Sydney Airport Corporation Limited ('MAp')

**Supplementary Submission to the
Productivity Commission Inquiry:
Economic Regulation of Airport Services**

June 2011

Introduction

MAp's international experiences of competition, commercial relationships, regulation and investment were provided in our April submission. This submission corrects some factual errors relating to overseas regulatory frameworks which have been made in other submissions to the inquiry.

1   Hybrid tills at Copenhagen, Budapest and Ferihegy airports

On page 54 of the Qantas submission it is stated that "a hybrid till system is in place in both Budapest and Ferihegy airports in Hungary".

MAp was short-listed as a bidder for Budapest Ferihegy Airport privatisation in 2005 – the only major airport in Budapest. One of the attractive features of the airport as an investment opportunity was that it had a well-defined dual-till regulatory regime. The following link to the Budapest Airport website describes in detail the regulatory regime for the period 2006-11.
http://www.bud.hu/english/b2b/airlines/documents/?article_hid=428

2   Regulation of UK airports

Virgin Australia (Figure 19) claims that all UK airports over £1m annual revenue are price regulated. In addition, the ACCC (page 23) claims that there has been evidence of positive outcomes under arbitration at UK airports.

These two characterisations of regulation in the UK bear no resemblance to reality. The UK has two groups of airports for the purposes of regulation:
—   London's Heathrow, Gatwick and Stansted airports are all price determined by the UK CAA. There is no opportunity for negotiation or arbitration, because the CAA must set the prices
—   All other airports have no price regulation, no compulsory arbitration (although it is of course open to airports and airlines to negotiate arbitration clauses), and no monitoring of prices, profits or service quality.

In our experience as owners of Bristol and Birmingham airports, airports charges were negotiated bilaterally with airlines.