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Car parking and ground access – market power assessment

A report for Melbourne Airport

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Report Authors

Greg Houston

Bronwyn McDonald

Nick Twort

Contact Us

Sydney

Level 40
161 Castlereagh Street
Sydney NSW 2000

Phone: +61 2 8880 4800

Singapore

8 Marina View
#15-10 Asia Square Tower 1
Singapore 018960

Phone: +65 6817 5010

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Executive summary

The Australian Competition and Consumer Commission (ACCC) is required to monitor car parking and other ground access services at Sydney, Melbourne, Brisbane and Perth airports. These monitoring arrangements were put in place in light of a concern that the airports may be exercising market power in relation to those services.

This report considers whether Australia Pacific Airports (Melbourne) Pty Ltd (APAM) has substantial market power in relation to the provision of either car parking or landside access services (such as access roads, taxi holding areas, and so on), and whether it has exercised any such power.

In particular, we assess the extent to which APAM:

- has the ability to sustain revenues that significantly exceed the underlying economic cost of its car parking service, with this assessment being undertaken by reference to the competitive constraints faced by APAM from:
 - > off-airport car parking facilities; and
 - > other modes of transport, such as pick-up and drop-off, taxi, rideshare and public transport options; and
- whether APAM has exercised market power by successfully engaging in at least one of the following forms of conduct:
 - > increasing car parking or landside access charges to levels that exceed the underlying economic cost of providing the relevant services (including the opportunity cost of land);
 - > reducing the quality of its car parking or land access services without a corresponding reduction in prices; and/or
 - > restricting unduly its competitors' access to airport land.

Our analysis shows that APAM does not have substantial market power in car parking services. Further, there is no evidence that APAM has exercised market power in respect of car parking or landside access services.

APAM does not hold substantial market power in car parking services

Several factors suggest strongly that APAM does not have substantial market power in relation to its car parking services.

First, there are at least 15 'off-airport' car parking providers in close proximity to the terminals, and which offer a door-to-door service for passengers. These operators provide an alternative to parking at the airport for people wishing to leave their car for one day or more and they constrain APAM because:

- APAM's long term car parks offer a very similar service to the off airport parking operators;
- APAM's long term car parking prices are comparable to off-site options; and
- most off-airport providers offer high quality parking services such as undercover parking, optional extras such as car cleaning packages, and convenient online booking arrangements, although there are also some disadvantages of these off-airport alternatives.

Second there are many alternative ways of accessing Melbourne Airport with varying comfort, speed and cost, such as drop-off and pick-up, taxi, rideshare, or bus – and a train is currently planned for development. Each service offers particular advantages and disadvantages to different people in different circumstances.

Finally, APAM has a strong incentive to maximise total visitor traffic, regardless of how the visitors arrive, given the small proportion of total APAM revenue that parking represents. APAM can therefore be expected to seek to maximise patronage of the airport (and the range of commercial opportunities such visitors present), rather than car parking revenue.

On balance, it may be that APAM holds a degree of market power in car parking, on account of the convenience premium associated with car parking options located in close proximity to terminals. However, these constraints suggest that APAM does not have substantial market power in relation to car parking arrangements.

Market power has not been exercised in car parking services

Several factors suggest that, notwithstanding our finding that APAM does not hold substantial market power, there is no evidence that any form of market power has been exercised.

The ACCC has said that APAM earns high levels of profits from its car parking services. Such measures take no account of a key element of the economic cost of car parks, being the opportunity cost of the relevant land.

The evidence suggests that locational rents at Melbourne Airport are likely to be significant. It follows that the prices set by APAM for car parking are likely to be explained to a significant extent by locational rents and convenience premiums.

Further, in real (constant price) terms, all drive up short term car parking prices have fallen since June 2012, while long term car parking prices have remained fairly flat.

APAM has kept drive up prices for car parking flat or declining despite:

- increased costs associated with operational and capital expenditure over the period – noting that the capital expenditure required to increase capacity for car parking at Melbourne Airport has been significant;
- increased take-up of online pre-booking discounts (reducing the average price paid by customers for car parking); and
- significant locational rents associated with the high value of land proximate to the airport terminals.

Moreover, there is no evidence of APAM restricting access at Melbourne Airport to competing providers of transport to and from the airport.

None of these factors are suggestive of a firm seeking to exercise its market power by charging excessive prices, reducing quality or hindering access. This is unsurprising in light of our earlier observation that APAM is unlikely to possess substantial market power.

APAM has not exercised market power in relation to landside access charges

Access to terminals is an essential component of the services provided at an airport. It is inherent in the physical configuration of its facilities that each airport controls (or has the ability to control) access to its terminals. It follows that APAM is likely to have some market power in the provision of landside access services.

However, there is no evidence that APAM has exercised market power, given that:

- unlike some other airports, APAM does not charge access fees to private vehicles for pick-up and drop-off;
- APAM chooses to locate facilities for a variety of no to low yielding access modes – such as private vehicle pick-up and drop-off, and taxi ranks and supporting holding areas – on high value land located proximate to terminals, thereby prioritising the efficient movement of passengers and vehicles over

higher commercial returns that could otherwise be generated from this land, and over locating APAM's own car parking facilities closest to terminal; and

- to manage peak demand and alleviate congestion for access modes like private vehicle pick-up and drop-off, APAM provides free parking options in its short term and long term parking facilities, prioritising quality for customers and the efficient movement of passengers and vehicles over the potential commercial returns from these assets.

1. Introduction

This report has been prepared for Australia Pacific Airports (Melbourne) Pty Ltd (APAM) to support engagement with the Productivity Commission inquiry into the economic regulation of airport services.

Aeronautical services, car parking and ground access services at Melbourne Airport are currently subject to price, financial reporting and quality of service monitoring by the Australian Competition and Consumer Commission (ACCC) under Part VIIA of the *Competition and Consumer Act* (2010). The performance of the airports regulatory regime has been the subject of two substantial reviews undertaken by the Productivity Commission, in 2007 and 2012, with these reviews following an earlier 2002 Productivity Commission review. The Productivity Commission is currently undertaking a further detailed review of the performance of the regulatory regime for airports, with the final report due to be presented to the government in June 2019.

This report addresses the provision of car parking and ground access services provided at Melbourne Airport from the financial year ended 30 June 2013 (2012-13) onwards. It considers whether APAM has a substantial degree of market power in relation to the provision of both car parking and landside access services (such as access roads, taxi holding area, and so on), and whether it has exercised market power.

Our report is structured as follows:

- in section two we describe the car parking and other ground access services provided at Melbourne Airport, including relevant trends in the price and quality of those services over the past five years;
- section three summarises the key findings of the ACCC Airport Monitoring Report 2016-17 as it relates to activities at Melbourne Airport;
- section four considers whether APAM has substantial market power in relation to car parking and landside access charges;
- in section five we assess whether there is any evidence that APAM has exercised market power;
- finally, section six concludes on the existence or use of market power by APAM in car parking and ground access services provided at Melbourne Airport.

2. Car parking and ground access services

Melbourne Airport has four terminals:

- Terminal 1 (T1) is used by Qantas to operate domestic services;
- Terminal 2 (T2) is used by all airlines for international flights;
- Terminal 3 (T3) is used by Virgin Australia to operate domestic services; and
- Terminal 4 (T4) is used for all other domestic flights and is currently used by Jetstar, Tigerair, Rex Regional Express and Airnorth.

This section details the car parking and ground access services available at Melbourne Airport, including:

- travel options for getting to and from Melbourne Airport;
- car parking services at Melbourne Airport;
- the pricing of APAM's car parking facilities; and
- ground access services at Melbourne Airport.

2.1 Travel options for getting to and from Melbourne Airport

There is a wide range of travel options for passengers and other visitors travelling to and from Melbourne Airport. These options span a wide price range (both within and across alternatives) and the majority are provided by companies independent of APAM. Customers choose the most appropriate travel mode for each journey, based on price considerations, time sensitivity, the reasons for travel, number of travellers in the group, time of day (ie traffic considerations) and other personal preferences.

Current options for accessing the airport include public drop-off and pick-up, car parking on airport and off-airport, car rentals on airport and off airport, taxi, rideshare, private vehicle hire, charter buses, regional and direct buses. A train to and from Melbourne airport is also in development.

It is very likely that visitors to Melbourne Airport value the wide range of travel alternatives and the ability to alternate between these modes, for eg by catching a taxi or rideshare service late at night when safety and door to door service may be important, by catching the bus when time is less of a constraint than price, or by parking at the airport when convenience is most important.

2.2 Car parking services

APAM provides six types of car parking facilities, namely:

1. 'At Terminal' car parks – under cover parking facilities located conveniently within close proximity (100 metres) of each terminal. There are two such facilities – one car park that serves terminals T1, T2 and T3 (At Terminal T1 T2 T3) and one car park that serves T4 (At Terminal T4);
2. premium parking – premier parking facilities closest to each terminal. These facilities are located inside the At Terminal car parks;
3. long term car park – APAM provides a long term car park servicing all terminals. Customers that park in the long term parking can catch a free shuttle bus to the terminals, which runs every five minutes;
4. North Business car park – a premier parking facility located 50 metres from T1;
5. value short stay – a cost-effective parking facility servicing all terminals targeted at short term pick-up and drop-off. Customers that park in the value short stay parking can catch a free shuttle bus to the

terminals, which runs on demand. APAM also provides value long stay parking at this location during the Victorian school holidays; and

- 6. valet – APAM provides valet services at T1, T2 and T3.

In addition, APAM provides pick-up areas with free parking for ten and twenty minutes, with prices being charged for parking in excess of these times.

All of APAM’s car parking facilities are protected by CCTV and 24 hour onsite customer service and security staff. Figure 2.1 below depicts the location of APAM’s car parking facilities.

Figure 2.1: Car parking at Melbourne Airport



2.3 Capacity and investment in car parking facilities

The capacity and utilisation of car parking facilities at Melbourne Airport are described below.

2.3.1 Expectations for car parking at Melbourne Airport

A critical characteristic of demand for airport parking is that passengers and other visitors at Melbourne Airport generally expect car parking to be available onsite at any time. Passengers accessing the car park may also be time sensitive and may not have factored in a long wait for a car park in planning to catch their flight. APAM must therefore ensure its car park capacity is able to meet peak demand on the busiest days of the year, without heavy congestion at busy times. This does not suggest that airport car parks never become congested, but rather that APAM is likely to be more mindful of capacity than would a commercial car park operator in, for example, a city's central business district (CBD).

Maintaining sufficient capacity to meet consumer expectations imposes a high opportunity cost of intermittent usage, since average utilisation must be well below peak demand to accommodate this level of service availability. Put differently, capacity must significantly exceed average use. As noted, this form of service 'requirement' is unlikely to be shared to the same extent by off-airport or CBD car parks.

2.3.2 Capacity and occupancy of APAM's parking facilities

APAM's parking facilities have capacity for around 26,400 public and staff vehicles at any point in time.

The capacity over time of APAM's car parking facilities is set out in table 2.1.

In particular, table 2.1 shows that there has been an increase over the period in the number of parks available in each of short term, long term and staff car parking. Further, APAM have increased the number of types of parking options for consumers, with the addition of Premium parking in the At Terminal car parks, as well as the introduction of the valet service, value short and long stay and ring and ride.

This increase in capacity occurred as passenger throughput increased overall at the airport, but throughput at the car parks decreased.

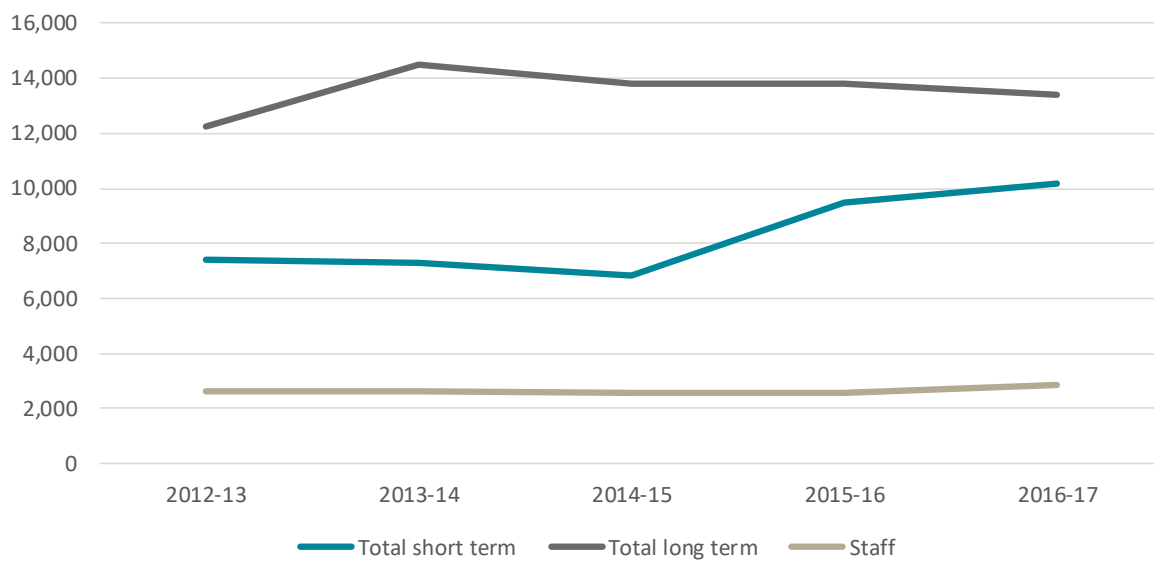


Table 2.1: Capacity of car parking facilities at Melbourne Airport 2012-13 to 2016-17

Car park	2012-13	2013-14	2014-15	2015-16	2016-17	Percentage increase 2012-13 – 2016-17
At Terminal 123	7,270	6,279	5,498	5,455	5,831	-19.8%
Premium at Terminal 123			326	326	326	
Value short stay					202	
Melbourne Airport valet		379	379	379	379	
Virgin Australia valet		371	371	371	371	
Business car park	171	171	171	171	171	0.0%
At Terminal 4				2,720	2,720	
Premium at Terminal 4					122	
Ring and Ride		79	79	79	79	
Total short term	7,441	7,279	6,824	9,501	10,201	37.1%
Long term car park	12,250	14,500	13,830	13,830	11,541	-5.8%
Value car park					1,861	
Total long term	12,250	14,500	13,830	13,830	13,402	9.4%
Total Public	19,691	21,779	20,654	23,331	23,603	19.9%
Staff	2,627	2,627	2,569	2,569	2,840	8.1%
Total	22,318	24,406	23,223	25,900	26,443	18.5%
Short term car park throughput (daily)	7,400	7,106	6,967	6,841	6,951	-6.1%
Long term car park throughput (daily)	1,585	1,606	1,694	1,852	1,778	12.2%
Daily car park throughput	8,985	8,711	8,661	8,693	8,729	-2.8%
Passengers (millions per annum)	30.0	31.2	32.3	34.0	35.2	17.3%

Source: Data supplied by APAM; ACCC, *Airport monitoring report 2012-13*, April 2014, p 105; ACCC, *Airport monitoring report 2013-14*, April 2015, p 86; ACCC, *Airport monitoring report 2014-15*, April 2016, p 75; ACCC, *Airport monitoring report 2015-16*, March 2017, p 77; ACCC, *Airport monitoring report 2016-17*, April 2018, pp 82, 102

Figure 2.2: Car park capacity at Melbourne Airport 2012-13 to 2016-17



Source: ACCC, *Airport monitoring report 2016-17*, April 2018

Since 2012-2013, the total number of car parking spaces provided at Melbourne Airport has increased by approximately 4,125 spaces, or 18.5 per cent.

At the same time, average daily throughput has fallen by around three per cent over the same period, while passenger throughput at the airport has increased by 17 per cent. Therefore, the number of car park sales per passenger fell over the period, in which case passengers must be using other means of accessing the airport.

2.3.3 Recent and planned investments in car parking services by APAM

Planning for substantial growth – APAM Master Plan

Melbourne Airport has experienced substantial annual passenger growth, which is unsurprising given that Melbourne (and Victoria more generally) has experienced significant population growth.¹ In its master plan,² APAM estimates that the number of annual passengers is forecast to almost double between 2018 and 2038. The plan sets out its development strategy to accommodate this sustained, significant growth.

