports have resumed operating the terminals. Qantas handed back domestic terminal T3 to Sydney Airport in late 2015. The remaining domestic terminal leases expired during 2018–19: being leases over the Virgin and Qantas parts of the domestic terminal in Brisbane (December 2018), the Qantas terminal (T4) in Perth (January 2019) and the Qantas terminal (T1) in Melbourne (June 2019).

The monitored airports are now reporting all revenues and costs associated with all the terminals at their airports as aeronautical related. This means that the aeronautical data reported by the monitored airports is no longer skewed. However, this also means that the change in ownership of the domestic terminal leases needs to be taken into account when examining and comparing aeronautical results for each airport over time.

## 4.2 Despite some rebound, all monitored airports reported aeronautical losses in 2021–22

### Aeronautical revenue per passenger

Airlines pay aeronautical charges to airports to access the aeronautical facilities. Those charges are typically negotiated confidentially by airports and airlines. The ACCC does not obtain the prices that are negotiated between airports and airlines.<sup>94</sup> To analyse the trends in monitored airports' prices, we use aeronautical revenue per passenger as a proxy for the average price that the monitored airports charge airlines.

As discussed in the 2020–21 Airport monitoring report, in the period 2007–08 to 2018–19, aeronautical revenue per passenger broadly trended upward for all 4 monitored airports. During this period, all 4 airports re-negotiated their Aeronautical Service Agreements with airlines and some of these new agreements included major new investments.

During the COVID-19 pandemic, all 4 monitored airports reported large reductions in aeronautical revenue, driven by a reduction in passenger numbers. However, for most airports, aeronautical revenue declined proportionately less than the number of passengers, resulting in higher aeronautical revenue per passenger.

The monitored airports explained that aeronautical revenue includes a range of non-passenger related revenue sources, including freight, security and aircraft parking. The monitored airports stated that during the COVID-19 pandemic, these revenue sources contributed a significantly larger proportion of revenue and therefore resulted in a higher effective aeronautical revenue per passenger.<sup>95</sup>

Brisbane and Perth airports commented that fluctuations in their revenues per passenger during COVID-19 were impacted by a change in the mix of domestic and international travellers.

Further, Perth Airport reported that its security revenue per passenger increased due to the fixed nature of security costs and increased requirements due to government mandated security activities. Perth Airport noted that security costs are a pass-through only and airports do not profit from this arrangement.

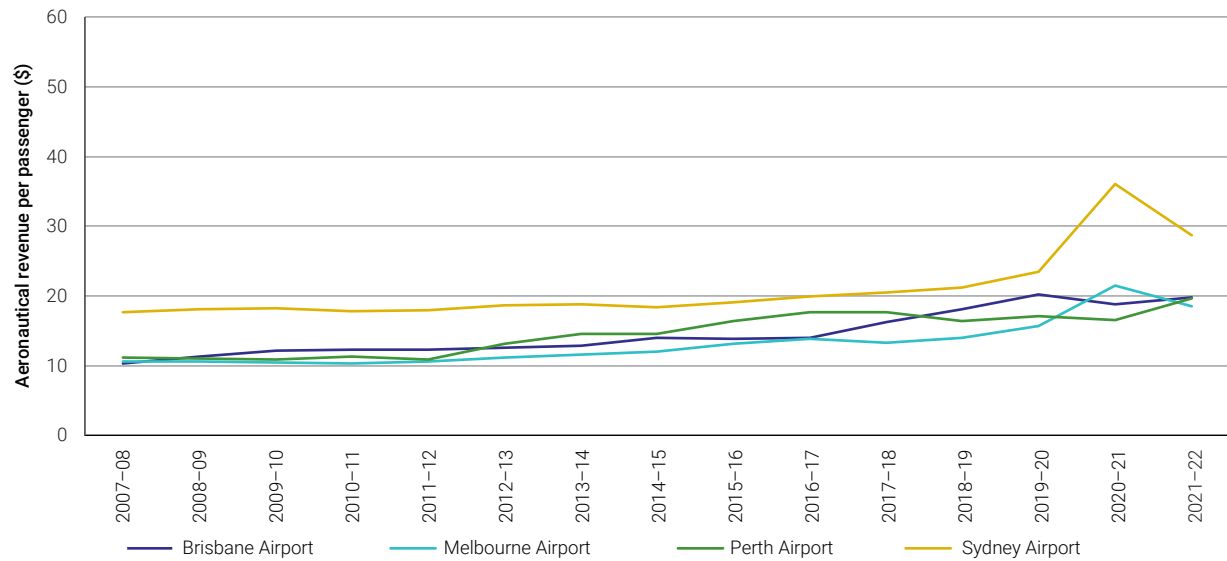
Figure 4.1 shows aeronautical revenue per passenger at the monitored airports from 2007–08 to 2021–22, in real terms.

---

94 The ACCC does collect the 'list prices', which can be found in Appendix B. However, these prices are not routinely used because the airports negotiate bespoke terms (including prices) with different airlines.

95 Sydney Airport commented that if its non-passenger related revenue sources were excluded from the calculation, the revenue per passenger metric would show an 8% decline between 2018–19 and 2021–22.

**Figure 4.1: Aeronautical revenue per passenger, in real terms, by airport: 2007–08 to 2021–22**



Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.

Figure 4.1 shows that all 4 monitored airports reported more aeronautical revenue per passenger in 2021–22 than in 2018–19. Table 4.1 shows this change in percentage terms.

**Table 4.1: Aeronautical revenue per passenger, 2018–19 and 2021–22**

	2018–19	2021–22	Percentage change
Brisbane	\$18.03	\$19.73	9%
Melbourne	\$13.93	\$18.49	33%
Perth	\$16.37	\$19.63	20%
Sydney	\$21.14	\$28.76	36%

Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.

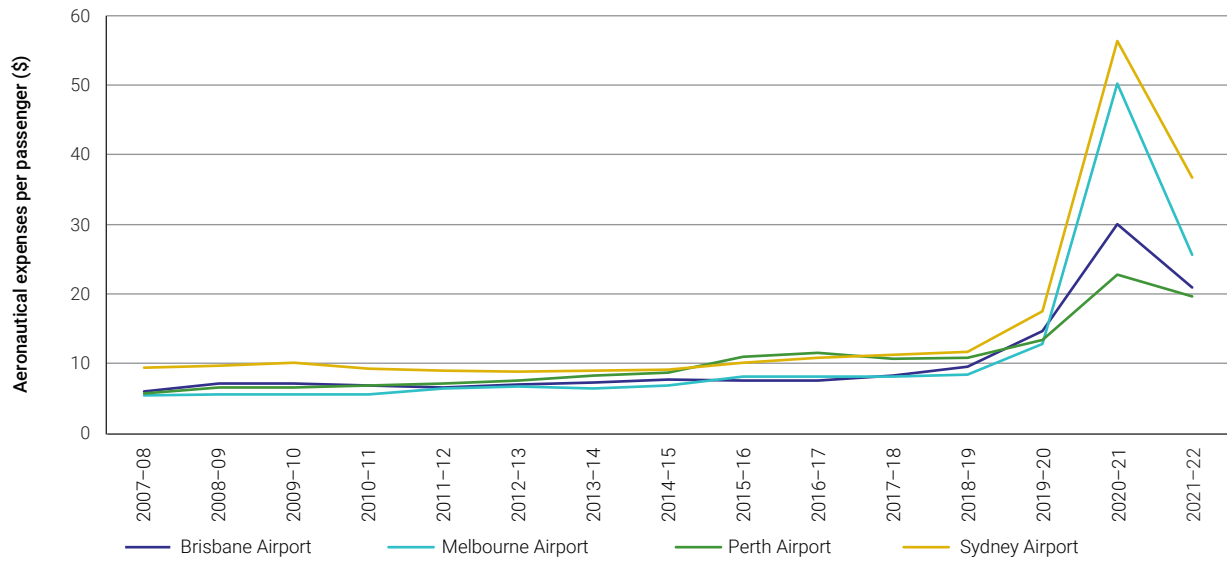
## Aeronautical expenses per passenger

As discussed in the 2020–21 Airport monitoring report, the monitored airports took steps to reduce their aeronautical expenses during the COVID-19 pandemic by reducing staff, reducing operating hours, closing terminals, and renegotiating security and cleaning contracts. However, as the monitored airports remained open throughout the pandemic, their overall aeronautical expenses either remained unchanged or decreased slightly between 2018–19 and 2020–21.<sup>96</sup>

Figure 4.2 shows how aeronautical expenses per passenger of the monitored airports have changed between 2007–08 and 2021–22.

<sup>96</sup> See: <https://www.accc.gov.au/about-us/publications/serial-publications/airport-monitoring-reports/airport-monitoring-report-2020-21>.

**Figure 4.2: Aeronautical expenses per passenger, in real terms, by airport: 2007–08 to 2021–22**



Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.

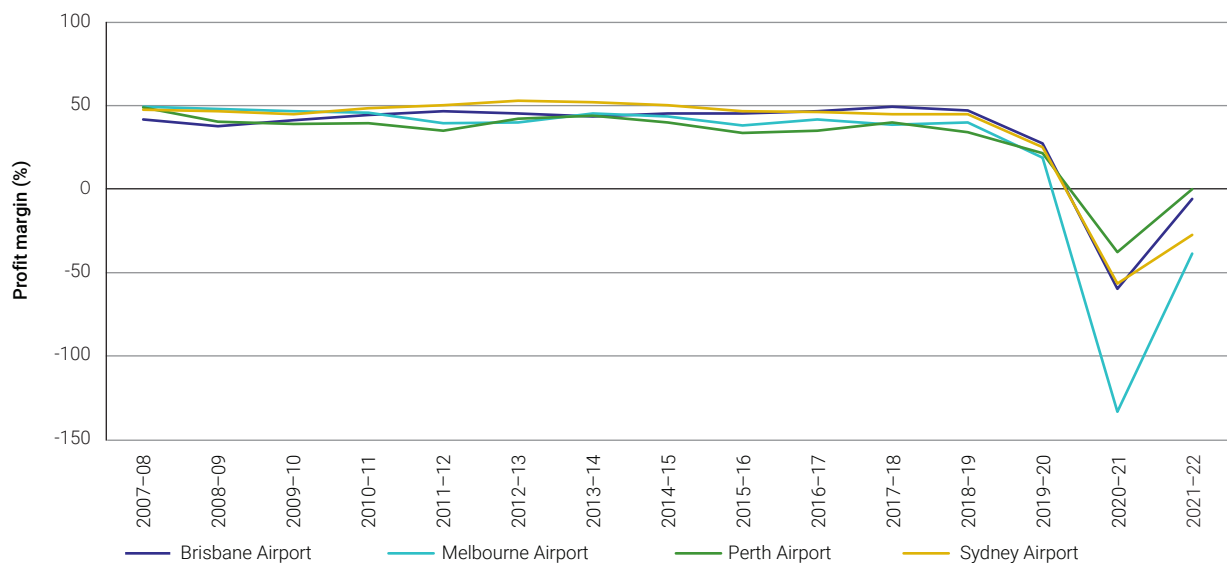
Figure 4.2 shows that aeronautical expenses per passenger increased significantly during COVID-19. This happened because passenger numbers decreased significantly, while aeronautical expenses remained largely unchanged, as mentioned above.

## Aeronautical operating profit margins

As discussed in the 2020–21 Airport monitoring report, all 4 monitored airports made significant aeronautical losses in 2020–21.

Figure 4.3 shows the aeronautical operating profit margin (aeronautical operating profit as a percentage of aeronautical revenue) for each monitored airport in the period between 2007–08 and 2021–22.

**Figure 4.3: Aeronautical operating profit margin, by airport: 2007–08 to 2021–22**



Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.



Figure 4.3 shows that while there was partial recovery, all 4 monitored airports reported negative aeronautical operating profit margins in 2021–22. Table 4.2 illustrates aeronautical operating profit margins for each monitored airport in each financial year between 2018–19 and 2021–22.

**Table 4.2:** Aeronautical operating profit margins of each monitored airport, 2018–19 to 2021–22

	2018–19	2019–20	2020–21	2021–22
Brisbane	47%	27%	-60%	-5.9%
Melbourne	40%	19%	-133%	-38.8%
Perth	34%	22%	-38%	-0.05%
Sydney	45%	25%	-57%	-27.4%

Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.

The ACCC also calculates aeronautical operating profit per passenger and return on average tangible non-current aeronautical assets, which can be found in Appendix B. These metrics show the same trend in aeronautical performance during the COVID-19 pandemic as discussed above.

# 5. Car parking

## Key points

- The daily number of vehicles using airport car parks in 2021–22 was higher than the previous financial year for all the monitored airports – correlating with increased passenger numbers.
- Car parking financial performance improved from 2020–21 to 2021–22 for all the monitored airports but was still well below 2018–19 levels for most. In 2021–22, car parking operating profits for Brisbane, Melbourne, Perth and Sydney airports were \$37.1m, \$30.5m, \$31.2 and \$18.8m respectively, compared to \$77.4m, \$83.4m, \$38.3m and \$97.8m for 2018–19.

This chapter presents an overview of the monitored airports' car parking activities, financial results and prices, including drive up versus online prices and the demand for both services.

Specifically, this chapter covers:

- how the ACCC monitors airport car parking prices
- operational and financial car parking performance
- short term and long term car parking prices.

The analysis in this chapter is based on information the ACCC has received from the monitored airports as part of the monitoring regime.

The ACCC did not collect quality of service data in relation to airports' car parking services in 2021–22, to reduce the reporting burden on airports arising due to COVID-19 pandemic. We will resume reporting quality of service data in 2022–23.

We present all dollar figures in this chapter in 2021–22 dollars.<sup>97</sup> All references in this chapter to 'profit' or 'operating profit' refer to earnings before interest, taxes and amortisation (EBITA).<sup>98</sup>

## 5.1 Monitoring airports' car parking prices

As discussed in section 1.2, monitored airports provide at terminal and at distance car parking services to travellers and other people coming to the airport. These may compete to varying degrees with 'off airport' independent car parking operators and other ground transport modes, such as taxi or rideshare.

Car parking prices at the monitored airports are determined by factors including the length of stay, how close the car park is to the terminal, whether the car park is covered or open, whether the parking is booked in advance and customer demand.

There are 2 types of economic rents that airport operators can incorporate when setting prices for car parking: locational rents and monopoly rents.

Locational rents can reflect the value of the land. This includes the motorists' willingness to pay for the convenience of parking within a short walk from airport terminals and the need for airports to manage growing demand for space near the terminal entrances. It is efficient for prices to be set with

<sup>97</sup> Deflator series derived from the Australian Bureau of Statistics Consumer Price Index, Australia (cat. No. 6401.0, tables 1 and 2, Index Numbers; All Groups CPI; Australia), <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/mar-quarter-2023#data-downloads>. Base year for the ACCC deflator series is 2021–22.

<sup>98</sup> For more information on why the ACCC applies this particular accounting measure, see [chp1], [chp3] and [App C].

consideration of such locational factors. At the margin, the prices paid reflect the opportunity cost of the land in that location.<sup>99</sup>

Monitored airports can still raise prices above efficient levels. They can collect monopoly rents – revenue in excess of locational rents – by constraining provision of services, particularly where they possess significant market power. The extent of the market power that monitored airports have in car parking depends on several factors, including the degree to which consumers' needs (for example, convenience or cost considerations) can be met by alternative transport modes or independent car park operators located near the airport. The objective of the ACCC's monitoring is to assess whether monitored airports are extracting monopoly rents, which would result in a loss of economic welfare.

## The ACCC focuses on 2 categories of parking

All monitored airports offer short term at terminal and long term at distance parking but may also offer a range of products and services that are variations on this basic split. The ACCC focuses its analysis on the following 2 categories of parking:

- short term parking (for a period of up to a day) at a car park located at the terminal, with the motorist often paying 'drive up' rates (as opposed to online rates)
- long term parking (for a period of one day or more) at a car park located at a distance from the terminal, where motorists may pay drive up rates or book online in advance.

The ACCC's monitoring has some limitations. In particular, we consider that changes in individual price points are not reliable indicators of changes in overall price levels. For example, an airport may reduce most price points but increase a strategic price point such as a heavily used 2 hour drive up rate. This may give the impression that prices have gone down or not changed when in fact the overall price (that is, average price weighted by revenue share) may have increased.

## 5.2 Car parking operational and financial performance began to recover in 2021–22 but was still well below 2018–19 for most monitored airports

Most people who park at the airport do so for travel. There is a small percentage who park at the airport for employment, such as employees of the retail sites and the airlines. Car parking performance of the monitored airports is strongly correlated to the number of passengers travelling.

In addition, demand for car parking services is affected by the choice that travellers make on how they get to the airport. Travellers can either drive to the airport and use car parking services or use other ground transportation services such as taxis, rideshare, buses and trains.

As reported in the 2020–21 Airport monitoring report, the number of passengers travelling, and subsequently demand for airport car parking, fell significantly during the pandemic. This adversely impacted on monitored airports' car parking operational and financial performance.

As discussed in chapter 3, there were signs of a recovery from the pandemic in 2021–22, as passenger numbers rebounded from 2020–21 lows, reaching roughly 43%, 35%, 50%, and 30% of 2018–19 levels at Brisbane, Melbourne, Perth, and Sydney airports respectively.

---

<sup>99</sup> Opportunity cost can be described as 'the value of a benefit forgone in the process of adopting an alternative policy, course of action, etc., which can be taken to be a cost of the alternative adopted' (Macquarie Dictionary).

This section examines the extent of operational and financial recovery in car parking for each of the monitored airports.

## Vehicle numbers increased at all monitored airports

Table 5.1 shows average daily vehicle throughput at car parks across the monitored airports for 2018–19 and the 3 following financial years.

**Table 5.1: Daily average vehicle throughput by airport: 2018–19 to 2021–22**

	Daily average throughput in 2018–19	Daily average throughput in 2019–20	Daily average throughput in 2020–21	Daily average throughput in 2021–22	Change 2018–19 to 2021–22 (%)	Change 2020–21 to 2021–22 (%)
Brisbane	7 483	5 895	2 812	3 911	-48%	39%
Melbourne	8 723	6 651	1 516	3 470	-60%	129%
Perth	4 766	3 527	1 601	2 334	-51%	46%
Sydney	11 190	7 964	1 374	4 130	-63%	201%

Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.

As shown in this table, the impact of COVID-19 on car parking activity was highest in 2020–21, with average daily throughput declining significantly from pre pandemic levels due to a decline in passenger numbers.

Car parking activity rebounded in 2021–22 across all monitored airports, as passenger numbers increased. The degree of recovery varied, with average daily input increasing by about 39% at Brisbane Airport and about 200% at Sydney Airport. The percentage change in the monitored airport’s car parking throughput is related to how severely COVID-19 impacted the airport and from how low a floor it was recovering. Airports in regions that had longer lockdowns in activity and travel, such as in Melbourne and Sydney, recorded higher year on year growth rates than, for instance, Perth.

Proportionately, the rebound in car parking throughput in 2021–22 (when compared to 2018–19) appears to be somewhat higher for Brisbane, Melbourne and Sydney airports relative to the rebound in passenger numbers. For example, the number of passengers at Brisbane Airport in 2021–22 rebounded to 43% of 2018–19 levels, while car parking throughput rebounded to about 52%. At least in part, this may be due to travellers choosing car parking over other modes of ground transport. For Perth Airport, the rebound in car parking throughput was proportional to the rebound in passenger numbers. The ACCC notes that there is a large fly in fly out (FIFO) demand for Perth Airport’s car parking services.

Despite some recovery, daily average throughput for all the monitored airports in 2021–22 was still significantly lower than in 2018–19.

## Car parking financial performance improved across all the monitored airports but was still well below 2018–19

Car parking revenue is predominantly determined by car parking throughput and prices. Further, as motorists generally pay more for long term parking than for short term parking, revenue would also be affected by the distribution of throughput across these 2 forms of parking.

Table 5.2 shows the car parking revenue across the monitored airports in the period covering 2018–19 to 2021–22.

**Table 5.2: Car parking revenue, in real terms, by airport: 2018–19 to 2021–22**

	Revenue in 2018–19 (\$millions)	Revenue in 2019–20 (\$millions)	Revenue in 2020–21 (\$millions)	Revenue in 2021–22 (\$millions)	Change 2018–19 to 2021–22 (%)	Change 2020–21 to 2021–22 (%)
Brisbane	\$115.2m	\$88.3m	\$46.4m	\$64.0m	-44.5%	38%
Melbourne	\$156.5m	\$115.6m	\$38.8m	\$76.0m	-51%	96%
Perth	\$66.4m	\$52.8m	\$36.2m	\$53.8m	-19%	48%
Sydney	\$143.7m	\$107.5m	\$35.0m	\$56.3m	-61%	61%

Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.

