



Virgin Australia Group
PO Box 1034
Spring Hill QLD
Australia 4004
T +61 7 3295 3000
virginaustralia.com

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Mr Ricky Xu
Senior Analyst, Airports & Ports, Infrastructure and Transport – Access and Pricing
Australian Competition & Consumer Commission
Level 17, 2 Lonsdale Street
Melbourne VIC 3000

Via email: airportsandports@accc.gov.au

Dear Mr Xu,

Subject: Consultation on 'Airport monitoring – more detailed information on airport performance' October 2022

Virgin Australia Airlines (**Virgin**) welcomes the opportunity to make a submission to the Australian Competition and Consumer Commission (**ACCC**) as part of its consultation regarding more detailed information on airport performance.

The Productivity Commission (**PC**) noted in its 2019 Report that enhanced monitoring of airports delivers transparency over airports' operations and assists in maintaining a credible threat of additional regulation.ⁱ This is not only important for ensuring airlines can access the efficient use of privatised airport infrastructure, it also supports the objectives of the *Airport Act 1996 (Cth)* and assists to facilitate a more transparent comparison of airport performance.

The PC's 2019 Inquiry PC recommended the ACCC collect more detailed information from monitored airports on their financial performance to aid with transparency and the ability to more easily determine if the monitored airports are exercising their market power (Recommendation 9.4).ⁱⁱ The Australian Government also supported this recommendation, and indicated that greater granularity in future monitoring reports would benefit passengers, commercial users, and the broader communityⁱⁱⁱ

Preferred option

Virgin considers that options 2 and 3 as set out in the ACCC preliminary views are preferred and both appear effective options that retain a light-handed regulatory regime. While we recognise that the ACCC considers option 3 to be more time consuming and costly to maintain (compared to option 2), it is Virgin's view that option 3 would be appropriate for the ACCC to adopt. If this option was adopted, it should, over time allow the ACCC to benchmark performance consistently across the monitored airports, identifying areas where an airport's existing financial performance falls outside the levels as calculated by the ACCC for the group as a whole.

It is Virgin's view that the ACCC could alternatively consider adopting option 2 in the first instance, with that approach to be reviewed after a defined period such that if it fails to deliver the detailed insights and critical analysis the ACCC is aiming to achieve, then option 3 could be adopted as an alternative. This stance recognises additional cost and set-up burdens the adoption of option 3 may place on airports.

The ACCC concluded in its most recent Airports Monitoring Report, “*the current light-handed regulatory regime is not working well enough to effectively protect Australian businesses and consumers from the exercise of monopoly power by airports.*”^{iv} Therefore we support the current proposal for enhanced monitoring as a mechanism to assist the ACCC in its attempt to address the use of market power by airports, and benefit of all airport users.

Virgin Australia also believes there would be limited value for government, airport users, or the broader community for the PC to undertake another inquiry in the near term, especially when the changes proposed from the last inquiry are yet to take effect. Further, it is our view that the forthcoming Aviation White Paper and the sunseting Airport Regulations review should influence the terms of reference for any future PC Inquiries.

This means that we consider that the PC would be better served by deferring current plans for an inquiry until after the preliminary outcomes of these matters are delivered, so that terms of reference can be appropriately well informed.

Virgin Australia would welcome the opportunity to discuss this submission with the ACCC. Please do not hesitate to contact me [REDACTED] if you have any questions.

Yours Sincerely,



Glen Steedman
General Manager Airports, Property & Procurement

ⁱ Productivity Commission. 2019. Economic Regulation of Airports – Final Report. At: <https://www.pc.gov.au/inquiries/completed/airports-2019/report/airports-2019.pdf>

ⁱⁱ As above.

ⁱⁱⁱ Australian Government response to the Productivity Commission Inquiry into the Economic Regulation of Airports. At: [41706_govresponseairports.pdf \(treasury.gov.au\)](https://www.treasury.gov.au/41706_govresponseairports.pdf).

^{iv} Australian Competition and Consumer Commission. 2022. Airport Monitoring Report 2020-21. At: <https://www.accc.gov.au/publications/airport-monitoring-reports/airport-monitoring-report-2020-21>