These plans include:

- development of a third runway;
- significant improvements to the ground transport infrastructure within the airport precinct, including a new elevated road network allowing for passenger pick-up and drop-off; and
- supporting the plans for an airport rail link.

¹ Australian Bureau of Statistics, *Regional population growth, Australia, 2016-17*, April 2018.

² Melbourne Airport, *Master Plan*, 2018.

Completed investments

APAM has completed a number of expansion and development investments in car parking services since 2012-13. The largest such investment was the construction of the At Terminal 4 car park, which added 2,850 parking bays to accommodate passengers at the new T4 facility.

In 2013-14, APAM completed the development of the 'ring and ride' wait zone with 79 bays, where drivers can park and wait for passengers for free, for up to 20 minutes.

The value long stay car park development added 2,100 bays and was completed in 2013-14. In addition, the value short stay car park added 200 bays to this facility in 2017-18, offering budget parking for 'meeters and greeters' at the airport.

In 2016-17, APAM completed the premium parking and valet parking developments at each terminal.

APAM also created a ride share holding area with 200 bays, completed in 2017-18. This facilitates the increased demand by passengers to ridesharing services such as Uber.

These developments and improvements reflect APAM's acknowledgement of and concern regarding congestion, and seek to ensure that Melbourne Airport can meet the increasing demand for its facilities, and maintain a high level of service.

2.4 Pricing of APAM's car parking facilities over time

2.4.1 Pricing principles

Car parking prices are set in a commercial manner which primarily has regard to the following factors:

- the price of competitors' car parking facilities and the price of other transport modes; as well as
- the differential value proposition of each of the car parks; and
- the nature of supply and demand, including peak demand management.

In particular, APAM has undertaken market research on the nature of demand for its car parking services, which has shown that travellers consider the price and service quality of car parking onsite, relative to that of other transport modes, and offsite parking options.

APAM has the ability to manage demand across the different parking products it offers by varying relative prices. For example, APAM can set prices for parking close to the terminals for long periods of time at a higher rate than for parking at the long-term car park, to encourage long term parkers into the more appropriate long-term car parks, since consumers that want to park for a short period are likely to value parking close to the terminals more highly.

The ACCC have previously accepted that:³

High prices can be an efficient rationing mechanism that apportions the limited available car spaces amongst users who are willing to pay for them. Otherwise there would be an excessive demand for the most convenient car spaces, which would result in queuing and, consequently, delay costs to users.

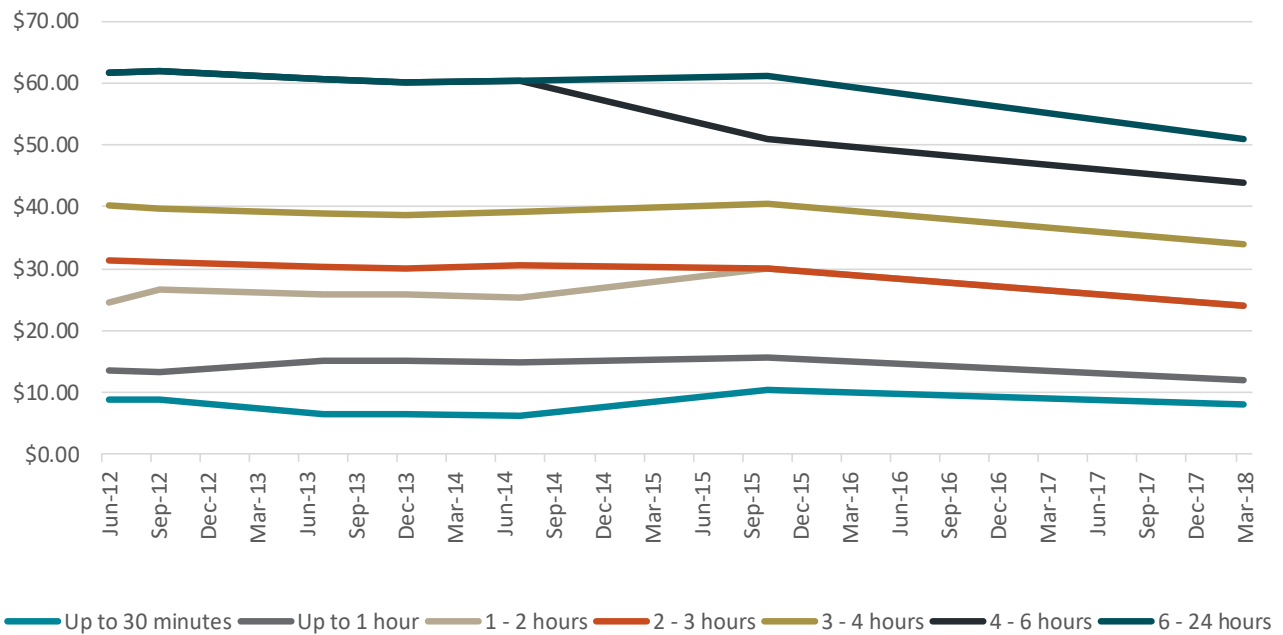
³ ACCC, *Airport monitoring report 2009-10*, February 2011, p 73.

2.4.2 Car parking prices at Melbourne Airport

Drive-up prices

Figure 2.3 below shows that all short term drive-up car parking prices have fallen in constant price terms since 2012.⁴

Figure 2.3: Short term drive-up car parking prices at Melbourne Airport in constant price (March 2018) terms



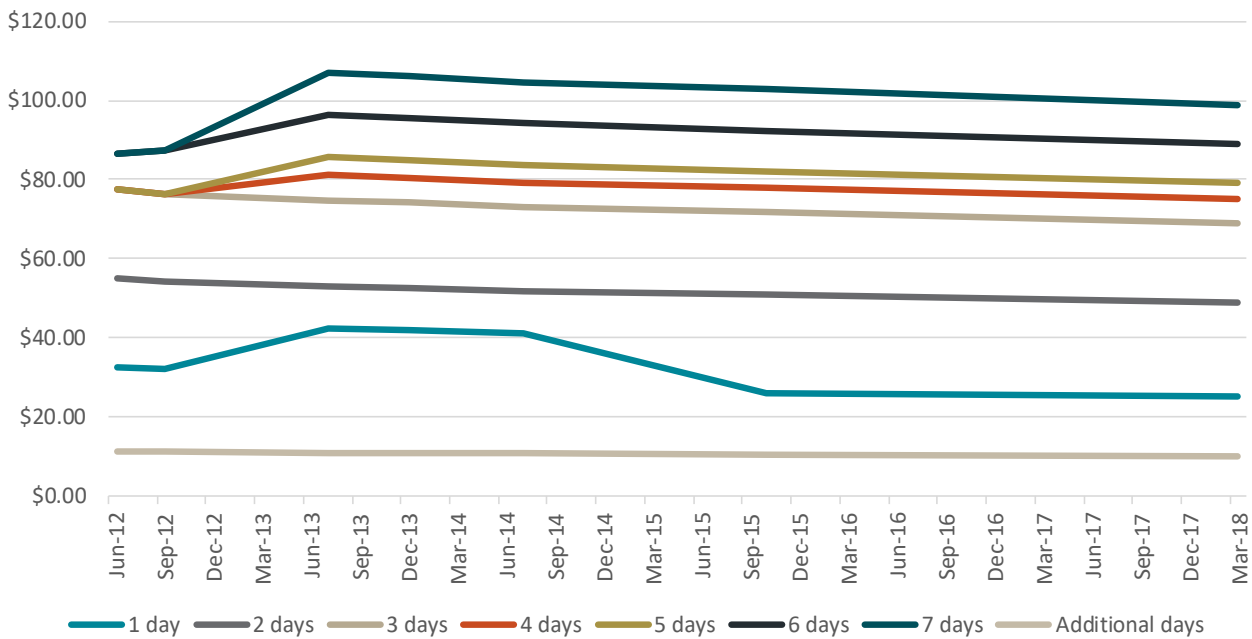
Sources: APAM, <https://www.melbourneairport.com.au/Passengers/Parking/Parking-information/Drive-up-rates>, accessed 30 June 2018

As shown in figure 2.3 above, prices have been broadly flat since 2012, and many of the drive up prices in 2018 are lower in nominal terms than their 2012 equivalent. In ‘real’ (constant price) terms, all prices have fallen.

Figure 2.4 below indicates that most long term car parking prices in 2018 are also lower in constant price terms than at the beginning of the period.

⁴ All prices shown are in real (March 2018) terms using national CPI unless stated otherwise.

Figure 2.4: Long term drive-up car parking prices at Melbourne Airport



Sources: APAM, <https://www.melbourneairport.com.au/Passengers/Parking/Parking-information/Drive-up-rates>, accessed 30 June 2018

Online prices

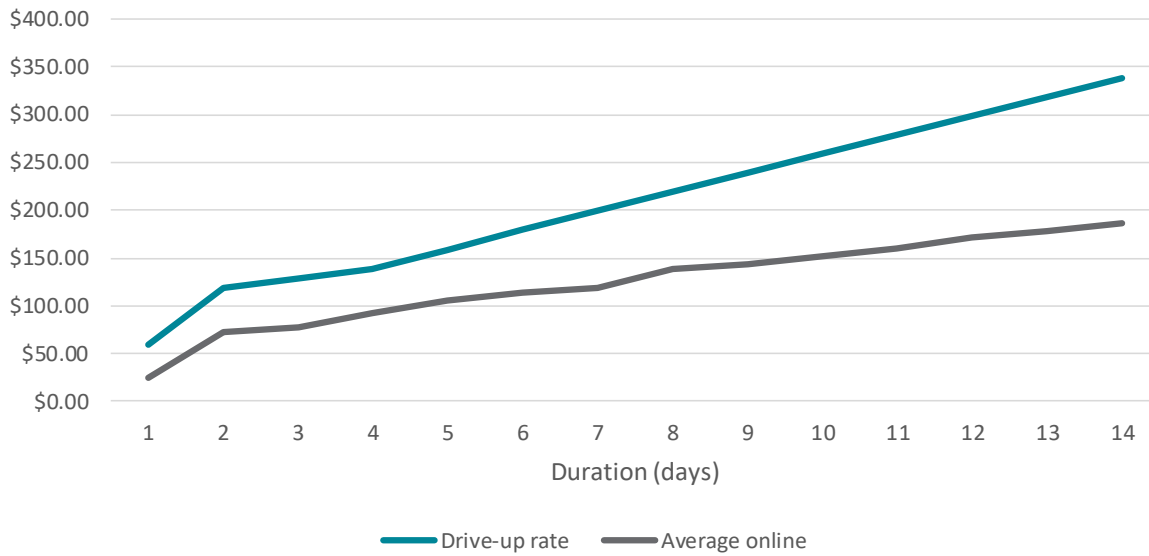
APAM offers online booking via the Melbourne Airport website for car parking services for one day or longer. As observed in the ACCC monitoring report 2016-17,⁵ motorists are increasingly taking the option of pre-booking their car-parking service, particularly where online booking represents a discount on drive-up rates.

Online prices at Melbourne Airport typically represent a substantial discount on drive-up rates. Rates vary across car parks and are set with reference to occupancy. Multiple pricing tiers are offered, such as ‘saver’ and ‘flexi’, which also vary in non-price terms and conditions such as cancellation policy.

Figures 2.5 and 2.6 below display the current drive-up and online prices for short term and long term parking respectively. In particular, online parking prices represent a significant discount on drive-up prices for both types of parking. Additional online pricing information is displayed in appendix A1.

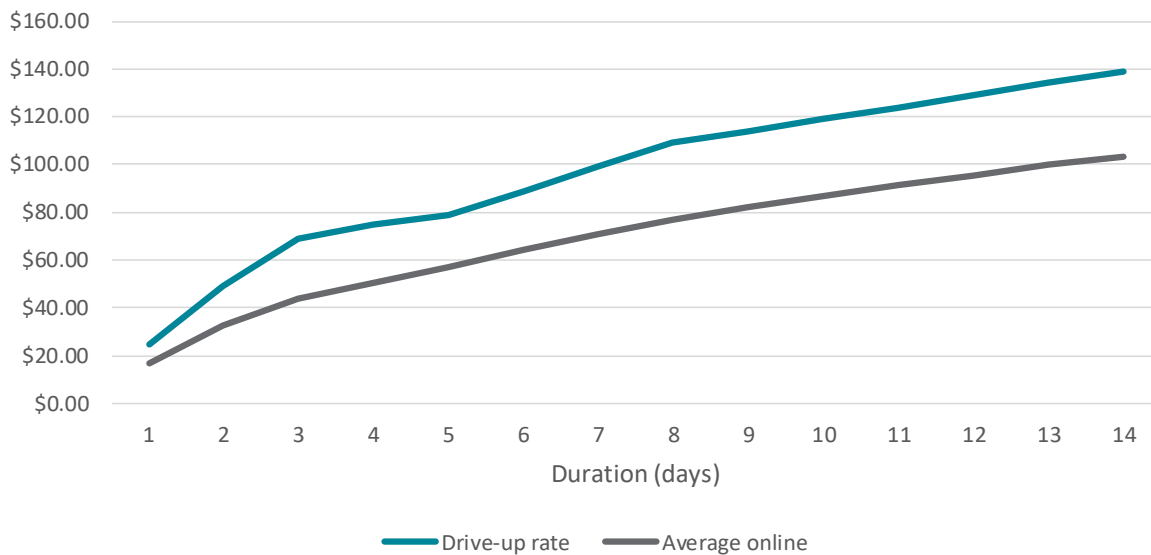
⁵ ACCC, *Airport monitoring report 2016-17*, April 2018, p 20.

Figure 2.5: Short term drive-up and average online parking rates at Melbourne Airport as at March 2018



Source: APAM

Figure 2.6: Long term drive-up and average online parking rates at Melbourne Airport as at March 2018



Source: APAM

2.5 Other ground access services

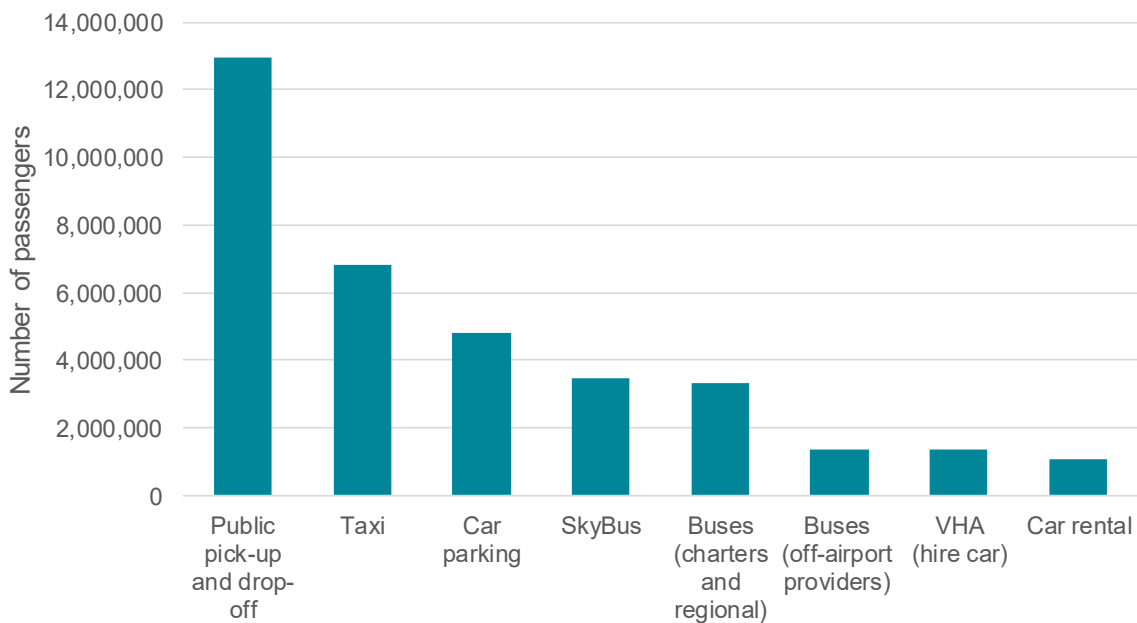
APAM needs to offer access to its terminals by means of land access for private and commercial vehicles dropping off or collecting passengers, taxis and buses. Landside infrastructure facilities include:

- terminal access roads;
- areas for hire car operators;
- holding facilities for taxi, hire car and rideshare including rest rooms and prayer rooms;
- bus holding facilities;
- taxi, bus and ride share zones; and
- covered walkways and lighting in landside areas.