As shown in this table, the car parking revenue of each monitored airport declined over the past few years, driven by a decline in car parking throughput. Car parking revenue increased across all the monitored airports from 2020–21 to 2021–22. The change in revenue varied between the monitored airports, with an approximately 38% increase for Brisbane Airport and an about 96% increase for Melbourne Airport. The car parking revenue for each monitored airport in 2021–22 was still below 2018–19 levels.

For 3 of the 4 monitored airports, the change in car parking revenue has been roughly commensurate to the change in car parking throughput. For example, in 2021–22, Sydney Airport's throughput was about 63% lower compared to 2018–19, while car parking revenue was about 61% lower. However, this has not been the case for Perth Airport. Its throughput in 2021–22 was 51% lower than in 2018–19, but its car parking revenue was 19% lower. The ACCC notes that border restrictions during the pandemic probably did not affect FIFO workers (who generally use long term parking, where the airport earns higher revenues) to the same extent as the passengers who use short term parking.

## Car parking operating expenses

Table 5.3 shows car parking operating expenses across the monitored airports in the period 2018–19 to 2021–22.

**Table 5.3: Car parking operating expenses, in real terms, by airport: 2018–19 to 2021–22**

	Operating expenses in 2018–19 (\$millions)	Operating expenses in 2019–20 (\$millions)	Operating expenses in 2020–21 (\$millions)	Operating expenses in 2021–22 (\$millions)	Change 2018–19 to 2021–22 (%)	Change 2020–21 to 2021–22 (%)
Brisbane	\$37.7m	\$34.9m	\$19.8m	\$26.9m	-29%	36%
Melbourne	\$73.1m	\$59.5m	\$47.9m	\$45.6m	-38%	-5%
Perth	\$28.1m	\$24.8m	\$20.3m	\$22.6m	-20%	11%
Sydney	\$45.9m	\$43.3m	\$29.9m	\$37.5m	-18%	25.5%

Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.

As shown in this table, car parking operating expenses across all monitored airports were lower in 2021–22 than in 2018–19. For 3 out of the 4 monitored airports, the decline in car parking revenue was greater than the operating saving that the airports were able to achieve in relation to their expenses. The ACCC notes that a large proportion of airports' car parking costs are fixed costs.

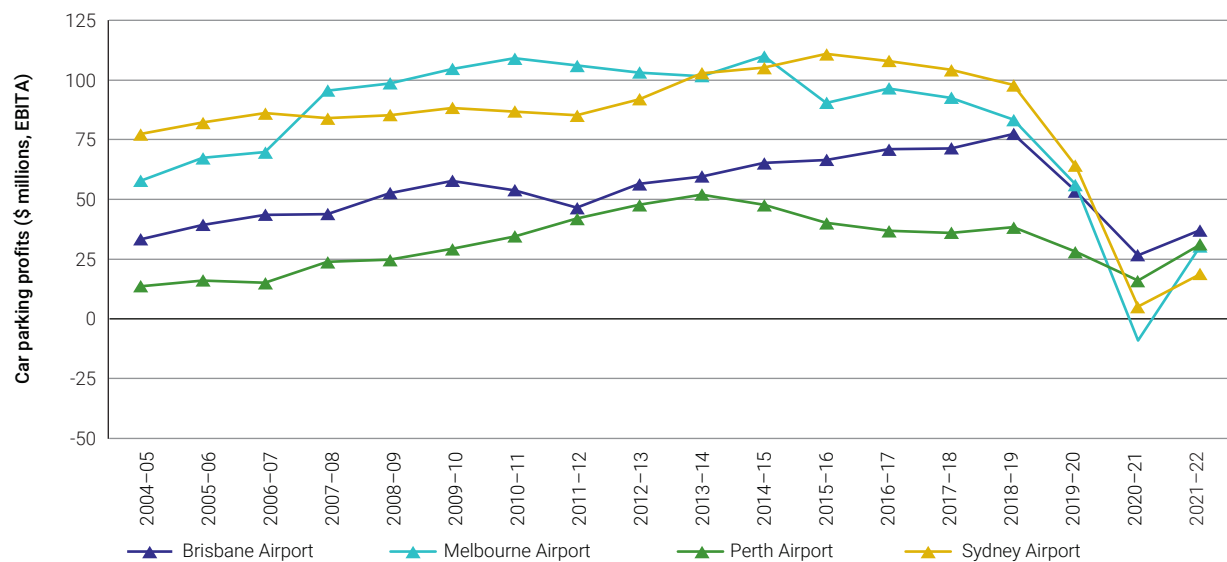
As demand for car parking increased, operating expenses increased for Brisbane, Perth and Sydney airports between 2020–21 and 2021–22. This ranged from 11% for Perth Airport to about 36% for

Brisbane Airport. In contrast, operating expenses at Melbourne Airport marginally decreased by about 5%.

## Car parking operating profits

Figure 5.1 presents car parking operating profits across the monitored airports over the period from 2004–05 to 2021–22. The ACCC has presented this series from 2004–05, as this was the first year we obtained consistent and comparable car parking data from all the monitored airports.

**Figure 5.1:** Car parking operating profits (EBITA), in real terms, by airport: 2004–05 to 2021–22



Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.

For this report, the ACCC has chosen to focus its commentary on recovery from the COVID-19 pandemic. Table 5.4 shows the operating profits of each monitored airport in the period 2018–19 to 2021–22.

**Table 5.4:** Car parking operating profit, in real terms, by airport: 2018–19 to 2021–22

	Operating profit in 2018–19 (\$millions)	Operating profit in 2019–20 (\$millions)	Operating profit in 2020–21 (\$millions)	Operating profit in 2021–22 (\$millions)	Change 2018–19 to 2021–22 (%)	Change 2020–21 to 2021–22 (%)
Brisbane	\$77.4m	\$53.4m	\$26.6m	\$37.1m	-52%	39.5%
Melbourne	\$83.4m	\$56.1m	-\$9.1m	\$30.5m	-63.5%	-433.7%
Perth	\$38.3m	\$28m	\$15.9m	\$31.2m	-18%	96%
Sydney	\$97.8m	\$64.2m	\$5.1m	\$18.8m	-81%	271%

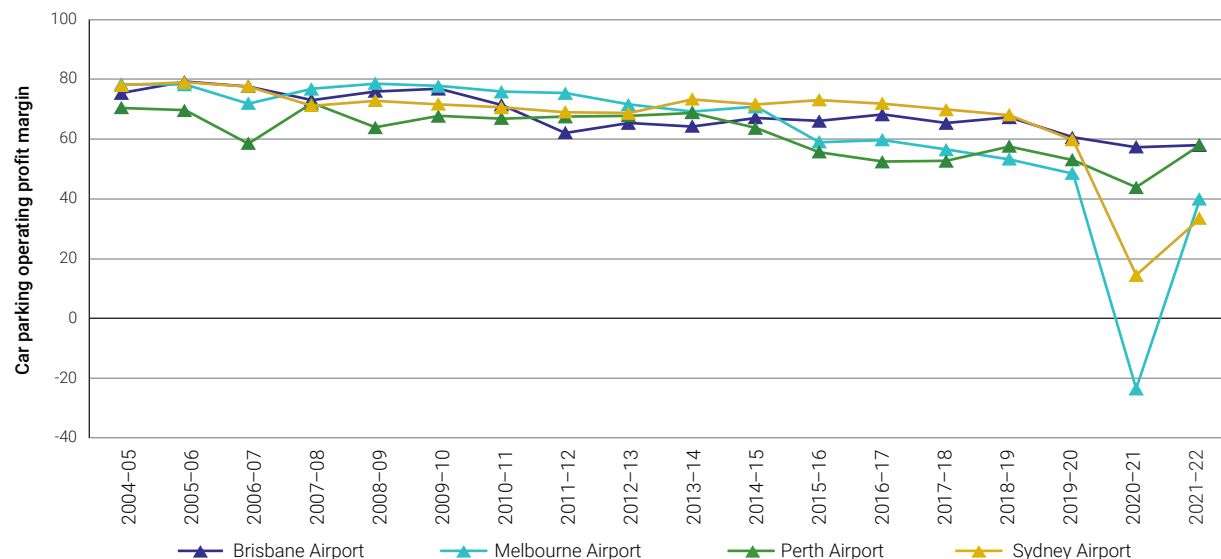
Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.

As shown in this table, car parking operating profits significantly decreased during the pandemic, reaching a low in 2020–21. This is due to airports not being able to reduce their car parking operating expenditure to match decreases in car parking revenues. Car parking operating profits somewhat increased for all the monitored airports between 2020–21 and 2021–22 but were still below 2018–19 levels.

## Car parking operating profit margins

Figure 5.2 shows car parking operating profit margins for each of the monitored airports (car parking operating profit as a proportion of car parking revenue) from 2004–05.

**Figure 5.2:** Car parking operating profit margin, by airport: 2004–05 to 2021–22



Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.

Table 5.5 shows car parking operating profit margins for each of the monitored airports in the period covering 2018–19 to 2021–22.

**Table 5.5:** Car parking operating profit margin, by airport: 2018–19 to 2021–22

	Profit margin in 2018–19 (%)	Profit margin in 2019–20 (%)	Profit margin in 2020–21 (%)	Profit margin in 2021–22 (%)	Change 2018–19 to 2021–22 (percentage points)	Change 2020–21 to 2021–22 (percentage points)
Brisbane	67	60.5	57	58	-9	0.7
Melbourne	53	48.5	-23.5	40	-13.2	63.6
Perth	58	53	44	58	0	14.1
Sydney	68	60	14.5	33	-35	18.9

Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.

As shown in this table, in 2021–22, car parking operating profit margins increased for all the monitored airports between 2020–21 and 2021–22, with all monitored airports reporting positive car parking operating profit margins. Three out of the 4 monitored airports reported lower car parking operating profit margins in 2021–22 than 2018–19.

Perth Airport was the exception. Perth Airport commented that this was due to a significant increase in its car parking operating profit margin from 2020–21 to 2021–22 driven by the timing of the border reopening. Perth Airport explained that its revenue increased due to increased parking demand arising from the combination of borders reopening in March 2022 and a drop in real terms for both its drive up and online prices.

## 5.3 Car parking prices

This section summarises information on various short term and long term car parking prices.

### Short term car parking prices

Table 5.6 shows short term at terminal drive up parking prices for each of the monitored airports as at the end of 2018–19 and in the 3 following financial years.

**Table 5.6:** Short term at terminal drive up car parking prices, in real terms, by airport: on 30 June 2019 to 2022

	30 June 19	28 March 20	30 June 21	30 June 22	Change 30 June 19 to 30 June 22 (%)	Change 30 June 21 to 30 June 22 (%)
<b>Brisbane</b>						
30–60 minutes	\$19.40	\$20.20	\$19.80	\$20	3.3%	0.8%
1 to 2 hours	\$23.70	\$24.40	\$24	\$25	5.7%	4.1%
2 to 3 hours	\$29	\$29.70	\$29.20	\$30	3.3%	2.6%
3 to 4 hours	\$30.10	\$30.80	\$30.30	\$31	2.9%	2.3%
Up to 24 hours	\$60.20	\$60.50	\$59.50	\$59	-2%	-0.9%
<b>Melbourne</b>						
30–60 minutes	\$12.90	\$15.90	\$15.70	\$15	16%	-4.3%
1 to 2 hours	\$25.80	\$30.80	\$31.30	\$30	16%	-4.3%
2 to 3 hours	\$25.80	\$30.80	\$47	\$45	74%	-4.3%
3 to 4 hours	\$36.60	\$41.40	\$51.20	\$49	34%	-4.3%
Up to 24 hours	\$54.90	\$54.10	\$51.20	\$49	-11%	-4.3%
<b>Perth</b>						
30–60 minutes	\$14.40	\$14.70	\$15.70	\$15.60	8.2%	-0.4%
1 to 2 hours	\$21.30	\$21.90	\$23.20	\$23.20	8.9%	0.1%
2 to 3 hours	\$24.80	\$24.90	\$25.10	\$24.80	0.2%	-1.1%
3 to 4 hours	\$26.90	\$27	\$26.70	\$26.40	-1.8%	-1.3%
Up to 24 hours	\$52.70	\$54.10	\$56.80	\$56.60	7.4%	-0.4%
<b>Sydney</b>						
30–60 minutes	\$10.40	\$10.50	\$10.40	\$9.90	-0.9%	-4.3%
1 to 2 hours	\$20.90	\$21.10	\$20.80	\$19.90	-0.4%	-4.3%
2 to 3 hours	\$29.60	\$29.60	\$29.20	\$29.90	-1.5%	2.6%
3 to 4 hours	\$39.80	\$40.20	\$39.60	\$39.90	-0.5%	0.8%
Up to 24 hours	\$66.70	\$67.80	\$66.80	\$65.90	0.1%	-1.3%

Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.

Note: As some airports offered free parking from late-March 2020 in response to the COVID-19 pandemic, the ACCC asked all 4 monitored airports to report 2020 car parking prices as at 28 March 2020, rather than 30 June 2020.



As shown in this table, as at 30 June 2022, short term car parking prices at Brisbane, Melbourne and Perth airports were higher than as at 30 June 2019 across most time periods presented in the table (except for the following: up to 24 hours for Brisbane and Melbourne, and 3 to 4 hours for Perth). For Sydney Airport, short term car parking prices as at 30 June 2022 were slightly lower across most categories (apart from up to 24 hours).

As the ACCC stated in the 2020–21 Airport monitoring report, Melbourne Airport made substantial changes to its pricing schemes in both 2019–20 and 2020–21, which accounts for the large variations in pricing compared with the preceding years. For example, Melbourne Airport restructured its parking offerings at its multi level T123 car park in 2020–21, which led to significant price rises in the 2 to 3 and 3 to 4 hour price points. We understand that, while the pandemic prompted Melbourne’s decision to implement a new pricing scheme, Melbourne Airport has applied this scheme on an ongoing basis.<sup>100</sup>

## Long term car parking prices

Table 5.7 shows long term at distance drive up parking rates (for stays of 1 day or more) for selected durations at the monitored airports on 30 June 2019 to 2022.

**Table 5.7:** Long term at distance drive up parking prices, in real terms, by airport: on 30 June 2018 to 2022

	30 June 19	28 March 20	30 June 21	30 June 22	Change 30 June 19 to 30 June 22 (%)	Change 30 June 21 to 30 June 22 (%)
<b>Brisbane</b>						
1 to 2 days	\$43	\$44.60	\$43.90	\$42	-2.4%	-4.3%
2 to 3 days	\$63.50	\$64.80	\$63.70	\$61	-3.9%	-4.3%
4 to 5 days	\$91.40	\$92.30	\$90.10	\$87	-4.8%	-4.3%
6 to 7 days	\$106.50	\$107.20	\$105.50	\$101	-5.1%	-4.3%
<b>Melbourne</b>						
1 to 2 days	\$52.70	\$52	\$25.10	\$24	-54.5%	-4.3%
2 to 3 days	\$74.20	\$73.30	\$37.60	\$36	-51.5%	-4.3%
4 to 5 days	\$85	\$83.90	\$62.70	\$60	-29.4%	-4.3%
6 to 7 days	\$106.50	\$105.10	\$87.70	\$84	-21.1%	-4.3%
<b>Perth</b>						
1 to 2 days	\$58.10	\$59.50	\$62.30	\$62	6.7%	-0.4%
2 to 3 days	\$86.60	\$88.10	\$92.30	\$92	6.3%	-0.4%
4 to 5 days	\$111.90	\$113.60	\$118	\$117	4.6%	-0.9%
6 to 7 days	\$137.70	\$138	\$143.70	\$142	3.1%	-1.2%
8 days	\$149.50	\$149.70	\$155.60	\$153	2.3%	-1.7%
15 days	\$232.30	\$228.20	\$232.90	\$228.00	-2.1%	-2.1%
<b>Sydney</b>						
1 to 2 days	\$69.90	\$69	\$67.90	\$64.90	-7.2%	-4.4%

<sup>100</sup> APAC, *Annual Reports*, <https://www.melbourneairport.com.au/corporate/annual-reports>, accessed 13 July 2023.

	30 June 19	28 March 20	30 June 21	30 June 22	Change 30 June 19 to 30 June 22 (%)	Change 30 June 21 to 30 June 22 (%)
2 to 3 days	\$83.90	\$95.50	\$94	\$91.90	9.5%	-2.2%
4 to 5 days	\$117.20	\$126.30	\$124.30	\$121.90	4.0%	-1.9%
6 to 7 days	\$151.70	\$168.80	\$166.10	\$159.90	5.4%	-3.7%

Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.

Note: As some airports offered free parking from late-March 2020 in response to the COVID-19 pandemic, the ACCC asked all 4 monitored airports to report car parking prices as at 28 March 2020, rather than 30 June 2020.

As shown in this table:

- On 30 June 2021 and 30 June 2022 Brisbane Airport lowered its prices for all long term prices.
- From 30 June 2019, Melbourne Airport made a large cut to its long term prices (see further information below).
- On 30 June 2022, all Perth and Sydney airports' long term prices were lower than on 30 June 2021, but higher than on 30 June 2019 (apart from 1 to 2 days for Sydney Airport). In 2021–22, Perth Airport continued its promotion of 99 days car parking for \$99.

Melbourne Airport reduced its long term parking prices substantially in 2020–21 as part of its pricing restructure. It also offered free car parking from 30 March 2020 to 31 October 2020 in response to the COVID-19 pandemic, as well as discounted parking to customers who were forced to overstay or extend their parking due to outbreaks of COVID-19 throughout the year.<sup>101</sup>

## Drive up prices versus online booking prices

The drive up prices listed in tables 5.6 and 5.7 may not reflect the prices that many motorists actually pay – particularly those using at distance parking. Airports routinely set car parking prices lower if motorists book online, particularly for longer term parking. As a result, in recent years there has been a growing trend by motorists to book parking online.

The discounts available for online booking can vary greatly, depending on airport, type of parking, how far in advance the booking was made, and demand for car parks at that time of year.

Table 5.8 shows the average drive up versus average online prices for selected price points; and the share between the 2 options – across short term (up to 24 hours) and longer term (one day or more) parking.

101 APAC, *Annual Reports*, <https://www.melbourneairport.com.au/corporate/annual-reports>, accessed 13 July 2023.

**Table 5.8:** Average drive up prices versus average online prices, demand for average drive up and average online prices and the share of both for short term and longer term parking

	Average drive up price (\$)	Average online price (\$)	Average difference (drive up – online price (\$))	Drive up share (%)	Online share (%)
<b>Brisbane (Domestic short term car park)</b>					
1–2 hours	\$24.12	\$9.93	\$14.19	87%	13%
2–3 hours	\$28.92	\$14.81	\$14.11	79%	21%
4–24 hours	\$58.67	\$45.88	\$12.79	53%	47%
<b>Brisbane (Airpark long term open air car park)</b>					
2–3 days	\$61	\$34.69	\$26.31	8%	92%
5–6 days	\$91.63	\$42.80	\$48.82	3%	97%
8+days	\$170.37	\$58.59	\$111.77	3%	97%
<b>Melbourne (At Terminal T123)</b>					
1–3 hours	\$32.87	\$23.94	\$8.93	96%	4%
3–4 hours	\$49.33	\$33.94	\$15.40	95%	5%
4–24 hours	\$49.04	\$48.94	\$0.11	74%	26%
<b>Melbourne (Value Car park)</b>					
2–3 days	\$34.25	\$36.34	(\$2.10 higher)	42%	58%
5–6 days	\$63.44	\$72.29	(\$8.84 higher)	38%	62%
7+ days	\$108.51	\$120.46	(\$11.95 higher)	37%	63%
<b>Perth (T1/T2 short term car park)</b>					
1–2 hours	\$20.83	N.A	N.A	100%	0
2–3 hours	\$24.07	\$20.36	\$3.72	95%	5%
3–24 hours	\$48.39	\$47.75	\$0.64	100%	0
<b>Perth (T1/T2 long term car park)</b>					
2–3 days	\$89.17	\$71.77	\$17.41	52%	48%
5–6 days	\$124.02	\$88.59	\$35.43	30%	70%
7–8 days	\$149.08	\$97.61	\$51.47	15%	85%
15+ days	\$304.46	\$98.68	\$205.78	4%	96%
<b>Sydney (Domestic Terminal)</b>					
<b>P1 &amp; P2 Car park)</b>					
1–2 hours	\$27.94	\$24.88	\$3.06	96%	4%
2–3 hours	\$37.93	\$29.92	\$8.00	90%	10%
3–24 hours	\$64.02	\$63.43	\$0.59	76%	24%
<b>Sydney (Blu Emu Domestic Long term car park)</b>					
2–3 days	\$90.22	\$49.72	\$40.50	23%	77%

	Average drive up price (\$)	Average online price (\$)	Average difference (drive up – online price (\$))	Drive up share (%)	Online share (%)
5–6 days	\$138.02	\$89	\$49.02	14%	86%
7+ days	\$227.85	\$133.25	\$94.60	14%	86%

Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.

