



Media Release

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Securing more competition and reliability for jet fuel

The Board of Airline Representatives of Australia (BARA) welcomes the opportunity to provide its submission to the Productivity Commission's Inquiry into the economic regulation of Australian airports, including competition in the supply of jet fuel.

"Greater competition between jet fuel suppliers will bring innovation and increased efficiency in supply, delivering lower prices and improved reliability for jet fuel. This will support the commercial viability of international air services, benefitting passengers and Australia's tourism industry," Barry Abrams, Executive Director of BARA said.

International flights uplift about five billion litres of jet fuel each year at Australian airports, at a cost of some \$4 billion to Australia's international airlines.¹ Australia now imports about 60%² of its jet fuel needs, which is expected to increase in line with growth in international aviation.

"Inevitably, airlines and passengers have been subject to costly and disruptive fuel rationing at Sydney and Melbourne airports, as a result of no action to deal with known and avoidable supply issues.

"Despite persistent efforts, globally-recognised importers of jet fuel have not been able to bring competition and lower-priced fuel to Australia. The main barriers to competition have been the difficulties in transporting jet fuel from Australia's ports to aircraft at the airports – known as the 'jet fuel infrastructure supply chain'.

"Compounding the problem of a lack of competition, Sydney Airport imposes a commercially unjustified fuel throughput levy on supply, further inflating airline fuel costs," Mr Abrams said.

BARA maintains the following strategic reforms must be delivered in order to support the efficient and reliable supply of jet fuel to airlines at Australia's major international airports:

1. an infrastructure plan for the on-airport storage and distribution facilities
2. mandatory and non-discriminatory open access to the on-airport facilities
3. periodic demand-supply studies at Sydney, Melbourne, Brisbane and Perth airports, sponsored by the Australian and state governments.

¹ Based on five billion litres of jet fuel, current jet fuel prices reported by the International Air Transport Association (IATA), estimate of average jet fuel differentials and the current US/AUD exchange rate.

² Based on Department of the Environment and Energy 2018, *Australian Petroleum Statistics*.



“Jet fuel importers cannot be expected to spend millions of dollars over years in pursuing access to infrastructure through Part IIIA of the *Competition and Consumer Act 2010* simply to obtain the right to compete to supply jet fuel to airlines at Australia’s major airports. Instead, as they do today, they will compete and supply fuel to airlines at airports in countries that proactively facilitate competition.

“BARA considers that access to the on-airport storage and distribution facilities must be more than only through ‘equity participation’ and also include a price for required services. This will remove the requirement for new suppliers to effectively become a part-owner of the facilities, which may act as a barrier to entry for some suppliers.

“Sydney Airport should also be directed to remove its fuel throughput levy. Or at least have it subjected to ‘prices notification’ by the Australian Competition and Consumer Commission so as to provide airlines with some protection from Sydney Airport’s exercise of market power,” Mr Abrams said. **[END]**

Download: BARA’s [submission](#); BARA’s [policy document](#) on jet fuel supply