Australian Government
Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts

Revising the Aeronautical Pricing Principles

Consultation Paper

September 2026

Contact us

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Website www.infrastructure.gov.au/have-your-say

Acknowledgment of Country

First Nations people have the oldest continuing cultures in the world. It is fitting to reflect on the thousands of generations of traditional knowledges that First Nations people hold, and generously share.

We acknowledge the diversity of First Nations cultures, languages and practices across the country and the resilience of First Nations people in keeping these alive. In delivering this consultation paper, we recognise the importance of listening to the voices and perspectives of local First Nations people and responding to the uniqueness of each place.

We thank First Nations people for their continuing custodianship of, and care for, the Country that we live and work on today.

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Introduction

Purpose

The Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts (the department) is seeking feedback on proposed revisions to the Aeronautical Pricing Principles (APPs), which will update the APPs to specify that:

1. pricing agreements between airports and airlines should not contain anti-competitive clauses, including clauses that limit airports from offering more favourable terms to another airline, and
2. airports should provide such information and data to airlines as necessary to ensure transparent pricing negotiations, including:
    a. detailed disaggregated data about airport revenues, costs and assets
    b. methodology for how costs and revenues are allocated to different line items.

Aviation connects people and is important to productivity

Aviation is crucial to the Australian way of life. Air travel connects Australians across our vast continent, and to family and friends overseas. It enables access to international markets, for both people and goods, expanding business opportunities that facilitate our economic growth.

The Australian Government (the Government) wants a safe, sustainable and efficient aviation sector that provides a high standard of service and reasonable prices for Australians. An efficient, competitive aviation industry helps put downward pressure on prices and delivers more choices for Australians. It is also an important enabler for a strong and productive Australian economy.

Have your say

Submissions in response to this consultation paper are due by 14 October 2026. To make a submission, visit the department's website: http://www.infrastructure.gov.au.

To help you respond, we have provided consultation questions in the paper. Your submission, including any personal information supplied, is being collected by the department in accordance with the *Privacy Act 1988*.

The department will make written submissions to this consultation paper publicly available in full on the department's website unless you indicate you would like all or part of your submission to remain in confidence.

Any questions relating to the submission process can be directed to AVPOL@infrastructure.gov.au.

Revising the Aeronautical Pricing Principles

Background

Aeronautical charges, such as movement charges and terminal usages fees, are commercially negotiated between airlines and airports with reference to non-binding Aeronautical Pricing Principles (APPs), established by the Australian Government in the early 2000s.

The APPs provide a voluntary framework to guide pricing negotiations between airports and airlines. Among other things, the APPs provide that prices should be set to generate an appropriate rate of return on capital, that agreements should incentivise cost reduction and productivity enhancements, that risks and returns should be shared appropriately between airports and airlines and that negotiations should be conducted in good faith with transparent information. The APPs form part of the light-touch approach to the economic regulation of airports.

The APPs outline the government's expectations for how commercial negotiations between airports and airlines should be conducted and aeronautical charges agreed.

The Government supports commercial negotiations as the best means of setting efficient aeronautical charges. However, these negotiations can be complex, protracted and lengthy, to the detriment of consumers and businesses.

The APPs are designed to encourage airlines, airports and other aviation service providers to achieve efficient outcomes and increase productivity.

What is being proposed?

In August 2024, the Government released the *Aviation White Paper – Towards 2050*, setting the long-term policies for the economically critical aviation sector.[1] It includes 56 initiatives to improve the industry's safety, productivity, competitiveness, sustainability and efficiency.

Through consultations in 2023 and 2024 for the Aviation White Paper, the Government identified additional inclusions to the existing APPs. As set out under Initiative 12 in the Aviation White Paper, the Government is consulting on amendments to the APPs to specify that:

1. pricing agreements between airports and airlines should not contain anti-competitive clauses, including clauses that limit airports from offering more favourable terms to another airline, and
2. airports should provide such information and data to airlines as necessary to ensure transparent pricing negotiations, including:
    a. detailed disaggregated data about airport revenues, costs and assets
    b. methodology for how costs and revenues are allocated to different line items.

This consultation paper seeks views on implementing the proposed revised APPs.

The full APPs, with the proposed additional principles included, are listed at **Appendix A**.

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[1] Aviation White Paper – Toward 2050, August 2024

The first amendment, about anti-competitive clauses, is principally aimed at discouraging incumbent airlines from using their negotiating power to limit the entry or expansion of other airlines. It is aimed at preventing anticompetitive contract terms that directly or indirectly reference the terms being offered to users' competitive rivals, and which prevent airports from providing a more favourable offer to an airline's competitors. It does not prohibit price discrimination where it aids efficiency. The first amendment is designed to protect against price discrimination that could damage competition or act as a barrier to new entry.