Table 5.8 demonstrates that airports set car parking prices lower if motorists book online, particularly for longer term parking (albeit Melbourne value car park is cheaper for drive up rather than online bookings).

Table 5.8 also shows that few motorists choose to book online for short term car parking. For example, for Sydney Airport domestic terminal P1 & P2, the share for 1 to 2 hours is 96% drive up bookings and 4% online booking. Whereas, for longer stays, this result is generally the opposite. For example, at Brisbane Airport’s Airpark long term open air car park, the share for 8 plus days for drive up booking is 3% and for online booking it is 97%. The share is not as extreme for all the monitored airports. For example, for Sydney Airport’s Blu Emu domestic long term car park, the share for 2 to 3 days is 23% for drive up and 77% for online booking.

There are several reasons why motorists using short term car parks are less likely to book online. Motorists parking to pick up or drop off friends and relatives are likely to be less sure about the length of time they will be parked. Discounted rates for shorter parking durations, such as 30 minutes, can also result in a smaller saving in dollar terms than those realised by people parking over multiple days.

## 6. Landside access

### Key Points

- More vehicles accessed the monitored airports in 2021–22, as governments eased COVID-19 restrictions. Brisbane Airport reported throughput of about 870,000 vehicles, Melbourne about 2.1 million, Perth about 941,000 and Sydney about 1.6 million.
- All 4 airports reported increased revenues from charges on landside transport operators such as taxis and rideshare compared with the previous financial year. Brisbane Airport reported landside access revenue of about \$3.8 million, Melbourne about \$8.35 million, Perth about \$3.45 million and Sydney about \$7.9 million. Vehicle and revenue figures were still below those recorded in 2018–19.
- In 2021–22, the revenue Melbourne and Perth airports collected for providing access to rideshare exceeded that levied on taxis. Although the vehicle and revenue figures were dampened by the pandemic, this reflects a continuation of a trend of all 4 monitored airports collecting increasing amounts of revenue from rideshare, compared with taxis.

Passengers travelling to, and from, airports have many transport mode options available to them. Aside from driving and parking on airport land as discussed in the previous chapter, the public can choose to access airports via different alternative ground transport options. This includes taxis, rideshare, limousines, being bussed from off airport car parking, being dropped off and picked up at terminals by family or friends, public and private buses (such as Skybus) and – at each of the monitored airports except Melbourne – trains.<sup>102</sup>

The 4 monitored airports each charge various forms of transport operator to pick up and/or drop off people at the airports. These fees can be described as landside access revenue.

This chapter covers:

- vehicle numbers
- revenues from providing access to landside transport operators (landside access revenues)
- relative proportions of landside access revenues from taxis and rideshare.

The financial figures in this chapter are presented in real terms with values in 2021–22 dollars.<sup>103</sup>

102 As noted in table 6.1 below, monitored airports do not provide consistent and comparable data, such as number of vehicles or revenue, for car rentals, so the ACCC does not analyse this activity.

103 Deflator series derived from the Australian Bureau of Statistics Consumer Price Index, Australia (cat. No. 6401.0, tables 1 and 2, Index Numbers; All Groups CPI; Australia), <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/mar-quarter-2023#data-downloads>. Base year for the ACCC deflator series is 2021–22.

## 6.1 Monitoring airports' landside access operations

The ACCC collects information on landside access charges and revenues, although it is not required to do so under a ministerial direction. We consider that the dynamics discussed below create a need for us to monitor airports' terms and conditions of landside access.

Access to airport land – landside areas controlled by airport operators – is a necessary input in the supply of services such as taxis, buses and off airport parking. The suppliers of these services require landside access to drop off and/or pick up airport users at the terminals. Airports provide such third party transport providers with, for example, forecourt and transport hubs, waiting areas and roads to facilitate movements around the airport. Without enough landside vehicle access area and facilities, it can be difficult for third party transport providers to operate effectively.

While airports are responsible for the provision of landside access, these alternative ground transport modes can be a substitute to at airport parking, potentially impacting on one of the airports' revenue streams. Airports may set higher charges or limit access for third party transport operators to shift demand towards on airport car parking. Airports may have incentives to obstruct competition from alternative transport modes to on airport car parking by imposing excessive charges or restrictive terms and conditions for landside access. Such behaviour may shift demand to an airport's own car parking services.<sup>104</sup>

The ACCC collects information about airports' charges for operators who provide competing services to on airport car parking as well as the amount of revenue received from those operators.

### Limitations of the ACCC's monitoring

This chapter is based on information voluntarily provided by the monitored airports. As explained in chapter 1, the monitored airports are not required to provide information about landside access to the ACCC. As a result, the monitored airports provide varied information to us about prices, revenues, expenses and the number of vehicles accessing the airports.

Given the nature of the information the ACCC receives, we do not:

- report on cost and profitability of landside access operations
- analyse whether changes in prices, terms and conditions of landside access are reasonable
- analyse whether airports have undertaken efficient levels of investment in landside facilities.

Table 6.1 below indicates some of the key limitations in the information available to the ACCC.

---

104 The ACCC also notes that airports have some power to influence passenger preferences between different landside access modes through the airports' allocation of pick-up zones. Airports may have an incentive to reallocate zones to receive higher revenues from particular transport modes, or in response to changing consumer demand. Where consumers retain choices of transport options near an airport forecourt with comparable facilities, the ACCC considers that zone allocation is unlikely to substantially impact competition between landside access providers.

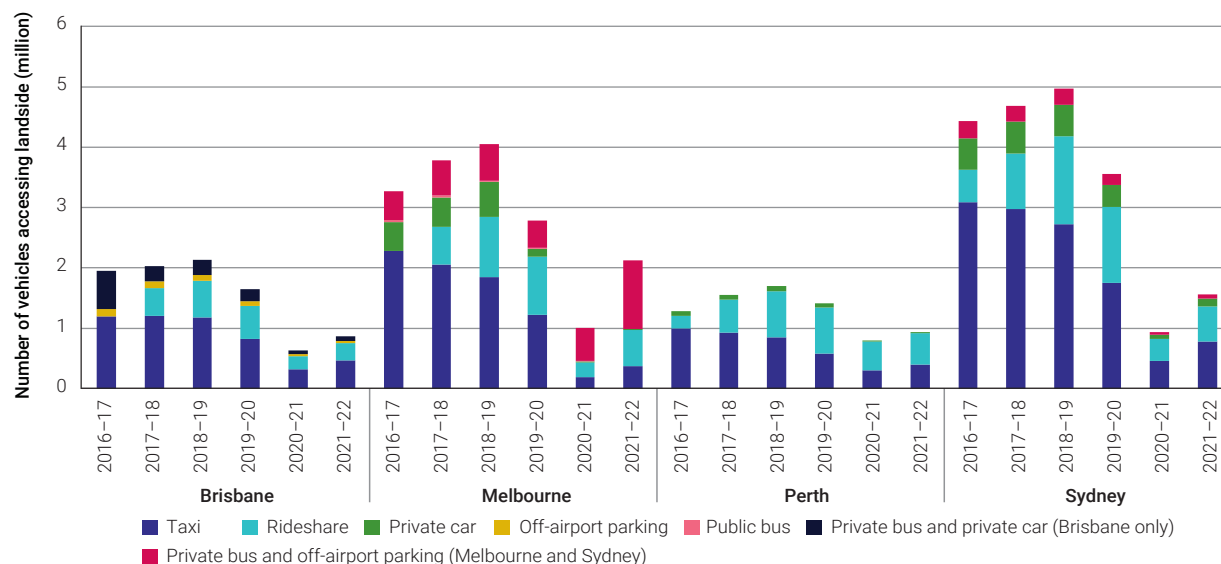
**Table 6.1:** Examples of the differences in, and limitations of, the landside access data available to the ACCC

Vehicle numbers	<ul style="list-style-type: none"> <li>Some monitored airports do not provide data for certain transport modes, typically because they do not charge for that mode. For example, the number of buses accessing landside is not available for Perth Airport because it does not levy a charge for buses. This includes 'public' and 'private' buses and shuttles operated by off airport parking operators. Sydney Airport also does not levy a charge for public buses or report how many visit the airport; and it does not report to the ACCC the number of visits from off airport car parking operators.</li> <li>Some monitored airports aggregate the number of vehicles for more than one transport mode. For example, Melbourne and Sydney airports aggregate access by private buses, such as Skybus in Melbourne, together with access by shuttle buses operated by off airport parking operators.</li> </ul>
Charges, revenue and expenses	<ul style="list-style-type: none"> <li>Sydney Airport does not report disaggregated revenue from private buses and off airport parking operators. It has advised us that access fees apply to off airport parking operators' shuttles but has not reported related revenue to us.</li> <li>Brisbane Airport includes the revenue it receives from the lease for the corridor for the Airtrain connection to the airport.</li> <li>Some monitored airports provide total amounts for landside expenses. Monitored airports have previously advised that it is difficult to allocate expenses for landside access services among different transport modes (such as taxis versus private buses).</li> </ul>
Car rental	<ul style="list-style-type: none"> <li>Monitored airports do not provide consistent and comparable data, such as number of vehicles or revenue, for car rentals, and the ACCC does not analyse this activity.</li> </ul>

## 6.2 Vehicle numbers began to recover in 2021–22

Figure 6.1 shows the number of vehicles that visited each monitored airport from 2018–19 to 2021–22, broken down by transport mode.

**Figure 6.1:** Reported vehicle numbers, by airport and mode, 2018–19 to 2021–22



Source: ACCC analysis of information received from the monitored airports.

The figure shows that the number of vehicles visiting the monitored airports in 2021–22 rose somewhat from the lows in 2020–21. Brisbane Airport reported throughput of about 870,000 vehicles, Melbourne about 2.1 million, Perth about 941,000 and Sydney about 1.6 million.

Despite some recovery, reported vehicle numbers for 2021–22 were still well below 2018–19 levels. This is further illustrated in table 6.1.

**Table 6.1** Comparison of reported total vehicle numbers in 2021–22 to 2018–19 and 2020–21

	Percentage increase in reported number of vehicles from 2020–21 to 2021–22	Reported number of vehicles in 2021–22 as a percentage of reported number of vehicles in 2018–19
Brisbane	37%	41%
Melbourne	111%	52%
Perth	18%	55%
Sydney	67%	31%

Source: ACCC analysis of information received from the monitored airports.

## 6.3 Landside access revenues rose but had not yet returned to pre pandemic levels

Table 6.2 shows the composition of the monitored airports' reported total landside access revenues, by various landside transport modes, such as taxi versus private bus.

**Table 6.2:** Reported landside access revenue, by airport and mode, 2018–19 to 2021–22 in real terms – Approximate dollars, thousands or millions

Airport and mode	2018–19	2019–20	2020–21	2021–22
<b>Brisbane</b>				
Taxi	\$4.5m	\$3.2m	\$1.2m	\$1.8m
Private bus and private car	\$1.9m	\$1.455m	\$393,000	\$457,000
Off airport car parking	\$422,000	\$339,000	\$137,000	\$170,000
Public bus	\$525,000	\$375,000	\$114,000	\$151,000
Train	\$184,000	\$165,000	\$165,000	\$181,000
Rideshare	\$2.4m	\$2.2m	\$835,000	\$1m
<b>Total</b>	<b>\$9.9m</b>	<b>\$7.7m</b>	<b>\$2.9m</b>	<b>\$3.8m</b>
<b>Melbourne</b>				
Taxis	\$6.8m	\$5.3m	\$823,000	\$1.6m
Private bus	\$11.1m	\$7.4m	\$1.2m	\$2.6m
Private car	\$3.1m	\$2.2m	\$289,000	\$500,000
Off airport car parking	\$2.8m	\$1.9m	\$504,000	\$586,000
Rideshare	\$4.3m	\$4.2m	\$1.1m	\$3.1m
<b>Total</b>	<b>\$28.2m</b>	<b>\$21m</b>	<b>\$3.85m</b>	<b>\$8.35m</b>
<b>Perth</b>				
Taxi	\$2.5m	\$1.7m	\$1.1m	\$1.5m
Private car	\$388,000	\$279,000	\$55,000	\$84,000



Airport and mode	2018–19	2019–20	2020–21	2021–22
Rideshare	\$2.3m	\$2.2m	\$1.8m	\$1.9m
<b>Total</b>	<b>\$5.1m</b>	<b>\$4.2m</b>	<b>\$3m</b>	<b>\$3.45m</b>
<b>Sydney</b>				
Taxi	\$12.3m	\$8m	\$2.1m	\$3.4m
Private bus	\$2.6m	\$1.9m	\$420,000	\$585,000
Private car	\$5.3m	\$3.8m	\$628,000	\$1.3m
Priority/rideshare	\$6.7m	\$5.9m	\$1.6m	\$2.7m
<b>Total</b>	<b>\$26.9m</b>	<b>\$19.6m</b>	<b>\$4.7m</b>	<b>\$7.9m</b>

Source: ACCC analysis of information received from the monitored airports.

This table shows that, consistent with the increase in vehicle numbers discussed above, landside access revenues were higher in 2021–22 than in the previous financial year for all 4 of the monitored airports; but none had yet returned to their pre pandemic levels of such revenue. Brisbane Airport reported landside access revenue of about \$3.8 million, Melbourne Airport about \$8.35 million, Perth Airport about \$3.45 million and Sydney Airport about \$7.9 million.

Table 6.3 provides a comparison in percentage terms of each monitored airport’s reported total landside access revenues over selected recent years. For comparison purposes, it includes the information from Table 6.1 above on the extent of the reported recovery in vehicle numbers between 2018–19 and 2021–22.

**Table 6.3** Comparisons of reported revenue for landside access in 2021–22 to 2018–19 and 2020–21

	Percentage increase in reported landside access revenue from 2020–21 to 2021–22	Reported landside access revenue in 2021–22 as a percentage of reported corresponding revenue in 2018–19	Reported number of vehicles in 2021–22 as a percentage of reported number of vehicles in 2018–19
Brisbane	31%	38%	41%
Melbourne	117%	30%	52%
Perth	16%	67%	55%
Sydney	67%	29%	31%

Source: ACCC analysis of information received from the monitored airports.

The table indicates that improvement in revenue was roughly in proportion to the improvement in vehicle numbers for Brisbane and Sydney airports; while Melbourne airport’s revenue rose less in percentage terms than vehicle numbers; and Perth airport’s revenue rose more in percentage terms than vehicle numbers.

## 6.4 Compared against taxis, proportion of landside access revenue from rideshare continues to increase

Traditionally, passengers travelling to, and from, airports often used taxis; but rideshare has emerged as a popular alternative. Monitored airports largely levy similar access fees (per drop off / per vehicle) for rideshare operators and taxis.<sup>105</sup> As discussed in the ACCC's 2020–21 Airport monitoring report, the number of rideshare vehicles picking up people at the 4 monitored airports increased rapidly over the 3 years before the pandemic hit. In 2020–21 (although the COVID-19 pandemic had dampened all activity levels), the airports reported that more rideshare vehicles were picking up at Melbourne and Perth airports than taxis.

Table 6.4 shows reported revenue from taxis and rideshare as a percentage of total reported landside access revenue, in 2018–19 and 2021–22.

**Table 6.4:** Reported revenue from taxis and rideshare as a percentage of reported total landside access revenue, by airport, 2018–19 and 2021–22

	Financial year	% taxi	% rideshare
<b>Brisbane</b>	2018–19	45%	24%
	2021–22	47%	28%
<b>Melbourne</b>	2018–19	24%	15%
	2021–22	19%	37%
<b>Perth</b>	2018–19	48%	44%
	2021–22	43%	55%
<b>Sydney</b>	2018–19	46%	25%
	2021–22	43%	34%

Source: ACCC analysis of information received from the monitored airports.

Based on the reported revenues, the growth in relative importance of rideshare was evident again in 2021–22.

Brisbane Airport reported that, compared with 2018–19, both taxis and rideshare represented a greater share of landside access revenues in 2021–22 (other components to Brisbane Airport's totals include public buses, private buses / limousines, and off airport car parking shuttles); and revenues from taxis still exceeded those from rideshare.<sup>106</sup> However, comparing the 2 years, the increase in the significance of rideshare revenue (an additional 4 percentage points of total revenues) was higher than the increase in the significance of taxi revenues (and additional 2 per cent of total revenues).

<sup>105</sup> Perth Airport does not levy drop off charges on taxis and rideshares, only pick up.

<sup>106</sup> Representatives of Brisbane Airport explained to us in a meeting on 10 May 2023 that 2021–22 was characterised by lower public-transport usage, at about 60 to 70 per cent of pre-pandemic levels, and fewer rideshare drivers, because of factors such as higher petrol costs.

Comparing the figures Melbourne Airport reported in 2018–19 and 2021–22, in the latter year it collected more revenue from rideshare than taxis – a reversal of the reported situation in 2018–19. Perth Airport also reported that it collected more revenue from rideshare than taxis in 2021–22, also a reversal on 2018–19.

Sydney airport reported that in 2021–22, it collected more revenue from taxis than rideshare but the rideshare relative contribution was higher than in 2018–19: revenue from taxis fell from 46% to 43% of the totals, while rideshare rose from 25% to 34%.

# 7. Investments

## Key points

- The monitored airports reported relatively conservative investment programs in 2021–22.
- In 2021–22, Brisbane, Sydney and Perth airports reported that, in aggregate, they completed about \$90 million to \$117 million in major investments in aeronautical, car parking and landside access facilities. Brisbane Airport reported completed major investments of about \$6.7 million and Perth Airport about \$19 million. Sydney Airport reported in dollar bands, with the figures totalling about \$64 million to \$91 million. Melbourne Airport did not report dollar values.
- As passenger numbers increased and the uncertainty of future demand was reduced, the airports advised that they planned investments to prepare for forecasted future demand. These planned projects include large investments such as new runways and continuing projects to improve customer experience.

Provision of aviation services is capital intensive. Airports require a range of tangible non-current aeronautical and non-aeronautical assets to service the current and future needs of airport users.

Each year, the ACCC reports information from the 4 monitored airports about their investments in:

- tangible non-current aeronautical assets that are directly used for the supply of aeronautical services (including runways, taxiways, parking bays, aprons and terminal facilities)
- tangible non-current non-aeronautical assets relating to car parking and landside access.

The ACCC does not report on airports' investments in property, commercial/retail facilities, or intangible assets such as goodwill, costs incurred in the development of the Airport Master Plan or software licenses.

This chapter examines investments in tangible assets reported by the 4 monitored airports, namely:

- major investments completed in 2021–22
- major investments underway in 2021–22
- major planned investments.

The ACCC reports aeronautical asset values in this chapter using the line in the sand approach (see box 1.3 and Appendix C for more details).

The financial figures in this chapter are presented in real terms with values in 2021–22 dollars.<sup>107</sup>

## 7.1 Monitoring airports' investments

In a competitive market, infrastructure operators compete on price and quality of service. Competitive operators do this by investing sufficiently in fit for purpose infrastructure that meets the needs of users in a timely manner at the lowest cost they can achieve. Some operators may provide high quality services for a higher price, which is an efficient form of product differentiation, if the demand exists.

<sup>107</sup> Deflator series derived from the Australian Bureau of Statistics Consumer Price Index, Australia (cat. No. 6401.0, tables 1 and 2, Index Numbers; All Groups CPI; Australia), <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/mar-quarter-2023#data-downloads>. Base year for the ACCC deflator series is 2021–22.

Monitored airports are natural monopolies with substantial market power. Therefore, they may have incentives to invest inefficiently to extract monopoly rents. This section discusses these incentives and the focus of the ACCC's monitoring of investments.

