Response to Second Submission
Lodged by SACL

Virgin Blue Application Under Part IIIA Of The Trade Practices Act 1974
Requesting Recommendation that the Airside Service
Provided By Sydney Airports Corporation Limited Be Declared

13 May 2003
1. **INTRODUCTION AND OVERVIEW**

Virgin Blue lodges this submission in response to the submission lodged by SACL (Second SACL Submission) and received by the Council on 2 May 2003. In addition to answering various questions asked by the Council, the Second SACL Submission also makes certain comments in response to Virgin Blue’s own submission dated 7 March 2003 (Virgin Blue Submission) and in response to a letter sent to the Council by Virgin Blue’s legal advisers on 1 April 2003 (Virgin Blue Letter). Virgin Blue has not previously commented on the original submission by SACL dated 28 February 2003.

Virgin Blue has therefore taken this opportunity to respond to the additional issues raised by SACL in the Second SACL Submission.

In summary, the Second SACL Submission is misguided in that the key issues it addresses are issues which would be very relevant to any arbitration of an access dispute by the ACCC in the event that the Airside Service is declared, but are not directly relevant to the question of whether or not the Council should recommend declaration of the Airside Service.

Virgin Blue considers that the Council should recommend declaration of the Airside Service because it meets all of the criteria in section 44G(2). With regard to criterion (a), Virgin Blue considers that access to the Airside Service would promote competition in the dependant market for passenger and freight air transport services because:

- SACL has substantial market power in the market in which it supplies the Airside Service;
- SACL has a clear incentive to use this market power in order to maximise its profits;
- there is no evidence that any complementarities in demand between aeronautical and non-aeronautical services have constrained SACL when setting charges for aeronautical services to date (in fact, the available evidence establishes the opposite), and it is highly unlikely that these complementarities will constrain SACL from charging substantially in excess of competitive levels for the Airside Service; and
- it is clear that the level and structure of charges imposed by SACL can detrimentally affect competition in the dependant market for passenger and freight air transport services.

Whether or not any particular level or structure of charges for the Airside Service does in fact detrimentally affect competition in the dependant market is a question for the ACCC to decide in making a determination in any access arbitration. While Virgin Blue considers that the proposal
by SACL to move from charging for the Airside Service on an MTOW basis to a per passenger charge will detrimentally affect competition (by increasing Virgin Blue’s landing charges by 50% while not resulting in any increase for Qantas, and perhaps even a decrease according to SACL), Virgin Blue does not have to establish this detrimental competitive effect in order for the Council to recommend declaration of the Airside Service. Nor does Virgin Blue have to establish that SACL has misused its market power, as the Second SACL Submission appears to imply. Section 46 of the Act separately prohibits the misuse of market power and it is not a declaration criterion for the purposes of Part IIIA of the Act.

In short, SACL is asserting that Virgin Blue has to show that it will obtain a positive arbitration decision before declaration should be recommended. This approach confuses the two separate processes of declaration and arbitration. In *Re Sydney International Airport*, the Australian Competition Tribunal emphasised that the two processes were separate (paragraph 187):

If an access declaration is made and a potential entrant cannot negotiate access with SACL, that entrant is entitled to take advantage of the arbitration provisions in Div 3 of Pt IIIA of the Act. In such circumstances the Commission must have regard to the matters specified in ss 44W and 44X of the Act. If an access declaration is otherwise appropriate, it is not a correct approach for the Tribunal to try and anticipate how the Commission might determine an arbitration over access in any given situation.

2. RESPONSES TO PARTICULAR ISSUES RAISED IN THE SECOND SACL SUBMISSION

2.1 Rationale for Move to Passenger Based Charging for the Airside Service

As noted above, in order to recommend declaration the Council does not have to be satisfied that the particular pricing regime that SACL intends to implement from 1 July 2003 will detrimentally affect competition in the dependant market. Nevertheless, Virgin Blue considers that the change will have this effect for the reasons set out in the Virgin Blue Letter. Virgin Blue sets out below its response to the arguments advanced in favour of passenger based charging in the Second SACL Submission.

