



Australian
Competition &
Consumer
Commission

ACCC objects to Sydney Airport's proposed increase in charges for regional airlines

The Australian Competition and Consumer Commission today issued its decision objecting to Sydney Airport Corporation Limited's proposal to increase charges for regional airlines that serve passengers travelling within New South Wales.

This decision responds to a proposal by Sydney Airport to increase charges for the provision of terminal, check-in, passenger security and bag screening, runways and apron parking services to regional airlines by up to 2.9 per cent from 23 October 2010.

"Although Sydney Airport's charges for regional airlines have not increased since 2001, there has been strong growth in demand, particularly in the number of passengers. This has had the effect of increasing Sydney Airport's revenues," ACCC chairman Graeme Samuel said. "Sydney Airport has not satisfied the ACCC that the costs of providing services to regional airlines have increased to the extent that a price increase is required.

"The ACCC also considered Sydney Airport's claims that the proposed price increases were required to signal efficient use of scarce capacity. While the ACCC recognises that this is an important issue, Sydney Airport did not demonstrate the extent of such scarcity or how the proposed prices would lead to more efficient use.

"Taking all this into account, the ACCC objects to the proposed increase in charges," Mr Samuel said. "It is open to Sydney Airport to re-apply to the ACCC, but the ACCC expects that any new proposal would address the matters the ACCC has set out in its decision."

Under the prices surveillance provisions of the Trade Practices Act 1974, the ACCC has a role in assessing proposed price increases for services that Sydney Airport provides to regional airlines operating regular passenger flights wholly within NSW. The ACCC can decide to object or not object to the proposed price increases.

The ACCC's decision on Sydney Airport's proposal is available on the ACCC's website at www.accc.gov.au/aviation.

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