## Monitored airports' investment incentives

Monitored airports may have an incentive to exercise their market power by underinvesting or deferring investment in their facilities' capacity or quality. This can lead to:

- an airport restricting supply, and pricing services at unduly high levels, to create scarcity rents with capacity constraints, or
- an airport allowing service quality to fall below airport users' reasonable expectations at a given price, which may result in other costs to airport users such as additional wait times, flight delays or safety risks.

However, the monitored airports' incentives to underinvest in their infrastructure is somewhat limited by the following factors:

- conditions in their long term leases with the Australian Government that require the monitored airports to invest in airport infrastructure to meet current and anticipated demand
- an airport's incentive for price discrimination among users based on willingness to pay, leading to increased output from under provision of services under uniform average cost pricing
- an airport's incentive to attract more passengers due to complementary demands for non-aeronautical services such as car parking and commercial services.

Alternatively, airports with market power may have an incentive to overinvest in their facilities in ways the airport users do not need (referred to as 'gold plating') or by investing too far ahead of expected demand – and seek to recover the costs from airlines and other downstream users.

The ACCC notes that the monitored airports generally consult with airlines about their investment programs.

## The focus of the ACCC's monitoring

The ACCC is monitoring whether monitored airports' investments are:

- sufficiently meeting the needs of airport users in a timely manner
- efficiently delivered (that is, by minimising expense passed onto airport users where possible).

## 7.2 Impact of COVID-19 on investment

As reported in the 2020–21 Airport monitoring report, the monitored airports told the ACCC the COVID-19 pandemic had triggered a large reduction in their aeronautical capital expenditure over the past 2 years as they deferred, paused, or cancelled a number of projects in response to falling demand.

Timely investment in airport infrastructure is required to meet current and expected future demand. However, the monitored airports informed the ACCC in 2020–21 that they considered infrastructure investment to be riskier, given uncertainty in expected future demand. The monitored airports stated that they expected to resume planned projects when the passenger recovery path became clearer.

As discussed in chapter 3, the COVID-19 pandemic continued to affect the aviation sector in 2021–22 with travel restrictions and lockdowns still in place over some of the period. However, a rebound in passenger numbers followed.

Throughout 2021–22, the monitored airports reported relatively conservative investment programs. Collectively, Brisbane, Sydney and Perth airports reported that they completed about \$90 million to \$117 million in major aeronautical, car parking and landside access investments in 2021–22:

- Brisbane Airport reported that it completed about \$6.7 million in investments in aeronautical and non-aeronautical facilities in 2021–22
- Melbourne Airport did not report dollar values
- Perth Airport reported about \$19 million
- Sydney Airport reported in dollar bands, with the figures totalling \$64 million to \$91 million.

Some of the monitored airports advised that during COVID 19 they prioritised progressing projects that otherwise would have caused large disruptions to airlines and passengers, as well as maintenance and repairs. All monitored airports progressed security upgrade works to comply with the Australian Government’s Aviation Transport Security Amendment (Security Controlled Airports) Regulations 2019.

## **Brisbane Airport**

Brisbane Airport reported that it reprioritised its capital expenditure program during 2021–22. Essential projects that were already underway were continued, and some new projects commenced that had previously been put on hold.

Brisbane Airport reported that it is investing in line with projected future travel demand for the population growth of South East Queensland. To support the recovery of the sector and meet ongoing growth, Brisbane Airport has forecast over \$5 billion in capital expenditure over the next 10 years.

## **Melbourne Airport**

Melbourne Airport reported that during 2021–22, it invested in projects to improve passenger experience, including terminal upgrades and airfield works. Melbourne Airport reported that it is progressing plans for a third runway, to support demand revival and future proof the airport’s capacity for forecast traffic growth.

## **Perth Airport**

During 2021–22, Perth Airport’s reported investment projects focused mainly on operational efficiency and customer experience.

Perth Airport reported that it plans to construct a new runway to prepare for forecasted future demand. Other planned investment works include a re-design of roads, car parks and forecourts to improve traffic flow.

## **Sydney Airport**

Sydney Airport reported that during 2021–22, its planned capital investment was reduced to preserve liquidity. It further reported that its investments focused on asset resilience, compliance and safety,

and customer experience. However, to take advantage of the airport being quieter, some individual projects were progressed.

In 2022, as border restrictions continued to ease and airport traffic increased, Sydney Airport was able to restart its capital investment program.

## 7.3 Projects completed in 2021–22

This section lists the major investment projects that the monitored airports reported as completed in 2021–22 in relation to aeronautical, car parking and landside access facilities.

### Major aeronautical investments

Table 7.1 shows major aeronautical investments reported by each of the monitored airports as completed in 2021–22.

**Table 7.1: Major aeronautical investments completed in 2021–22**

	Investment	Value (\$m)	Commencement Date	Completion Date
Brisbane	Ficus Way Rehabilitation	\$1m	23/03/2020	14/02/2022
	DTB Apron Lighting Upgrades	\$1m	20/07/2019	26/08/2021
Melbourne	Taxiway Victor (Stage 1 of Taxiway Zulu)	Not reported	FY18	FY22
Perth	Domestic Terminal Lease Works	\$7.8m	10/11/2017	31/12/2021
	T2 Apron 2 Additional Code C Bays	\$1.9m	29/01/20	31/03/22
	T1 International Level 3 Lounge	\$5.6m	1/12/19	30/11/21
	T1 International Fire Sprinkler, Hydrant, Vesda Replacement	\$1m	3/09/19	30/06/22
	Taxiway resurfacing	\$2m	1/10/21	1/06/22
Sydney	T2 Reclaims Bathroom	\$1m–\$3m	Q1 2020	Q3 2021
	T3 Bathroom Upgrade	\$1m–\$3m	Q3 2021	Q4 2021
	Cyber Defence	\$10m–\$15m	Q2 2019	Q3 2021
	Runway 16R/34L Central & South Resheet	\$40m–\$50m	Q3 2020	Q2 2022
	16R Threshold Reconstruction	\$10m–\$15m	Q3 2021	Q4 2021

Source: Information received from airports as part of the monitoring regime.

Note: Investment values have been rounded to 1 decimal place.

Compared to 2020–21, the monitored airports completed fewer or lower value aeronautical projects in 2021–22.

Brisbane Airport and Melbourne Airport completed fewer aeronautical projects in 2021–22 than in 2020–21. Sydney Airport completed the same number of projects in both years, but lower value projects in 2021–22 compared to 2020–21. Perth Airport completed more projects in 2021–22 than 2020–21, but lower value projects in 2021–22 compared to 2020–21.

## Major car parking and landside access investments

Table 7.2 shows major car parking and landside access investments reported by the monitored airports as completed in 2021–22.

**Table 7.2:** Major car parking and landside access investments completed in 2021–22

	Investment	Value (\$m)	Commencement Date	Completion Date
Brisbane	Hovea Car park	\$4.7m	01/04/2021	31/05/2022
Melbourne	LED Lighting Upgrade Short Term and Value Car parks	Not reported	FY21	FY22
Perth	Terminal 2 Short Term Car park Bayfinding	\$0.7m	1/12/20	28/04/22
Sydney	Ground Access & Car park Improvements	\$2m–\$5m	Q3 2021	Q2 2022

Source: Information received from airports as part of the monitoring regime.

Note: Investment values have been rounded to 1 decimal place.

The monitored airports completed some existing car parking and landside access projects in 2021–22, however the number of completed projects was lower compared to 2020–21 for all monitored airports except Brisbane. Completed investments generally remained focused on maintenance and repair, and improving customer experience.

## 7.4 Projects underway in 2021–22

This section lists the projects that the monitored airports reported as underway in 2021–22 relating to aeronautical, car parking and landside access facilities.

### Major aeronautical investments

Table 7.3 lists major aeronautical investments reported by each of the monitored airports as being underway in 2021–22.

**Table 7.3:** Major aeronautical investments underway in 2021–22

	Investment	Value (\$m)	Commencement Date	Projected Completion Date
Brisbane	Standard 3 Domestic Terminal Security Upgrade	\$219m	10/01/2018	31/12/2025
	Standard 3 International Terminal Security Upgrade	\$137m	10/01/2018	31/12/2025
	Domestic terminal building – replacement of Passenger Boarding Bridges	\$39m	17/01/21	30/06/2027
	International terminal building – Apron Taxilane Replacement (Bays 74 to 77)	\$32m	01/05/2018	15/07/2022



	Airfield Ground Lighting Cable Upgrade Stage 2	\$11m	01/06/2021	31/10/2022
Melbourne	Melbourne Airport 3rd Runway	Not reported	FY19	FY30
	Taxiway Zulu (Stages 2–4)	Not reported	FY15	FY27
	T2 North Infill Expansion	Not reported	FY18	FY27
	T3 Redevelopment – Stage 1	Not reported	FY18	FY23
	Passenger Screening point upgrades	Not reported	FY18	FY24
	Checked Bag Screening upgrades	Not reported	FY22	FY25
	T1 Redevelopment	Not reported	FY21	FY24
	Runway Overlays Rwy 16/34	Not reported	FY21	FY24
	Pavement Replacement Program	Not reported	FY18	Ongoing
	Terminal 1–4 Amenities Redevelopment	Not reported	FY20	Ongoing
Perth	Terminal Security Screening Reform Project	\$70.5m	14/12/18	31/03/2023
Sydney	T1 BHS Upgrades	\$5m–\$10m	Q2 2020	Q4 2022
	T1 Substation Upgrade	\$10m–\$15m	Q2 2020	Q3 2022
	T1 Forecourt	\$20m–\$25m	Q4 2021	Q3 2023
	T2 New Conveyor Sort Loop	\$20m–\$25m	Q4 2019	Q3 2023
	T2 Substation Upgrade	\$15m–\$20m	Q2 2022	Q2 2024
	T3 Passenger Screening Upgrade	\$15m–\$20m	Q1 2022	Q3 2022
	T3 Baggage Upgrade	\$10m–\$15m	Q3 2021	Q4 2024
	Security System	\$15m–\$20m	Q1 2019	Q1 2025
	T2 Baggage High Level Control System	\$5m–\$10m	Q2 2022	Q4 2024
	AOS Upgrade	\$2m–\$5m	Q1 2021	Q4 2022
	Taxilane Pavement Replacement	\$2m–\$5m	Q4 2021	Q3 2022
	Airport Zone Substation Replacement	\$40m–\$50m	Q2 2021	Q4 2024
	Gateway Services Relocation Works	\$15m–\$20m	Q4 2020	Q3 2022

Source: Information received from airports as part of the monitoring regime.

Note: Investment values have been rounded to 1 decimal place.

Lower airport traffic in 2021–22 resulting from COVID-19 restrictions allowed some of the monitored airports to progress projects that were already underway in 2020–21. However, the monitored airports did not commence many new aeronautical projects.

Brisbane Airport reported that their focus was on recommencing projects that had been delayed by COVID-19 and commencing new major projects that will be delivered in future years.

Sydney Airport advised that while the airport was quiet, it was able to undertake and progress projects that would otherwise be disruptive to airport users, or usually not possible to commence all at once. Its investments underway in 2021–22 focused on safety and customer experience.

Melbourne Airport also reported that its investments during 2021–22 focused heavily on improving passenger experience and ensuring safety standards were maintained.

## Major car parking and landside access investments

Table 7.4 lists major car parking and landside access investments that the monitored airports reported as being underway in 2021–22.

**Table 7.4:** Major car parking and landside access investments underway in 2021–22

	Investment	Value (\$m)	Commencement Date	Projected Completion Date
Brisbane	Domestic terminal building MLCP 1 and 2 Reconfiguration	\$3.4m (estimated)	01/07/2022	30/06/2023
	Domestic terminal building MLCP 2 Extension	\$90.7m (estimated)	01/07/2022	31/02/2025
	Airpark Extension	\$15m (estimated)	01/09/2018	31/12/2025
	International Multi level Car park 2	\$110m (estimated)	01/03/2018	TBC
Melbourne	T4 Express Link	Not reported	FY18	FY23
	Elevated Road and Forecourt Stage 2	Not reported	FY18	FY26
Perth	T1–T2 Multi Storey Car park Pod 1	\$170m	1/07/21	1/03/25
	Frictionless Parking Solution	\$0.95m	1/01/21	30/06/23
	T3/T4 Forecourt Monitoring and Control	\$3.8m	1/01/21	30/04/23
	T3/T4 Car park expansion	\$20m	1/03/21	30/04/23
Sydney	Ground Access Improvements	\$5–\$10m	Q3 2021	Q4 2022

Source: Information received from airports as part of the monitoring regime.

Note: Investment values have been rounded to 1 decimal place.

In 2021–22, the airports progressed car parking and landside access projects that were already underway in 2020–21 but were relatively conservative in commencing new projects.

Perth Airport noted that it is investing in car parking and terminal access in response to higher numbers of passengers driving to and parking at the airport.

## 7.5 Planned projects

This section lists the planned investments in relation to aeronautical, car parking and landside access facilities reported by the monitored airports.

### Major aeronautical investments

Table 7.5 lists major planned aeronautical investments reported by the monitored airports.

**Table 7.5:** Major planned aeronautical investments, by airport

	Investment	Value (\$m)	Projected commencement Date	Projected Completion Date
Brisbane	BNE New Central Terminal/Apron	\$1000m	January 2023	June 2031
Melbourne	International Gates Expansion	Not reported	FY23	FY28
	International Check In Redevelopment	Not reported	FY28	FY28
	Runway Overlays Rwy 09/27	Not reported	FY23	FY25
Perth	Runway Renewals and Overlays	\$19m	1/09/23	1/05/24
	Apron Renewals	\$7m	1/09/23	1/05/24
	Taxiway Renewals	\$7m	1/09/23	1/05/24
	T2 Apron Expansion	\$35m	1/02/23	1/03/24
	Terminal 2 Expansion	\$10m	1/07/24	1/07/26
	Parallel Runway Construction	\$892m	1/07/23	31/10/27
	T1 Terminal Expansion Construction	\$1,550m	1/07/26	31/12/29
Sydney	T1 Aerobridge Upgrades	\$5m–\$10m	Q2 2023	Q4 2025
	T1 Baggage System Upgrades & Renewal	\$20m–\$25m	Q2 2023	Q2 2024
	T1 Passenger Bathroom Refurbishment	\$5m–\$10m	Q1 2023	Q4 2025
	T1 Building & Services Upgrades	\$25m–\$30m	Q3 2022	Q4 2025
	T1 Pier B East Bussing Facility Upgrade	\$20m–\$25m	Q3 2022	Q4 2023
	T1 Check-in Redevelopment	\$40m–\$50m	Q4 2022	Q4 2025
	T1 Pier B South New Gen Aircraft Capability	\$100m–\$150m	Q2 2022	Q2 2027
	T1 Passenger Screening Upgrade	\$100m–\$150m	Q3 2022	Q4 2023

T2 Aerobridge Upgrades	\$5m–\$10m	Q2 2023	Q4 2025
T2 Baggage System Upgrades & Renewal	\$50m–\$75m	Q4 2022	Q2 2025
T2 Passenger Bathroom Refurbishment	\$5m–\$10m	Q1 2023	Q2 2025
T2 Building & Services Upgrades and Renewal	\$15m–\$20m	Q3 2022	Q2 2025
T2 Check-in & Security Hall Redevelopment	\$150m–\$200m	Q3 2022	Q3 2024
T2 Arrivals Passenger Screening Upgrade	\$5m–\$10m	Q2 2023	Q4 2024
T2 Electrical Resilience	\$5m–\$10m	Q1 2024	Q2 2025
T3 Aerobridge Upgrades	\$5m–\$10m	Q2 2023	Q4 2025
T3 Baggage System Upgrades & Renewal	\$40m–\$50m	Q4 2022	Q2 2025
T3 Passenger Bathroom Refurbishment	\$5m–\$10m	Q1 2023	Q2 2025
T3 Building & Services Upgrades and Renewal	\$30m–\$40m	Q3 2022	Q2 2025
LIDAR Deployment	\$2m–\$5m	Q3 2022	Q4 2023
T3 Baggage Control Software Replacement	\$5m–\$10m	Q4 2023	Q4 2025
Safeguarding Assets Program	\$40m–\$50m	Q3 2022	Q2 2025
Security & Access Control	\$10m–\$15m	Q3 2022	Q2 2025
Data & Insights Program	\$5m–\$10m	Q3 2022	Q2 2025
Digital Transformation	\$5m–\$10m	Q3 2022	Q2 2025
Airfield Lighting Program	\$10m–\$15m	Q3 2022	Q2 2025
Airfield Pavement Program	\$50m–\$75m	Q3 2022	Q2 2025
Airfield Maintenance	\$40m–\$50m	Q3 2022	Q2 2025
International Zone Substation Upgrade	\$2m–\$5m	Q3 2022	Q3 2023
Hydraulic Resilience	\$40m–\$45m	Q3 2022	Q3 2025
South East Sector Apron	\$100m–\$150m	Q4 2022	Q4 2024
Bussing Fleet Replacement	\$10m–\$15m	Q3 2023	Q2 2025
South West Sector Apron and Bussing Facility	\$100m–\$150m	Q1 2023	Q4 2025

Source: Information received from airports as part of the monitoring regime.

Note: Investment values have been rounded to 1 decimal place.

The monitored airports have informed the ACCC that the gradual recovery and opening of interstate and international borders in 2021–22 provided more certainty for them in predicting future demand for their services. The airports stated that they plan to invest in projects that futureproof the airports for predicted demand and to improve customer experience.

## Major car parking and landside access investments

Table 7.6 lists major planned car parking and landside access investments reported by the monitored airports.

**Table 7.6:** Major planned car parking and landside access investments, by airport

	Investment	Value (\$m)	Projected Commencement Date	Projected Completion Date
Brisbane	Domestic Multi Level Car Park 3	\$180.5m	TBC	TBC
Melbourne	T4 Car park expansion	Not reported	FY32	FY35
	T4 Car Park capacity enhancement	Not reported	FY32	FY34
	Staff and LTCP At Grade Expansion	Not reported	FY32	FY33
	Modeshare Holding Area expansion	Not reported	FY27	FY29
	Replacement/ Refurbishment of Roads	Not reported	Ongoing	Ongoing
	Traffic signalisation/ intersection upgrades	Not reported	FY27	FY28
Perth	Cobham Car Park Upgrade	\$1.9m	1/03/23	1/09/23
	Road renewals	\$4m	1/09/23	1/05/24
Sydney	Car Park Customer Experience	\$1m–\$3m	Q3 2022	Q2 2023

Source: Information received from airports as part of the monitoring regime.

Note: Investment values have been rounded to 1 decimal place.

The monitored airport’s planned investments in car parking and landside access facilities were relatively conservative compared to 2020–21.

Brisbane and Melbourne airports had planned no further additional investments than in 2020–21. Perth Airport has 2 new projects planned compared to 2020–21, however they are of lower value. Sydney Airport has less planned investments compared to 2020–21.

Sydney Airport informed the ACCC that it has deferred its decision to progress the Domestic ground transport Interchange project reported in their 2020–21 planned investments, due to financial pressures resulting from COVID–19.

# Appendix A: Landside access options – access, pricing and facilities

**Table A.1:** Landside options – Access, pricing and facilities, by airport

Transport mode	Brisbane <sup>108</sup>	Melbourne <sup>109</sup>	Perth <sup>110</sup>	Sydney <sup>111</sup>
Terminal pickup and drop off	<p>There are free pickup and drop off kerbside zones for immediate passenger pick up/drop off at domestic terminals. If longer is needed, drivers can wait in the designated waiting area for up to 30 minutes free of charge, or book a spot in the short term car park.</p> <p>At the international terminal drivers have up to 2 minutes to drop off passengers. If longer is needed, drivers can book a spot in the short term car park from \$10. Drivers can wait in the pick up areas for up to 10 minutes. Staying longer than 10 minutes will incur a fee, but drivers can enter and exit the pick up area as many times as needed.</p>	<p>Melbourne Airport offers a free 1 minute pick up and drop off zone for all terminals and a free 15 minute waiting period inside the terminal car parks. A wait zone is also provided near the Long term Car Park which allows motorists to wait for 30 minutes at no charge and up to 60 minutes for \$4. Drivers must remain with their vehicles when accessing these zones.</p>	<p>Perth Airport offers free immediate pick up and drop off zones at each terminal and an express option at T2 allowing drivers 5 minutes to complete their pick up or drop off. Drivers who stay longer than 5 minutes will be charged an overstay fee. Long term and regional parking can also be used for free for less than an hour.</p>	<p>Sydney Airport offers free immediate pick up and drop off zones at domestic and international terminals, allowing vehicles to stop for no longer than one minute. Sydney airport also offers an express pick up zone (8 minutes walk from domestic terminals) and a public pick up zone (5 minutes walk from international terminal) which are free for up to 15 minutes.</p>

108 Brisbane Airport, *To and from the airport*, <https://www.bne.com.au/passenger/to-and-from-airport>, accessed 13 July 2023.