(a) *The change will bring domestic charges into line with charges for international operations at Sydney Airport and other major airports.*

Virgin Blue believes that Sydney Airport was the first major airport in Australia to introduce a per passenger charge (for international passengers) as opposed to the more traditional approach of charging according to the weight (MTOW) of the aircraft. Since prices surveillance was removed from airports in 2001 and 2002, some other major airports in Australia have followed SACL’s lead, and Virgin Blue has not been able to resist these changes. However, to now argue that the charge for domestic use of the
runway should now also change to a per passenger charge to bring it into line with the changes that SACL itself initiated is circular reasoning. It would be equally open for Virgin Blue to assert that charges for international operations at Sydney Airport and the charges at those other airports that charge on a per passenger basis should be changed to weight based charging to bring them back into line with charges for domestic operations at Sydney Airport and other airports in Australia.

(b) Charging on a per passenger basis encourages more efficient use of potentially constrained airport infrastructure.

Virgin Blue responds that:

- in relation to aircraft, larger is not always more efficient, for a number of reasons; and

- even if the airport was constrained (which SACL admits it is not), then the introduction of a per passenger charge is far from the best way to address this problem.

Addressing the efficiency question first, it is overly simplistic to assert that larger aircraft are more efficient than smaller aircraft because they carry more passengers. While larger aircraft can offer certain efficiencies over smaller aircraft, the comparison is complicated by a number of factors. First, frequency of service is important for passengers. A twice weekly service using a Boeing 747 aircraft will find it difficult to compete against a daily service using a Boeing 737 aircraft. Secondly, larger aircraft have longer turn around times, and take longer to load and unload which affects both their efficiency as well as the frequency at which they can be used. Thirdly, larger aircraft require greater expenditure on airport facilities than smaller aircraft. Larger aircraft require longer runways and taxiways, and the concrete on runways, taxiways and aprons needs to be deeper and wider to accommodate larger aircraft. All of this requires very significant additional expenditure on airport facilities. By way of example, Airbus has announced a new aircraft, the A380, which will be the largest passenger aircraft in operation when it enters service, larger than the Boeing 747. In order to allow the A380 to operate from Sydney Airport, Virgin Blue understands that SACL will have to spend tens of millions of dollars upgrading airside facilities. Fourthly, larger aircraft have a proportionally greater impact on the runway per passenger carried than smaller aircraft. This fact is recognised by SACL on page 6 of the Second SACL Submission.

Turning to the congestion question, this clearly cannot support the introduction of the per passenger charge because:
• Sydney Airport is not currently capacity constrained – even SACL refers to “potentially” constrained airport infrastructure. The Second SACL Submission states on page 2 that SACL anticipates that capacity constraints will “again occur sometime between 2009 and 2014” (emphasis added) - at least 6 years in the future; and

• even if Sydney Airport was capacity constrained, the per passenger charge is not an effective response to congestion, a fact which SACL acknowledges in the Second SACL Submission. On page 2 of the Second SACL Submission, SACL discusses congestion and states that the necessary response by SACL:

  ... would most likely involve some combination of operational measures and demand management pricing, with the latter potentially including increasing peak charges, reducing off-peak charges, and imposing minimum charges in peak periods.

Price discriminating by introducing peak and off-peak charging may be an efficient response to congestion, moving to a per passenger charge is not.

Therefore, Virgin Blue is unable to accept any of the arguments set out in the Second SACL Submission which are based on the principle that it will somehow solve a problem that currently does not exist, and is not expected to emerge for another 6 to 11 years. This includes the arguments that it will provide flexibility for smaller airlines to expand services to compete more effectively, and will accommodate new entrant airlines.

By contrast, the per passenger charge will in fact penalise more efficient operators who carry more passengers per ton of MTOW than their competitors. While Virgin Blue may not be considered a new entrant airline any longer, if SACL had introduced a per passenger charge during Virgin Blue’s start up phase, it would have made Virgin Blue’s successful entry significantly more challenging by substantially increasing its charges per flight for using the runway at Sydney Airport while at the same time reducing Qantas’ charges.

On page 7 of the Second SACL Submission, SACL states:

However SACL’s own estimates, based on actual passenger and tonnage data, show that while the passenger charge will increase overall amounts paid by Virgin Blue, it will reduce those paid by Qantas. This is because of the larger aircraft in Qantas’ domestic fleet, noting that larger aircraft improve the efficiency of use of airport facilities.