2.5.1 Usage of ground access types

APAM facilitates access to its terminals via a range of different access types. Figure 2.7 sets out APAM’s estimated volume of passengers for each ground access type in 2016-17. Figure 2.7 demonstrates that passengers utilise a wide range of transport options to and from Melbourne Airport.

Figure 2.7: Estimated usage of ground access services at Melbourne Airport 2016-17



Source: Data supplied by APAM

2.5.2 Ground access charges

APAM charges some users of the airport to access the airport, as shown in table 2.2 below. Drop-offs by taxi, ride-share or car hire do not incur any fee, nor is there a fee charged for public pick-ups or drop-offs. It is relevant that the most popular mode of transport to and from Melbourne Airport does not have an associated fee.

APAM has indicated that ground access prices are based on a user-pays model. The access model was developed in 2014-15 to recover operational expenditure costs associated in providing access to each mode. The model was further refined in 2016-17 to include recovery of capital costs and is overlaid with a locational rent. The physical location of each mode of access with reference to the terminals is determined such that larger mass-modes of transport have preference over other access types.

Table 2.2 below displays the ground access charges for different access types at Melbourne Airport in constant price terms. In particular, it shows that charges for most access types have remained relatively stable over the period, with an increase in the charge for large buses to reflect the cost to APAM of providing ground access services at points close to the terminals. Note also that in general charges increase with size of the vehicle.

Table 2.2: Ground access charges at Melbourne Airport over time in constant price (March 2018) terms

Access type	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Public pick-up and drop-off	\$0	\$0	\$0	\$0	\$0	\$0
Public bus	\$0	\$0	\$0	\$0	\$0	\$0
Taxi (pick-up only)	\$2.97	\$2.90	\$2.84	\$2.81	\$3.66	\$3.58
Skybus ¹	■	■	■	■	■	■
VHA/private car/rideshare (pick-up only) ^{2,3}	\$4.40	\$4.30	\$4.21	\$4.16	\$4.09	\$4.50
Rideshare					\$4.50	\$4.50
Buses – small ^{2,4}				\$3.64 – \$5.20	\$3.94 – \$5.11	\$4.04 – \$5.00
Buses – medium ^{2,4}				\$5.44 – \$7.79	\$5.89 – \$7.67	\$6.05 – \$7.50
Buses – large ^{2,4}				\$10.90 – \$15.59	\$11.80 – \$15.34	\$12.12 – \$15.00

Source/notes: 1) Skybus access charges are CIC. 2) Minimum charge, additional charges may apply for longer stays. 3) Rideshare was introduced in 2017-18. 4) Bus charges are per vehicle, and therefore individual passenger contribution is therefore likely to be negligible in most cases. Data from APAM

2.5.3 Recent and planned investments in ground access

Over the past five years, APAM has made significant investments improving the ground access services offered at Melbourne Airport. These investments include:

- a significant forecourt redevelopment programme completed in 2012-13, which introduced one minute pick-up bays and took measures to facilitate safe passenger access between T1, T2, T3 and the At Terminal T1 T2 T3 car park;
- widening and an additional lane for Terminal drive;
- construction of the APAC drive on-ramp, a new exit from the airport servicing the Tullamarine Freeway;
- development of a new ground transport hub and elevated road to service T4;
- completion in 2015-16 of the 2.8 km, three lane dual direction Airport drive connecting Ring road to the airport; and
- parking and forecourt optimisation – improved public vehicle throughput, the construction of additional canopies for pedestrian weather protection, and creation of a secondary 'At Terminal' pick-up zone.

3. ACCC Airport Monitoring Report 2016-17

This section summarises the key findings of the ACCC Airport Monitoring Report 2016-17 (the ACCC report), that was released in April 2018, as it relates to activities at Melbourne airport.

The principal observations from the ACCC report as they relate to Melbourne Airport appear to be:

- profit margins for car parking ‘remained very high across all airports’;⁶
- airports (including Melbourne) are meeting the challenge of congestion and strong passenger demand growth;
 - > strong passenger growth at Melbourne Airport of 3.7 per cent; and
 - > the significant growth in demand for air traffic in Australia puts pressure on airport infrastructure, but airports are managing the congestion challenge; ie investment in Melbourne Airport’s infrastructure has been significant; and
- independent car parks and online booking options offer lower cost alternatives to on-airport drive up parking.

3.1 Profit margins for car parking remain high

3.1.1 Critique of ACCC approach

The measure of profit margin adopted by the ACCC is earnings before interest, tax and amortization (EBITA) as a percentage of revenue. However, EBITA is an accounting measure of profit that does not take into account the opportunity cost of the capital assets employed in providing car parking services, nor does it take into account the cost of providing such infrastructure.

It follows that the observations made by the ACCC are apt to mislead, if the opportunity cost of capital is itself substantial. Further, an important element of the opportunity cost of capital assets providing car parking services is the opportunity cost of the land itself, also known as ‘locational rents’.

We analyse locational rents in section 5.1.2. of this report.

In any case, EBITA as a percentage of revenue has fallen by 11.9 percentage points over the period.

3.2 Airports are responding to congestion and passenger demand growth

The ACCC report noted that total passenger volumes at airports have grown significantly over the period, with passenger volumes at Melbourne Airport up 3.7 per cent in 2017 alone, and by 6.8 million passengers over the past five years (24 per cent).

Melbourne Airport has undertaken a range of efforts to cater to increasing demand, including significant investment in its car parking and landside access infrastructure, as we set out in section 2.3.3 above. Melbourne Airport has continued to invest in car parking infrastructure despite passengers increasingly utilising alternative transport options:⁷

in sum, car parking spaces at Melbourne Airport have grown over the past decade, yet throughput is down despite rising airline passengers.

⁶ ACCC, *Airport monitoring report 2016-17*, April 2018, p 2.

⁷ ACCC, *Airport monitoring report 2016-17*, April 2018, p 101.

3.3 Independent car parks and online booking offer lower cost alternatives

The ACCC report observed the rise of independent off-airport car parks, which offer an alternative to on-airport car parking facilities:⁸

The ACCC found that motorists could save between 30 and 70 per cent for 3 days of parking, compared to paying drive-up rates for the airports' own car parks at a distance from the terminals. Motorists in Melbourne can choose from 15 different car parks operating near the airport.

Off-airport car parks are considered in more detail in section 4.1.2 below.

The ACCC report also alluded to the effect of the close substitutability of other transport options on car parking service demand, stating that:⁹

Car parking throughput has been on a gradual decline in recent years as passengers find other ways to get to and from the airport.

We explore competition from other transport options in section 4.1.4 of this report.

⁸ ACCC, *Airport monitoring report 2016-17*, April 2018, p 12.

⁹ ACCC, *Airport monitoring report 2016-17*, April 2018, p 39.

4. Does APAM have substantial market power?

This section considers whether APAM can be said to possess a substantial degree of market power in relation to car parking or landside access arrangements.

4.1 Car parking

4.1.1 ACCC's view

The ACCC has historically contended that airports have 'a monopoly position' in airport car parking. The ACCC bases its view on the observations that:¹⁰

- airports have discretion in determining landside access provisions, which influence the ability of car parking alternatives such as taxi and off-airport car parking facilities, to compete;
- airports have control over the number of car parking spaces supplied in proximity to the terminals; and
- airports typically charge 'high prices' for car parking.¹¹

However, the ACCC acknowledges that there are a range of options for travel to and from airports, which may limit the degree to which APAM has market power. In the remainder of this section, we describe the constraints on APAM and explain our conclusion that APAM does not hold substantial market power in car parking. Our conclusion is driven by the following observations:

- APAM's car parking services compete with off-airport car parking operators and other transport modes;
- APAM's car parking drive up rates have declined in constant price terms over the period 2012-2017, and revenues are further reduced by online pre-booking discounts;
- although passenger volumes at Melbourne Airport continue to grow, car parking utilization volumes have slightly declined, strongly suggesting that passengers are making use of other transport options; yet despite this
- APAM continues to invest in its car parking facilities.

4.1.2 Competition from off-airport car parking operators

As noted in the ACCC report, there are at least 15 other providers that offer parking services to passengers and other users of Melbourne Airport – although we identified 19 providers.¹² The large volume of new entry into the provision of off-airport car parking services over the last decade has greatly increased the total quantum of car parking capacity proximate to Melbourne Airport.

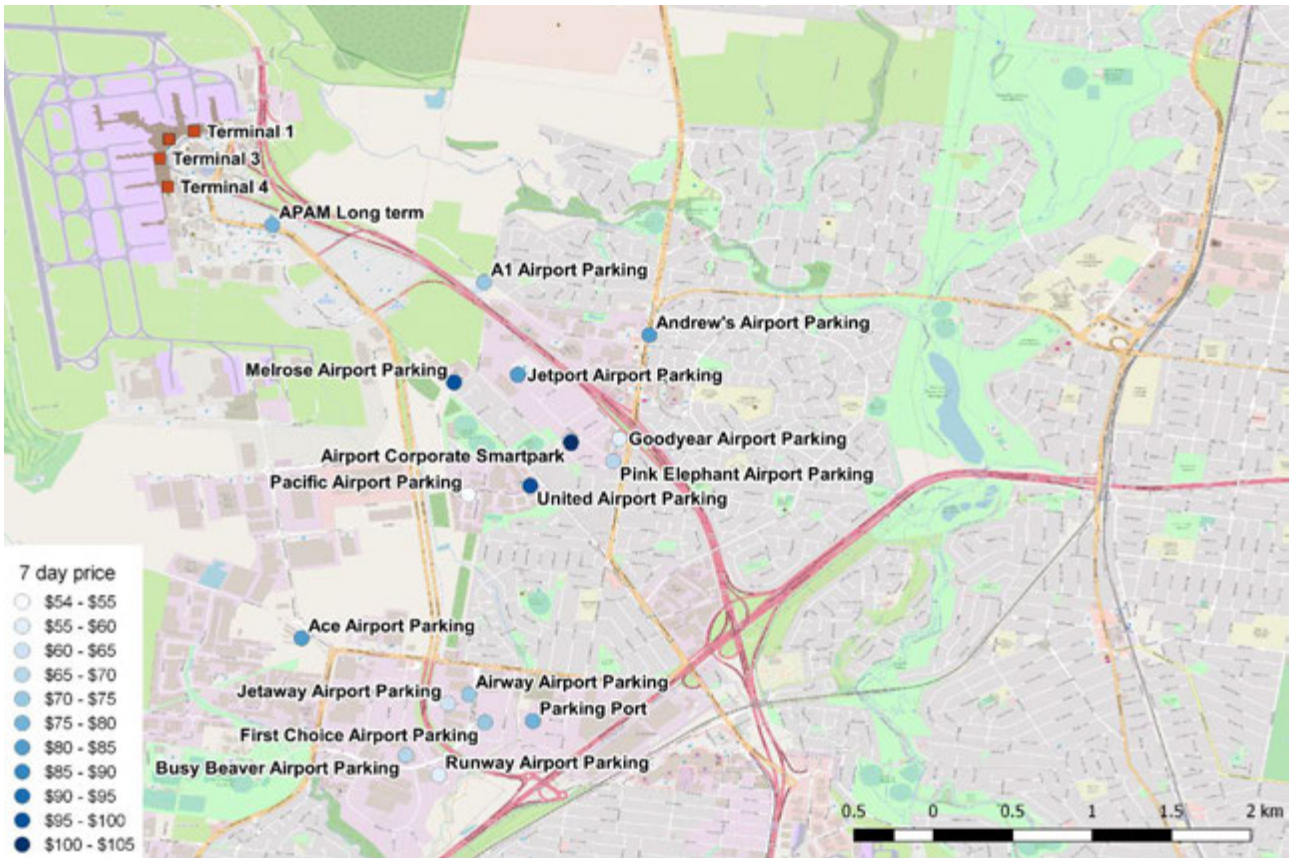
Figure 4.1 below shows the locations of off-airport car parks servicing Melbourne Airport, and illustrates the range of different prices that customers pay for seven days of parking at the various car parking providers. Prices reflect not only the location relative to the terminals but also the differing levels of service and capacity at the car parks.

¹⁰ See, for example, ACCC, *Submission to the Productivity Commission's inquiry into the economic regulation of airport services*, March 2011, p 26.

¹¹ The Productivity Commission noted in its 2011 report on airport regulation that airport users – particularly those who infrequently use the airport – may experience 'sticker shock' when parking at airports, which may lead to efficient prices being perceived as 'high'. See Productivity Commission, *Economic regulation of airport services*, December 2011, pp 276 - 277.

¹² ACCC, *Airport monitoring report 2016-17*, April 2018, p 21. Off-airport providers servicing Melbourne Airport include Airway airport parking, Runway airport parking, Discount Airport Parking Melbourne, First Choice airport parking, A1 airport parking, Jetaway airport parking, Corporate Smartpark, Goodyear airport parking, Pacific airport parking, Melrose airport parking, United airport parking, Pink Elephant airport parking, Jetport airport parking, Parking Port, Ace airport parking, Busy Beaver airport parking, Andrew's airport parking, Alpha airport parking and Easy airport parking. See appendix A2 for a description of these car park providers.

Figure 4.1: Locations of off-airport car parks servicing Melbourne Airport



Source: APAM, see appendix A2 for detailed pricing of off-airport car parks

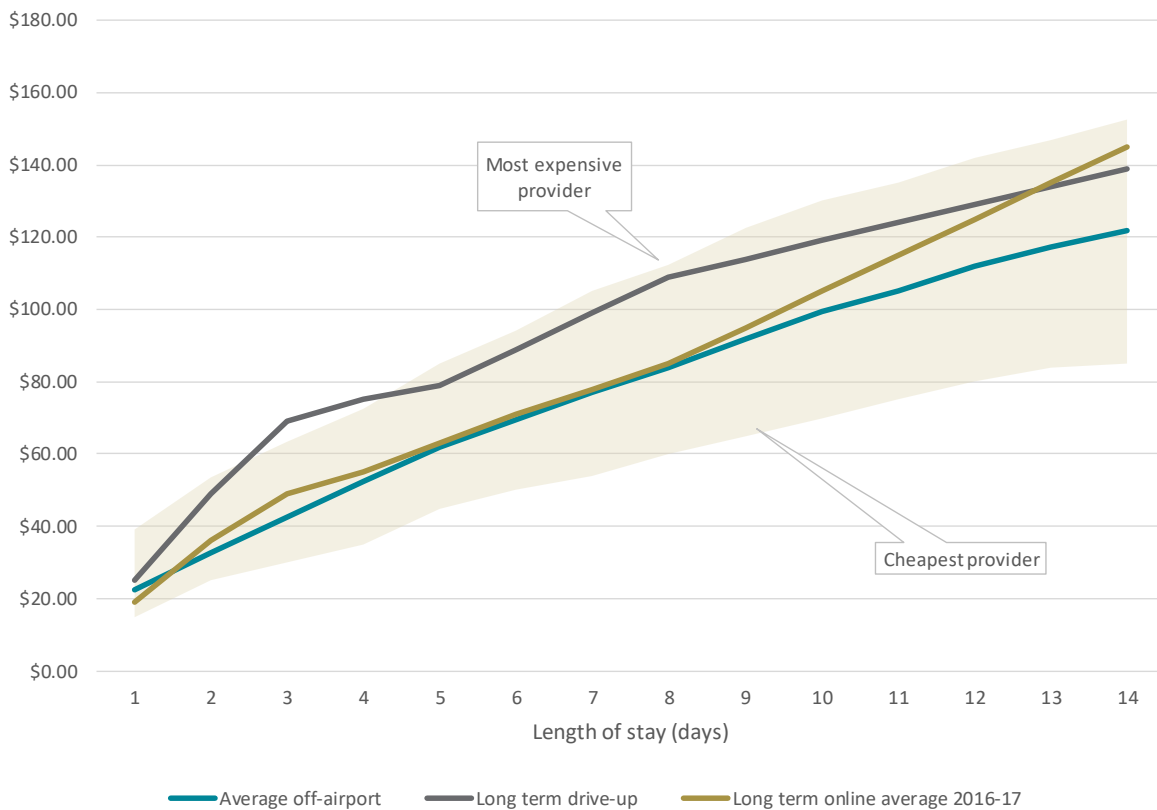
These providers are typically located in suburbs surrounding the airport and operate shuttle bus services to transport passengers from parking to the terminals. A number of these providers offer additional services such as car washing and polishing. We note that prices at off-airport car parks tend to be higher, the closer the operator is to Melbourne Airport. Prices are discussed in further detail below.