109 APAC, *Taxis*, <https://www.melbourneairport.com.au/taxis>, accessed 13 July 2023.

110 Perth Airport, *To and from the airport*, <https://www.perthairport.com.au/to-and-from-the-airport>, accessed 13 July 2023.

111 Sydney Airport, *Parking and transport*, <https://www.sydneyairport.com.au/parking-and-transport/arriving/international>, accessed 13 July 2023.

Train	<p>Brisbane Airport is serviced by a privately owned and operated train service called Airtrain that is integrated into the suburban train network.</p> <p>The Airtrain takes 20 minutes to reach the CBD and also offers express services to the Gold Coast.</p> <p>A single adult fare to the CBD costs \$20.90 one way or \$39.80 return. Discounts are available for online bookings and for groups.</p> <p>Airtrain also offers a \$5 transfer service between international and domestic terminals with a 5 minute transfer time.</p>	N/A	<p>In 2021–22 Perth Airport did not have train access, however in late calendar year 2022 the Airport line was opened connecting the CBD and eastern suburbs of Perth to the airport via train<sup>112</sup>. The airport line includes 3 new stations, Redcliffe station (for access to T3 and T4), a 15min journey from the CBD, Airport central station (for access to T1 and T2), an 18 minute journey from the CBD, and high Wycombe station (access to a bus and train interchange and car park), a 22min journey from the CBD.<sup>113</sup></p>	<p>Both domestic and international terminals are serviced by rail operated by the NSW Government, using privately owned and operated train stations. A one way trip to the CBD takes roughly 13 minutes. The fare is comprised of a train fare and an airport station access fee. The NSW government offers discounts on the train fare if an Opal card or contactless payment card is used, and if travel is in an off peak period. The station access fee is capped weekly.</p>
-------	---	-----	---	---

112 Metronet, *Forrestfield-Airport Link*, <https://www.metronet.wa.gov.au/projects/forrestfield-airport-link>, accessed 13 July 2023.

113 Transperth, *Airport Line*, <https://www.transperth.wa.gov.au/JourneyPlanner/Airport-Line>, accessed 13 July 2023.

Public and private buses	<p>Brisbane Airport charges a levy on private bus access depending on passenger numbers, starting from \$4.75.</p> <p>Brisbane City Council operates a bus service within the airport precinct which runs to the Toombul Interchange. The Interchange provides a variety of public transport options to the city or the suburbs. Private bus operator 'Con-X-ion' offers door to door transfers to or from the Brisbane CBD (from \$15 one way or \$27 return), Gold Coast, Sunshine Coast areas, and Toowoomba.</p>	<p>Melbourne Airport charges a levy on private bus access, starting from \$2.20 per person.</p> <p>Public Transport Victoria operates 5 timetabled public bus services from the T4 Ground Transport Hub.</p> <p>There are multiple private buses that operate to and from Melbourne Airport and to areas throughout metropolitan Melbourne and across Victoria. The main service is the Skybus service, which runs express services regularly to and from the CBD and charges \$22 one way for adults, \$34 return</p> <p>Skybus also runs the peninsula express, Avalon city express. Skybus stops at terminals 1, 3, and 4.</p> <p>Melbourne airport is also serviced by numerous direct regional and charter buses.</p>	<p>Perth Airport does not charge a levy on bus access.</p> <p>For access to and from the T1/T2 precinct, Bus route 37 will operate between Airport Central and Oats Street Station via Belmont Forum Monday to Friday.</p> <p>For access to and from the T3/T4 precinct, passengers can catch Bus route 292 or Bus Route 940.</p>	<p>Sydney Airport charges a levy on private bus access from \$7.38.</p> <p>'Sydney Buses operates a timetabled service, Route 420, from Mascot Station to Burwood via Sydney Airport. The service stops at both the T1 International and T3 Domestic terminals.'<sup>114</sup>A number of private shuttle bus operators also service Sydney Airport, including Redy2Go and Airport Connect.</p>
Off airport parking	Serviced by off airport car parking	Serviced by off airport car parking	Not reported	Serviced by off airport car parking

114 Sydney Airport, *Transport Options*, <https://www.sydneyairport.com.au/info-sheet/transport-options-domestic#bus-transport-transport-options-international-parking-and-transport>, accessed 13 July 2023.



Taxis	<p>Brisbane Airport charges a levy on taxi access per pickup from \$4.00.</p> <p>Taxis operated by Black &amp; White Cabs and 13cabs are available from ranks at both the domestic and international terminals at Brisbane Airport. A taxi ride for a trip from the airport to Brisbane City costs approximately \$45–\$55. Outside of peak periods, it is approximately a 20 minute drive from the airport to the city.</p>	<p>Melbourne Airport charges a levy on taxi access per pickup from \$4.50.</p> <p>Taxi ranks are located across from terminals T1, T2 and T4, and a pre booked pick up zone is available in the outdoor section of the Terminal Car Park at Terminals 1, 2 &amp; 3. A taxi ride from the airport to the CBD takes approximately 30 minutes.</p>	<p>Perth Airport charges a levy on taxi access per exit from \$4.00.</p> <p>Taxi ranks are located at the front of all terminals at Perth Airport, as well as on Valentine Road within the General Aviation area. A taxi ride from the airport to the CBD takes approximately 20 minutes.</p>	<p>Sydney Airport charges a levy on taxi access per pickup from \$5.10.</p> <p>Each terminal at Sydney Airport has its own sheltered taxi rank. A taxi trip to the CBD from Sydney Airport costs approximately \$45–\$55 one way and takes approximately 20 minutes.</p>
Ridesharing	<p>Brisbane Airport charges a levy on rideshare access from \$4.00.</p> <p>Brisbane Airport has dedicated pick up zones for rideshare at both domestic and international terminals. A variety of pre booked rideshare operators service Brisbane Airport, including Uber, Didi, Ola, and Sheba. Charges vary by operator.</p>	<p>Melbourne Airport charges a levy on rideshare access from \$4.54.</p> <p>Melbourne Airport is serviced by rideshare drivers from various services, with 2 pick up zones available for standard services: lane 3 of the forecourt in front of T1/T2/T3 and level 2 inside the T4 car park. Charges vary by operator.</p>	<p>Perth Airport charges a levy on rideshare access from \$4.00.</p> <p>Perth Airport is serviced by rideshare drivers from Uber, Ola and Didi. The airport provides dedicated pick up bays for rideshare services in the T1/T2 precinct and in the T3/T4 precinct. Charges vary by operator.</p>	<p>Sydney Airport charges a levy on rideshare access from \$4.68.</p> <p>Both domestic and international terminals at Sydney Airport are serviced by rideshare drivers from several services. For both the domestic and international terminals, pre booked rideshare is available from the priority pick up zone. Charges vary by operator.</p>
Private cars	<p>Brisbane Airport charges a levy on private car access from \$4.00.</p> <p>Private cars such as limousines and pre booked taxis can be accessed from Brisbane Airport. Charges vary by operator.</p>	<p>Melbourne Airport charges a levy on private car access from \$4.00.</p> <p>Chauffeurs and hire cars can be pre-arranged to pick up passengers at any of the airport's terminals. Private cars must be pre-arranged as there are no service desks at the airport. Charges vary by operator.</p>	<p>Perth Airport charges a levy on private car access from \$4.50.</p> <p>Private car services can be pre-booked for pick-up at Perth Airport. Charges vary by operator.</p>	<p>Sydney Airport charges a levy on private car access from \$9.32 for Domestic terminals and \$12.22 for International. Limousines can use the priority Area from \$4.68.</p> <p>Private car (such as limousines) services can be pre-booked Sydney Airport.</p>

**Table A.2: Landside information reporting, by airport**

Transport Mode	Access information	Brisbane	Melbourne	Perth	Sydney
Train	Throughput	Nil	No train access	No train access in 2021–22	Not reported
	Revenue	✓	No train access	No train access in 2021–22	Not reported
Public bus	Throughput	Not reported	Nil	Not reported	Not reported
	Revenue	✓	Not reported	No airport charge	Not reported
Private bus	Throughput	Combined with private car ✓	✓	Not reported	✓
	Revenue	Combined with private car ✓	✓	No airport charge	✓
Off airport parking bus	Throughput	✓	✓	Not reported	Not reported
	Revenue	✓	✓	No airport charge	Not reported
Taxis	Throughput	✓	✓	✓	✓
	Revenue	✓	✓	✓	✓
Rideshare	Throughput	✓	✓	✓	Priority pickup including rideshare ✓
	Revenue	✓	✓	✓	Priority pickup including rideshare ✓
Private car	Throughput	Combined with private bus ✓	✓	✓	✓
	Revenue	Combined with private bus ✓	✓	✓	✓
Car Rental Operators	Throughput	Not reported	Not reported	✓	✓
	Revenue	Not reported	Not reported	✓	✓
All	Expenses for providing landside access	✓	Not reported	✓	✓

# Appendix B: Supplementary results

## Total airport financial performance

### Return on total airport tangible non-current assets

Table B.1: Return on total airport tangible non-current assets (ROA), by airport: 2018–19 to 2021–22

Airport	ROA in 2018–19 (%)	ROA in 2019–20 (%)	ROA in 2020–21 (%)	ROA in 2021–22 (%)	% point change: 2018–19 to 2019–20	% point change: 2019–20 to 2020–21	% point change: 2020–21 to 2021–22
Brisbane	10.17	6.02	0.88	2.86	-4.16	-5.14	1.98
Melbourne	11.5	5.9	-1.8	0.7	-5.5	-7.75	2.5
Perth <sup>115</sup>	8.27	4.29	0.93	6.05	-3.98	-3.36	5.11
Sydney	17.1	10.7	2.7	1.6	-6.3	-8.1	-1.1

Note: the aeronautical asset values used to calculate these results include ones reported under the line in the sand approach.

115 Perth Airport reported that its profit metrics for 2021–22, as reported by the ACCC, have been favourably impacted by an inclusion of \$73m in non-aeronautical fair value adjustments (non-cash).

# Aeronautical performance

## Aeronautical list prices

### Brisbane Airport

**Table B.2:** Brisbane Airport – schedule of published aeronautical charges in real terms and movements over time: 2017–18 to 2021–22

	Charge per unit (\$)	Indexed list prices (2021–22 base year = 100)				
		2021–22	2017–18	2018–19	2019–20	2020–21
<b>Landing fees</b>						
Freight landing fees (per MTOW)	\$26.99	88	97	108	108	100
General aviation landing fees (per MTOW)	\$26.99	88	97	108	108	100
Rotary wing landing fees (per MTOW)	\$16.20	88	97	108	108	100
International private charter and non-scheduled air service landing fee (per MTOW)	\$26.99	88	97	108	108	100
<b>Aircraft parking fees</b>						
0 to 5,000kg	\$121.42	99	99	101	102	100
5,001 to 20,000kg	\$121.42	99	99	101	102	100
20,001 to 40,000kg	\$121.42	99	99	101	102	100
40,001 to 100,000kg	\$177.64	99	99	101	102	100
100,001 to 250,000kg	\$405.42	99	99	101	102	100
250,001 to 400,000kg	\$589.73	99	99	101	102	100
400,001kg +	\$781.33	99	99	101	102	100
Noise surcharge for relevant aircraft – excluding Goods and Services Tax	0	N/A	N/A	N/A	N/A	N/A
<b>Runway Charges</b>						
Domestic Runway charge (per passenger)	\$6.33	76	91	107	108	100
International Runway charge (per passenger)	\$10.96	80	96	110	109	100
<b>Terminal charges</b>						
International passenger service charge (per passenger)	\$27.18	112	109.5	103	104	100

Domestic passenger service charge common user terminal – including aerobridge (per passenger)	\$8.60	119	114	104	109	100
Domestic passenger service charge common user terminal – excluding aerobridge (per passenger)	\$8.14	116	113	104	104	100
<b>Government mandated security charges</b>						
International passenger government mandated security charge (per passenger)	\$15.81	24	27	25	165.5	100
Domestic passenger government mandated security charge common user terminal (per passenger)	\$1.43	183.5	192	182	304	100
Domestic passenger government mandated security charge Qantas/Virgin terminal (per passenger)	\$1.43	15	166	182	304	100
<b>Other charges</b>						
Peak period minimum movement charge	0.00	N/A	N/A	N/A	N/A	N/A

Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.

## Melbourne Airport

**Table B.3: Melbourne Airport – schedule of published aeronautical charges in real terms and movements over time: 2017–18 to 2021–22**

	Charge per unit (\$)	Indexed list prices (2021–22 base year = 100)				
		2021–22	2017–18	2018–19	2019–20	2020–21
<b>Landing fees</b>						
International terminal (per passenger)	\$25.80	97	94	95.5	99.5	100.0
Other (domestic services under the Aeronautical Service Agreements) (per passenger)	\$6.15	85	82	88	95	100.0
Common-user domestic terminals (walk-up rate) (per passenger)	\$6.75	102	103	102.5	104	100.0
International freight (per MTOW)	\$13.16	90	93	96	99.5	100.0
Domestic freight (per MTOW)	\$13.16	90	93	96	99.5	100.0
General aviation (per MTOW)	\$24.71	90	93	96	99.5	100.0
Aircraft parking (per 15 minutes)	\$56.06	90	93	96	99.5	100.0
Check-in desks (per hour)	\$37.29	99	100	101	102	100.0
<b>Minimum charges</b>						
International and domestic freight (per landing)	N/A	N/A	N/A	N/A	N/A	N/A
General aviation (per landing)	\$367.43	90	93	96	99.5	100.0

<b>Government mandated security charges</b>						
International terminal passenger and baggage screening (per passenger)	\$27.84	17	16	16	81	100.0
Common user domestic terminals passenger and baggage screening (per passenger)	\$7.51	52	48	57	106.5	100.0
Airport security charge – passengers (per passenger)	\$1.11	21	30	55	108	100.0
Airport security charge – freighters and general aviation (per MTOW)	\$3.22	7	10	14	98	100.0

Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.

## Perth Airport

**Table B.4:** Perth Airport – schedule of published aeronautical charges in real terms and movements over time: 2017–18 to 2021–22

	Charge per unit (\$)	Indexed list prices (2021–22 base year = 100)				
		2021–22	2017–18	2018–19	2019–20	2020–21
<b>Landing fees</b>						
<b>Basic landing charge</b>						
International regular passenger transport (per arriving and departing passenger)	\$7.34	70	87	97	98	100
Domestic and regional regular passenger transport (per arriving and departing passenger)	\$7.34	70	87	97	98	100
Fixed wing (GA, freight and other) (per tonne MTOW)	\$12.82	74	91	101	102	100
Rotary wing (per tonne MTOW)	\$6.41	74	91	101	108	100
<b>Minimum landing charge</b>						
Fixed wing (per landing)	\$59.68	74	91	101	102	100
Rotary wing (per landing)	\$29.84	74	91	101	102	100
Basic aircraft parking charge (GA) (per aircraft per day)	\$53.31	74	91	101	102	100
Aircraft storage charge	\$14.50	74	91	101	102	100
Peak-period minimum movement charge (on airfield usage)(a)	\$266.28	92	100	101	102	100
<b>Passenger related services and facilities</b>						
International terminal charge (per arriving and departing passenger)	\$12.37	115	103	95	100	100

Common user terminal equipment (CUTE) usage charge (per departing international passenger)	N/A	N/A	N/A	N/A	N/A	N/A
Domestic terminal charge (per per arriving and departing passenger)	\$13.00	148	91	101	102	100
<b>Government mandated security charges</b>						
Counter terrorism first response – regular passenger transport (per passenger)	\$2.67	50	48	53	53	100
Counter terrorism first response – freight and other (aircraft > 20 tonne) (per tonne MTOW)	\$3.21	39	38	41	102	100
International passenger and checked bag screening (per departing international passenger)	\$23.67	19	24	26	88	100
Common user domestic terminal passenger and checked bag screening (per departing domestic passenger)	\$5.26	101	71.5	71	72	100

Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.

## Sydney Airport

**Table B.5: Sydney Airport – schedule of published aeronautical charges in real terms and movements over time: 2017–18 to 2021–22**

	Charge per		Indexed list prices			
	unit (\$)		(2021–22 base year = 100)			
	2021–22	2017–18	2018–19	2019–20	2020–21	2021–22
International passenger services charge (per passenger)(a)*	36.24	94.7	99.2	102.8	102.7	100.0
Domestic passenger services charge (per passenger)(b)*	6.12	91.8	97.7	100.3	100.7	100.0
Runway charge – non-passenger movements and GA (per MTOW)*	7.55	95.2	97.6	100.2	100.4	100.0
Runway charge – regional services (per MTOW)**	3.78	109.4	107.7	106.3	104.6	100.0
Landing charge – rotary wing (per movement)	33.00	109.3	107.6	106.1	104.4	100.0
Apron charge – major aprons (per 15 minutes)	38.50	109.3	107.6	106.1	104.4	100.0
Apron charge – GA aprons – regional services (per day)	66.00	109.3	107.6	106.1	104.4	100.0
Apron charge – GA aprons – 0 to 20 tonnes (per day)	154.00	109.3	107.6	106.1	104.4	100.0
Apron charge – GA aprons – 20 to 40 tonnes (per day)	209.00	109.3	107.6	106.1	104.4	100.0

Apron charge – GA aprons – greater than 40 tonnes (per day)	308.00	109.3	107.6	106.1	104.4	100.0
Domestic terminal infrastructure charge	Commercial agreement	N/A	N/A	N/A	N/A	N/A
Aircraft refuelling services	Commercial agreement	N/A	N/A	N/A	N/A	N/A
T3 domestic terminal infrastructure	Commercial agreement	N/A	N/A	N/A	N/A	N/A
Light and emergency aircraft maintenance	Commercial agreement	N/A	N/A	N/A	N/A	N/A
<b>Aeronautical services – passenger processing facilities and activities</b>						
International security charges – including passenger screening, checked bag screening and additional security measures (per passenger)(c)	27.37	19.0	18.8	17.7	66.1	100.0
T2 domestic passenger facilitation charge (per passenger)(d)	9.44	109.3	107.5	106.1	104.4	100.0
T2 regional passenger facilitation charge (per passenger)(d)	4.95	109.3	107.6	106.1	104.4	100.0
T2 domestic security charges – including passenger screening, checked bag screening and additional security measures (per passenger)(e)	2.48	78.4	77.9	74.5	99.8	100.0
T2 regional security charges – including passenger screening and checked bag screening (per passenger)(f)	0.96	109.0	107.2	105.8	104.1	100.0
T2 new investment charge (per passenger) (g)	0.44	109.3	107.6	106.1	104.4	100.0
International check in counters (per hour)	28.04	102.7	103.1	103.1	103.5	100.0
Terminal access roads (per vehicle – various charges)(h)	4.00	109.3	107.6	106.1	104.4	100.0
<b>Minimum charges</b>						
Minimum charge for runway use (per movement)	66.00	109.3	107.6	106.1	104.4	100.0
Minimum charge for regional services (0 – 5 tonnes)	22.00	109.3	107.6	106.1	104.4	100.0
Minimum charge for regional services (5 – 10 tonnes)	45.38	109.3	107.6	106.1	104.5	100.0



Minimum charge for regional services (over 10 tonnes)	55.00	109.3	107.6	106.1	104.4	100.0
---	-------	-------	-------	-------	-------	-------

Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.

\* Minimum charge for runway use is applicable.

\*\* Minimum charge for regional air services is applicable.

(a) Charged per arriving and departing international passenger, excluding transfer and transit passengers, and infants and positioning crew. Applies to runway use and terminal facilities.

(b) Charged per arriving and departing domestic passenger, excluding infants and positioning crew. Applies to runway use, however, commercially agreed charges also applied.

(c) Charged as a component of the international PSC, and recovers the cost of passenger screening, checked bag screening and additional security measures. This charge includes an element that relates to security charges.

