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BARA CALLS FOR REFORM TO JET FUEL COMPETITION

The Board of Airline Representatives of Australia (BARA) today released a major policy paper proposing a way to reform and open up competition in jet fuel supply to international airlines in Australia. It calls for a new era of cooperation between international airlines and the major international airports to deal with the existing infrastructure bottlenecks, from ports to airports to aircraft.

“The time has come for Australia’s jet fuel industry to modernise and evolve to encourage greater competition between suppliers and reliability in supply. The jet fuel markets at Sydney, Melbourne and Perth are uncompetitive, and putting undue upward pressure on jet fuel prices,” said Barry Abrams, BARA Executive Director.

“Competition is stifled at the airports largely due to supply chain constraints, preventing the entry of new importers of jet fuel. Globally recognised importers and BARA have so far met roadblocks in unlocking competition in jet fuel, largely due to the lack of comprehensive reform,” Mr Abrams said.

In 2011, the National Competition Council (NCC) investigated jet fuel competition at Sydney Airport. The NCC found that competition was constrained, but noted this was due to lack of supply chain capacity for new competitors to access.

“The jet fuel supply chain – from off-site storage, to transport infrastructure, to facilities at airports – is in urgent need of reform. We can’t rely on the existing fuel companies to initiate such reform. Instead, it must be led by the international airlines and owners of the major international airports,” Mr Abrams said.

BARA’s policy paper – *‘A Competitive Supply of Jet Fuel at Australia’s Major International Airports’* – identifies three strategic reforms to address supply chain constraints and foster competition. Jointly, the airlines and the airports must foster:

1. Open and competitively priced off-site storage facilities,
2. Open access to existing pipelines or, where necessary, new independently owned pipelines, and
3. On-airport storage and distribution facilities that enable a competitive and reliable supply of jet fuel.

“For these reforms to deliver the greatest benefits, timing is critical. The aviation industry as a whole can’t afford to sit on its hands for much longer and the opportunities for reform are imminent,” Mr Abrams said.

“BARA is aware there are forthcoming opportunities to start opening up the jet fuel supply chains. For example, storage leases at Sydney and Melbourne airports are up

for renewal soon, providing a one-off chance to develop new competitive arrangements.

“There’s no shortage of globally recognised jet fuel importers that can provide quality, reliable and competitively priced jet fuel to Australia’s international airlines – as long as the supply chain is opened up.

“Such opportunities for reform provide models to encourage potential new market entrants at each link of the supply chain. These opportunities mustn’t be missed.

“The international airlines look forward to working with all industry players, including jet fuel suppliers and airports, to start bringing in the strategic reforms identified in the policy paper,” Mr Abrams said.

“The Australian Government can also help competitive jet fuel markets to emerge by minimising red-tape and green-tape and streamlining approvals processes as new infrastructure is added to the supply chain,” Mr Abrams said.

BARA believes these reforms will support a high quality, adaptive and efficient international aviation industry, to the benefit of consumers and businesses in Australia.

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