

RECORD OF MEETING

between

AUSTRALIAN COMPETITION & CONSUMER COMMISSION

and

AUSTRALIAN AIRPORTS ASSOCIATION

18 August 2004, 10 am

ACCC office, Canberra

Present

ACCC Isabelle Arnaud, Director, Adjudication Branch

AAA Ken Keech, Chief Executive Officer

Ken Keech indicated that the Australian Airports Association (AAA) represents all airports in Australia, and therefore all the airports concerned by the application for authorisation lodged by the Board of Airline Representatives of Australia (BARA).

KK was of the view that airports, large and small, do actively compete for business. Given their infrastructure are essentially fixed costs, airport operators seek to maximise the number of people passing through their airports. Airport operators will negotiate special pricing arrangements to secure new services through their airports.

KK indicated that the AAA does not get involved in any commercial arrangements between airlines and airports, and in particular anything having to do with pricing.

KK indicated that the view of the AAA membership is that BARA should have no place in negotiation of financial arrangements between individual airlines and airports. By having all negotiations funnelled through BARA, BARA knows exactly all the commercial arrangements between airlines and airports. This gives BARA and the airlines an absolute advantage when negotiating with airports. It is anti-competitive for one entity to know all the commercial arrangements between airlines and airports.

KK indicated that there was no reason why prices and conditions should be the same for all airlines. Conditions of use, prices and pricing formula ought to be negotiated between individual airlines and airports.

KK considered that BARA does fulfil a valuable facilitating and coordinating role. However, negotiations on pricing and access ought to be between individual airlines and airports.