(d) Levied per arriving and departing passenger, excluding infants and positioning crew. This is a scheduled charge – specific arrangements apply under commercial agreements with major users.

(e) Applies to domestic users of T2 to recover the cost of passenger, checked bag screening and additional security measures. This charge includes an element that relates to security charges – note comments in (d).

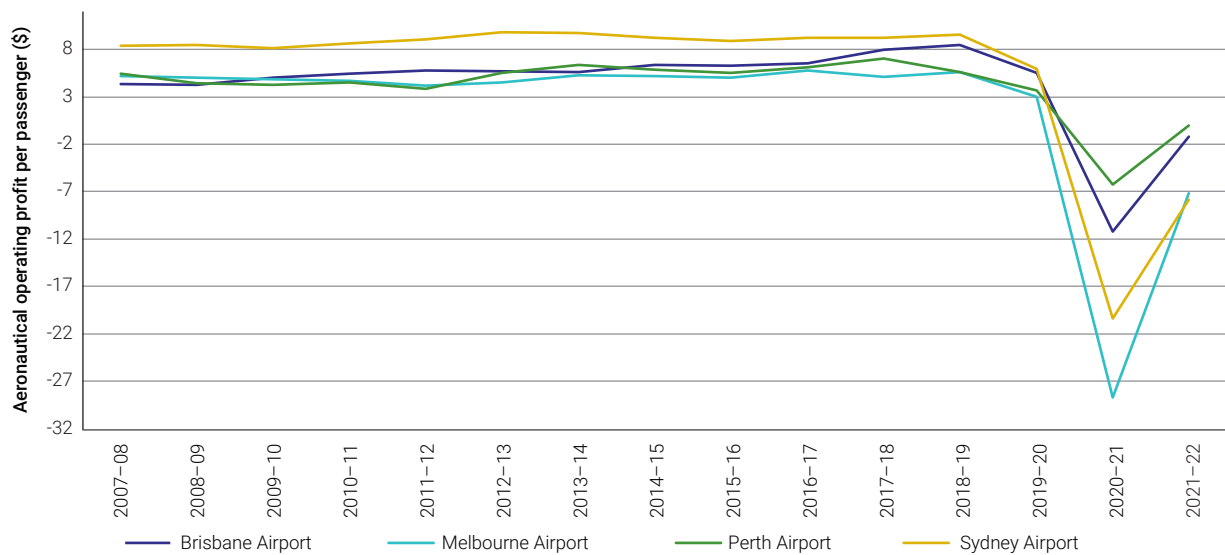
(f) Applies to regional users of T2 to partly recover the cost of passenger and checked bag screening.

(g) Levied per arriving and departing domestic passenger in T2.

(h) Levied on vehicle pick-ups to recover costs associated with the provision of ground access facilities.

## Aeronautical operating profit per passenger

Figure B1: Aeronautical operating profit per passenger in real terms, by airport: 2007–08 to 2021–22

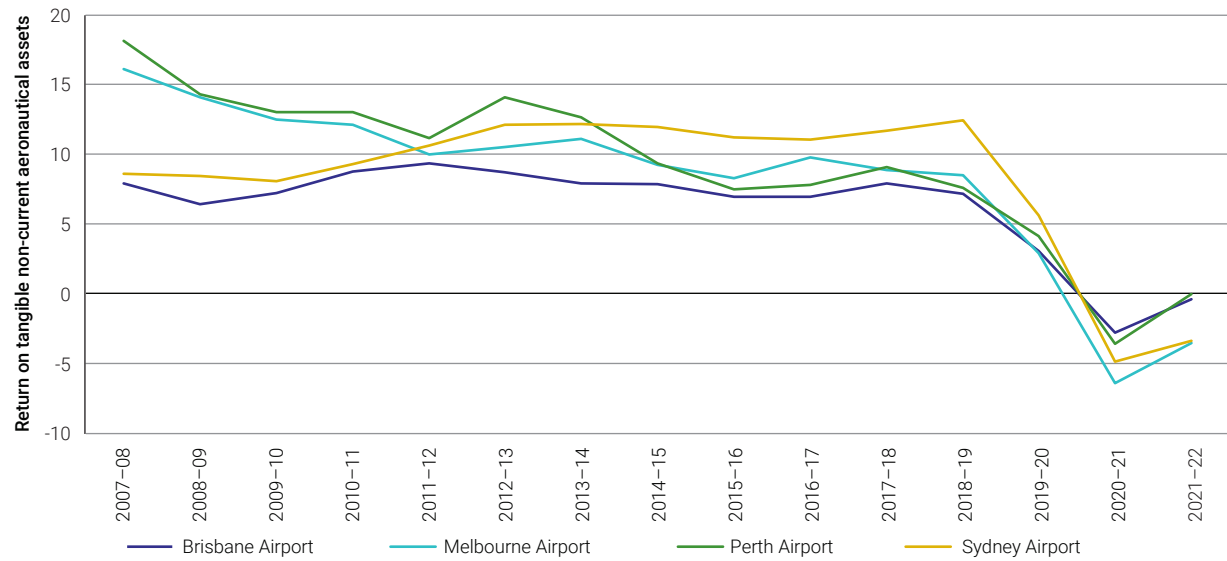


Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.

Note: The asset values used to calculate these results are the ones reported under the line in the sand approach.

## Return on tangible non-current aeronautical assets

Figure B.2: Return on tangible non-current aeronautical assets, by airport: 2007–08 to 2021–22

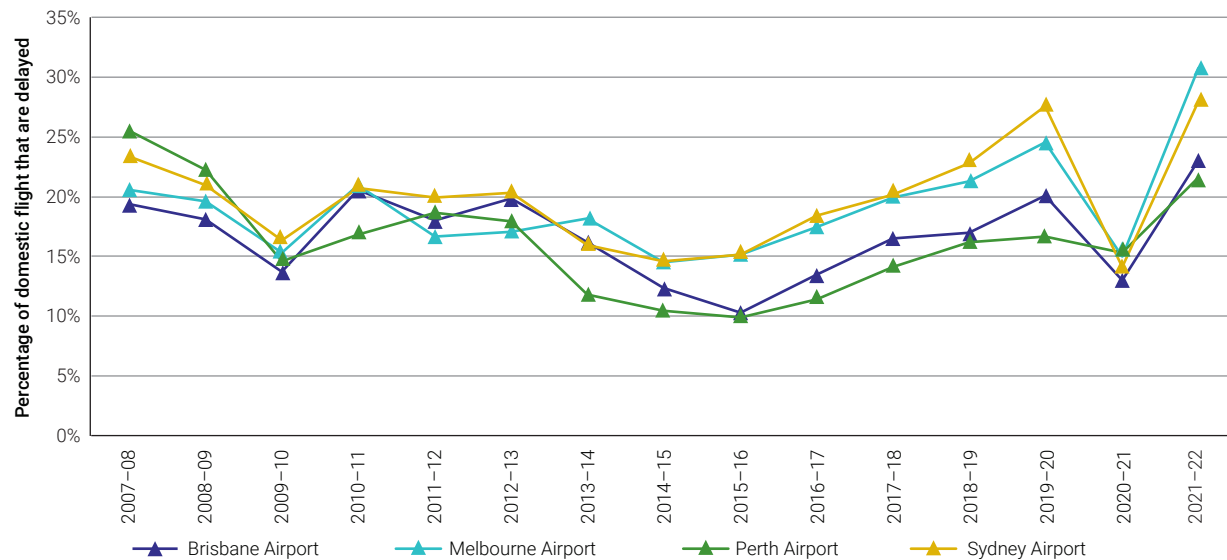


Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.

Note: The asset values used to calculate these results are the ones reported under the line in the sand approach.

## On time performance

Figure B.3: Percentage of domestic flights that are delayed for the 4 monitored airports: 2007–08 to 2021–22

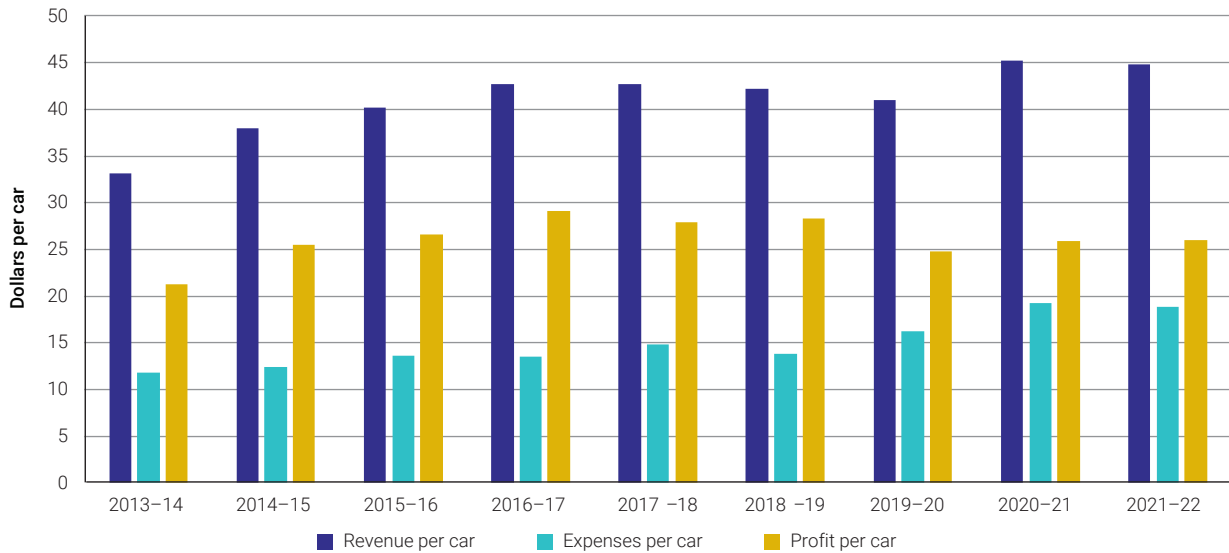


Source: Australian Government Bureau of Infrastructure and Transport Research and Economics.

# Non-aeronautical performance

## Car parking revenue per vehicle

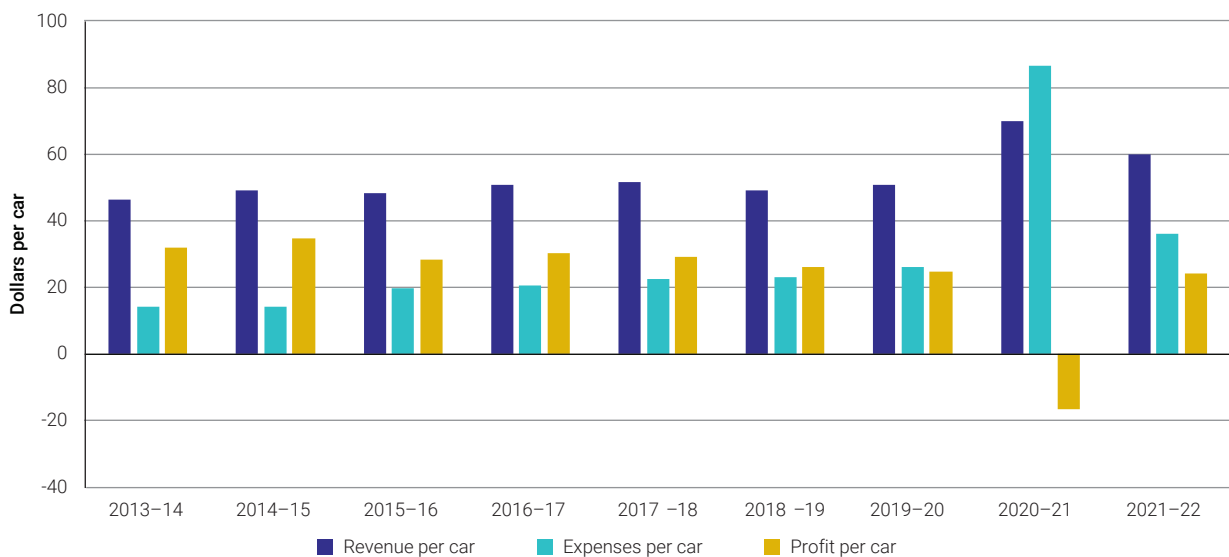
**Figure B.4:** Brisbane Airport – average car parking revenue, costs and profit per car in real terms, 2013–14 to 2021–22



Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.

Note: Value in 2021–22 dollars.

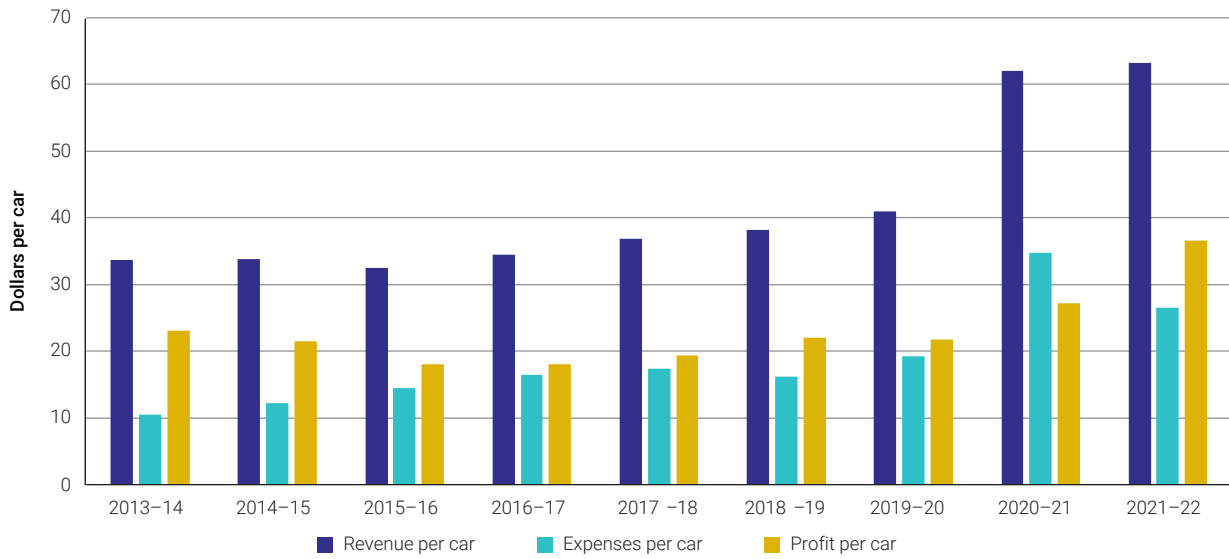
**Figure B.5:** Melbourne Airport – average car parking revenue, costs and profit per car in real terms, 2013–14 to 2021–22



Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.

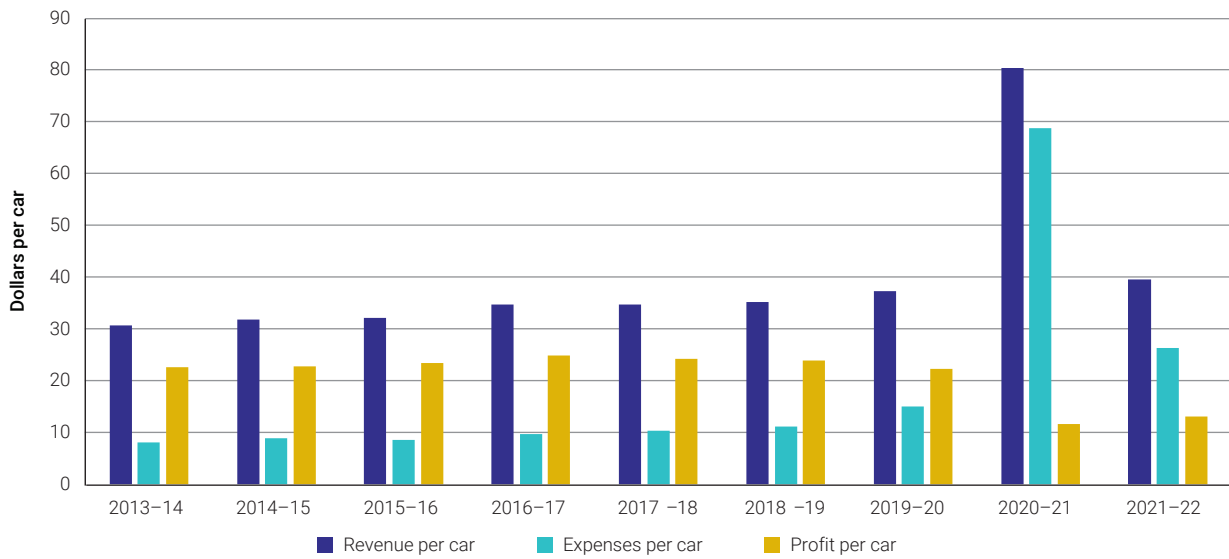
Note: Value in 2021–22 dollars.

**Figure B.6:** Perth Airport – average car parking revenue, costs and profit per car in real terms, 2013–14 to 2021–22



Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.  
 Note: Value in 2021-22 dollars.

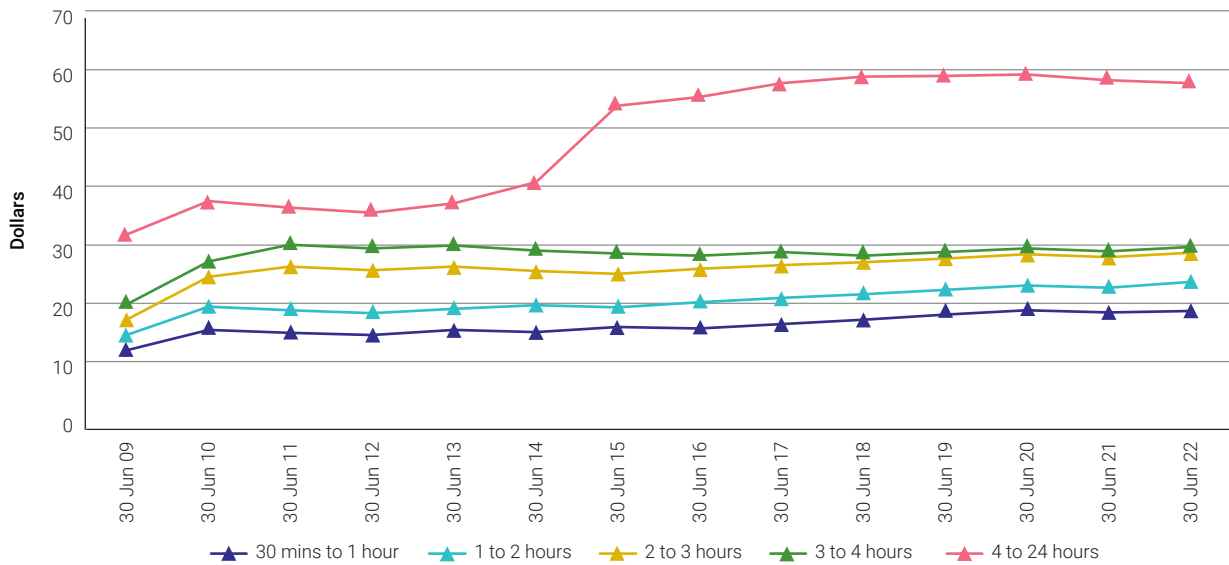
**Figure B.7:** Sydney Airport – average car parking revenue, costs and profit per car in real terms, 2013–14 to 2021–22



Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.  
 Note: Value in 2021-22 dollars.

