

## ACCC Consultation Paper

### Airport Monitoring – more detailed information on airport performance

#### Rex Submission - November 2022

**1. What are your views about the options we have identified for addressing the PC's recommendation 9.4? Are there other options that should be considered?**

*Rex acknowledges the PC's recommendation that the existing control measures should remain plus additional measures to facilitate greater transparency to ensure the Government can more easily determine if airports are exercising their market power. Rex is of the view that options 1, 2 and 3 identified by the ACCC primarily address the PC's recommendation 9.4 through differing levels of control and transparency. Rex does not propose any further options be considered however believes that additional measures should be applied as improvements to the existing options.*

**2. What are your views about the advantages and disadvantages for each of the options? Do you think there are further issues that should be considered, and if so, what are they and why are they relevant?**

*Option 1: It is the concern of Rex that Option 1 would not provide sufficient transparency over the revenues and costs of the monitored airports.*

*Option 2: Rex is of the view that Option 2 is the most appropriate approach that allows for the ACCC and the airport users to have a high level of transparency over the cost allocation. Further, there should be a periodic review of its effectiveness in achieving the transparency and accountability goals outlined by the PC and the ACCC".*

*Option 3: This option involves a time-consuming process and provides no significant additional benefits other than standardizing the cost-allocation approach.*

**3. Do you agree with the ACCC's preferred option (Option 2)? Please substantiate your response.**

*Rex's position is in line with ACCC's preliminary view that Option 2 best balances the need for transparency and the compliance cost. As Rex operates both domestic and regional services, Option 2 would allow the ACCC to collect more reliable data and would better control the cost allocation between domestic and regional services. In the past, Rex has experienced difficult negotiating regional aeronautical charges where the infrastructure requirements are significantly less than domestic operations. Rex notes that, under the current ACCC's proposal, only Sydney Airport is required to split the cost/revenue into domestic and regional service, the ACCC should give further consideration to also monitor the cost allocation for the other monitored airports.*

4. **Is there a significant difference in reporting requirement between Options 1 and 2? If so, please explain why.**

*Rex expects that Option 2 would have a more detailed reporting requirement by monitored airports that focuses on the financial data. This would allow for the ACCC to make comparative analysis and to trace the cost drivers.*

5. **Do you have any concerns about the ACCC collecting commercially sensitive information under our preferred approach (Option 2)? If so, what are they? How do you think these concerns can be mitigated?**

*Rex does not have significant concerns about the ACCC collecting commercially sensitive information relating to airport data.*

6. **What do you consider to be the benefits of publishing the disaggregated financial information recommended by the PC in recommendation 9.4?**

*The publication of disaggregated financial information would allow the stakeholders, including Rex, to rely on the financial information to determine whether the monitored airports are exercising their marketing power (i.e. cost of domestic services versus cost of international services). Also this would allow the stakeholders to justify any increase of charges imposed by the monitored airports and would prevent monitored airports from raising charges prematurely to fund future capital work.*

7. **Do you believe that the benefits you have identified outweigh the costs? Please explain your response.**

*Rex is of the view that the benefits outweigh the costs. This could potentially avoid price gouging of the monitored airports and prevent the monitored airports from offering favorable deals to certain major airlines in the market. Also Rex is of the view that the publication of the financial information would increase the transparency over the monitored airports' use of funds towards its capital projects.*

8. **The ACCC invites the monitored airports to publicly substantiate their claims on why publishing specific information in recommendation 9.4 would damage their competitive position. As part of this, the ACCC requests:**

- specific examples to illustrate your concern
- suggestions on how this could be mitigated

*Not applicable to Rex.*

9. **Do you believe that the existing provisions in respect of confidentiality under the Airports Act and the CCA are insufficient to protect confidential information of the types identified in recommendation 9.4? If so, please explain why.**

*Nil comment.*

**10. The ACCC invites the monitored airports, airlines or other interested parties, to comment on the extent to which publication of specific information in recommendation 9.4 is likely to adversely impact on competition between airlines in Australia. As part of this, the ACCC requests:**

- specific examples to illustrate how the publication of data recommended by the PC would allow airlines to back solve aeronautical (or other) charges paid by their competitors or passenger numbers transported by their competitors
- suggestions on how this could be mitigated.

*Nil comment.*

**11. Do you have any concerns about the ACCC publishing the information in recommendation 9.4, particularly under Option 2 (as discussed in previous section), which have not been covered in the questions above? If so, please explain your concerns, including by providing:**

- specific examples to illustrate your concerns
- suggestions on how your concerns could be mitigated.

*No.*

**12. What do you consider to be the costs and benefits of aligning the ACCC's monitoring of landside access services with its monitoring of aeronautical and car parking services by:**

- amending the Airport Regulations to require each of the monitored airports to collect and provide to the ACCC baseline information on the use, costs/assets and revenues of landside access services each year
- Treasury issuing a direction to the ACCC under section 95ZF to monitor landside access services?

*The proposed amendment would likely provide for a more consistent approach for the ACCC to collect financial information across different service groups of the monitored airports. In many cases, there is only one operator for a particular type of landside access service and it would be beneficial for the ACCC to gain a more comprehensive understanding of the cost allocation and revenue of the monitored airports to avoid price gouging.*

**13. Do you believe that the benefits you have identified outweigh the costs? Please explain your response.**

*Rex is of the view that the benefits outweigh the costs. It is necessary for the ACCC to have a high level of transparency over the cost allocation and revenue of the monitored airports.*