Virgin Blue has addressed the efficiency point above. In relation to why Qantas’ charges will go down, the key reason (that SACL has omitted to mention) is that Qantas carries
far fewer passengers per ton of aircraft compared with Virgin Blue, which is largely due to the presence of Business Class passengers and Qantas’ generally less efficient seating arrangements. For the same type and weight of aircraft, Qantas carries far fewer passengers than Virgin Blue. To take an example, the Boeing 737-300 aircraft operated by Qantas carry 106 passengers while the same Boeing 737-300 aircraft operated by Virgin Blue carry 144 passengers – approximately 36% more passengers for the same weight of aircraft. Under the proposed passenger based charges, airlines will be charged the same amount for a passenger regardless of the type of ticket purchased (Business, Full Economy, Discount Economy etc). Therefore, whereas Virgin Blue would have paid the same in landing charges for its 737-300s as Qantas did, Virgin Blue will pay approximately 36% more than Qantas under the passenger based charges (given similar load factors). Virgin Blue is being penalised for its efficiency and Virgin Blue does not see how this change will encourage greater efficiencies from airlines.

SACL states on page 6 that that the “passenger based runway charges will improve the efficiency of charging for airport facilities because it increases the contribution per passenger from smaller sized aircraft.” More importantly, and what SACL has neglected to mention, is that it will increase the cost per passenger for airlines who accommodate more people per aircraft, regardless of the size of the aircraft.

(c) The additional cost imposed by the greater wear and tear of larger aircraft is relatively small compared with the opportunity cost of displacing larger aircraft.

The Second SACL Submission states on page 6 that:

This point also illustrates the incorrect assertion in the Virgin Blue 7 April supplementary submission that a passenger based runway charge “does not reflect the cost of providing the service”. Virgin Blue is presumably suggesting that weight-based charges better reflect the wear and tear on runways imposed by particular sized aircraft. This cost, however, is relatively small compared with the opportunity cost of airport infrastructure used by small aircraft which potentially displace larger aircraft carrying more passengers per movement.

As noted above, Sydney Airport is not currently capacity constrained, and is not expected to be so for another 6 to 11 years. Virgin Blue does not therefore understand how any opportunity cost arises, as there are no larger aircraft being displaced. Virgin Blue does not see how a non-existent cost (the opportunity cost) can outweigh an actual cost (the additional wear and tear). Of course, larger aircraft also necessitate greater spending on airport facilities as set out in section 2.1(b) above.
(d) The per passenger charge will convert runway charges into a variable cost, providing for a sharing of risk between Sydney Airport and airlines on passenger loads.

Virgin Blue has never asked for SACL to share its risk on passenger loads, and the imposition of this “risk sharing” is unwelcome.

The change in the runway charge from a fixed cost to a variable cost is also unwelcome. The conversion of charges from fixed to variable reduces the ability of an airline to efficiently price discriminate. Variable costs are added directly to the cost of offering tickets to marginal passengers, and make airlines less likely to offer discounted tickets to customers. If the proposed per passenger charge is (say) $3.00, then the cost of providing an additional seat on an aircraft flying from Sydney Airport will rise by $3.00 whereas before this change, there was no marginal charge referable to runway use in providing an additional seat.

(e) The per passenger charge will enhance the airport’s accountability to passengers.

Virgin Blue does not understand how a per passenger charge could enhance SACL’s accountability to its passengers, even if they were aware of the amount and exactly what it was imposed for. In any event, Virgin Blue’s passengers are unlikely to be aware of the amount since Virgin Blue charges for its fees on a rolled-up basis in accordance with industry-wide agreements with the ACCC, and does not separately disclose various input costs, such as airport charges, wages or fuel.

However, even if Virgin Blue did inform passengers that Sydney Airport was charging Virgin Blue a particular amount per passenger for the use of the runway, Virgin Blue does not consider that this information would be useful unless it also disclosed the other amounts paid to Sydney Airport, such as the security charges, the refuelling charges, the terminal charges (which are confidential) etc. Without all of this information, the charge for the use of the runway alone would not be meaningful. Even if all of SACL’s charges were fully disclosed (and it is a complex charging regime), Virgin Blue does not believe that it would assist the average traveller “to gauge the quality and value for money of airport services”.

(f) The per passenger charge will not have any material effect on Virgin Blue’s ability to Ramsay price.

For the reasons set out above, the ability of all airlines to offer marginal tickets will be negatively impacted by the conversion of the charge to a variable as opposed to fixed charge.
However, the impact of this change will be more heavy on airlines which rely on more price sensitive passengers as it is the marginal tickets for the price sensitive travellers which are negatively affected.

\[g\] SACL believes that per passenger charges are justified because passengers should pay the same amount.