The first amendment is also aimed at clauses that would constrain a user's access to regulatory remedies for the exercise of market power, such as terms preventing airlines from seeking remedy under the National Access Regime (this regime provides for access to the services of infrastructure facilities on appropriate terms).[2]

The second amendment is aimed at reducing information asymmetries in negotiations that could lead to inefficient outcomes. It is more specific than the existing APPs that state '*prices…should be established through commercial negotiations … with open and transparent information exchange between the airports and their customers'*.

As two examples of where airports might provide more detailed disaggregated data and / or methodologies for allocating costs or revenues to airlines:

- An airport may not comprehensively disclose its methodologies for assigning costs to aeronautical versus non-aeronautical activities – potentially making it difficult for airlines to reach judgments about the efficiency of costs.
- As the Productivity Commission has noted, airport charges for international aeronautical services are significantly higher than charges for domestic services. To the extent that it is not already adequately occurring in negotiations, separate reporting of domestic versus international revenues and costs could help make negotiations more transparent.

Matters for future consideration

This consultation paper does not include:

- options for the Australian Competition and Consumer Commission (ACCC) to monitor the conduct of negotiations at major airports (the second component of Aviation White Paper initiative 12)
- enhanced ACCC monitoring of airport pricing and quality (Aviation White Paper initiative 15).

The next Productivity Commission inquiry into the economic regulation of airports will be asked to advise the Government on whether a negotiate-arbitrate regime should be adopted for aeronautical pricing agreements.[3] The Government will not hesitate to impose more prescriptive regulation on airport pricing if it is identified that parties are systematically misusing their market power.

Consultation questions

1. **Question 1:** Are there likely to be any unintended consequences, impacts or disproportionate burdens associated with implementing the revised APPs?
2. **Question 2:** Do you have any comments in respect of when the revised APPs should be introduced? If so, please clearly explain your comments.

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[2] National Competition Council, https://ncc.gov.au/about/about_us, accessed 1 September 2025.
[3] Aviation White Paper – Toward 2050, August 2024, p.78.

Next steps

The Government will consider feedback received through this consultation process to finalise the APPs. The Government may conduct further consultation with key stakeholders to discuss interests and concerns raised in their written feedback.

Following the consultation process, the revised APPs will be published on the department's website.

Appendix A: Aeronautical Pricing Principles with proposed additional principles

The pricing principles relating to prices for aeronautical services and facilities (as defined in Part 4 of the *Airports Regulations 2024*) provided by airports are:

- that prices should:
  - be set so as to generate expected revenue for a service or services that is at least sufficient to meet the efficient costs of providing the service or services
  - include a return on investment in tangible (non-current) aeronautical assets, commensurate with the regulatory and commercial risks involved and in accordance with these pricing principles
- that pricing regimes should provide incentives to reduce costs or otherwise improve productivity
- that prices (including service level specifications and any associated terms and conditions of access to aeronautical services) should:
  - be established through commercial negotiations undertaken in good faith, with open and transparent information exchange between the airports and their customers and utilising processes for resolving disputes in a commercial manner (for example, independent commercial mediation/binding arbitration)
  - reflect a reasonable sharing of risks and returns, as agreed between airports and their customers (including risks and returns relating to changes in passenger traffic or productivity improvements resulting in over or under recovery of agreed allowable aeronautical revenue)
- that price structures should:
  - allow multi-part pricing and price discrimination when it aids efficiency (including the efficient development of aeronautical services)
  - notwithstanding the cross-ownership restrictions in the *Airports Act 1996*, not allow a vertically integrated service provider to set terms and conditions that discriminate in favour of its downstream operations, except to the extent that the cost of providing access to other operators is higher.
- that service-level outcomes for aeronautical services provided by the airport operators should be consistent with users' reasonable expectations
- that aeronautical asset revaluations by airports should not generally provide a basis for higher aeronautical prices, unless customers agree
- that at airports with significant capacity constraints, peak period pricing is allowed where necessary to efficiently manage demand and promote efficient investment in and use of airport infrastructure, consistent with the above principles

Proposed additional principles are:

- that pricing agreements between airports and airlines should not contain anti-competitive clauses, including clauses that limit airports from offering more favourable terms to another airline
- that airports should provide such information and data to airlines as necessary to ensure transparent pricing negotiations, including:
  - detailed disaggregated data about airport revenues, costs and assets and
  - methodology for how costs and revenues are allocated to different line items.