4.1.3 Prices at off-airport car parks

Figure 4.2 illustrates both the average and range of off-airport car park prices by length of stay, and compares this range to the long term car parking prices at Melbourne Airport.

As shown, the drive up and online average price for car parking in Melbourne's long term car park generally fall within the range of prices charged by various off-airport providers.

Figure 4.2: Prices of off-airport car parks servicing Melbourne Airport



Source: Outdoor prices were used for off-airport providers where available. See appendix A2 for a detailed description of the off airport providers

We note that APAM charges for parking on a 24 hour basis, while the off-airport car parks typically charge on a calendar day basis. This means that there may be circumstances where APAM charges for fewer days than would an off-airport car park, for example, if a customer arrives at 2pm on one day and exits the car park at midday the following day, APAM would charge for one day only (as the parking was 22 hours) while the off-airport car parks would charge two calendar days.

Advantages and disadvantages of other car parking operators

Off-airport providers do not face the same necessity as APAM to maintain sufficient capacity to meet car park demand. Instead, off-airport operators are prepared to turn customers away if the car park is full, and often require pre-booking. As noted above, operators tend to set prices on a calendar day basis and are not obliged to offer hourly rates.

Off-airport car parking operators face potential disadvantages, including:

- the additional cost of operating a shuttle or similar service to deliver passengers to the terminals, although APAM's long term car park also offers such a service, albeit over shorter distances;
- the existence of a convenience/time premium associated with on-airport car parks; and
- that operators often require customers to leave the keys to the vehicle with a parking attendant who may relocate the vehicle while the customer is away, and some people may feel uncomfortable with this.

Off-airport operators offer low cost alternatives

The ACCC report has emphasised the increasing constraint that these independent off-airport car parks represent on APAM, noting that:¹³

While many independent operators did offer discounted rates compared to each airport, there were also some big differences in prices observed between operators. This could reflect convenience levels, with some car parks located further away from the airport than others. Independent car park operators have the potential to provide significant savings for customers, and can promote market competition.

In summary, there appears to be strong evidence that APAM competes with off-airport car parks:

- APAM car parking prices are comparable to off-site options;
- APAM explicitly considers off-airport car parking prices in setting its own car park prices; and
- as noted in the ACCC report, increased take-up of these off-airport car parking alternatives by visitors to Australia's major airports has increased competition in long-term car parking.¹⁴

4.1.4 Competition from other transport options

Other forms of accessing the airport represent a close substitute for the parking of a private vehicle, for many users of Melbourne Airport. In section 2.1 above we outlined the range of options available for travelling to and from Melbourne Airport. Each of these options represents competition for APAM's on-airport car parking services, but ultimately the range of options benefits consumers through breadth of choice.

Drop-off and pick-up

Private vehicles can drop-off and pick-up passengers at Melbourne Airport at no cost, under certain conditions.¹⁵ This represents an attractive alternative for friends and family who might otherwise pay to park for a few hours to 'meet and greet' passengers inside the terminal (as well as more generally being a substitute to the passenger opting for long term car parking).

APAM is not obliged to offer free access for pick-ups and drop-offs. Internationally, there are many examples of airports charging for access closest to terminal – such as Birmingham,¹⁶ Luton (London),¹⁷ Belfast,¹⁸ and Edinburgh¹⁹ airports. Such charges reflect that while many airports operators such as APAM may offer this option to passengers at no charge, it is not a costless service from APAM's perspective.

Does drop-off and pick-up compete with car parking?

Free parking for pick-ups and drop-offs provide a constraint for both short term and long term parking:

- 'meeters and greeters' may substitute from short term parking to this fly-by approach if the prices for short term parking at the airport exceed their willingness to pay; and
- passengers that would like to use the airport's long term car parking facilities may instead ask family or friends to drop them at the airport, if the cost of parking over the duration of their trip are too high.

¹³ ACCC, *Airport monitoring report 2016-17*, April 2018, pp 23-24.

¹⁴ ACCC, *Airport monitoring report 2016-17*, April 2018, pp 23-24.

¹⁵ Private vehicles may park for free in the one and ten minute zones located close to the terminals. Vehicles waiting for longer must either park at the free 20 minute zone, or pay for parking.

¹⁶ See <https://www.birminghamairport.co.uk/airport-parking/dropping-off-and-picking-up/>, accessed 27 June 2018.

¹⁷ See <https://www.london-luton.co.uk/to-and-from-lla/want-to-drop-off-for-free/>, accessed 27 June 2018.

¹⁸ See <http://www.belfastinternationalairportparking.com/news/drop-off-charges/>, accessed 27 June 2018.

¹⁹ See <https://www.edinburghairport.com/edinburgh-airport-parking/drop-off-and-pick-up>, accessed 27 June 2018.

Put differently, APAM can be said to be ‘competing with itself’ by offering free pick-up and drop-off as a substitute for airport car parking. The most likely incentive for doing so is that the core driver of long term (non-aeronautical) profits at Melbourne Airport is people using the airport.

We emphasized in section 2 that while pick-up and drop-off remains the most popular mode of transport to and from the airport, APAM does not charge users any access fee for arriving or departing the airport in this way. If APAM had substantial market power, it could take a simple step of charging for this popular mode to maximise its car parking and ground access revenues.

Taxi

A number of taxi providers operate at Melbourne Airport, including 13cabs, Silvertop, Arrow, Rydo, Taxilink, Crown and West Suburban. APAM provides taxi ranks in front of each terminal, with signs indicating the way for passengers.

In addition to the fare charged by the taxi service, a \$3.58 airport fee applied to all taxi pick-ups at the airport. This fee assists APAM to provide infrastructure to support taxi facilities, including waiting areas, monitoring equipment and kerbside facilities. No fee is charges for drop-offs at the airport.

Estimated fares for taxi rides to and from Melbourne Airport are displayed in table 4.1 below.

Table 4.1: Estimated taxi fares to and from Melbourne Airport

Destination	Location to airport	Airport to location	Return
Southern Cross Station	\$57	\$60	\$117
University of Melbourne (Parkville)	\$52	\$56	\$108
Frankston	\$163	\$169	\$332
St Kilda	\$70	\$72	\$142

Source: <http://taxi.vic.gov.au/passengers/taxi-passengers/taxi-fares/taxi-fare-estimator>, accessed 27 June 2018

Rideshare

There are a currently four ridesharing service operators that offer services to passengers at Melbourne Airport: Uber, Didi, GoCatch and Ola.

A \$4.50 airport fee applies to all rideshare pick-ups at the airport, on top of standard rideshare fares. This fee assists APAM in providing the infrastructure necessary to support rideshare activates.

APAM provides a dedicated rideshare pick-up bay within walking distance of each terminal.

Uber

Uber offers a selection of services to passengers, who can request a car from their mobile phone using the Uber app once they have collected their luggage:

- uberX, a low-cost option with space for up to four passengers;
- uberXL, a larger vehicle seating up to six passengers;
- uberASSIST, an option with space for wheelchairs, walkers and scooters; and
- UberBLACK, a luxury option.

Estimated fares for UberX rides to and from Melbourne Airport are displayed in table 4.2.

Table 4.2: Estimated uberX fares to and from Melbourne Airport

Destination	Location to airport	Airport to location	Return
Southern Cross Station	\$40 – \$52	\$44 – \$56	\$84 – \$108
University of Melbourne (Parkville)	\$35 – \$46	\$40 – \$51	\$75 – \$97
Frankston	\$119 – \$154	\$124 – \$159	\$243 – \$313
St Kilda	\$53 – \$69	\$56 – \$71	\$109 – \$140

Source: 1) Fares are estimates only and may vary based on time of day and pick-up and drop-off locations. Data from <https://www.uber.com/en-AU/airports/mel>, accessed 27 June 2018

New entrants

As at July 2018, Melbourne Airport has signed access contracts with three new rideshare players in Australia – Ola,²⁰ DiDi²¹ and GoCatch.²² We have not done pricing analyses on these new options since these new entrants are unlikely to have landed on ‘equilibrium’ prices, eg, they may have special new launch rates.

The impact of these new players on the state of competition within rideshare and across transport options is yet to be seen, however any intensity of competition within ridesharing can only have a positive impact on the desirability of ridesharing to and from Melbourne Airport, relative to car parking options. It follows that if APAM was seeking to maximise its car parking revenues, it might be strategically reluctant to sign contracts with new entrant ridesharing platforms. There has been no such reluctance.

SkyBus

SkyBus is a private bus service with an exclusive Public Transport Victoria licence to operate between the airport and Melbourne city, Southbank/Docklands, St Kilda and Frankston, and surrounding bayside suburbs. In June 2018 SkyBus announced its expansion to cover western suburbs, operating from 1 July 2018 from Werribee RSL via Tarneit Railway Station to Melbourne airport.

There are airport stops at terminals 1, 3 and 4.

The city express service operates in both directions every 10-15 minutes during the day and approximately every 30 minutes during the night, while the St Kilda and Southbank services operate approximately every 30 minutes during the day on weekdays and every hour on weekends. Travel time for the city express service is approximately 30-45 minutes.

The SkyBus Western Express will operate on a one-hourly timetable before increasing to a 30-minute frequency in 2019.²³

Fares for travel on the SkyBus (and public transport, where necessary) to and from Melbourne Airport are displayed in table 4.3 below.

²⁰ See <https://olaaustralia.online>, accessed 12 July 2018.

²¹ See <https://www.didiglobal.com/#/news/newsDetail?id=446&type=news>, accessed 12 July 2018.

²² See <https://www.gocatch.com>, accessed 12 July 2018.

²³ See <https://www.skybus.com.au/announcements/skybus-announces-new-services-covering-more-victorian-suburbs>, accessed 12 July 2018.

Table 4.3: SkyBus fares to and from Melbourne Airport

Destination	Location to airport	Airport to location	Return
Southern Cross Station ¹	\$18	\$18	\$36
University of Melbourne (Parkville) ²	\$22.30	\$22.30	\$44.60
Frankston ³	\$38	\$38	\$72
St Kilda ³	\$19	\$19	\$37

Source/notes: 1) Online discount fare used. 2) Based on a \$4.30 Zone 1 fare from Southern Cross Station to University of Melbourne. 2) Discount available for return fares. <https://www.skybus.com.au/fares>, <https://www.ptv.vic.gov.au/tickets/fares/metropolitan-fares>, accessed 27 June 2018

Public bus

Public Transport Victoria (PTV) operates several services between Melbourne Airport and Airport West, Sunbury and Frankston.²⁴

The 478, 479 and 482 buses run from Melbourne Airport to Airport West and Sunbury, departing from the bus terminal outside T4.

Route 901 (SmartBus) provides a connection between Broadmeadows Station and Melbourne Airport. The service runs between Melbourne Airport and Frankston seven days per week, with services every 15 minutes during the day on week days, and every 30 minutes on weekends and week day evenings until midnight. The 901 bus departs from the bus terminal outside T4.

These services all accept the myki card for travel.

Upcoming train

No train services currently run to and from Melbourne Airport, although a planned development is underway – in April 2018, \$5 billion of funding for a Melbourne Airport train line was announced.

A train line between the city and the airport would add another alternative competing with car parking. Despite the potential impact on demand for APAM's car parking services, APAM has publicly supported the train link.²⁵

4.1.5 Summary

There is a range of alternative means for passengers and visitors to get to and from Melbourne Airport, with each form of service being offered at a range of price points. Each service offers particular advantages and disadvantages to different people in different circumstances. A summary of the options available to visitors is shown in table 4.4 below.

The existence of such a range of potential substitute services – many of which are not provided by APAM – is itself likely to constrain APAM's ability to charge excessive prices for parking, since customers have the ready ability to switch between alternative modes. The ACCC has noted that the decreases in number of passengers choosing to park cars over the last ten years is likely to be explained by increased volumes of

²⁴ See <https://www.ptv.vic.gov.au/getting-around/airport-buses>, accessed 30 June 2018.

²⁵ See for eg <https://www.theage.com.au/national/victoria/look-out-sunshine-west-is-best-for-airport-rail-says-airport-operator-20180613-p4z19y.html>, accessed 12 July 2018.

passengers using Skybus, off-airport car park operators, or the free drop-off and pick-up zones.²⁶ This trend is likely to be amplified when the Melbourne Airport train line becomes operational.

Table 4.4 below highlights the range of options and the associated price points for each mode of transport to and from Melbourne Airport. In particular, drive-up prices for parking at Melbourne Airport are competitive in comparison to the other options passengers have for travel to and from the airport. APAM's approach to both car parking facilities and landside access appears to be most consistent with an airport that is trying to maximise patronage, in order to maximise total long term airport profits.

Table 4.4: Price comparisons for return trips from Melbourne CBD to Melbourne Airport

Trip Duration	Pick-up / Drop-off	Taxi ¹	Uber ²	SkyBus ³	APAM long term parking drive-up ⁴	APAM long term parking online ⁵	APAM At Terminal T123 drive-up	Other provider long term parking ⁶
1 day	<i>Minimal – petrol, convenience / time costs incurred by friends / family</i>	\$117	\$84 – \$108	\$36	\$25	\$19	\$51	\$23
2 days		\$117	\$84 – \$108	\$36	\$49	\$36	\$102	\$33
3 days		\$117	\$84 – \$108	\$36	\$69	\$49	\$121	\$43
5 days		\$117	\$84 – \$108	\$36	\$79	\$55	\$159	\$52
7 days		\$117	\$84 – \$108	\$36	\$99	\$63	\$197	\$62
14 days		\$117	\$84 – \$108	\$36	\$139	\$71	\$330	\$69

Notes and sources: 1) Price for taxi is based on estimated fares to/from Southern Cross station, see section 0. 2) Price for Uber based on estimated one way fare from Melbourne Airport to Southern Cross station, see section 0. 3) Based on online fares, see section 0. 4) Drive-up prices, APAM charges on a 24 hour basis, see section 2.4. 5) 2016-17 online prices, see section 2.4.2. 6) Average, see section 4.1.3

On balance, it may be that APAM holds a degree of market power in car parking, on account of the convenience premium associated with car parking options located in close proximity to terminals. However, in our opinion it is unlikely that this market power is either substantial or enduring, given the growth in ride sharing, availability of the SkyBus service, and increased consumer awareness of off-airport car parking facilities.

4.2 Landside access

Access to terminals is an essential facility offered at Melbourne Airport and it is inherent in the physical configuration of its facilities that each airport controls (or has the ability to control) access to its terminals. It follows that APAM is likely to have some market power in the provision of landside access services.

²⁶ ACCC, *Airport monitoring report 2016-17*, April 2018, p 101.

5. Has APAM exercised market power?

In this section we consider whether there is any evidence of APAM exercising a degree of market power in relation to car parking or landside access services.

5.1 Car parking

We concluded in section 4 that APAM does not hold substantial market power in car parking. Nevertheless, in this section we contemplate whether, if APAM does hold market power, it is exercising that power.

In particular, we consider whether APAM has:

- the incentive to charge monopolistic prices for car parking;
- derived monopoly rents on car parking activities;
- reduced the quality of its car parking services; and/or
- reduced the quantity of car parking spaces available below the competitive level.

Finally, we examine whether these market outcomes have deteriorated since 2012-2013.

5.1.1 Incentives to set excessive charges

Airport operators' revenue is primarily generated by people coming to the airport, regardless of whether they park a car or generate access fees. As noted in the ACCC report, car parking revenue at Melbourne Airport as a per cent of total airport revenue has declined from 19.2 per cent in 2012-13 to 15.6 per cent in 2016-17.²⁷

Airport operators are likely to have incentives to charge efficient prices that attract visitors to the airport, since doing so will maximise the revenue and profit associated with the commercial activities inside the terminal.