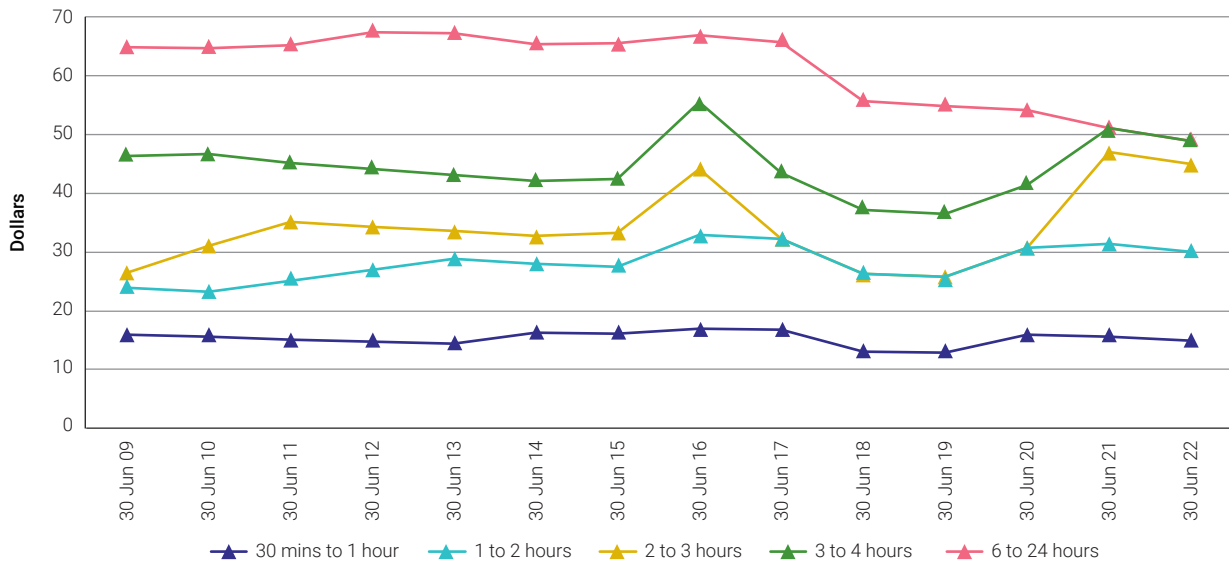
# Short term car parking pricing

**Figure B.8:** Brisbane Airport – selected short term drive up parking prices in real terms – at terminal: 30 June 2009 to 30 June 2022



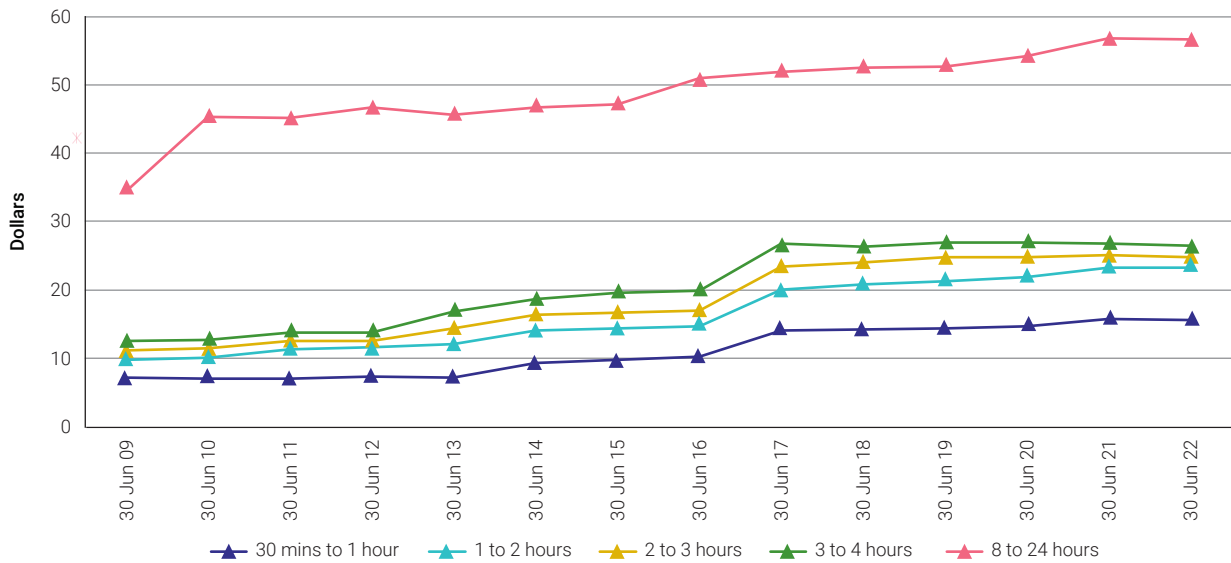
Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.  
 Note: Value in 2021–22 dollars.

**Figure B.9:** Melbourne Airport – selected short term drive up parking prices in real terms – at terminal: 30 June 2009 to 30 June 2022



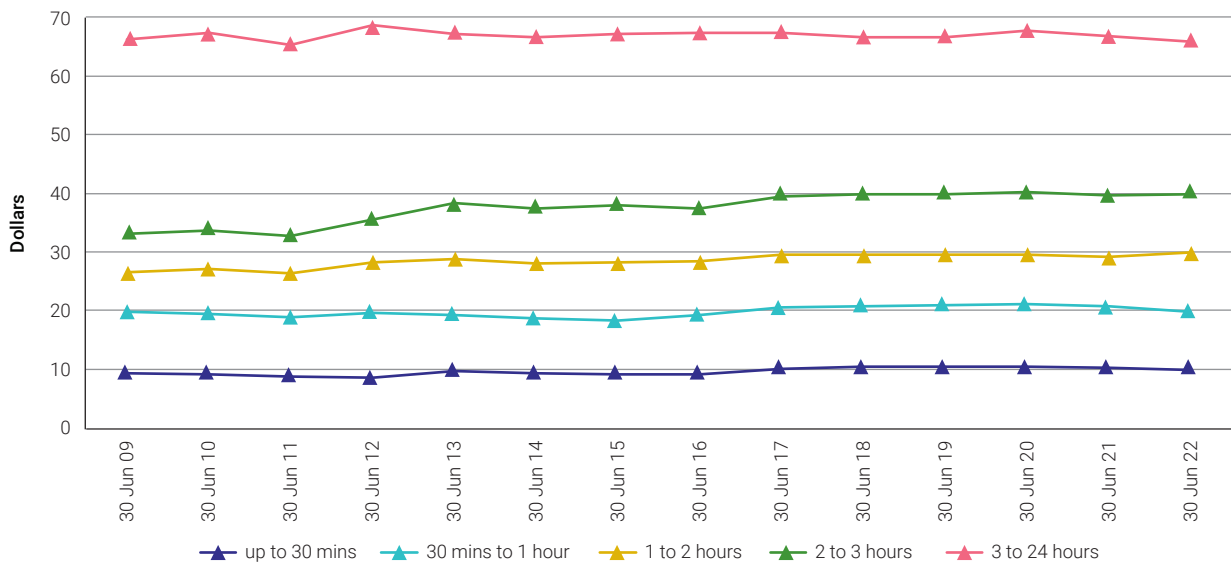
Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.  
 Note: Value in 2021–22 dollars.

**Figure B.10: Perth Airport – selected short term drive up parking prices in real terms – at terminal: 30 June 2009 to 30 June 2022**



Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.  
 Note: Value in 2021–22 dollars.

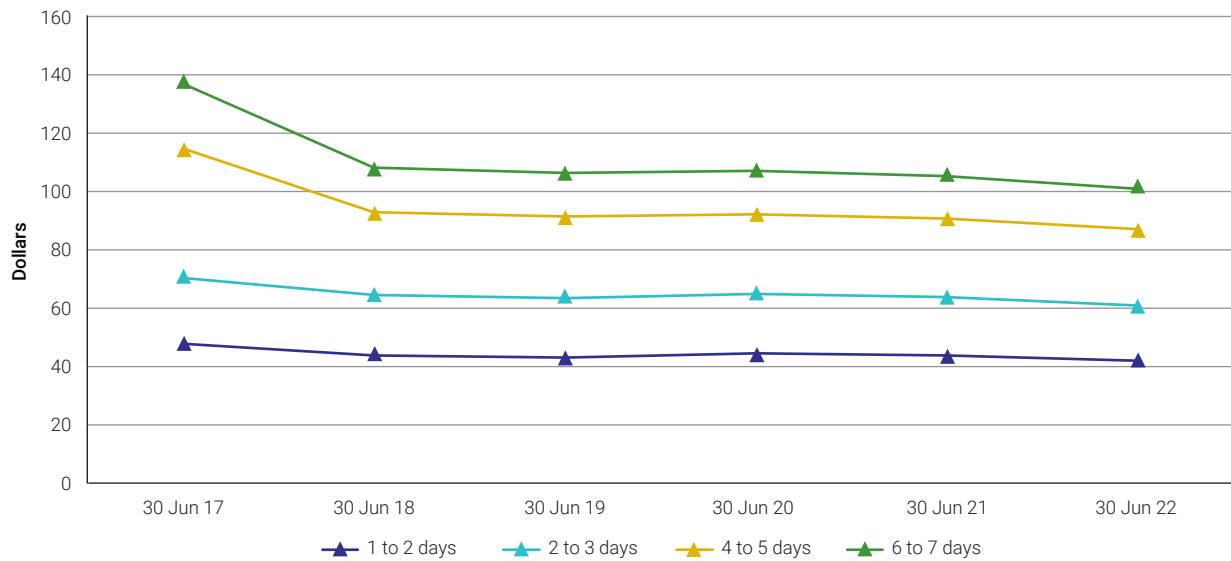
**Figure B.11: Sydney Airport – selected short term drive up parking prices in real terms – at terminal: 30 June 2009 to 30 June 2022**



Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.  
 Note: Value in 2021–22 dollars.

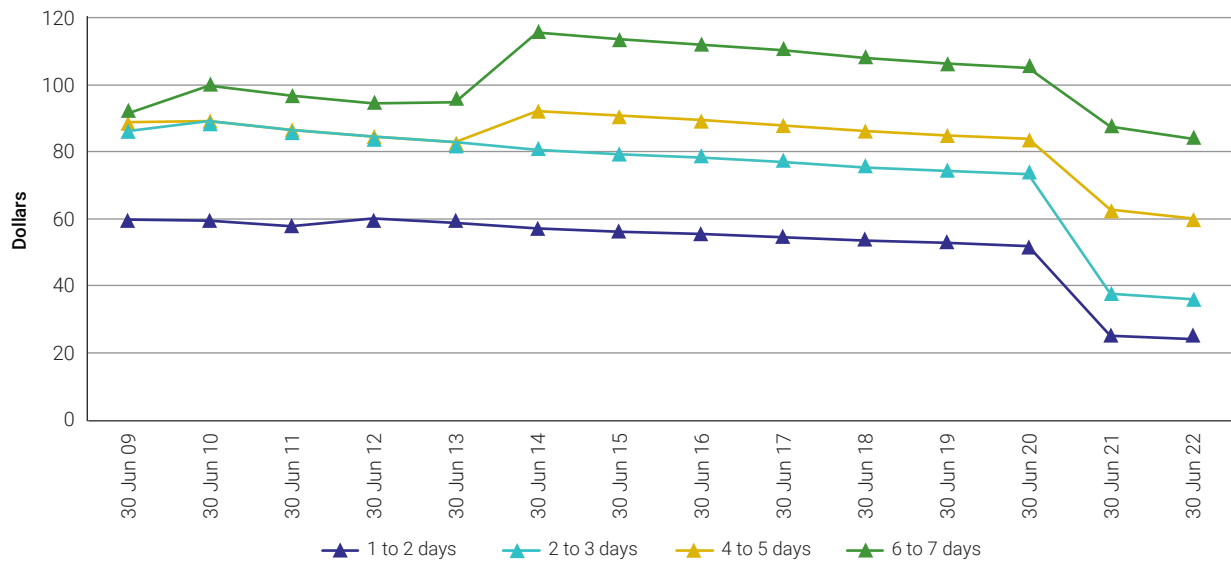
## Long term car parking pricing

**Figure B.12:** Brisbane Airport – selected long term drive up parking prices in real terms – at terminal: 30 June 2017 to 30 June 2022



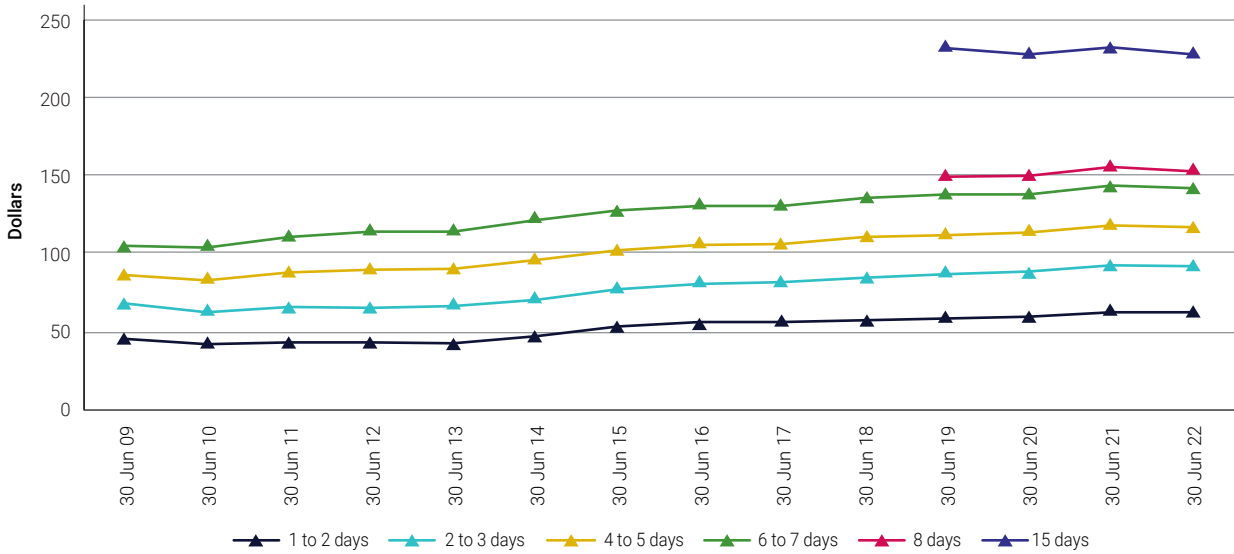
Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.  
 Note: Value in 2021–22 dollars.

**Figure B.13:** Melbourne Airport – selected long term drive up parking prices in real terms – at terminal: 30 June 2009 to 30 June 2022



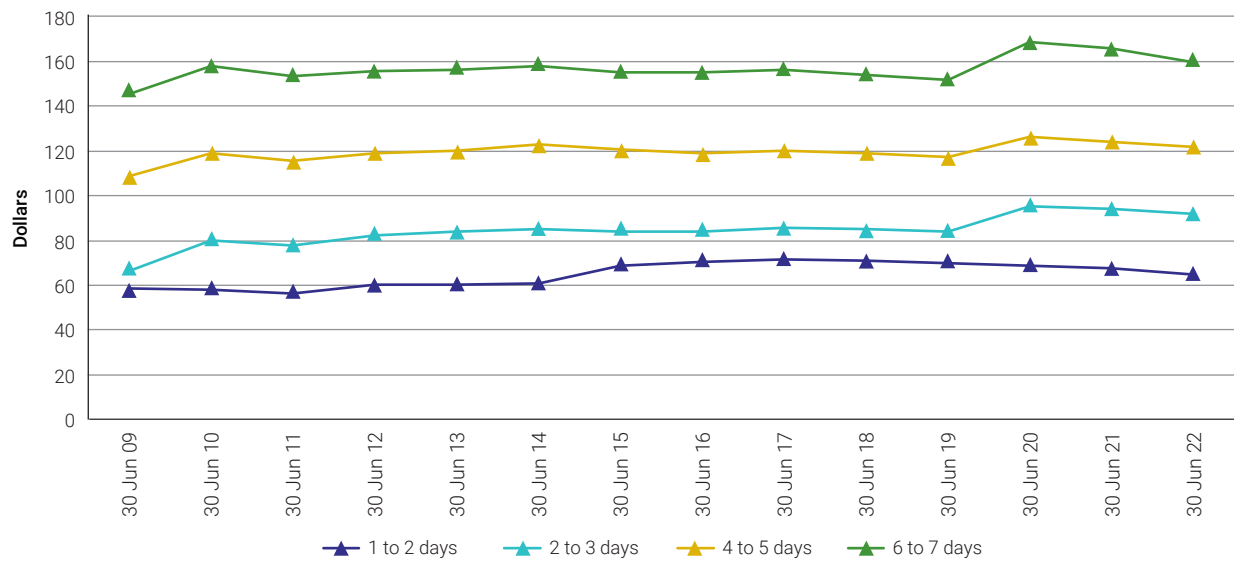
Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.  
 Note: Value in 2021–22 dollars.

**Figure B.14: Perth Airport – selected long term drive up parking prices in real terms – at terminal: 30 June 2009 to 30 June 2022**



Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.  
 Note: Value in 2021–22 dollars.

**Figure B.15: Sydney Airport – selected long term drive up parking prices in real terms – at terminal: 30 June 2009 to 30 June 2022**



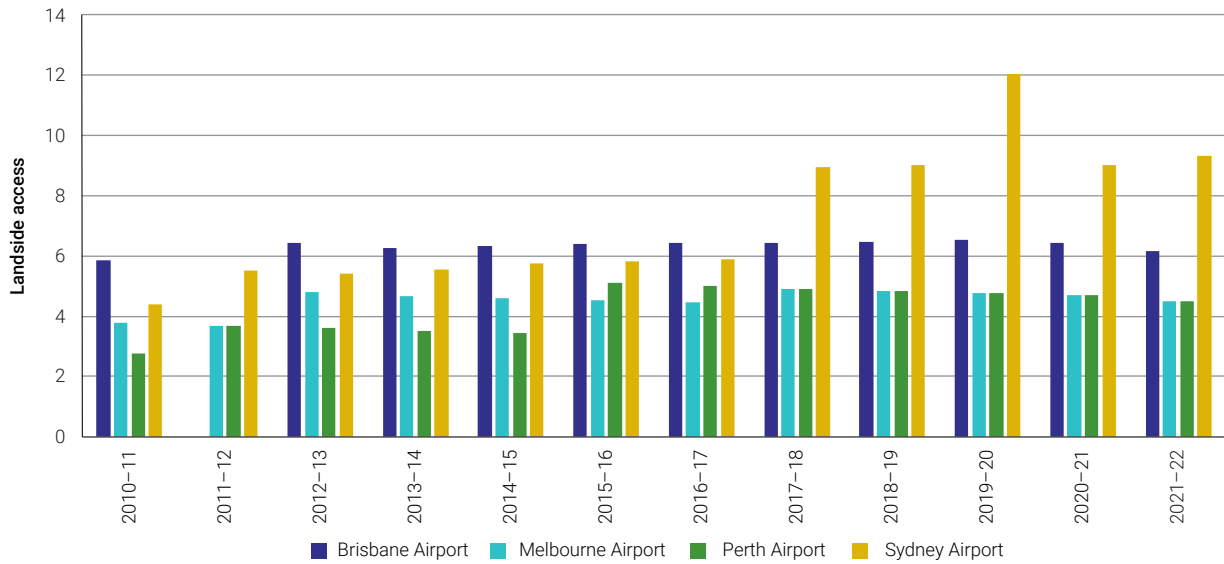
Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.  
 Note: Value in 2021–22 dollars.



# Landside access fees

## Private cars

Figure B.16: Landside access fees for private cars in real terms, by airport: 2010–11 to 2021–22



Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.

Notes: Real values in 2021–22 dollars. For 2011–12, relevant price information for Brisbane Airport were not available.

## Private buses

**Table B.6:** Brisbane and Melbourne airports – Private bus landside access fees in real terms, 2010–11 to 2021–22

	2010–11	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20	2020–21	2021–22
Brisbane Airport – Private bus (\$)	9.04	NA	9.99	9.71	9.79	9.89	9.97	9.98	10.01	10.08	9.92	9.50
Melbourne Airport – Private bus (\$)	Various	Various	Various	Various	3.45	4.36	4.71	4.85	4.87	4.88	4.80	4.60

Source: ACCC analysis of information received from monitored airports as part of the monitoring regime.

Note: Value in 2021–22 dollars.

# Appendix C: Background information

## Methodology

This chapter explains the methodology used by the ACCC in preparing the measures used in this report for monitoring prices, costs and profits, financial reporting and quality of service.

Further information can be found in the following publications on the ACCC website:

- Airport prices monitoring and financial reporting guideline<sup>116</sup>
- Guideline for quality of service monitoring at airports.<sup>117</sup>

## Prices, costs and profits

The monitoring results in this report relate to the financial performance of the monitored airports including prices, costs and profits. While these results may serve as indirect indicators of economic efficiency, they do not indicate conclusively whether or not airports are exercising their market power to earn monopoly rents.

## Aeronautical and total airport measures

The ACCC uses aeronautical revenue per passenger as an indicator of airports' average prices, and profits and returns on aeronautical assets as an indicator of airports' profitability. We also report on total airport revenue, costs and profits.

