



**Australian Competition and Consumer Commission (ACCC): letter from the Director General of IATA to the Minister for Infrastructure, Transport, Regional Development and Local Government, The Hon. Anthony Albanese MP**

Geneva, 29 March 2010

Dear Minister,

I am writing to you to support the need for urgent action on airport pricing and service arrangements following the recently published findings of the Australian Competition and Consumer Commission (ACCC).

The Airport Monitoring Report 2008-09 by the ACCC has highlighted the need for action to ensure that airports as natural monopolies do not misuse their market power for extraordinary gain at the expense of customer service. As you know, this has been a major concern of IATA and airlines for some time for each of the major Australian airports, but particularly Sydney. The findings of the ACCC report now provide clear evidence that the current price and service monitoring arrangements are not adequately protecting airlines and passengers from such monopolistic behavior. This is especially unfortunate given that Sydney is the worst performing airport yet is also the premier gateway for Australia.

We are pleased therefore to note your comments that action is needed to rectify the issue. IATA fully supports the need for an urgent review of the regulatory framework by the Productivity Commission in this matter. The objective should be to develop a regulatory regime that replicates the service excellence and cost effective outcomes of a competitive industry. For its part, the airline industry has taken extraordinary measures over the last decade and airlines internal costs have been drastically slashed - labor productivity is up 71%, fuel efficiency improved 21% and sales and distribution costs were cut by one-third. We now need our partners in the airport sector to demonstrate similar commitment to cost control and service improvement.

Global aviation continues to face many challenges and I appreciate the steps that you and your government are taking to support the industry. IATA is ready to play its part along with other aviation stakeholders in Australia in this effort.

Please do not hesitate to contact me or Willy Boulter, IATA's Regional Vice-President for Asia Pacific, if we can be of any assistance.

Sincerely,

Giovanni Bisignani  
Director General and CEO  
IATA – International Air Transport Association  
Montreal – Geneva