In short, it is unlikely to be in the long-term interests of an airport to discourage visitors by setting high prices on car parking and landside access. APAM's ongoing investment in car parking and other landside access facilities appears to be consistent with this long term interest.

5.1.2 Locational rents

We noted in section 2 that the (drive up) price of various car parks at Melbourne Airport have been flat (if not slightly declining) over the period. Combining this with the increased take-up of online pre-payment discounts suggests that effective car parking prices at Melbourne Airport have been declining in constant price terms over the period. However, the ACCC has consistently reported that the margins (ie, profit expressed as a percentage of sales) derived by the major airports in relation to car parking services are high.

In this section we explore the extent to which the rents that APAM derives on car parking activities can reasonably be taken to include a monopoly profit element.

We noted in section 3.1.1 above that the ACCC's measure of accounting profit is of limited relevance for assessing the extent of any economic profit derived by airports on car parking services, particularly if the opportunity cost of capital is substantial. In the context of car parking, an important element of the opportunity cost of capital assets is the opportunity cost of the land itself, also known as 'locational rents'.

²⁷ ACCC, *Airport monitoring report 2016-17*, April 2018, p 108.

An economic framework for interpreting profit margins

In order to establish by means of profit-based observations whether an airport has exercised substantial market power through setting car parking charges above competitive levels, it is essential to distinguish between two forms of economic rent that may be present at airports. These are locational rents, and rents arising from use of market power, or ‘monopoly rents’. This distinction between these two is that:

- locational rents arise if the space or land available at a preferred location is limited, and users are prepared to pay a premium (though not because of artificial restrictions); whilst
- monopoly rents come about through the use of market power, and arise when a facility owner has the ability to set a price that exceeds the cost of supply (including any locational rent that may exist) or the price that would prevail under workable competition. Monopoly rents may also arise when a facility owner reduces its quality below that which would prevail under workable competition, thus reducing its costs and increasing its margins.

There are many examples of locational rents, including residential land values that increase with proximity to city centres and to good schools. Locational rents reflect that the land in premium locations is scarce, and that people are willing to pay more for the land as a result, ie, the opportunity cost of the land. Unless users of premium land are charged prices that reflect its locational attributes, over-crowding or congestion is inevitable.

The same principle applies to airports, which are centres of commerce in their own right. Land proximate to the terminal tends to be scarce, and so a premium must be paid to secure such prime locations. The critical, in principle distinction between a locational rent and a monopoly rent is that the former covers the opportunity cost of the land, and no more. This distinction is important, because it has implications for efficiency and for whether market power can reasonably be said to have been exercised, ie:

- locational rents are consistent with efficient pricing, since they represent the opportunity cost of space or land which is in scarce supply; and
- monopoly rents come about because the owner has set prices above an efficient level, thereby reducing output below the efficient level, creating a dead weight loss.

Locational rents do not justify regulatory intervention since they represent an important component of efficient, cost-reflective prices. In practice, the distinction between monopoly and locational rents is a challenging one to draw. The opportunity cost of land can be very high, difficult to measure and vary considerably by location.

The absence of any evidence on the location value of airport land is an intrinsic shortcoming in the way in which the ACCC monitors car parking and ground access charges. Because the reported operating margin does not factor in the opportunity cost of land, it provides no indication of whether prices are excessive. Past contentions by the ACCC that airports have been charging excessively have therefore had no basis.

In the case of Melbourne Airport, if APAM did not provide car parking facilities, it could, for example:²⁸

- enter into a long term lease with a property developer to make a convenient airport hotel; or
- use the land for further retail outlets.

Locational rents at Melbourne Airport

We have identified a potential benchmark estimate for the extent of the locational rents at Melbourne Airport, being a recent land valuation of land in close proximity to the Melbourne Airport car parks, undertaken by

²⁸ See Forsyth P, *Locational and monopoly rents at airports: creating them and shifting them*, Journal of Air Transport Management, vol 10, 2004, pp 51 – 60.

CBRE as at 30 June 2017. The values are ‘englobo’ meaning they exclude the value of any existing infrastructure and improvements, such as roads, utilities and services. The valuations are as follows:

- for land behind At Terminal 1, 2, 3 car parks – \$██████ per square metre per year; and
- for land adjacent to At Terminal 4 car park – \$██████ per square metre per year.

These benchmarks are likely to be conservative in estimating the market value of land currently occupied by APAM’s car parks, since while proximate to the car parking areas, they are further from the terminals and therefore the convenience premium that passengers may be willing to pay will not be fully reflected in each estimate.

Qualitative assessment

Melbourne Airport has experienced nine years of consecutive passenger growth,²⁹ driven by general aviation trends, particularly international growth as there is increased competition from carriers, technological improvements reducing cost of air travel, and demand from emerging markets such as China has increased significantly. In addition, passenger growth is likely to be partly a function of Melbourne having the largest and fastest growth of all Greater Capital Cities in 2016-17.³⁰

The steadily increasing, high volumes of foot traffic passing through Melbourne Airport, in combination with the observation that airline passengers typically have higher than average incomes, suggest that land values at Melbourne Airport are likely to be high, and move with airport demand.

As noted above, the opportunity cost of land makes up an important component of economic cost. On the assumption that the opportunity cost of land is increasing, (which seems extremely likely to be borne out in reality given the nature of demand at Melbourne Airport) and noting that the prices charged for car parking have declined in constant price terms, this suggests that APAM has not been exercising market power, nor has it had the ability to pass through the cost increases that land value appreciations represent, to end users.

Existence of locational rents in Melbourne CBD

It can be instructive to explore the nature of locational rents in other areas, such as Melbourne CBD. Car parks located in Melbourne’s CBD can be expected to include an element of locational rent, unlike non-CBD car parks such as shopping centres and stadiums, that may also face close competition from free parking on surrounding streets, and which (in particular for shopping centres) may cross-subsidise car parking to encourage patronage.

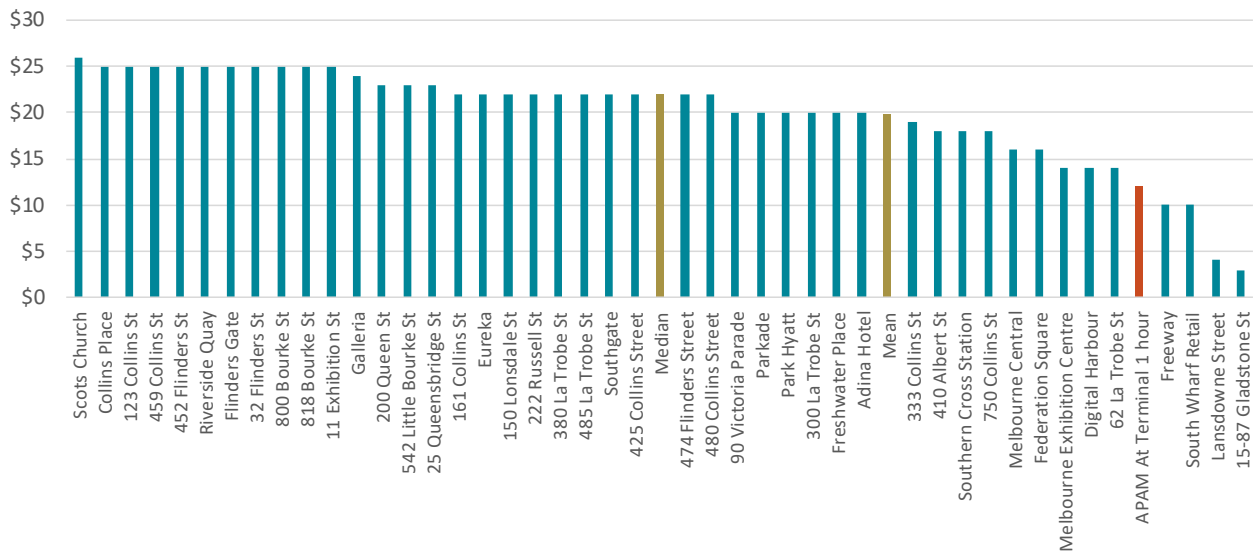
The existence of many public car parks in Melbourne’s CBD allows for an illustration of the existence of locational rents. Since the services provided are largely the same, differences in prices may be used to examine the existence and range of locational rents. Our analysis focuses on short term pricing, since the land closest to the terminals is likely to command the greatest degree of locational rent, and APAM faces significant price competition from off-airport providers for longer term stays.

Figure 5.2 below highlights that the charge for one hour of car parking at Melbourne Airport is below the average charge for one hour in the CBD.

²⁹ Melbourne Airport, *Melbourne airport passenger performance*, March 2018.

³⁰ Australian Bureau of Statistics, *Regional population growth, Australia, 2016-17*, April 2018.

Figure 5.1 Comparison of one hour car parking rates at Melbourne Airport vs CBD

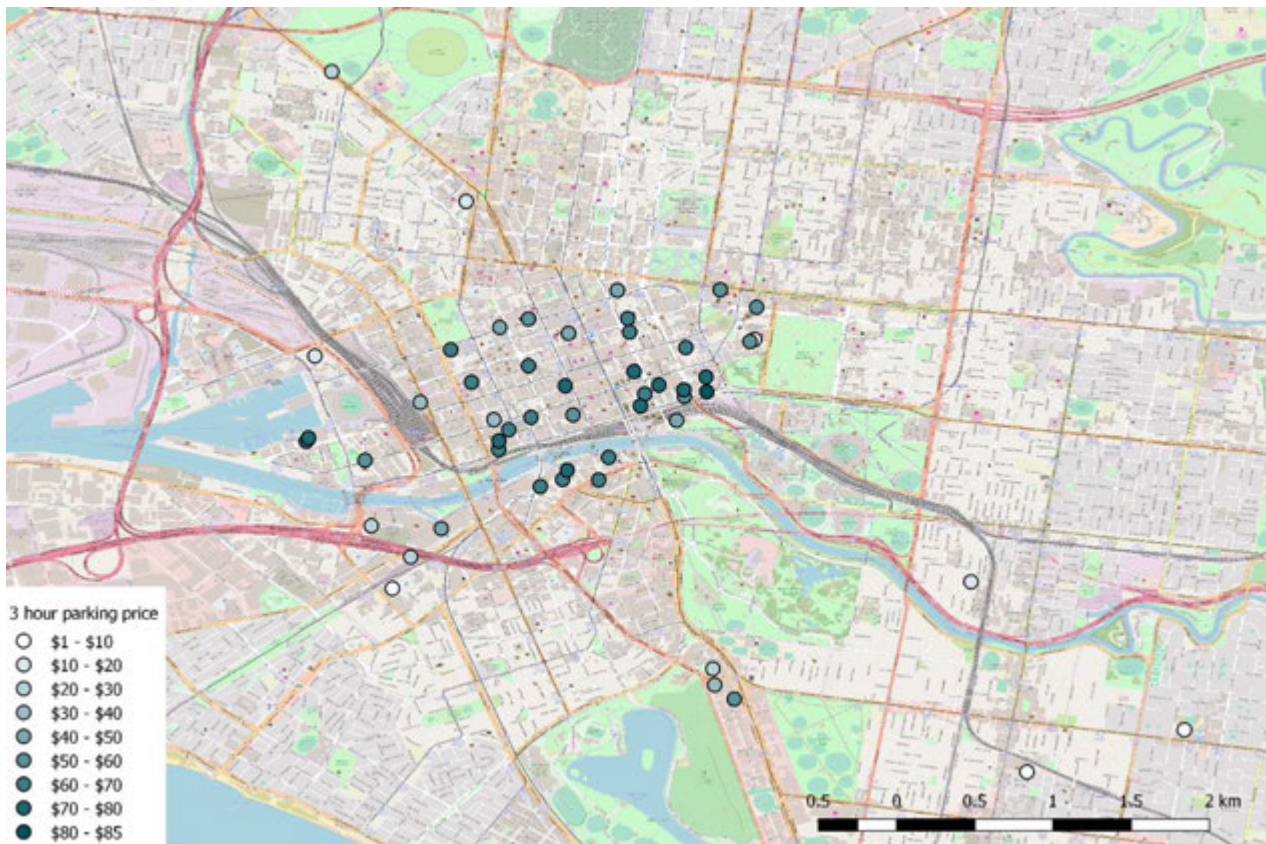


Source: <https://www.melbourneairport.com.au/Passengers/Parking/Parking-information/Drive-up-rates>, <https://www.wilsonparking.com.au>, accessed 25 June 2018

Figure 5.2 below shows car parking prices for a three hour stay at a range of Wilson car parks near Melbourne CBD. In particular, it shows that car parks towards the geographic centre of Melbourne tend to charge higher prices than those further out, because these locations have a higher opportunity cost of providing car parking services.³¹

³¹ This analysis is included to show the *general* trend that car parks close to the city centre charge higher prices than those further out, but prices may also vary with the services provided, for example undercover compared to outdoor parking, or with other factors including the number of parks provided, proximity to shopping centres and security levels. It is not intended to be an in-depth analysis of CBD parking prices.

Figure 5.2: Three-hour car parking prices at Wilson car parks in Melbourne CBD



Source: <https://www.wilsonparking.com.au>, accessed 25 June 2018

On the whole, the comparison with CBD car parking suggests that:

- APAM's car parking prices are not high, relative to the car parking charges observed at other premium locations in Melbourne; and
- locational rents influence car parking prices, as illustrated by figure 5.2, where car parking prices increase with proximity to the centre of the CBD.

5.1.3 Quality

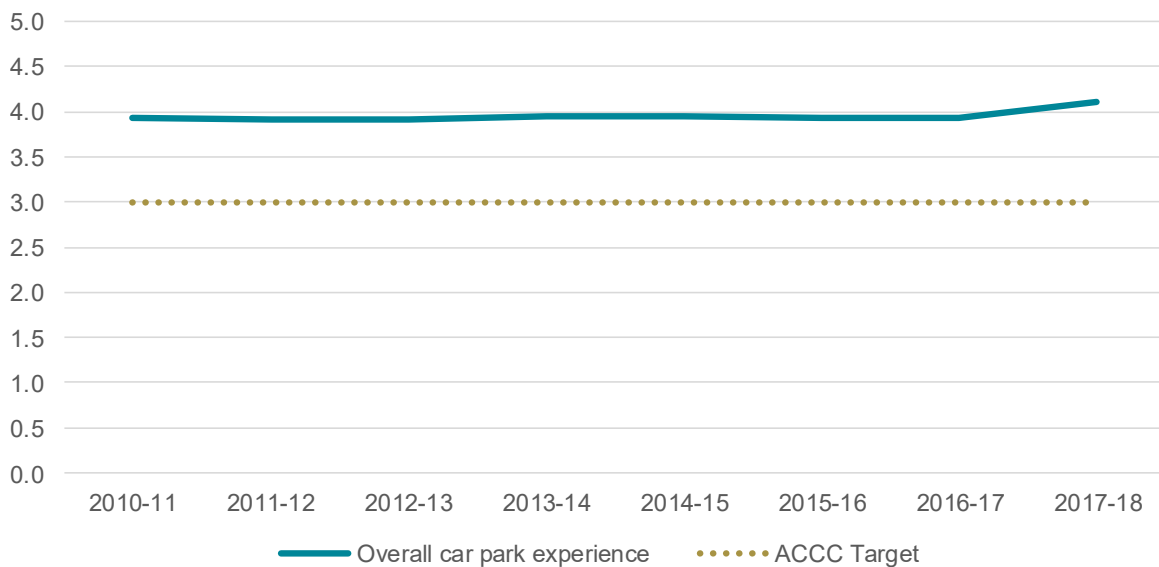
APAM may also be able to exercise any market power though reducing the quality of its services below the level that would otherwise apply in a workably competitive market. The most likely form of such conduct would be under-investment in capacity or by allowing service quality to deteriorate in other ways that reduce costs.

APAM conducts passenger surveys in relation to its car parks.

