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Our ref: IM-71368
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7 October 2021

Dear Interested Party

Re: Request for submissions: Sydney Aviation Alliance's proposed acquisition of Sydney Airport

The Australian Competition and Consumer Commission (**ACCC**) is seeking your views on the proposed acquisition of Sydney Airport Limited and Sydney Airport Trust 1 (together **Sydney Airport**) by the Sydney Aviation Alliance consortium (the **proposed acquisition**).

Sydney Airport supplies a range of aviation services, the Sydney Aviation Alliance is a consortium of investment funds invested in a range of infrastructure assets, including other airports in Australia. Further details are provided at **Attachment A**.

The ACCC's investigation is focused on the impact on competition. In particular, we are seeking your views on:

- Competition in the provision of services for airlines, passengers and other users of airport services'
- The impact of cross ownership between multiple airports, and how this acquisition in particular may impact those dynamics

Further issues you may wish to address are set out in **Attachment B**.

This matter is public and you can forward this letter to anybody who may be interested.

The legal test which the ACCC applies in considering the proposed acquisition is in section 50 of the *Competition and Consumer Act 2010*. Section 50 prohibits acquisitions that are likely to have the effect of substantially lessening competition in a market.

Please provide your response by **28 October 2021** via email with the title: *Submission re: Proposed acquisition of Sydney Airport – attention Braeden Smith / Sophia Liu*. If you require more time to respond, please let us know.

If you would like to arrange a time to discuss the matter with ACCC officers, or have any questions about this letter, please contact Braeden Smith on (02) 6243 4936 or Sophia Liu

on (03) 9290 1437.

Updates regarding the ACCC's investigation will be available on the ACCC's Public Mergers Register at ([ACCC mergers register](#)).

Confidentiality of submissions

The ACCC treats sensitive information it receives during a merger review as confidential, and will not publish your submission. We will not disclose submissions to third parties (except our advisors/consultants) unless compelled by law (for example, under freedom of information legislation or during court proceedings) or in accordance with s155AAA of the Competition and Consumer Act 2010. Where the ACCC is required to disclose confidential information, we will notify you in advance where possible so that you have an opportunity to be heard. Therefore please clearly indicate if any information you provide is confidential. Our [Informal Merger Review Process Guidelines](#) contain more information on confidentiality.

Yours sincerely



Daniel McCracken-Hewson
General Manager
Merger Investigations

Attachment A

The proposed acquisition

The Sydney Aviation Alliance proposes to acquire 100 per cent of the securities in Sydney Airport (comprising the shares in Sydney Airport Limited ACN 165 056 360) and units in Sydney Airport Trust 1 ARSN 099 597 921, which are stapled to each other and traded on the ASX.

If the acquisition proceeds, it is expected that IFM Australian Infrastructure Fund (**IFM AIF**), AustralianSuper, QSuper, Conyers Trust Company (Cayman) Limited as trustee for IFM Global Infrastructure Fund and UniSuper will hold minority interests ranging from 7.5% to 18%. Global Infrastructure Partners (**GIP**) (on behalf of its managed funds and clients) is expected to have a greater than 20% interest in the consortium.

The ACCC understands that there are typically two broad categories of services acquired from airports: aeronautical services and non-aeronautical services. In reviewing this transaction, the ACCC is particularly interested to understand the level of competition Sydney Airport faces for these different categories of services, and whether the proposed acquisition itself will impact that competition.

The Sydney Aviation Alliance

The Sydney Aviation Alliance is comprised of the following entities:

- IFM AIF is a perpetual open ended Australian infrastructure investment fund managed by IFM, an investor owned Australian investment manager. IFM AIF's investments include Australian infrastructure with a current portfolio spanning airports, seaports, electricity distribution assets, toll roads and infrastructure. IFM AIF has holdings in nine airports in Australia including Melbourne (25.17%), Brisbane (20.01%), Adelaide (12.8%), Darwin (77.4%), Perth (3.2%), Alice Springs and Tennant Creek (77.4%), Launceston (22.7%) and Parafield (12.8%).
- AustralianSuper Pty Ltd as trustee of AustralianSuper is Australia's largest superannuation fund, managing approximately \$230 billion. AustralianSuper has over \$24 billion invested in infrastructure globally including interests in NSW Ports, Ausgrid, WestConnex, Transurban Queensland and a 5.25 per cent direct interest in Perth Airport.
- QSuper Board as trustee for QSuper is an Australian profit for members' superannuation fund that has more than \$10 billion invested in global infrastructure assets. This includes investments in Heathrow, Edinburgh and Brisbane Airports, as well as Australian infrastructure assets such as the Port of Brisbane, NSW Ports and Lochard Energy.
- Conyers Trust Company (Cayman) Limited as trustee for IFM Global Infrastructure Fund, a perpetual, open ended Cayman Islands unit trust invested in core infrastructure assets.
- GIP is an independent infrastructure fund manager. GIP has made investments in a number of Australian infrastructure assets including the Port of Melbourne, Pacific National, the QCLNG Common Facilities, GLNG Infrastructure and the Port of Brisbane.

UniSuper is not part of the Sydney Aviation Alliance consortium. However, it is anticipated that UniSuper, as a current shareholder in Sydney Airport, will maintain its equivalent shareholding in the new entity post acquisition. UniSuper is an industry super fund with more than \$100 billion of funds under management. As well as its

existing interest in Sydney Airport, it also has a 6.98 per cent interest in Brisbane Airport and a 49 per cent interest in Adelaide Airport.

Sydney Airport

Sydney Airport is a stapled entity on the ASX, it holds 100 per cent of the economic interest in Sydney (Kingsford Smith) Airport through its operating subsidiaries. Sydney Airport operates three passenger terminals and seven cargo terminals. The services that Sydney Airport provides in operation of those terminals include:

- Aeronautical services, including access to terminals, infrastructure, apron parking, airfield and terminal facilities
- Leasing of retail outlets across its terminals
- Leasing of buildings and facilities across the airport which are used for airline lounges, hotels, freights hubs and car rental
- Operation of passenger and staff car parks located around its terminals, and manages ground transport services including taxis, busses and limousines.

Attachment B

1. Please describe your business or organisation and explain your interest in the proposed acquisition, including any commercial relationship(s) with Sydney Airport or the consortium members of the Sydney Aviation Alliance.

Aeronautical services

2. Please identify and describe the types of aeronautical services you procure from Sydney Airport. In answering this question, please also identify whether Sydney Airport:
 - a. faces competition from other airports for these aeronautical services, if so, please identify the airports it competes with
 - b. faces competition from other non-airport competitors for these aeronautical services, if so, please identify these competitors.
3. Please describe the process for procuring these aeronautical services, in answering this question, please provide information on, for example:
 - a. how you determine whether you will acquire these services,
 - b. how you determine which provider you will acquire the services from including the factors you take into account, and
 - c. how you purchase these services, e.g., do you use competitive tenders or some other process.
4. Please describe whether the cross ownership of airports in Australia impacts the procurement of aeronautical services. Will any increase in cross ownership due to the proposed acquisition have any additional impact? Please provide details.
5. To the extent that Sydney Airport faces competition for the aeronautical services that you acquire, describe how you would respond if it increased prices by 5 to 10 per cent, or decreased quality or service levels post acquisition.

Non-aeronautical services

6. Please identify and describe the types of non-aeronautical services you procure from Sydney airport. In answering this question, please also identify whether Sydney Airport:
 - a. faces competition from other airports for these non-aeronautical services, if so, please identify the airports it competes with
 - b. faces competition from other non-airport competitors for these non-aeronautical services, if so, please identify these competitors.
7. Please describe the process for procuring these non-aeronautical services, in answering this question, please provide information on, for example:
 - a. how you determine whether you will acquire these services,
 - b. how you determine which provider you will acquire the services from including the factors you take into account, and

- c. how you purchase these services, e.g., do you use competitive tenders or some other process?
8. To the extent that Sydney Airport faces competition for the non-aeronautical services that you acquire, describe how you would respond if it increased prices by 5 to 10 per cent, or decreased quality or service levels post acquisition.

Other

9. Please provide any additional information or comments that you consider relevant to the ACCC's consideration of the proposed acquisition under section 50 of the Act.