On page 7 of the Second SACL Submission SACL states that it believes that passengers using the same Sydney Airport facilities should pay the same airport charges regardless of which airline they fly or the type of aircraft on which they fly.

While this argument may have some superficial attraction, Virgin Blue notes that passengers do not actually use the runway themselves, instead the aircraft in which they are flying uses the runway. And, depending on the airline with which they are flying, they will have paid varying amounts for their seats, often for varying service levels etc.

In any case, the passenger does not pay the charge, the airline does.

In conclusion on this issue, Virgin Blue considers that each of the arguments set out above in relation to why the change will detrimentally affect competition applies not just to Virgin Blue but to any other airline operating out of Sydney Airport which uses medium sized aircraft such as the Boeing 737, relies on high load factors and which does not offer a Business Class. Any such airline would suffer the same cost disadvantage for the use of runway at Sydney Airport compared to Qantas as Virgin Blue does. Virgin Blue notes that these features are key aspects of low fare airlines around the world. Therefore, the proposed changes by SACL would negatively affect the competitive position of any low fare airline operating out of Sydney Airport.

2.2 Derivation of the Passenger Based Charge for the Airside Service

On page 7 of the Second SACL Submission, SACL states that

… the proposed introduction of the passenger based charge is not intended to achieve an increase in overall SACL revenue, but simply to bring about a conversion from the current weight-based charges with reference to the set of passenger and tonnage forecasts that underpin existing aeronautical charges.

While SACL is stating that the change is intended to be revenue neutral, Virgin Blue notes that all medium to long range forecasts for airline traffic into and out of Sydney Airport have the number of passengers increasing at a greater rate than the tonnage of aircraft (on a MTOW basis). Therefore, a change to a per passenger charge will result in SACL’s revenue for the use of the runway rising at a faster rate in the future than it would under the weight based charges (assuming
the same percentage increases in the charge per passenger or per ton). This greater rate of increase of passenger numbers as opposed to aircraft tonnage is due in part to the increasing importance of low fare airlines, which operate at higher load factors than full service airlines such as Qantas. This factor is not unique to Australia.

In short, a change to a per passenger charge moves SACL on to a steeper growth curve - that of passenger numbers rather than tonnage.

Virgin Blue understands that SACL is aware of these forecasts, and would be aware of the likely impacts of the change to a per passenger charge over the medium to longer term.

In addition, SACL will also obtain a windfall from the fact that it is starting off a lower base - the conversion will occur at a time when the actual number of passengers travelling through Sydney Airport is depressed as a result of a number of temporary, one-off factors identified in the Second SACL Submission such as SARS, the war in Iraq, the collapse of Ansett and the Bali bombing. When passenger numbers recover from these factors, SACL’s revenues will rise accordingly.

Finally, in this section of the Second SACL Submission, SACL refers to the “transitional” impact of the proposed new charge. Elsewhere, SACL appears to imply that it would be a simple matter for airlines to change the aircraft in their fleet over to aircraft which are penalised less under the proposed passenger charge. Virgin Blue notes that, due to the long term nature of aircraft leases, converting a fleet over to a new type of aircraft would be likely to take at least 10 years.

2.3 Incentive to Use Market Power

Virgin Blue notes SACL’s comments in relation to the appropriate test under criterion (a).

The two reasons SACL advances in support of the argument that it does not have an incentive to use market power are:

- threat of re-regulation; and

- its assertion that it has not yet increased its charges beyond a certain level it states was considered reasonable by the ACCC.

In relation to the threat of re-regulation, SACL has confused a disincentive with the absence of an incentive. Virgin Blue does not see how this threat can result in a lack of incentive for SACL to use its market power. The threat of re-regulation is a disincentive for SACL to use its market power in such a way that it is likely that the government will impose regulations on SACL the detriments of which will outweigh the likely benefits from exercising market power. Such a
threat would be entirely unnecessary and ineffective if SACL did not have any incentive to use its market power in the first place.

In relation to the current level of charges, the fact that SACL has not yet increased its charges beyond a certain level says nothing about how it might charge for the Airside Service in the future, especially when its most recent proposal on charges will have the effect of significantly disadvantaging one competitor vis a vis another in a dependant market.

