



Surina Sood, Tess Macrae and Andrew Ng

Competition Exemptions
Australian Competition and Consumer Commission
Level 17, 2 Lonsdale Street
Melbourne VIC 3000

By email: exemptions@acc.gov.au

Dear Surina,

Re: BARA (Board of Airline Representatives of Australia Inc) Application for revocation and substitution of authorisation A91466

Thank you for your email response to BARAs queries regarding some specific questions posed, and for your time in speaking with BARA regarding these queries on Monday 20-Jan-2025.

In response to the specific queries raised by the ACCC, BARA provides the following narrative and context to discuss whether BARAs activities under authorisation have encouraged the facilitation of new market entry into both the provision of essential aviation services, or of new market entry into Australia by international airlines since authorisation was first provided to BARA in 2005.

1. Please confirm that [the following] is an accurate description of the Conduct proposed.

BARA confirms that the description provided in your email of 17-Dec-24 of the proposed conduct is accurate - notwithstanding a minor typo and grammar error corrected in the email response cover note attached with this letter.

2. Please provide examples (over the past 20 years) where the Conduct has facilitated new market entry in the supply of (a) Essential Aviation Services/Australian Government-mandated security services and (b) international air services.

2 a) For the past 20 years, the common practice in Australia has been for the operators of the major international airports to directly contract services for the delivery of government mandated passenger and baggage security screening services, and to pass this cost on as a per passenger charge to all carriers (international and domestic). The quality of the security services provided (at international terminals) has generally improved such that today the majority of international passengers are cleared through security within on average 5-10minutes.

The sole essential aviation service which BARA directly negotiates on behalf of airlines is the bespoke IT equipment & service provision by Unisys to support airlines in meeting Government mandated AAA baggage reconciliation reporting requirements within their individual Transport

Security Program (TSP) as required under the Airport Transport Security Act (2004). Since 2005 this service has been specified, re-contracted and extended by BARA on behalf of airline users on several occasions, as it remains fit for purpose in terms of delivering against airlines TSP requirements and is cost-effective versus other potential solutions.

The airline-airport agreements for which BARA negotiates lead-terms include the provision for airlines to be able to provide government mandated security services themselves for passengers, should they wish or consider it appropriate, in order to deliver the standard of service they require. This contractual option provides an important countercheck between airlines and airports, as it maintains commercial pressure on the major airports to continuously deliver the appropriate level of these services and at an efficient cost through their own contractual agreements with suppliers. If the standard of the service offered was inadequate, the airlines could instead request BARA to negotiate agreements with suppliers on their behalf. This competitive tension, along with customer expectations, has resulted in airport operators focusing on these contractual relationships with security service providers in order to deliver higher quality services. As such, BARA has not since first authorised in 2005 been asked or required by airline members to engage in directly negotiating any such new service provisions.

Nonetheless, the contractual option for BARA to negotiate for the provision of these services on behalf of international carriers remains an important counterbalance, which in turn provides a net public benefit for air travellers in terms of their receiving the highest standards and most cost-effective service levels possible when being processed for security clearance prior to international air travel.

Going forward, there will continue to be situations where the authorised ability (whether exercised in practice or not) for BARA to engage on behalf of members to agree terms directly with other providers of either Essential Aviation Services or Government-mandated security services is important to retain. The Governments 2024 Aviation White Paper (AWP) 'Towards 2050' outlines a number of policies and actions which are now starting to require practical implementation by international aviation operators. The required development of user guides that outline legal requirements for airlines and airports under the Disability Discrimination Act and new aviation-specific standards, as part of broader reforms to the Disability Standards for Accessible Public Transport 2002, may create circumstances where (similar to the bespoke specification of the Unisys AAA system) in order to meet these new requirements where there is no current extant provider, that BARA may be best placed to lead the process with potential suppliers to help deliver new services to meet these obligations.

For these reasons, the continuation of authorisation to permit BARA to operate in these areas, should the requirement eventuate, remains important.

2 b) International air services.

BARA would not claim that its conduct in negotiating with monopoly aviation service providers is the critical element for an airline in taking a commercial decision of whether to commence new aviation services to Australia or not. However, once new services are established, international airlines seek to improve and optimise their operational and commercial settings to ensure that services remain



commercially viable. At this point, the value of the negotiated arrangements that BARA collectively negotiates with Australian monopoly aviation service providers (particularly with the major airports) becomes more relevant.

BARAs authorised conduct enables member airlines to access arrangements that BARA has been able to negotiate which reflect the collective value of all those members. As detailed in BARAs submission, these arrangements can provide significant financial value versus what an international airline may be able to agree if acting independently.

All other things being equal, lower operating costs allow airlines to provide the most competitive airfares (based on their individual business model and service positioning) for consumers. As an indication of the net public benefit that BARAs authorised conduct supports, in terms of the ongoing provision of international air services to Australian consumers, the breadth of BARA membership can be considered as corroboration of the importance and value of the outcomes that BARA has achieved with authorisation.

The number of international airlines providing service to Australia, as reported by BITRE, has increased over the years since BARA was first authorised in 2005 to currently 61 airlines as at Oct-24 (latest BITRE data). Since international air services resumed in earnest post Feb-22 (with the re-opening of Australia's borders after the Covid-19 pandemic) BARA membership has grown with 11 additional carriers joining since Jan-23. These carriers represent both full service and low-cost airlines and are additional members to the many longstanding premium global airlines who maintained their membership of BARA during the pandemic.

A list of current BARA members as at Jan-25 is attached to this letter.

BARA provides these descriptions as examples of how the proposed Conduct can continue to support the operation of essential aviation services, the provision of mandated government security services, and assist the growth of sustained international aviation services to Australia.

Please contact BARA should you have any additional queries.

Yours sincerely



Stephen Pearse
Executive Director

Attached: BARA members list Jan-25



Current list of BARA Airline members

AIRASIA Aviation Group representing: -

- AIRASIA X
- AIR ASIA Berhad
- INDONESIA AIR ASIA
- PHILIPPINES AIR ASIA
- THAI AIR ASIA
- THAI AIR ASIA X

AIR CANADA

AIR NIUGINI

AIR MAURITIUS

AIR NEW ZEALAND

AIRCALIN

ALL NIPPON AIRWAYS

AMERICAN AIRLINES

ASIANA AIRLINES

BATIK AIR LINES

CATHAY PACIFIC AIRWAYS

CHINA AIRLINES

CHINA EASTERN

CHINA SOUTHERN AIRLINES

DELTA AIR LINES

ETIHAD AIRWAYS

EVA AIRWAYS

FIJI AIRWAYS

GARUDA INDONESIAN AIRWAYS

HAWAIIAN AIRLINES

JAPAN AIRLINES

LATAM AIRLINES GROUP

KOREAN AIR LINES

MALAYSIA AIRLINES

NAURU AIRLINES

PHILIPPINE AIRLINES

QATAR AIRWAYS

ROYAL BRUNEI AIRLINES

SCOOT

SINGAPORE AIRLINES

SOLOMON AIRLINES

SOUTH AFRICAN AIRWAYS

SRILANKAN AIRLINES

THAI AIRWAYS INTERNATIONAL

TURKISH AIRLINES

UNITED AIRLINES

VIETNAM AIRLINES

VIRGIN AUSTRALIA

XIAMEN AIRLINES

BARA MEMBERS LIST

Updated - January 2025