

18 November 2024

Tess Macrae
Director | Competition Exemptions
Australian Competition & Consumer Commission
GPO Box 3131
CANBERRA ACT 2601

Via email: exemptions@accc.gov.au

Dear Ms Macrae

BOARD OF AIRLINE REPRESENTATIVES OF AUSTRALIA INC APPLICATION FOR REVOCATION OF AUTHORISATION A91466 AND SUBSTITUTION OF NEW AUTHORISATION AA1000682

I refer to your email dated 7 November 2024 concerning the above application by the Board of Airline Representatives of Australia (**BARA**).

Thank you for the opportunity to provide a submission in support of BARA in relation to its application to the Commission. The Commission has requested submissions in relation to the likely public benefits and effect on competition from the proposed arrangements.

In 2019, Perth Airport Pty Ltd (**PAPL**) successfully agreed an aeronautical services agreement with BARA for endorsement to its member airlines following an extensive industry consultation process regarding the future infrastructure requirements at Perth Airport.

PAPL's experience during this period was that BARA provided a number of benefits to this process including:

- A collective view on infrastructure requirements and forward projections of passenger numbers;
- Technical expertise and experience, particularly with regard to the Australian regulatory environment;
- Advocacy for airlines with limited services to Perth who would otherwise be unable to devote the required resources to appropriately evaluate capital requirements and commercial agreements; and
- Substantial time and cost saving by limiting the need to visit a wide range of international head offices.

Each of these points is elaborated on below, in addition to the definition of essential aviation services.

Collective View

No one international airline has a dominant market share at Perth Airport. Therefore, it can be difficult for them to individually understand the need for some elements of the capital expenditure program to meet the needs of the airline community as a whole. BARA is in a position to better understand the broader requirements and engage with PAPL in a meaningful way regarding capital requirements and traffic forecasts.

Technical Expertise

In some cases, the international airlines do not have staff based in Australia with the technical expertise to evaluate the pricing models used in the negotiation process. Australia's regulatory environment is also somewhat different to other parts of the world and again, BARA is able to reduce the cost of airlines in evaluating airport proposals.

Representing Airlines with Limited Presence

Perth Airport has a number of airlines with daily or even less frequent services. This can make it difficult to engage with those airlines at an appropriate level and get them to devote resources to the negotiation on a timely basis since the Perth market is not a material part of their business. Similarly, by promoting a collective view, BARA can ensure that the needs of airlines with relatively small market shares are also taken into consideration.

Cost and Time Saving

The process of aeronautical price negotiations is already a complex and time consuming process, even with BARA representing a number of airlines. If PAPL was to negotiate with each airline individually, this process would be even longer and would have delayed the implementation of necessary infrastructure. There is a saving to both PAPL and BARA's member airlines, who do not have to go through the detailed negotiations.

BARA has consistently represented its member airlines on the basis that individual agreements would be signed with each airline. BARA never represented that it could execute an agreement on behalf of the airlines but would make a recommendation to its members once a final position was reached with PAPL.

PAPL is currently in discussions with BARA regarding the future of international terminal capacity at Perth Airport. Currently twenty three international airlines operate to Perth, of which all but seven are represented by BARA.

Scope of the Authorisation – Essential Aviation Services

PAPL raises one point covering the definition of Essential Aviation Services, namely the provision and pricing of the jet fuel supply infrastructure at the airport.

At the time of BARA's 2015 Authorisation, these facilities were provided by the incumbent oil companies, with PAPL providing a lease for the land occupied by the facilities. In August 2023, PAPL assumed ownership of the jet fuel supply facilities at the airport. PAPL, however, currently charges the providers of jet fuel for the use of the facilities rather than the airlines directly. As such, PAPL would not be undertaking collective negotiations with BARA and its member airlines for the jet fuel facilities given the agreements for the provision of these facilities are with fuel suppliers.

PAPL's support for the Authorisation

In summary, PAPL believes there is significant public benefit in BARA's application for the new authorisation to be granted. BARA's involvement can reduce both airlines' and airports' cost of negotiating agreements and managing those agreements once executed. PAPL has never experienced BARA's involvement as anti-competitive. In fact, BARA's position has consistently been to seek equitable distribution of common use facilities.

If PAPL can be of further assistance to the Commission with regards to this submission, please contact myself or James Gorton, General Manager Aeronautical Services Agreements on (08) 6278 8101.

Yours sincerely

Kate Holsgrove
CHIEF COMMERCIAL & AVIATION OFFICER