2.4 Promotion of Competition

In this section, SACL largely addressed the proposed change from weight based to per passenger charging for the use of the runway. Virgin Blue has addressed these issues in section 2.2 above.

As noted earlier, the questions surrounding the actual proposed change in the manner of pricing are properly issues for arbitration, not the declaration decision.

2.5 Efficient Charges and Market Power

Once again, SACL is relying in this section of the Second SACL Submission on the argument that the Airside Service should not be declared because SACL has not yet charged a price that a regulator would object to.

Once again, these are issues properly addressed in a subsequent arbitration if the Airside Service is declared.

The fact that SACL may not have yet charged a price which is above efficient levels (and the proposed change to per passenger charges has not yet been implemented) says nothing about whether SACL has incentive to use its market power in a manner which will result in a detrimental effect on competition in a downstream market. This is especially the case where SACL is in transition from a regulated environment to an unregulated one.

2.6 Inconsistency with Public Policy

For the reasons set out in its previous submissions, Virgin Blue does not see how declaration could be inconsistent with public policy (even if this was a relevant consideration under criterion (f)) in circumstances where the government has confirmed that Part IIIA should continue to apply to airports.

SACL asserts that Part IIIA provides an important safeguard to the misuse of market power. This safeguard is provided by section 46 of the Act, not Part IIIA. SACL also asserts that Virgin Blue “has not been able to demonstrate any unjustifiable pricing behaviour by SACL”. While Virgin
Blue disagrees with this statement, it also notes that SACL’s behaviour to date is not strictly relevant to the declaration decision at hand.

3. OTHER ISSUES

Virgin Blue addresses below two separate issues which have emerged during the course of its application to the Council for a recommendation that the Airside Service be declared.

3.1 Complementarities Will Not Constrain SACL from Charging Significantly Above Competitive Levels

As set out in the Virgin Blue Submission and the attached report from Frontier Economics, while Virgin Blue accepts that there may be complementarities between aeronautical and non-aeronautical services provided by SACL, such complementarities will not themselves constrain SACL from charging significantly above competitive levels for aeronautical services such as the Airside Service.

While Virgin Blue does not have sufficient information at this time to conduct an empirical investigation of the exact effect of these complementarities:

• a short consideration of the economics behind the different services demonstrates that in order to be an effective constraint to keep aeronautical charges close to competitive levels, the effect of the complementarities would have to be unfeasibly large; and

• a consideration of SACL’s behaviour establishes that these complementarities have not constrained SACL’s prices for aeronautical services to date.

3.1.1 The Economics of Complementarities

Economic theory states that if there are complementarities between goods or services offered by one provider, and the provider has a degree of market power in relation to the supply of one or both of these goods or services, then these complementarities will cause the rational supplier to charge less for the good(s) or service(s) in relation to which it has market power than it otherwise would.

In the case of Sydney Airport, the complementarities between aeronautical services (in which SACL has a substantial degree of market power) and non-aeronautical services (where the case is not as clear) will cause SACL to charge less for aeronautical services than it otherwise would.
However, Virgin Blue considers that this will not constrain SACL to set prices at levels close to competitive levels, and prices are in fact likely to be “well above” the cost-reflective level.

That this is very likely to be the case can be demonstrated from a consideration of the underlying drivers. Say an airport has two sources of revenue: aeronautical (A) and non-aeronautical (NA). Assume that both depend fundamentally on the level of passenger traffic through the airport. The level of passenger traffic through an airport will depend upon the price of tickets to fly on airlines operating from that airport. In turn, the price of those tickets will depend in part on the aeronautical charges levied by that airport.

If we were to assume prices for aeronautical services have in the past been constrained by regulation to levels that approximate competitive levels, and prices for non-aeronautical services are constrained to some extent by competition, then when regulatory constraints on prices for aeronautical services are removed, the profit maximising monopolist would be expected to increase its prices for aeronautical services to monopoly levels. The profit maximising set of prices for aeronautical services will be significantly higher than the competitive prices unless an increase in the price of aeronautical services has a substantial effect on demand for, and revenue from, non-aeronautical services.

Crucially, however, aeronautical charges are only one input into the price of the tickets, and account for approximately 10% on average of the costs of providing the service for airlines operating to and from Sydney Airport. Therefore, a 100% increase in aeronautical charges, if passed on in full, will only result in a 10% increase in the ticket price. As a result, a substantial change in the price of aeronautical services will have a limited impact on demand for non-aeronautical services. Or, in other words, the cross elasticity of demand is low.

