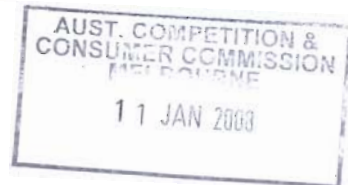


8th January 2008



1 James Schofield Drive
Adelaide Airport, South Australia 5950
Telephone +61 (0)8 8308 9211
Facsimile +61 (0)8 8308 9311
Website: www.aal.com.au



David Salisbury
Director – Transport Monitoring and Analysis
Transport and Prices Oversight
Australian Competition and Consumer Commission
GPO Box 520
Melbourne Vic 3001

Dear David

Thank you for the opportunity to make additional comments on the Draft Reporting Guidelines for Quality of Service, your letter dated 5th December 2007 refers. You will already have received our earlier email dated 8th November.

As you are aware, Adelaide Airport Ltd (AAL) has reasonably strong views on this subject, which we take very seriously, including in our strategic goals endorsed by the Board. AAL spent hundreds of millions of dollars more to improve service quality rather than simply expand capacity.

Prior to responding to your specific areas of interests as highlighted in the discussion paper dated November 2007, there are some initial comments we would like to make about the process and in particular the attached draft report, which are as follows:-

1. The graphical data gives a strong false visual impression to the casual reader and should be changed.

Mixing scales on the left and right hand, both with alpha/numeric values but more particularly 'inverting' the scale gives an instantly misleading perception.

For example graphs 3.1.9, 3.2.1, 3.2.2, 3.2.6, 3.2.7, where the eye is naturally drawn to the left scale and the dotted plot appears like a significant reduction in standard, whereas the contrary is true.

2. The report suggests some differences have been noted over time with such issues as runway availability, which has not altered for nine years and even aerobridge availability has apparently been questioned by airlines, despite percentage usage being 100% (of passengers on relevant sized aircraft).

The point to be made here is that the criteria listed have no objective definition – they are all subjective!

AAL has no problem with the ACCC soliciting comment from any source and can see the relevance of airline customer input. However, the scope for 'gaming' or more likely perfunctory 'box-ticking' at a local level only is significant, which may lead to distorted results, particularly when limited responses are received.

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It is important to distinguish between a considered head office view by an airline, which may be more strategic, could be very different and even contrary to a local more operationally focused position.

AAL suggests that all such data be open (transparent), signed and justified when a score less than satisfactory (dependent on definition) is indicated. We totally reject the ACCC notion that these comments should remain confidential.

Given that airline comments are reported 'verbatim', AAL believes our comments should be given similar consideration – with similar criteria i.e. any criticism be fully justified.

3. For consistency Initial commentary in your report on each subject should refer to the year in question before any comparative comment (if necessary) is made in the text sections.
4. Whilst possibly not supported by others, AAL would be prepared to consider a 'self analysis' section, where we appraise our own situation and indicate what improvements we believe may be necessary and what we may be planning or otherwise in the short to long term to improve the situation

We think this could be very powerful and may address a number of underlying concerns of all customers/stakeholders.

In relation to your own specific requests for commentary, with reference to all previous communications, we reiterate and amplify the following points:

- I. We are pleased to offer ACI survey reporting in addition to the current arrangements, but counsel the ACCC to note that a drop in relevant ranking does not mean a lower result – i.e. the report should be thoroughly scrutinized by the reader.
- II. If the ACI ASQ were not the adopted international criteria, AAL would not automatically support an alternative monitoring arrangement without further discussion.
- III. AAL would consider each airport should make its own decision on what measures it deems appropriate, but would trust we would work together to try to settle on one standard.
- IV. AAL has a respectful and professional relationship with ACS, with some tensions from time to time. From our perspective, these are fuelled by service standards (manning levels), lack of commerciality, bureaucratic and historic dogma plus other structural matters. We generally get on well locally and have no issue with continuing along previous lines, in terms of reporting, provided the context just described is taken into account, with the further comments in point 2. above in respect of transparency.
- V. We are not certain that NATFAL, etc are fully conversant with day to day issues at each airport.

We know there are a number of 'silos' within the hierarchy due to the usual layered structure of the organisation.

- VI. AAL is ambivalent about contacting other government agencies, so long as the criteria are defined, objective, transparent, etc.
- VII. Our comments on airline commentary, have been documented earlier and reiterated in point 2.
- VIII. Aerobridge 'availability' is extractable from airport data. Passenger surveys can be misleading as airlines may use aircraft that do not fit (Saab 340) or simply chose not to use them (Virgin Blue use of rear doors during turnrounds).
- IX. Security is monitored by the Office of Transport Security and airlines and airports monitor performance hourly. AAL sees no need to change these arrangements. With a central search, we exceed some airlines' requirements whilst meeting others with different aspirations.
- X. Check in availability is often irrelevant given the move to self check in, internet facilities, etc. Maybe exception reporting (when there are not enough desks) is the way to go? However, even this can be hard to effectively monitor (especially as our desks are not separately charged) where one carrier seeks to process 50% of its passengers on one counter in two hours, whereas another wants one for three hours to handle only a small number of first class customers.
- XI. Gate lounge crowding is not an effective criteria, except when security screening is affected at the gate. AAL recommends its removal from the survey.
- XII. Baggage issues are complex, given the arrangements in place at most airports where agencies, not carriers, are responsible for the service. It is an easy area for gaming (by all parties) considering the contracts and SLA's in place, particularly by the ground handling agents.

AAL would query what the ACCC actually seeks to demonstrate through the report and suggests more discussion is needed on this issue.

- XIII. AAL has similar views on busy hour and FID criteria. We would ask if basic numbers alone are the key criteria in each case.
- XIV. There are building regulations which specify how many toilets should be provided in a public building. As long as that number is met or better still exceeded, only perceptions are being measured.

Cleanliness is hard to measure (but all airports take it very seriously) particularly as toilets are continuously monitored, recognising it only takes seconds to make them 'unacceptable'.

- XV. Management responsiveness is entirely subjective and dependent on the issue. AAL has a Corporate standard of turning round formal (letter, email etc) correspondence within five working days (even if only an initial 'holding' position is achievable initially) unless an agreed later date is evident (as in ACCC correspondence). Reply may be verbal (telephone) and not necessarily in writing. However, if we are being asked to provide something (say to ACS or an airline) and we disagree with the request, we will respond

rapidly in the negative. This may be considered unresponsive, but may be a long term issue, a matter of precedent or contract or merely an ambit claim.

Again, we do not mind being 'judged' by mature, professional individuals, along the lines previously outlined under 2 overleaf.

In closing, AAL is aware and respectful of the legal requirement for Quality of Service monitoring, even if we may take issue with a number of the ACCC "Objectives" as listed on Page 6, item 2.1.

Whilst not unwilling to be compared to other airports on objective criteria (far from it) we would question the role of the Regulator in such a scenario.

Finally, we feel that the subject of surveys and reporting requires attention (on both sides) to produce a mutually beneficial and effective document and look forward to further discussions to that end.

Yours sincerely



Phil Baker
Managing Director