There have been some changes in the scope of aeronautical services in the past. This has resulted in the inclusion of revenue of some services such as aircraft refuelling in airports' regulatory accounts, which were previously excluded.<sup>118</sup> This is one of the issues that affects the comparison of data across airports and over time.

## Prices

The ACCC uses aeronautical revenue per passenger as a proxy measure of changes in average airport prices. We have reported on changes in this measure since 2003–04.

Ideally the ACCC would use a direct measure of prices in the form of a price index. However, in most cases it is not possible for us to compile such an index. For example, the price of using an airport cannot simply be measured by adding up the different charges in place at a given point in time because charges can be levied on different bases – such as on a per passenger basis or by aircraft weight. Also, airports might offer discounts for certain periods or to certain users, or there might be charges in place, which affect some users but not others.

---

116 See: <https://www.accc.gov.au/publications/airport-prices-monitoring-financial-reporting-guideline>.

117 See: <https://www.accc.gov.au/publications/guideline-for-quality-of-service-monitoring-at-airports>.

118 Brisbane, Perth and Sydney airports treated the revenue they derived from aircraft refuelling as non aeronautical under Direction 27 (1 July 2002 to 30 June 2007), while subsequent Directions required aircraft refuelling to be included as aeronautical revenue.

In addition, the price changes for particular airport users may vary depending on the composition of the airport services they utilise and the times at which they use them. For example, the costs of a domestic flight to an airline are likely to be different to those associated with an international flight due to differing security and processing requirements. Similarly, changes in price structure imposed by an airport might affect users in different ways, such as lowering the costs for one user while raising them for another.

## Costs and profits

While there are many profitability measures, the ACCC uses earnings before interest, taxes and amortisation (EBITA). This measure takes into account depreciation costs. EBITA is reported separately for the total airport and a business component such as aeronautical or car parking operations. We also report operating profit as a percentage of revenue (operating profit margin).

The ACCC has reported on changes in aeronautical operating expenses per passenger and aeronautical profit per passenger since 2002–03. Aeronautical profit excluding security costs is not discussed in this report because government mandated security revenue is set to recover the costs associated with security services and does not affect the overall profitability of airports.

EBITA provides a measure of airport operating performance, as distinct from financial performance. It is useful for revealing trends in operating performance over time. However, as a measure of profitability it does not consider the full capital cost associated with the provision of services. Since it also includes non-cash items such as depreciation, operating margin does not provide a measure of net cash flow from airport operations either.

## Rates of return

Rate of return measures can also inform analyses of profitability. The rate of return measure used by the ACCC in this report is 'return on assets,' which may be expressed in a number of forms (for example, pre or post tax returns, and including or excluding interest expenses and/or depreciation and amortisation). Our approach to calculating rates of return in this report is discussed below.

Since rate of return measures can be susceptible to assets revaluations made by individual airports, the ACCC uses the line in the sand approach (discussed below) to asset valuations that removes the effects of such revaluations.

## Return on assets

This report also looks at the rate of return that airports earn from their assets. This measure consists of EBITA on the average value (of opening and closing balances) of tangible non-current assets. The ratio provides a measure of the efficiency with which an entity uses its assets to produce operating profit before interest, tax and amortisation. Given the limitations in using a return on equity measure for the monitored airports, the ACCC considers that a return on assets measure is a more useful indicator of an airport's rate of return and operating performance.

EBITA on average tangible non-current assets is not affected by management decisions regarding capital structure, which can significantly affect interest expenses and tax payable, and therefore post tax returns. Financing decisions do not reflect the operating profitability of providing airport services. Therefore, measures of EBITA on average tangible non-current assets allow for a more comparable basis for comparing operating performance across airports.

Non-tangible assets are excluded to limit the extent to which airport owners' expectations of growth in value (as reflected in goodwill or lease premiums) may obscure changes in the profitability of providing services. In particular, lease premiums paid could reflect the expectation of future price and profit increases that take advantage of airports' monopoly power.

While having some advantages, measures of return on assets also have their limitations. For example, they are affected by the airport operator's valuation of its assets. Since the ACCC's monitoring regime commenced, a number of airports have revalued their assets upwards, thereby lowering the measure of return on assets. A line in the sand measure was introduced in 2007–08 to reduce the effect of such revaluations.

Finally, in preparing this report the ACCC has not assessed the appropriateness of airport asset valuations as it has done in some other industries where prices are regulated.

## Line in the sand aeronautical asset base

The ACCC has required airport operators to report under the line in the sand approach since 2007–08.<sup>119</sup> Under this approach, the value of an airport's aeronautical asset base is determined to be the value of tangible non-current assets as of 30 June 2005<sup>120</sup>, adjusted for depreciation, additions (or new investment) and disposals for subsequent reporting periods. This information was required in addition to the airport operators' regulatory accounts based on Australian International Financial Reporting Standards (Financial Reporting Standards) (which include any revaluations to the assets recorded since 30 June 2005).

The line in the sand approach removes the effect of revaluations of aeronautical assets by airports for monitoring purposes from 30 June 2005 onwards. For example, an upward revaluation of a tangible non-current aeronautical asset occurring after 30 June 2005 would be recognised in the regulatory accounts prepared under Financial Reporting Standards but not in the line in the sand asset base. As a result, to the extent that subsequent revaluations have taken place, the line in the sand asset base is lower. There is also a flow on effect of a lower value of depreciation under the line in the sand approach and, therefore, lower operating expenses.

The ACCC required airport operators to provide information regarding the aeronautical asset base under the line in the sand approach for the first time in the 2007–08 report. This information was required in addition to the airport operator's regulatory accounts based on Financial Reporting Standards which included any revision to the value of the assets recorded since 20 June 2005. So far, only Brisbane Airport and Sydney Airport have revalued their assets since 30 June 2005.

Past monitoring reports have presented 2 sets of financial accounts for these airports: one based on the line in the sand approach, and one based on Financial Reporting Standards. Since the 2016–17 Airport monitoring report, we have stopped reporting non-line in the sand values for aeronautical assets and have only used the line in the sand values for aeronautical assets in our reporting.

For Sydney Airport, landfill assets were not included in the asset base as at 1 July 2005. However, Sydney Airport has advised that the value of landfill is included in the asset base that was used in the pricing modelling for airport charges for airlines. This report presents data which reflects the exclusion of the landfill assets unless otherwise specified.

## Airport car parking

The ACCC monitors and reports on airport car parking prices, revenue, costs and profits (in real terms) under a direction issued on 12 June 2012 pursuant to s. 95ZF of Part VIIA of the Competition and Consumer Act. We also report on changes in the supply of airport car parking and the quality of airport car parking services.

---

119 This approach was recommended by the Productivity Commission in its 2006 inquiry and was supported by the government. The Productivity Commission said that some airports revalued assets for a range of non price reasons and the intention of revaluations is 'to provide a justification for higher charges at some stage in the future'. The Productivity Commission considered that it was inappropriate to base increases in aeronautical charges on asset revaluations.

120 Airport revaluations that occurred prior to the 30 June 2005 cut off date remain in the LIS asset base.

In addition to drive up rates, the ACCC commenced collecting prices for booking airport car parking online for the 2014–15 report following consultation with the monitored airports. We have compared drive up, online and the average of these 2 charges that customers pay at the monitored airports.

## Quality of service

Quality of service monitoring complements price monitoring because, instead of increasing prices, an airport with market power may decide to cut costs by lowering its service standards.

The ACCC monitors the quality of service at the facilities that are subject to price monitoring, including:

- airside facilities such as runways, taxiways and aprons
- terminal facilities such as international departure lounges and baggage systems
- car parking
- taxi facilities and kerbside pick up and drop off points.

However, domestic terminals leased to airlines have not been within the scope of the quality of service monitoring program.<sup>121</sup>

Further information on the ACCC's approach can be found in the Guideline for quality of service monitoring at airports on our website.

## Measurement for Aeronautical and car parking

### Aeronautical

To get a quality of service rating for aeronautical services, the ACCC relies on information from several different sources. These sources include airport operators' surveys of passengers and our surveys of airlines.

The passenger perception surveys are arranged by each airport and may differ in their coverage and detail. However, these surveys provide information consistent with that specified in the Airports Regulations and quality of service guidelines. The areas covered include passenger check in, security clearance, government inspection, gate lounges, washrooms, baggage processing and trolleys, signage and wayfinding, and airport access for arriving and departing passengers.

The ACCC conducts an annual survey of airlines about their perception of the quality of facilities they used at the monitored airports. Questions relate to both terminal facilities (aerobridges, check in and baggage processing) and airside facilities (runways, taxiways, aprons, aircraft gates and ground equipment sites). Airlines are asked to rate 2 aspects of these facilities:

- availability – that is, the availability of infrastructure and equipment and the occurrence of delays in gaining access to those facilities
- standard – that is, the ability of equipment to perform the function intended, the reliability of the equipment and the probability of it breaking down.

Airlines are also asked to rate the airport operator's responsiveness or approach to addressing problems and concerns with the above facilities.

In addition, airport operators provide the ACCC with a range of objective data related to the number or size of various facilities and throughput at those facilities. These include the number of passengers at peak hours, the number of aerobridges and the size of gate lounges. We have converted these

---

<sup>121</sup> All terminals that previously operated under a domestic terminal lease have reverted to airport control.

numbers and sizes to indicators of quality of service, such as the number of passengers per square metre of lounge area during peak hour. These are then converted into a score.<sup>122</sup>

The ACCC calculates the rating for aeronautical services by combining scores that the airport achieved against each of the specific quality of service measures from airline surveys, passenger surveys and objective indicators.

## Car parking

The ACCC collects quality of service data on the monitored airports' car parking services.

This can help indicate whether airports are continuing to invest in capacity to meet demand and improvements to their facilities. Airports survey passengers to gauge the quality of service provided by each airport in relation to car parking services. Airports ask the respondents of these surveys to rate their level of satisfaction with airport services and facilities on a scale of 1 to 5. The average scores are then converted into 5 ratings ranging from 'very poor' to 'excellent'.

With the exception of Melbourne Airport, each airport collects separate survey ratings from international and domestic passengers.

## Issues concerning interpretation of results

A variety of factors outside the immediate control of the airport operator may influence the quality of service results. For example, the staffing and provision of IT equipment for check in services by airlines and the staffing by the on airport government border agencies may affect the quality of experience for passengers as they pass through an airport. This in turn may influence those passengers' ratings of the airport. Airservices Australia, airlines and other service providers may also affect quality outcomes such as causing delays in aircraft departure.

In addition, investment in terminal infrastructure is 'lumpy' and there may be a lag between an increase in passenger and flight numbers and an increase in the capacity of airport infrastructure. Such a lag could highlight capacity constraints reflected in the quality of service indicators and therefore identify areas for increased investment.

To inform its analysis of the monitoring data, the ACCC provides airports with the opportunity to explain where there have been mitigating circumstances influencing the results of monitoring.

## Sources of information

The quality of service analysis draws on information from a number of different sources. These sources include airport operators' surveys of passengers, airlines and landside operators.<sup>123</sup>

### Airport operators

Airport operators provide the ACCC with a range of objective data related to the number or size of various facilities and throughput at those facilities. These include the number of passengers at peak hours, the number of aerobridges and the size of gate lounges. We have converted these numbers and sizes to indicators of quality of service, such as the number of passengers per square metre of lounge area during peak hour.

The derived objective indicators are shown in charts in the body of the report. The data on which these objective indicators are based can be found in a spreadsheet on the ACCC's website

---

122 This process consists of producing a set of benchmarks for each measure based on how the 4 airports performed against that measure. If an airport's performance against that measure is equal to the average performance across the 4 airports in that year, it will receive a score of 3 out of 5. If an airport performs better than the benchmark average, it will receive score of 4 or 5 depending how close its performance is compared to the benchmark. Similarly, if its performance is below the benchmark, it will be rated 1 or 2.

123 Landside operators include taxi and bus industry bodies, as well as off airport car parking operators.

<http://www.accc.gov.au/regulated-infrastructure/airports-aviation/airports-monitoring> . Measures relating to the size of facilities are generally presented as at the end of the relevant financial year, whereas measures of throughput – such as numbers of passengers or bags – relate to the whole financial year, unless otherwise specified (such as daily or during peak hour).

### **Passenger perception surveys**

The passenger perception surveys are arranged by each airport and may differ in their coverage and detail. However, these surveys should provide information consistent with that specified in the Airports Regulations and quality of service guidelines. The areas covered include passenger check in, security clearance, government inspection, gate lounges, washrooms, baggage processing and trolleys, signage and wayfinding, car parking and airport access for arriving and departing passengers.

These surveys ask respondents to rate their level of satisfaction with the airport facilities on a scale from 1 to 5 (table C.1). These are then converted into 5 ratings ranging from ‘very poor’ to ‘excellent’.

**Table C.1: Ratings of satisfaction for airport facilities and services**

<b>Scales</b>	1–1.49	1.50–2.49	2.50–3.49	3.50–4.49	4.5–5
<b>Average ratings</b>	Very poor	Poor	Satisfactory	Good	Excellent

The average ratings for each indicator in the passenger perception surveys are shown for each airport. The average ratings for domestic terminals and international terminals are presented over time where possible.

### **Airline surveys**

The ACCC ordinarily conducts an annual survey of airlines about their perception of the quality of facilities they used at the monitored airports. Questions relate to both terminal facilities (aerobridges, check in and baggage processing) and airside facilities (runways, taxiways, aprons, aircraft gates and ground equipment sites). Airlines are asked to rate 2 aspects of these facilities:

- availability – that is, the availability of infrastructure and equipment and the occurrence of delays in gaining access to those facilities
- standard – that is, the ability of equipment to perform the function intended, the reliability of the equipment and the probability of it breaking down.

Airlines are also asked to rate the airport operator’s responsiveness or approach to addressing problems and concerns with the above facilities. Full details of the questions are contained in a spreadsheet on the ACCC’s website <http://www.accc.gov.au/regulated-infrastructure/airports-aviation/airports-monitoring>.

The scale used for airline ratings is the same as that of the passenger perceptions surveys and shown in table C.1. Ratings given by airlines are averaged across airlines to give an average rating for each facility at each airport. The rating given by each airline is given equal weight, regardless of the number of passengers flown or flights. Airlines are also given the opportunity to provide an explanation of their ratings.

Given that airlines may potentially have an incentive to deliberately under report quality for airports, the ACCC verifies airlines’ responses when needed. In particular, if an airline gives an airport a rating of below ‘satisfactory’, we will seek comments and additional information from the airline; and provide the relevant airport operator with an opportunity to respond to non-confidential commentary by airlines.

Under the ACCC monitoring regime, we have not required airlines to provide survey information for the domestic facilities they operated themselves under domestic terminal leases.



Because airline surveys are conducted on a voluntary basis, airlines' participation in the ACCC's survey varies each year with typically only a small number of responses received by us. As a result, service quality ratings obtained from airline survey results tend to vary more than passenger ratings.

This may impact on the reliability of the overall service quality ratings for the monitored airports.

## **Calculating overall quality of aeronautical service ratings for each airport**

For each airport, the ACCC calculates a single overall quality of service rating in relation to total services at the airport. As for each of the many specific measures of quality of service, the overall rating is a score out of 5. A score of between 1 and 1.49 represents 'very poor' performance, while a score between 4.50 and 5 represents 'excellent' performance.

The overall rating is calculated using a combination of the results from airline surveys, passenger surveys, and objective indicators (for example, the number of departing passengers per check in desk, kiosk and bag drop facility during peak hour).

The overall rating is the simple average of the scores that the airport achieved against each of the specific quality of service measures from airline surveys, passenger surveys and objective indicators. For example, Sydney Airport scored an average of 3.60 across 105 performance measures in 2018–19. Among those measures, 30 were obtained from airline surveys, 48 were from passenger surveys and the remaining 27 were objective indicators.

While airports' performance against the quality of service measures in the airline surveys and passenger surveys are already rated as scores out of 5, ratings of performance against objective indicators need to be calculated.

This process consists of producing a set of benchmarks for each measure based on how the 4 airports performed against that measure. If an airport's performance against that measure is equal to the average performance across the 4 airports in that year, it will receive a score of 3 out of 5. If an airport performs better than the benchmark average, it will receive score of 4 or 5 depending how close its performance is compared to the benchmark. Similarly, if its performance is below the benchmark, it will be rated 1 or 2.

An implication of this methodology is that an airport's rating with respect to objective indicators is relative to that of the other 3 airports. This means an airport can report the same raw performance figures to the ACCC as the previous year, but find its rating for that measure going up or down. It also means that it is not possible for all airports to be rated highly or rated poorly. This is not the case for an airport's ratings based on airline and passenger surveys, which are independent of ratings given to the other airports.

## Terminals within scope of 2021–22 Airport monitoring report

**Table C.2:** Terminals covered by the 2021–22 Airport monitoring report

Airport	Terminal
Brisbane	Domestic Terminal
	International Terminal
Melbourne	Terminal 1 Domestic
	Terminal 2 International
	Terminal 3 Domestic
	Terminal 4 Domestic
Perth	Terminal 1 International & Domestic
	Terminal 2 Domestic
	Terminal 3 Domestic
	Terminal 4 Domestic
Sydney	Terminal 1 International
	Terminal 2 Domestic
	Terminal 3 Domestic

Source: Information received from monitored airports as part of the monitoring regime.

# Ministerial directions

## Aeronautical services and facilities direction under s. 95ZF of the Competition and Consumer Act 2010



COMMONWEALTH OF AUSTRALIA

*COMPETITION AND CONSUMER ACT 2010*

MONITORING OF THE PRICES, COSTS AND PROFITS RELATING TO THE SUPPLY OF AERONAUTICAL SERVICES AND FACILITIES AT SPECIFIED AIRPORTS IN AUSTRALIA

I, David Bradbury, Assistant Treasurer, pursuant to section 95ZF of the *Competition and Consumer Act 2010*, hereby give the following direction:

1. The Australian Competition and Consumer Commission (ACCC) is to undertake formal monitoring of the prices, costs and profits related to the supply of aeronautical services and facilities by the following persons:
  - a) Sydney Airport Corporation Limited (Sydney Kingsford Smith Airport);
  - b) Australia Pacific Airports Corporation Limited (Melbourne Tullamarine Airport);
  - c) Brisbane Airport Corporation Pty Limited (Brisbane Airport); and
  - d) Perth Airport Pty Ltd (Perth Airport).
2. In this direction, ‘**aeronautical services and facilities**’ has the same meaning as that applying from time to time under Part 7 of the *Airports Regulations 1997*.
3. The ACCC is to report to me on its monitoring activities in paragraph (1) at the time which is as soon as practicable following the end of each financial year.
4. This Direction takes effect from 1 July 2012 and replaces Direction No. 29 of 28 June 2007, under the former *Trade Practices Act 1974*.

DATED THIS 12<sup>TH</sup> DAY OF JUNE 2012

David Bradbury  
ASSISTANT TREASURER

Federal Register of Legislative Instruments F2012L01271

# Car parking services direction under s. 95ZF of the Competition and Consumer Act



## COMMONWEALTH OF AUSTRALIA

### COMPETITION AND CONSUMER ACT 2010

#### MONITORING OF THE PRICES, COSTS AND PROFITS RELATING TO THE SUPPLY OF CAR PARKING SERVICES AT SPECIFIED AIRPORTS IN AUSTRALIA

I, David Bradbury, Assistant Treasurer, pursuant to section 95ZF of the *Competition and Consumer Act 2010*, hereby give the following direction:

1. The Australian Competition and Consumer Commission (ACCC) is to undertake formal monitoring of the prices, costs and profits related to the supply of car parking services by the following persons:
  - a) Sydney Airport Corporation Limited and any other person from time to time operating a car parking facility at Sydney Kingsford Smith Airport;
  - b) Australia Pacific Airports Corporation Limited and any other person from time to time operating a car parking facility at Melbourne Tullamarine Airport;
  - c) Brisbane Airport Corporation Pty Limited and any other person from time to time operating a car parking facility at Brisbane Airport; and
  - d) Perth Airport Pty Ltd and any other person from time to time operating a car parking facility at Perth Airport.
2. The ACCC is to report to me on its monitoring activities in paragraph (1) at the time which is as soon as practicable following the end of each financial year.
3. This Direction takes effect from 1 July 2012 and replaces Direction No. 31 of 7 April 2008, under the former *Trade Practices Act 1974*.

DATED THIS 12<sup>TH</sup> DAY OF JUNE 2012

David Bradbury  
ASSISTANT TREASURER