Figure 5.3 below indicates that car park at each terminal has been significantly above the ACCC target rating since 2011.³²

³² The ACCC take a subset of this survey for the AMR. As noted in the ACCC report, the passenger rating on the availability of car parking has declined since 2013-14, despite a decrease in throughput at car parks and increases in car parking capacity at Melbourne Airport

Figure 5.3: Car parking QSM ratings at Melbourne Airport



Source: APAM

There is no evidence that APAM has allowed its quality of service to deteriorate. APAM has continued to invest in car parking capacity despite a decline in throughput at its car parks, and as shown in the graph above, quality of service ratings at Melbourne Airport are not low.

We note that the ACCC report indicates that both the standard of and time taken to enter car parks were rated as 'good' by passenger surveys, but availability was rated as 'satisfactory', although there was improvement since 2015-16.³³

The ACCC has acknowledged Melbourne Airport's observation that the decline in rating appears to coincide with the introduction of 'bay-finding' technology, which may suggest that customers are increasing their expectations as a result of the new technology.³⁴ The ACCC report notes that this comes even when APAM has considerably invested in expanding car park capacity, and suggested that 'this may indicate that the cars are parking for longer, or that the free spaces are not available in the car parks most desired by motorists'.³⁵

5.1.4 Capacity

APAM has continued to invest in expanding car parking capacity at its terminals. There is no evidence of APAM acting to induce any artificial shortage of car parks in order to increase prices. By contrast, multiple significant investments in new parking facilities continue to be undertaken, as described in section 2.3.3 above. These investments have taken place despite decreasing daily car parking throughput.

The ACCC report notes that much of the increase in passenger volumes at Australian airports has occurred during peak periods.³⁶ It is likely that demand for car parking at Melbourne Airport follows a similar trend, and as such it will be during these times that car parking is at its most constrained.

Increases in peak demand pose a challenge for car parking operators since increasing capacity to meet peak demand corresponds to additional capital expenditure that would be sitting fallow during non-peak

³³ ACCC, *Airport monitoring report 2016-17*, April 2018, p 109.

³⁴ ACCC, *Airport monitoring report 2016-17*, April 2018, p 109.

³⁵ ACCC, *Airport monitoring report 2016-17*, April 2018, p 109.

³⁶ ACCC, *Airport monitoring report 2016-17*, April 2018, p 13.

times. APAM has sought to manage peak capacity through a planned investment project in dynamic lane allocation to manage traffic demand, installation of bay-finding technology in December 2016 at the At Terminal T4 car park, and ongoing investment in increasing car parking capacity, despite flat or falling demand.

5.1.5 Changes since 2013

Prices

In section 2.4, we set out that all short term drive-up car parking prices at Melbourne Airport have fallen in constant price terms since 2012-13, and most long term drive-up car parking prices have also been flat or fallen over the same period.

Prices relative to land values

It is relevant to compare the movement in APAM's car parking prices to the movement in land values in various locations near the airport. If the land surrounding the airport (and in Melbourne in general) has increased in value, it is reasonable to infer that the land on which APAM's car parks are located will have increased as well. As such, the opportunity cost of APAM's car parking land will have increased and it should be expected that it would earn more revenue from car parking to reflect that increased opportunity cost.

Movement in benchmarks over time

Although prices for car parking at Melbourne Airport have been flat or falling in constant price terms since 2012, the benchmark land values proximate to the car parking land have increased. The increases in land values proximate to car parking land suggests that Melbourne Airport's car parking land is likely to have similarly increased over the period 2013-2017, which may be in the vicinity of █████ per cent.

Table 5.1: Movement in benchmark property values over time

Benchmark	2012-13 value	2016-17 value	% change
Forefront (behind At Terminal 1,2,3 car parks)	████	████	████
The Hive (adjacent to At Terminal 4 Car park)	████	████	████

Source/notes: APAM

Movement in implied return on land

We examine below how the implied rate of return on Melbourne Airport's car parking land changed from 2013 to 2017. The ACCC airport monitoring reports reported car parking revenues and operational expenditure as shown in the table below.

Table 5.2: Melbourne Airport car parking revenues, expenses and EBITA profit

Item	2012-13	2013-14	2014-15	2015-16	2016-17
Revenue (\$ millions)	120.0	125.9	147.0	135.3	145.1
Expenses (\$ millions)	34.1	38.9	39.4	55.5	58.4
EBITA profit (\$ millions)	85.9	87.0	107.6	79.9	86.7

Source: ACCC, *Airport monitoring report 2012-13*, April 2014, p 24. ACCC, *Airport monitoring report 2013-14*, April 2015, p 41. ACCC, *Airport monitoring report 2014-15*, April 2016, p 36. ACCC, *Airport monitoring report 2015-16*, March 2017, p 37. ACCC, *Airport monitoring report 2016-17*, April 2018, p 42

Table 5.2 above shows that APAM's operating profit from car parking services has been flat over the five year period to 2016-17, with the exception of an unusually strong year in 2014-15.

In particular, in 2012-13 APAM derived an \$85.9 million operating margin from car parking activities. The operating margin can be thought of as a return on the assets in situ at that time, including the relevant land. In other words, it provides a high-level indication of the implied return on car parking land at that time.

Using the benchmark land valuations from 2012-13 and 2016-17, we have noted that APAM's land has increased in value over that same period by between [REDACTED] per cent. The clear implication of combining the two observations (increasing land value and flat levels of return on car parking land) is that the rate of return on car parking assets and land has fallen over time, even before return on new capital invested since 2012-13, or depreciation on new assets have been accounted for.

Given that the rate of return on car parking assets and land has fallen over the period, it follows that APAM is likely to have earned a lower return on land used for car parks in 2016-17, as compared to 2012-13.

Quality

Figure 5.3 above shows that the surveyed quality ratings given for car parking services have been steady and high over the past five years. There is no evidence of the quality of car parking services declining below competitive levels over the past five years.

Capacity

APAM has increased the number of car parks available to the public in recent years, despite slight reductions in throughput. As such, APAM has not reduced the quantity of car parks available over the past five years.

5.1.6 Summary

The ACCC's assessment of profitability at airports focuses on accounting measures of profitability. Such measures take no account of a key important element of the economic cost of car parks, being the opportunity cost of the relevant land (or other locational attribute).

The evidence suggests that the locational rents at Melbourne Airport are likely to be significant, ie:

- APAM would be able to rent out the car parking land for other purposes for substantial sums;
- airports are becoming more like small cities with a wide range of services, giving APAM a wide range of alternatives for the land used for car parks;
- the land used for car parks has increased in value over the last five years; and

- the value of locational rents are substantial in Melbourne CBD, with car parks closer to the centre of the CBD having much higher prices than those just one kilometre away.

It follows that the prices set by APAM for car parking are likely to be explained to a significant extent by locational rents and convenience premiums. The ACCC's assessment would also benefit from assessing other aspects of opportunity cost (such as return on other capital).

In the absence of such analysis, the ACCC's assessment of the economic costs of car parking is significantly compromised, and the reported profitability of car parking services at Melbourne Airport is overstated. There is no evidence that APAM has exercised substantial market power by charging high prices for parking.

The evidence and analysis set out above is also not consistent with APAM exercising substantial market power in the supply of car parking services by non-price means, ie:

- there is no indication that APAM has restricted capacity to create scarcity rents; and
- there is no evidence that the quality of car parking is below that of a competitive market.

There is no evidence that market outcomes have deteriorated since the Productivity Commission's last review five years ago, ie:

- the prices for car parking has been flat or declining in constant price terms, despite increases in land value;
- APAM is likely to have earned a lower return on land used for car parks in 2016-17, as compared to 2012-13;
- there is no evidence of the quality of car parking services declining over the last five years; and
- APAM has not reduced the quantity of car parks available in the last five years.

5.2 Landside access

The ACCC has repeatedly voiced the concern that airports are in a position to reduce competition by placing restrictions on landside access to terminals.³⁷ Such restrictions might include excessive levies, setting inconvenient locations for pick-up and drop-off points, and under-investment in the quality of roads and waiting areas for passengers using such routes.

Although it is clear that APAM has considerable discretion over its terms and conditions of landside access, the available evidence suggests that APAM has set those terms so as to facilitate access, with the ultimate objective of maximizing long term foot traffic at Melbourne Airport.

5.2.1 Landside access fees

We discussed in section 2.5.2 that APAM charges fees to some users for accessing the terminals. However, there are substantial costs involved in maintaining the landside access infrastructure, including roads, drop-off and pick-up bays, taxi stands, and so on. The recovery of the costs for such facilities through access charges does not in itself suggest that market power is being exercised. The Productivity Commission has previously acknowledged this basic point, ie:³⁸

As a first step, the price of ground transport access must reflect the cost of providing the service.

APAM has indicated that ground access prices are based on a user-pays model. The access model was developed in 2014-15 to recover operation expenditure costs associated in providing access to each mode. The model was further refined in 2016-17 to include recovery of capital costs and is overlaid with a locational

³⁷ ACCC, *Airport monitoring report 2015-16*, March 2017, p xii.

³⁸ Productivity Commission, *Economic regulation of airport services*, December 2011, p 286.

rent. The physical location of each mode of access with reference to the terminals is determined such that larger mass-modes of transport have preference over other access types.

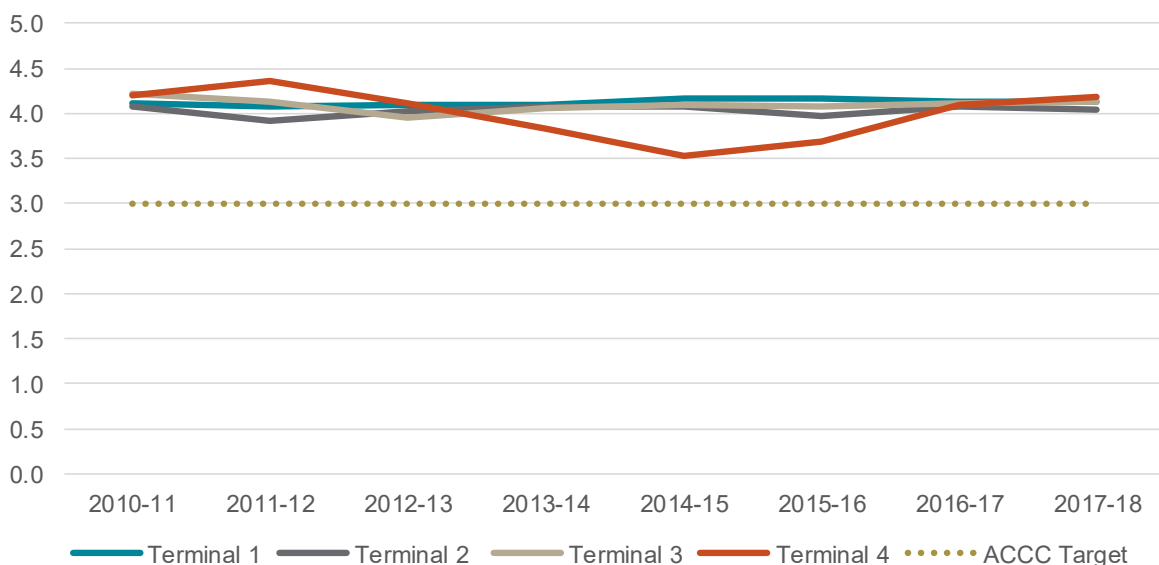
APAM chooses to locate facilities for a variety of no- to low-yielding access modes – such as private vehicle pick-up and drop-off, and taxi ranks and supporting holding areas – on high value land located proximate to the terminals, thereby prioritising the efficient movement of passengers and vehicles over higher commercial returns that could otherwise be generated from this land, and over locating APAM's own car parking facilities closest to terminal.

Facilitating access is a strategy consistent with a profit maximising airport whose primary revenue stream depends on foot traffic inside the terminals, regardless of the mode of transport by which passengers and visitors arrive at the airport.

5.2.2 Quality

Figure 5.4 below indicates that the quality of kerbside access at each terminal has remained strong over the past five years, and has been rated significantly above the ACCC target rating since 2010-11.

Figure 5.4: Kerbside access QSM ratings at Melbourne Airport



Source: APAM

Kerbside access ratings at Melbourne Airport have remained strong throughout the relevant period, as shown in figure 5.4 above. It is relevant to note that:

- international passenger growth has been significant, and therefore traffic through T2 most impacted by growing passenger volumes at Melbourne Airport;
- the drop in ratings at T4 terminal was fully expected due to the reconstruction of the terminal – T4 has been redesigned from a basic facility to a fully developed terminal, with a significant increase in passenger numbers over this period, driving the up-tick in ratings from 2015-16 to 2017-18; and
- the completion of the terminal and surrounding ground access works in August 2015 returned the ratings to a high level, reflecting the significant investment by APAM to ensure a consistent quality of service across the different terminals.

Taken together, the evidence highlights APAM's ongoing commitment to investing in first-rate facilities, matching passenger demand growth and maintaining a high level of service in landside access.

6. Conclusion

This report has assessed the extent to which APAM can be regarded as having a degree of market power in relation to either car parking or landside access services at Melbourne Airport, and whether it has taken advantage of any such power.

Our analysis shows that, in relation to car parking:

- APAM is unlikely to have substantial market power, on account of competition from other transport options for accessing Melbourne Airport, such as drop-off and pick-up, taxi, rideshare and SkyBus, as well as competition from a significant number of off-airport car parking operators, each of which constrains the prices that APAM is able to set for car parking;
- there is no evidence of APAM exercising market power in the supply of car parking services, given that:
 - > prices have remained relatively stable in nominal terms, have declined in constant price terms, and do not appear to be excessive, since prices are comparable to off-airport operators and reflect the location premium of being proximate to the terminals;
 - > investment in car parking facilities continue; and
 - > there is no evidence that market outcomes have deteriorated since the Productivity Commission's last review five years ago.

In relation to ground access:

- access to terminals is an essential component of the services provided at an airport and it is inherent in the physical configuration of its facilities that each airport controls (or has the ability to control) access to its terminals. It follows that APAM is likely to have some market power in the provision of landside access services; however
- there is no evidence that APAM has exercised market power, given that:
 - > access fees are not charged to private vehicles or public buses;
 - > off-airport car parking operators, private buses, taxis and rideshare fees are set with reference to the total cost to APAM of providing the access services;
 - > APAM chooses to locate facilities for a variety of low- to no-yielding access modes on high value land located proximate to terminals, prioritising the efficient movement of passengers and vehicles over the superior commercial returns that could otherwise be generated from this land, over locating APAM's own car parking facilities closest to terminals; and
 - > to manage peak demand and alleviate congestion for access modes including private vehicle pick-up and drop-off, APAM provides free parking options in close proximity to the terminals, prioritising quality for customers and the efficient movement of passengers and vehicles over the expected commercial returns from these assets.

In our opinion, this amounts to compelling evidence that APAM is not exercising market power but is instead seeking to *facilitate* access. As noted above, facilitating access is a strategy consistent with a profit maximising airport whose primary revenue stream depends on foot traffic inside the terminals, regardless of its visitors' mode of transport.

A1. Parking prices at Melbourne Airport

Table A1.1 and Table A1.2 set out average online prices for short term and long term parking at Melbourne Airport from 2012-13 to 2016-17, respectively.

