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Submissions – Jet fuel
National Competition Council
GPO Box 250
Melbourne VIC 3001 (Australia)

United Parcel Service (UPS) operates scheduled air service at SYD (Sidney airport); and for your reference, our jet fuel requirement at SYD in 2010 was over 7.5 million gallons. We fully support the two “applications for declaration of jet fuel supply infrastructure services at SYD” made by the Board of Airline Representatives of Australia (BARA) on 27 September 2011.

Our last two jet fuel tenders for SYD occurred in 2009 and 2011. The same two jet fuel suppliers made offers each time, and no other suppliers made offers. As a result of this limited competition, we experienced a significant increase in our SYD product differential this year. This confirms BARA’s contention that the lack of open access to the Sydney airport limits competition which negatively impacts the fuel prices that both passenger and cargo carriers pay.

In addition there have been periodic shortages of jet fuel supply at SYD which have an economic impact on an air carrier if it has to modify its aircraft schedule or has to “tanker” fuel (i.e. incur the cost of burning extra fuel to carry additional jet fuel to avoid or limit fuel uplift at SYD). It appears that a failure to make timely improvements to the infrastructure has contributed to these shortages.

Thank you for considering our concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Whitlatch".

Michael Whitlatch
Director, Global Energy
United Parcel Service Co.