



Our Ref.: Let.1939

28 January 2010

**Ms Teresa Nowak**  
**Acting Director, Adjudication Branch**  
**Australian Competition and Consumer Commission**  
**GPO Box 3131**  
**Canberra ACT 2601**

Dear Ms Nowak

The Board of Airline Representatives of Australia (BARA) has reviewed the submissions in response to BARA's application for Revocation and Substitution (Authorisation No. A91200) (the Authorisation). BARA offers the following comments in relation to those submissions.

It is noted that the overall response from airport operators BARA has dealt with is positive. BARA has always sought to engage in open, transparent and constructive negotiations. While the parties have not always agreed on final outcomes, BARA provides for a focused and cost effective negotiation process. This is reflected in the comments made by airport operators.

Foreign airlines with a small management presence in Australia also continue to benefit from BARA's activities. BARA reduces their costs and ensures they can have more effective input into the capital programs of airport operators, Airservices Australia and the Bureau of Meteorology.

#### Coverage of Services

BARA notes that Brisbane Airport does not support authorisation of "airline specific facilities (such as offices, lounges, operational/aircraft maintenance and freight facilities). It is noted also that Melbourne Airport argued that authorisation should not extend to "value adding" services, such as Wi-Fi internet services.

BARA's intent, as expressed in its application, is for the Authorisation to cover the provision and pricing of essential airport services. Essential airport services (sometimes also referred to as "operational" services and facilities) are those necessary to conduct safe and efficient international passenger and freight air transport services. Some of those services may be provided specifically to one airline (eg office space at an airport for airline staff) while others are common use (eg runways and terminals).

The concerns of airport operators, therefore, should be evaluated in this context. For example, BARA does not negotiate the terms and conditions of leases for airline-specific lounges for commercially important passengers – they are a discretionary service offered by an individual airline. Conversely, freight facilities are necessary to conduct safe and efficient international freight services.

The example highlighted by Melbourne Airport again relates to a discretionary service not directly related to the provision of safe and efficient international air transport services. However, it is noted that the role of individual communication systems can change over time. What is currently a discretionary communications service may become an essential service in the future if it becomes the new platform for operations at the airport.

The Brisbane Airport concerns seem to relate more to the fact that it conducts bilateral negotiations for some of its essential airport services and, in particular, offices, lounges, operational/aircraft maintenance and freight facilities. As is presently the case, BARA's clear understanding is that it will participate in negotiations only if all affected parties consent to its involvement. As such, the Authorisation should not impinge on Brisbane Airport's commercial strategy if, in particular cases, it and the airlines would prefer to negotiate bilaterally.

#### Gold Coast Airport

The operator of Gold Coast Airport has objected to its airport being included in the Authorisation. In summary, the airport operator considers that BARA's involvement would not lead to efficiencies. The airport operator argues this is because there are already close relationships between the airport operator and the low cost carriers (LCCs) currently operating to the airport.

BARA appreciates that the current commercial strategy adopted by Gold Coast Airport is to negotiate individually with each of its LCC customers.

However, the airline industry is one often subject to significant change. The rapid growth of LCCs (some of whom are actually BARA members) is a prime example of such change. It may be that, in the future, more of BARA's members may see opportunities for international air services to Gold Coast Airport. If this were to happen, BARA – with the endorsement of both Gold Coast Airport and the airlines involved – could facilitate the negotiations.

BARA's proposed Authorisation does not restrict the currently preferred commercial strategy of Gold Coast Airport. Nor does it require the airport operator to negotiate with BARA. Rather, it simply provides for the ability for BARA to participate in negotiations should it be viewed as beneficial by all parties at some time in the future.

Thank you for providing BARA with the opportunity to comment on the submissions to the application for the Authorisation. Please contact the undersigned if you require any further information.

Yours sincerely



**Warren Bennett**  
**Executive Director**