Table A1.1: Average short term (At Terminal) online prices at Melbourne Airport in constant price (2016-17) terms

Duration	2013-14	2014-15	2015-16	2016-17
1 day	\$41.42	\$32.24	\$32.51	\$25.03
2 days	\$69.20	\$66.41	\$73.11	\$72.17
3 days	\$73.95	\$70.91	\$77.36	\$77.42
4 days	\$82.55	\$83.39	\$96.14	\$92.47
5 days	\$91.79	\$99.41	\$123.53	\$105.10
6 days	\$102.93	\$105.43	\$130.87	\$113.72
7 days	\$106.66	\$108.27	\$132.83	\$119.31
8 days	\$123.36	\$118.27	\$147.05	\$138.20
9 days	\$127.82	\$123.91	\$153.20	\$142.98
10 days	\$131.76	\$135.14	\$161.40	\$152.26
11 days	\$143.43	\$143.01	\$170.12	\$160.80
12 days	\$152.59	\$151.79	\$177.60	\$170.80
13 days	\$159.82	\$157.90	\$184.56	\$178.13
14 days	\$165.32	\$161.49	\$190.18	\$186.87
Per extra day	\$5.52	\$3.59	\$5.62	\$8.75

Source: APAM

Table A1.2: Average long term online prices at Melbourne Airport in constant price (2016-17) terms

Duration	2013-14	2014-15	2015-16	2016-17
1 day	\$23.59	\$14.17	\$13.06	\$16.93
2 days	\$28.00	\$23.35	\$26.42	\$32.63
3 days	\$37.57	\$33.41	\$36.82	\$44.18
4 days	\$46.51	\$40.01	\$42.04	\$50.17
5 days	\$49.28	\$46.06	\$51.12	\$57.01
6 days	\$61.33	\$49.98	\$56.63	\$64.25
7 days	\$66.94	\$53.16	\$60.53	\$70.66
8 days	\$70.23	\$62.20	\$63.33	\$76.83
9 days	\$72.53	\$70.11	\$68.46	\$82.16
10 days	\$75.84	\$74.99	\$73.30	\$86.68
11 days	\$84.31	\$80.59	\$77.76	\$91.20
12 days	\$85.66	\$85.85	\$82.67	\$95.61
13 days	\$86.88	\$90.25	\$86.55	\$99.81
14 days	\$86.92	\$93.63	\$89.70	\$103.50
Per extra day	\$5.52	\$3.59	\$5.62	\$8.75

Source: APAM

Table A1.3: Short term drive-up car parking prices at Melbourne Airport in constant price (March 2018) terms

Duration	Jun-12	Sep-12	Jul-13	Dec-13	Jul-14	Oct-15	Mar-18
Up to 30 minutes	\$8.97	\$8.85	\$6.50	\$6.45	\$6.35	\$10.39	\$8.00
Up to 1 hour	\$13.46	\$13.27	\$15.16	\$15.04	\$14.82	\$15.58	\$12.00
1 - 2 hours	\$24.67	\$26.55	\$25.98	\$25.79	\$25.40	\$30.12	\$24.00
2 - 3 hours	\$31.40	\$30.97	\$30.32	\$30.08	\$30.69	\$30.12	\$24.00
3 - 4 hours	\$40.37	\$39.82	\$38.98	\$38.68	\$39.16	\$40.51	\$34.00
4 - 6 hours	\$61.68	\$61.94	\$60.63	\$60.17	\$60.32	\$50.90	\$44.00
6 - 24 hours	\$61.68	\$61.94	\$60.63	\$60.17	\$60.32	\$61.29	\$51.00
2 days	\$123.37	\$127.20	\$124.51	\$123.56	\$121.70	\$123.61	\$119.00
3 days	\$185.05	\$185.82	\$181.89	\$180.50	\$132.28	\$134.00	\$129.00
4 days	\$246.73	\$246.66	\$241.44	\$239.60	\$140.75	\$144.39	\$149.00
5 days	\$308.42	\$307.49	\$300.99	\$298.69	\$151.33	\$165.16	\$159.00
6 days	\$370.10	\$368.33	\$360.54	\$357.78	\$151.33	\$185.94	\$179.00
7 days	\$431.78	\$429.16	\$420.08	\$416.88	\$151.33	\$206.71	\$199.00
8 days	\$493.47	\$490.00	\$479.63	\$475.97	\$172.50	\$227.49	\$219.00
9 days	\$555.15	\$550.83	\$539.18	\$535.06	\$193.66	\$248.26	\$239.00
10 days	\$616.83	\$611.67	\$598.73	\$594.16	\$214.83	\$269.04	\$259.00
11 days	\$678.52	\$672.50	\$658.28	\$653.25	\$235.99	\$289.81	\$279.00
12 days	\$740.20	\$733.34	\$717.82	\$712.35	\$257.16	\$310.58	\$299.00
13 days	\$801.88	\$794.17	\$777.37	\$771.44	\$278.33	\$331.36	\$319.00
14 days	\$863.57	\$855.01	\$836.92	\$830.53	\$299.49	\$352.13	\$339.00
Per extra day	\$61.68	\$60.83	\$59.55	\$59.09	\$21.17	\$20.77	\$20.00

Notes: 1) Until July 2013, there were price tiers for 0 to 20 minutes, 20 to 40 minutes, and 40 to 60 minutes. In 2013 this was changed to 0 to 30 minutes and 30 to 60 minutes. In 2015 a 0 to 15 minute tier was introduced. Sources: APAM, Melbourne Airport website

Table A1.4: Long term drive-up car parking prices at Melbourne Airport in constant price (March 2018) terms

Duration	Jun-12	Sep-12	Jul-13	Dec-13	Jul-14	Oct-15	Mar-18
1 day	\$32.52	\$32.08	\$42.22	\$41.90	\$41.27	\$25.97	\$25.00
2 days	\$54.95	\$54.20	\$53.05	\$52.65	\$51.86	\$50.90	\$49.00
3 days	\$77.38	\$76.32	\$74.71	\$74.14	\$73.02	\$71.67	\$69.00
4 days	\$77.38	\$76.32	\$81.20	\$80.58	\$79.37	\$77.91	\$75.00
5 days	\$77.38	\$76.32	\$85.53	\$84.88	\$83.60	\$82.06	\$79.00
6 days	\$86.36	\$87.38	\$96.36	\$95.62	\$94.19	\$92.45	\$89.00
7 days	\$86.36	\$87.38	\$107.19	\$106.37	\$104.77	\$102.84	\$99.00
8 days	\$111.03	\$109.50	\$118.01	\$117.11	\$115.35	\$113.22	\$109.00
9 days	\$111.03	\$109.50	\$123.43	\$122.48	\$120.64	\$118.42	\$114.00
10 days	\$122.25	\$120.56	\$128.84	\$127.86	\$125.93	\$123.61	\$119.00
11 days	\$133.46	\$131.62	\$134.25	\$133.23	\$131.23	\$128.80	\$124.00
12 days	\$144.68	\$142.69	\$139.67	\$138.60	\$136.52	\$134.00	\$129.00
13 days	\$144.68	\$142.69	\$145.08	\$143.97	\$141.81	\$139.19	\$134.00
14 days	\$144.68	\$142.69	\$150.49	\$149.35	\$147.10	\$144.39	\$139.00
Additional days	\$11.22	\$11.06	\$10.83	\$10.74	\$10.58	\$10.39	\$10.00

Sources: APAM, <https://www.melbourneairport.com.au/Passengers/Parking/Parking-information/Drive-up-rates>, accessed 30 June 2018

A2. Off-airport car park operators

In this appendix we describe the various off-airport car operators for which information is readily available as at May 2018, including the services they offer, the location of the car parks and prices of the services.

A2.1 Airway Airport Parking

Airway Airport Parking is located at 36 Tullamarine Park Road, Tullamarine,³⁹ approximately 5.2 kilometres from the airport.⁴⁰

Airway Airport Parking provides open air and undercover parking, with 24-hour on-site security and CCTV cameras. Airway Airport Parking is open seven days per week, open at all times.

Airway Airport Parking provides free shuttle buses to and from Melbourne Airport, which are operated on an 'on demand' basis.

Airway Airport Parking also offer additional services for additional cost, including car servicing and washing. Airway Airport Parking sets out its rates on its website, as displayed in the table below.

Table A2.1: Airway Airport Parking rates

Calendar days	Outdoor Rate	Undercover Rate
1	\$15.00	\$17.00
2	\$27.00	\$33.00
3	\$36.00	\$47.00
4	\$46.00	\$58.00
5	\$56.00	\$68.00
6	\$66.00	\$78.00
7	\$71.00	\$88.00
8	\$77.00	\$105.00
9	\$85.00	\$111.00
10	\$94.00	\$118.00
11	\$102.00	\$121.00
12	\$107.00	\$128.00
13	\$113.00	\$132.00
14	\$117.00	\$139.00

Source: <https://www.airwayairportparking.com.au/>, accessed 7 May 2018

³⁹ See Airway Airport Parking website, <https://www.airwayairportparking.com.au/>, accessed 7 May 2018.

⁴⁰ Distances calculated using Google Maps.

A2.2 Runway Airport Parking

Runway Airport Parking is located at 6-8 Snyder Court Tullamarine,⁴¹ approximately 7.0 kilometres from the airport.⁴²

Runway Airport Parking provides open air parking. Runway Airport Parking is open seven days per week, open at all times.

Runway Airport Parking provides free shuttle buses to and from Melbourne Airport, which are operated on an 'on demand' basis.

Runway Airport Parking sets out its rates on its website, as displayed in the table below.

Table A2.2: Runway Airport Parking rates

Calendar days	Outdoor rate
1	\$20.00
2	\$27.00
3	\$33.00
4	\$44.00
5	\$50.00
6	\$54.00
7	\$59.00
8	\$65.00
9	\$69.00
10	\$76.00
11	\$83.00
12	\$89.00
13	\$94.00
14	\$99.00

Source: <https://runwayairportparking.com.au/>, accessed 7 May 2018

⁴¹ See Runway Airport Parking website, <https://runwayairportparking.com.au/>, accessed 7 May 2018.

⁴² Distances calculated using Google Maps.

A2.3 Discount Airport Parking Melbourne

Discount Airport Parking Melbourne is located at 4-8 Sabre Court, Tullamarine,⁴³ approximately 4.2 kilometres from the airport.⁴⁴

Discount Airport Parking Melbourne provides open air and undercover parking, with 24-hour security and CCTV cameras. Airport Discount Parking is open seven days per week, open at all times.

Discount Airport Parking Melbourne provides free shuttle buses to and from Melbourne Airport, which are operated on an 'on demand' basis.

Discount Airport Parking Melbourne does not set out rates directly on its website, although there is an online booking option. Prices for stays beginning 2 July are set out in the table below.

Table A2.3: Discount Airport Parking Melbourne rates

Calendar days	Undercover rate	Outdoor rate
1	\$41.50	\$30.00
2	\$53.50	\$39.50
3	\$63.50	\$45.00
4	\$69.50	\$49.50
5	\$80.00	\$55.00
6	\$92.00	\$60.00
7	\$101.00	\$65.00
8	\$109.00	\$70.00
9	\$118.00	\$80.00
10	\$125.00	\$85.00
11	\$131.00	\$90.00
12	\$137.00	\$100.00
13	\$143.00	\$100.00
14	\$147.00	\$105.00

Source: <https://runwayairportparking.com.au/>, accessed 29 June 2018

⁴³ See Airport Discount Parking website, <http://www.airportdiscountparking.com.au/>, accessed 29 June 2018.

⁴⁴ Distances calculated using Google Maps.

A2.4 First Choice Airport Parking

First Choice Airport Parking is located at 31 Tullamarine Park Rd, Tullamarine,⁴⁵ approximately 6.2 kilometres from the airport.⁴⁶

First Choice Airport Parking provides open air and undercover parking, with 24-hour on-site security. First Choice airport parking is open seven days per week, open at all times.

First Choice Airport Parking provides free shuttle buses to and from Melbourne Airport, which are operated on an 'on demand' basis.

First Choice Airport Parking sets out its rates on its website, as displayed in the table below.

Table A2.4: First Choice Airport Parking rates

Calendar days	Indoor rate	Outdoor rate
1	\$19.00	\$16.00
2	\$33.00	\$27.00
3	\$46.00	\$35.00
4	\$58.00	\$45.00
5	\$69.00	\$55.00
6	\$79.00	\$65.00
7	\$89.00	\$71.00
8	\$98.00	\$77.00
9	\$106.00	\$83.00
10	\$114.00	\$94.00
11	\$119.00	\$99.00
12	\$126.00	\$104.00
13	\$131.00	\$109.00
14	\$136.00	\$114.00

Source: <https://firstchoiceairportparking.com.au/>, accessed 7 May 2018

⁴⁵ See First Choice Airport Parking website, <https://firstchoiceairportparking.com.au/>, accessed 7 May 2018.

⁴⁶ Distances calculated using Google Maps.

A2.5 A1 Airport Parking

A1 Airport Parking is located at 133-141 Western Avenue, Tullamarine,⁴⁷ approximately 5.6 kilometres from the airport.⁴⁸

A1 Airport Parking provides open air and shade covered parking, with 24-hour security and CCTV cameras. A1 Airport Parking is open seven days per week, open at all times.

A1 Airport Parking provides free shuttle buses to and from Melbourne Airport, which are operated on an 'on demand' basis.

A1 Airport Parking also offer additional services for additional cost, including car washing and detailing. A1 Airport Parking sets out its rates on its website, as displayed in the table below.

Table A2.5: A1 Airport Parking rates

Calendar days	Shade cloth cover rate	Outdoor rate
1	\$18.00	\$16.00
2	\$34.00	\$29.00
3	\$48.00	\$39.00
4	\$59.00	\$49.00
5	\$69.00	\$59.00
6	\$79.00	\$69.00
7	\$89.00	\$75.00
8	\$106.00	\$83.00
9	\$112.00	\$92.00
10	\$119.00	\$99.00
11	\$122.00	\$105.00
12	\$129.00	\$112.00
13	\$133.00	\$117.00
14	\$142.00	\$120.00

Source: <http://www.a1airportparking.com.au/>, accessed 7 May 2018

⁴⁷ See A1 Airport Parking website, <http://www.a1airportparking.com.au/>, accessed 7 May 2018.

⁴⁸ Distances calculated using Google Maps.

A2.6 Jetaway Airport Parking

Jetaway Airport Parking is located at 6 Prima Court, Tullamarine,⁴⁹ approximately 5.5 kilometres from the airport.⁵⁰

Jetaway Airport Parking provides open air parking, with 24-hour security. Jetaway Airport Parking is open seven days per week, open at all times.

Jetaway Airport Parking provides free shuttle buses to and from Melbourne Airport, which are operated on an 'on demand' basis.

Jetaway Airport Parking sets out its rates on its website, as displayed in the table below.

Table A2.6: Jetaway Airport Parking rates

Calendar days	Outdoor Rate
1	\$25.00
2	\$30.00
3	\$35.00
4	\$40.00
5	\$47.00
6	\$54.00
7	\$61.00
8	\$68.00
9	\$75.00
10	\$82.00
11	\$89.00
12	\$96.00
13	\$100.00
14	\$100.00

Source: <http://www.jetawayairportparking.com.au/>, accessed 7 May 2018

⁴⁹ See Jetaway Airport Parking website, <http://www.jetawayairportparking.com.au/>, accessed 7 May 2018.

⁵⁰ Distances calculated using Google Maps.

A2.7 Corporate Smartpark

Corporate Smartpark is located at 4-8 Sabre Court, Tullamarine,⁵¹ approximately 4.2 kilometres from the airport.⁵²

Corporate Smartpark provides secure undercover parking. Corporate Smartpark is open seven days per week, open at all times.

Corporate Smartpark provides free shuttle buses to and from Melbourne Airport, which are operated on an 'on demand' basis.

Corporate Smartpark sets out its rates on its website and charges for each 24 hour period stayed (or part thereof), as displayed in the table below.

Table A2.7: Corporate Smartpark rates

Days	Undercover Rate
1	\$39.00
2	\$53.50
3	\$63.50
4	\$72.50
5	\$85.00
6	\$94.00
7	\$105.00
8	\$112.50
9	\$122.50
10	\$130.00
11	\$135.00
12	\$142.00
13	\$147.00
14	\$152.50

Source: <https://www.airportparking.com.au/>, accessed 7 May 2018

⁵¹ See Corporate Smartpark website, <https://www.airportparking.com.au/>, accessed 7 May 2018.

⁵² Distances calculated using Google Maps.

A2.8 Goodyear Airport Parking

Goodyear Airport Parking is located at 157 Mickleham Road, Tullamarine,⁵³ approximately 3.7 kilometres from the airport.⁵⁴

Goodyear Airport Parking provides undercover parking, with alarm and CCTV facilities. Goodyear Airport Parking is open seven days per week, open at all times.

Goodyear Airport Parking provides free shuttle buses to and from Melbourne Airport, which are operated on an 'on demand' basis.

Goodyear Airport Parking also offer additional services for additional cost, including car washing. Goodyear Airport Parking offers a discount for booking online, as displayed in the table below.