Consider the following numerical example. If an airport earned roughly the same revenue from aeronautical services as non-aeronautical services, and demand for air travel was unit elastic (ie a 10% in price of an air ticket results in a 10% drop in demand), then the impact on the airport’s revenues of a price increase of 100% for aeronautical charges from $1 to $2 given 50 passengers can be modelled as follows:

Initial Revenue = A (50 x $1) + NA (50 x $1) = $100

Revenue After Increase = A (45 x $2) + NA (45 x $1) = $135

The 100% increase in the price of aeronautical services results in a decrease in demand for non-aeronautical services of only 10%. Despite the interdependency between demand for aeronautical

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and non-aeronautical services, the airport still has every incentive to charge monopoly prices for non-aeronautical services that are substantially in excess of the competitive levels.

The proportion of the airport’s revenue derived from aeronautical and non-aeronautical services will also affect the extent to which complementarities in demand will constrain the level of monopoly prices. If revenue from non-aeronautical services is a very high proportion of the airport’s total revenue relative to revenue from aeronautical services, it would provide a greater constraint on the extent to which SACL raises the price of aeronautical services. However, the ACCC’s Regulatory Report into Sydney Airport for 2001/02 states that Sydney Airport’s aeronautical revenue for the financial year ended 30 June 2002 was $228 million and its non-aeronautical revenue was $223 million – almost exactly equal amounts.

Consequently it is highly likely that if SACL was to set profit maximising monopoly prices, the price for the Airside Service would be substantially above the competitive level.

3.1.2 Absence of Any Effect of Complementarities on SACL’s Price for Aeronautical Services

The other telling indication that complementarities are unlikely to be a significant constraint on SACL charging significantly above competitive levels for aeronautical services is the fact that they do not appear to have affected SACL’s prices for aeronautical services to date.

This is the key reason why Virgin Blue considers that it is significant that SACL decided to pass on all of the increased cost of post 11 September 2001 terrorism insurance. If complementarities were sufficient to ensure that SACL’s profit maximising prices for aeronautical services were close to competitive levels, SACL would have decided not to pass on the whole of the additional cost. SACL’s behaviour suggests that it considers the increase in charges for aeronautical services will not be off-set by a reduction in non-aeronautical revenues. It is therefore very difficult to see how complementarities would constrain SACL from charging significantly above competitive level for the Airside Service.

3.2 The Importance of Sydney Airport

It might be alleged that declaration would not promote competition in the dependant Sydney Domestic Market because the importance of Sydney Airport for national carriers is such that they are required to fly to and from Sydney in order to maintain their national network regardless of the aeronautical charges levied by SACL.

While Sydney Airport is an important part of a national network, Virgin Blue considers that charges for the Airside Service in excess of competitive levels would still have a negative impact on national carriers in terms of the number of flights operated to or from Sydney. Further, such pricing would reduce the incentive for airlines other than national carriers (such as regional
carriers) to operate flights to and from Sydney Airport and may also impact on the entry of a new national carrier.

Therefore, the importance of Sydney Airport as part of national network is not a valid reason not to declare the Airside Service – the declaration of this service will promote competition for the reasons set out in Virgin Blue’s Application and its subsequent submissions and letters to the Council.
ATTACHMENT 1

GLOSSARY

ACCC means the Australian Competition and Consumer Commission;

ACCC Submission on the Draft Airport Regulation Report means, Price Regulation of Airport Services – Submission in Response to the Productivity Commission’s Draft report, ACCC, October 2001;

Act means the Trade Practices Act 1974 (Cth);

Application means the application made by Virgin Blue under section 44F(1) of the Act dated 1 October 2002 as amended;

Council means the National Competition Council;

Frontier Economics means Frontier Economics Pty Ltd;

MTOW means maximum take off weight;

Qantas means Qantas Airways Limited;

Re Sydney International Airport means Re Sydney International Airport [2000] ACompT 1;

SACL means Sydney Airports Corporation Limited;

Sydney Domestic Market means the market in which domestic (both interstate and intrastate) air passenger and freight transport services are supplied to and from Sydney;

Tribunal means the Australian Competition and Consumer Tribunal;

Virgin Blue means Virgin Blue Airlines Pty Limited ACN 090 670 968.