Table A2.8: Goodyear Airport Parking rates

Calendar days	Standard rate	10% discount online price
1	\$38.00	\$34.20
2	\$53.00	\$47.70
3	\$63.00	\$56.70
4	\$73.00	\$65.70
5	\$83.00	\$74.70
6	\$93.00	\$83.70
7	\$103.00	\$92.70
8	\$112.00	\$100.80
9	\$121.00	\$108.90
10	\$130.00	\$117.00
11	\$139.00	\$125.10
12	\$148.00	\$133.20
13	\$157.00	\$141.30
14	\$166.00	\$149.40

Source: <http://www.goodyearparking.com.au/>, accessed 7 May 2018

⁵³ See Goodyear Airport Parking website, <http://www.goodyearparking.com.au/>, accessed 7 May 2018.

⁵⁴ Distances calculated using Google Maps.

A2.9 Pacific Airport Parking

Pacific Airport Parking is located at 8 International Square, Tullamarine,⁵⁵ approximately 5.9 kilometres from the airport.⁵⁶

Pacific Airport Parking provides open air, undercover and motorbike parking, with 24-hour security. Pacific Airport Parking is open seven days per week, open from 5am to 11pm.

Pacific Airport Parking provides free shuttle buses to and from Melbourne Airport, which are operated on an 'on demand' basis.

Pacific Airport Parking also offer additional services for additional cost, including car washing and detailing. Pacific Airport Parking sets out its rates on its website, as displayed in the table below.

Table A2.9: Pacific Airport Parking rates

Calendar days	Open air rate	Undercover rate
1	\$20.00	\$25.00
2	\$25.00	\$30.00
3	\$30.00	\$40.00
4	\$35.00	\$50.00
5	\$45.00	\$55.00
6	\$50.00	\$60.00
7	\$54.00	\$65.00
8	\$60.00	\$70.00
9	\$65.00	\$75.00
10	\$70.00	\$80.00
11	\$75.00	\$85.00
12	\$80.00	\$90.00
13	\$84.00	\$95.00
14	\$85.00	\$100.00

Source: <https://www.pacificparking.com.au/>, accessed 7 May 2018

⁵⁵ See Pacific Airport Parking website, <https://www.pacificparking.com.au/>, accessed 7 May 2018.

⁵⁶ Distances calculated using Google Maps.

A2.10 Melrose Airport Parking

Melrose Airport Parking is located at 390 Melrose Drive, Tullamarine,⁵⁷ approximately 3.9 kilometres from the airport.⁵⁸

Melrose Airport Parking provides short and long term secure undercover parking. Melrose Airport Parking is open seven days per week, open at all times.

Melrose Airport Parking provides free shuttle buses to and from Melbourne Airport, which are operated on an 'on demand' basis.

Melrose Airport Parking also offer additional services for additional cost, including car washing and repair facilities. Melrose Airport Parking sets out its rates on its website, as displayed in the table below.

Table A2.10: Melrose Airport Parking rates

Calendar days	Undercover rate
1	\$25.00
2	\$38.00
3	\$50.00
4	\$63.00
5	\$75.00
6	\$87.00
7	\$99.00
8	\$107.00
9	\$115.00
10	\$123.00
11	\$130.00
12	\$137.00
13	\$144.00
14	\$150.00

Source: <https://www.melrosepark.com/>, accessed 7 May 2018

⁵⁷ See Melrose Airport Parking website, <https://www.melrosepark.com/>, accessed 7 May 2018.

⁵⁸ Distances calculated using Google Maps.

A2.11 United Airport Parking

United Airport Parking is located at 4-6 Trade Park Drive, Tullamarine,⁵⁹ approximately 5.3 kilometres from the airport.⁶⁰

United Airport Parking provides secure undercover parking, with 24 hour security and CCTV cameras. United Airport Parking is open seven days per week, open at all times.

United Airport Parking provides free shuttle buses to and from Melbourne Airport, which are operated on an 'on demand' basis.

United Airport Parking sets out its rates on its website, as displayed in the table below.

Table A2.11: Melrose Airport Parking rates

Calendar days	Undercover rate
1	\$22.00
2	\$31.00
3	\$46.00
4	\$61.00
5	\$76.00
6	\$85.00
7	\$97.00
8	\$109.00
9	\$116.00
10	\$125.00
11	\$131.00
12	\$137.00
13	\$143.00
14	\$149.00

Source: <https://www.unitedairportparking.com.au/>, accessed 7 May 2018

⁵⁹ See United Airport Parking website, <https://www.unitedairportparking.com.au/>, accessed 7 May 2018.

⁶⁰ Distances calculated using Google Maps.

A2.12 Pink Elephant Airport Parking

Pink Elephant Airport Parking is located at 9 Garden Drive, Tullamarine,⁶¹ approximately 3.9 kilometres from the airport.⁶²

Pink Elephant Airport Parking provides short and long term open air and undercover parking. Pink Elephant Airport Parking is open seven days per week, open from 5am to midnight.

Pink Elephant Airport Parking provides free shuttle buses to and from Melbourne Airport, which are operated on an 'on demand' basis.

Pink Elephant Airport Parking also offer additional services for additional cost, including interior and exterior car washing services. Pink Elephant Airport Parking sets out its rates on its website, as displayed in the table below.

Table A2.12: Melrose Airport Parking rates

Calendar days	Indoor rate	Outdoor rate
1	\$24	\$19
2	\$35	\$28
3	\$47	\$37
4	\$58	\$46
5	\$69	\$56
6	\$79	\$65
7	\$89	\$70
8	\$99	\$77
9	\$108	\$85
10	\$115	\$92
11	\$121	\$99
12	\$127	\$105
13	\$133	\$110
14	\$139	\$114

Source: <https://pinkelephantparking.com.au/>, accessed 7 May 2018

⁶¹ See Pink Elephant Airport Parking website, <https://pinkelephantparking.com.au/>, accessed 7 May 2018.

⁶² Distances calculated using Google Maps.

A2.13 Jetport Airport Parking

Jetport Airport Parking is located at 70-90 Garden Drive, Tullamarine,⁶³ approximately 4.8 kilometres from the airport.⁶⁴

Jetport Airport Parking provides short and long term open air and undercover parking, with 24 hour security and CCTV cameras. Jetport Airport Parking is open seven days per week, open at all times.

Jetport Airport Parking provides free shuttle buses to and from Melbourne Airport, which are operated on an 'on demand' basis.

Jetport Airport Parking also offer additional services for additional cost, including car washing and servicing. Jetport Airport Parking sets out its rates on its website, as displayed in the table below.

Table A2.13: Jetport Airport Parking rates

Calendar days	Outdoor rate	Undercover rate
1	\$21.50	\$24.50
2	\$34.60	\$39.00
3	\$49.00	\$54.20
4	\$61.80	\$68.80
5	\$70.00	\$82.50
6	\$77.00	\$93.20
7	\$85.50	\$103.50
8	\$92.50	\$114.50
9	\$100.20	\$121.70
10	\$108.50	\$132.00
11	\$113.00	\$137.00
12	\$121.50	\$145.00
13	\$128.00	\$152.00
14	\$133.00	\$160.00

Source: <https://www.jetportairportparking.com.au/>, accessed 7 May 2018

⁶³ See Jetport Airport Parking website, <https://www.jetportairportparking.com.au/>, accessed 7 May 2018.

⁶⁴ Distances calculated using Google Maps.

A2.14 Parking Port

Parking Port is located at 7 Adina Court, Tullamarine,⁶⁵ approximately 6.1 kilometres from the airport.⁶⁶

Parking Port provides open air and undercover parking, with 24 hour security. Parking Port is open seven days per week, open at all times.

Parking Port provides free shuttle buses to and from Melbourne Airport, which are operated on an 'on demand' basis.

Parking Port also offer additional services for additional cost, including yyyyy. Parking Port sets out its rates on its website, as displayed in the table below.

Table A2.14: Parking Port rates

Calendar days	Undercover Rate
1	\$25.00
2	\$33.00
3	\$45.00
4	\$58.00
5	\$68.00
6	\$73.00
7	\$80.00
8	\$88.00
9	\$97.00
10	\$105.00
11	\$109.00
12	\$115.00
13	\$119.00
14	\$124.00

Source: <https://www.parkingport.com.au/>, accessed 7 May 2018

⁶⁵ See Parking Port website, <https://www.parkingport.com.au/>, accessed 7 May 2018.

⁶⁶ Distances calculated using Google Maps.

A2.15 Ace Airport Parking

Ace Airport Parking is located at 189 South Centre Road, Tullamarine,⁶⁷ approximately 5.3 kilometres from the airport.⁶⁸

Ace Airport Parking provides open air and undercover parking, with 24 hour security and CCTV cameras. Ace Airport Parking is open seven days per week, open at all times.

Ace Airport Parking provides free shuttle buses to and from Melbourne Airport, which are operated on an 'on demand' basis.

Ace Airport Parking has an online booking facility on its website, with rates displayed in the table below.

Table A2.15: Parking Port rates

Calendar days	Undercover valet	Rooftop covered self	Undercover self park	Outdoor self park
1	\$35.00	\$22.00	\$22.00	\$22.00
2	\$45.60	\$42.00	\$36.00	\$30.00
3	\$61.40	\$58.00	\$52.20	\$47.00
4	\$72.30	\$67.00	\$63.40	\$52.00
5	\$82.00	\$81.20	\$77.60	\$63.00
6	\$92.00	\$91.20	\$86.50	\$69.70
7	\$103.00	\$101.50	\$98.30	\$82.00
8	\$114.00	\$111.00	\$108.60	\$89.90
9	\$125.00	\$119.00	\$116.00	\$98.70
10	\$128.00	\$127.00	\$123.00	\$104.00
11	\$134.60	\$130.00	\$129.80	\$109.00
12	\$139.80	\$136.00	\$130.00	\$115.00
13	\$147.60	\$142.00	\$130.00	\$120.00
14	\$155.00	\$151.00	\$130.00	\$127.00

Source: <https://www.aceairportparking.com.au/>, accessed 7 May 2018

⁶⁷ See Ace Airport Parking website, <https://www.aceairportparking.com.au/>, accessed 7 May 2018.

⁶⁸ Distances calculated using Google Maps.

A2.16 Busy Beaver Airport Parking

Busy Beaver Airport Parking is located at 16 Tullamarine Park Rd, Tullamarine,⁶⁹ approximately 6.0 kilometres from the airport.⁷⁰

Busy Beaver Airport Parking provides open air and undercover parking, with 24 hour security. Busy Beaver Airport Parking is open seven days per week, open at all times.

Busy Beaver Airport Parking provides free shuttle buses to and from Melbourne Airport, which are operated on an 'on demand' basis.

Busy Beaver Airport Parking also offer additional services for additional cost, including car detailing and servicing. Busy Beaver Airport Parking sets out its rates on its website, as displayed in the table below.

Table A2.16: Busy Beaver Airport Parking rates

Calendar days	Undercover rate	Outdoor rate
1	\$18.00	\$16.00
2	\$33.00	\$27.00
3	\$46.00	\$35.00
4	\$59.00	\$45.00
5	\$69.00	\$55.00
6	\$79.00	\$65.00
7	\$89.00	\$70.00
8	\$99.00	\$76.00
9	\$107.00	\$83.00
10	\$115.00	\$94.00
11	\$120.00	\$99.00
12	\$127.00	\$106.00
13	\$132.00	\$112.00
14	\$137.00	\$116.00

Source: <https://busybeaverairportparking.com.au/>, accessed 7 May 2018

⁶⁹ See Busy Beaver Airport Parking website, <https://busybeaverairportparking.com.au/>, accessed 7 May 2018.

⁷⁰ Distances calculated using Google Maps.

A2.17 Andrew's Airport Parking

Andrew's Airport Parking is located at 247 Mickleham Road, Tullamarine,⁷¹ approximately 4.5 kilometres from the airport.⁷²

Andrew's Airport Parking provides open air and undercover parking, with 24 hour security and space for 2,000 vehicles. Andrew's Airport Parking is open seven days per week, open at all times.

Andrew's Airport Parking provides free shuttle buses to and from Melbourne Airport, which are operated on an 'on demand' basis.

Andrew's Airport Parking also offer additional services for additional cost, including car cleaning and servicing. Andrew's Airport Parking sets out its rates on its website, as displayed in the table below.

Table A2.17: Andrew's Airport Parking rates

Calendar days	Undercover rate	Outdoor rate
1	\$22.00	\$20.00
2	\$38.00	\$33.00
3	\$52.00	\$46.00
4	\$66.00	\$59.00
5	\$80.00	\$68.00
6	\$90.00	\$74.00
7	\$101.00	\$83.00
8	\$112.00	\$89.00
9	\$118.00	\$98.00
10	\$128.00	\$106.00
11	\$132.00	\$112.00
12	\$137.00	\$118.00
13	\$142.00	\$124.00
14	\$155.00	\$129.00

Source: <https://www.andrewsairportpark.com.au/Andrews/melbourne>, accessed 7 May 2018

⁷¹ See Andrew's Airport Parking website, <https://www.andrewsairportpark.com.au/>, accessed 7 May 2018.

⁷² Distances calculated using Google Maps.

A2.18 Alpha Airport Parking

Alpha Airport Parking is located at 70-90 Garden Drive, Tullamarine,⁷³ approximately 4.8 kilometres from the airport.⁷⁴

Alpha Airport Parking provides open air and undercover parking, with 24 hour security. Alpha Airport Parking is open seven days per week, open from 5am to 11pm.

Alpha Airport Parking provides free shuttle buses to and from Melbourne Airport, which are operated on an 'on demand' basis.

Alpha Airport Parking also offer additional services for additional cost, including car detailing. Alpha Airport Parking sets out its rates on its website, as displayed in the table below.

Table A2.18: Alpha Airport Parking rates

Calendar days	Undercover rate	Outdoor rate
1	\$22.30	\$19.10
2	\$36.60	\$32.20
3	\$51.90	\$46.30
4	\$66.20	\$59.40
5	\$79.50	\$67.50
6	\$90.80	\$74.60
7	\$101.10	\$82.70
8	\$111.50	\$89.80
9	\$118.70	\$97.90
10	\$129.00	\$106.00
11	\$134.30	\$110.10
12	\$141.60	\$119.20
13	\$148.90	\$125.30
14	\$157.20	\$130.40

Source: <https://www.alphaairportparking.com.au/locations/melbourne-airport/>, accessed 7 May 2018

⁷³ See Alpha Airport Parking website, <https://www.alphaairportparking.com.au/locations/melbourne-airport/>, accessed 7 May 2018.

⁷⁴ Distances calculated using Google Maps.

A2.19 Easy Airport Parking

Easy Airport Parking is located at 157 Mickleham Rd, Tullamarine,⁷⁵ approximately 3.7 kilometres from the airport.⁷⁶

Easy Airport Parking provides short and long term open air and undercover parking, with 24 hour on-site security and CCTV cameras. Easy Airport Parking is open seven days per week, open at all times.

Easy Airport Parking provides free shuttle buses to and from Melbourne Airport, which are operated on an 'on demand' basis.

Easy Airport Parking also offer additional services for additional cost, including car washing and servicing. Easy Airport Parking sets out its rates on its website, as displayed in the table below.

Table A2.19: Easy Airport Parking rates

Calendar days	Outdoor rate	Indoor rate
1	\$25.00	\$30.00
2	\$27.00	\$33.00
3	\$33.00	\$45.00
4	\$44.00	\$50.00
5	\$50.00	\$55.00
6	\$54.00	\$66.00
7	\$59.00	\$70.00
8	\$65.00	\$78.00
9	\$71.00	\$86.00
10	\$77.00	\$94.00
11	\$83.00	\$102.00
12	\$89.00	\$110.00
13	\$95.00	\$118.00
14	\$101.00	\$126.00

Source: <http://www.easyap.com.au/>, accessed 7 May 2018

⁷⁵ See Easy Airport Parking website, <http://www.easyap.com.au/>, accessed 7 May 2018.

⁷⁶ Distances calculated using Google Maps.



HOUSTONKEMP

Economists

Sydney

Level 40
161 Castlereagh Street
Sydney NSW 2000

Phone: +61 2 8880 4800

Singapore

8 Marina View
#15-10 Asia Square Tower 1
Singapore 018960

Phone: +65 6817 5010