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Brisbane | Melbourne | Perth | Sydney

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Glossary

AASB	Australian Accounting Standards Board
ACCC	Australian Competition and Consumer Commission
AC&BPS	Australian Customs and Border Protection Service
AGAAP	Australian Generally Accepted Accounting Principles
AIFRS	Australian equivalents to International Financial Reporting Standards
Aerobridge	Allows passengers to board and disembark aeroplanes directly from / to the terminal gate lounge. Avoids need for passengers to go outside and use the apron.
Aircraft-related services and facilities	Services and facilities provided by airports that are specifically utilised by aircrafts (for example; runways, aircraft parking bays and taxiways). The full list of aircraft-related services and facilities for monitoring purposes are listed in the <i>Airports Regulations 1997</i> .
Airline surveys	Each year, the ACCC sends domestic and international airlines a survey to complete, in which they are asked to rate on a scale of 1 to 5 the availability and standard of services and facilities provided by the monitored airports.
Airports Act	<i>Airports Act 1996</i> . Among other things, this Act sets up a system for financial and quality of service monitoring of specific airports.
Airports Regulations	<i>Airports Regulations 1997</i> . Among other things, this regulation outlines the management of airports, land use for airports, protection of airspace and outlines the Quality of Service Monitoring which the ACCC reports on.
Airside	Refers to areas specifically in the airport that are dedicated to the provision of aircraft-related services and facilities and most passenger-related services and facilities. Airside areas include, for example, terminal buildings, runways and taxiways.
Aeronautical services and facilities	As defined under the <i>Airports Regulations 1997</i> , this refers to those services and facilities at an airport that are necessary for the operation and maintenance of civil aviation at the airport (including both passenger-related and aircraft-related services and facilities).
Apron	Airport aprons are areas where planes park and are refuelled, passengers embark and disembark and/or where planes are loaded and unloaded.
Availability	Describes the amount of the facility/service made available relative to demands for the facility or service. May include whether facilities or services are available or restricted due to congestion, positioning, maintenance, or repairs, the accessibility or usefulness of the facility/service provided, and the efficiency of the system to allocate usage.

BARA	Board of Airline Representatives of Australia
BITRE	Bureau of Infrastructure, Transport and Regional Economics
Border agency surveys	Prior to the 2012-13 report, the ACCC sent border agencies a survey to complete each year, in which they are asked to rate on a scale of 1 to 5 the adequacy and standard of services and facilities provided by the monitored airports. This survey has been discontinued for the 2013-14 report.
CCA	<i>Competition and Consumer Act 2010</i>
CTFR	Counter Terrorism First Response
CPI	Consumer Price Index
DoIRD	Department of Infrastructure and Regional Development
DTL	Domestic terminal lease
EBITA	Earnings before interest, tax and amortisation
EBITDA	Earnings before interest, tax, depreciation and amortisation
FAC	Federal Airports Corporation
FIFO	Fly-in / fly-out refers to passengers who fly to and from remote areas for work via air transport.
GA	General aviation. These are aircraft operations that are not regular public transport, such as private charter and aircraft training flights, and Royal Flying Doctor Services.
GST	Goods and Services Tax
IASB	International Accounting Standards Board
Landside	Refers to areas specifically in the airport that are not established as airside areas. These areas generally include access roads and walkways within airport precincts.
LCC	Low cost carrier
LIS	Line in the sand approach; A regulatory approach to valuing airport assets under which the value of an airport's aeronautical asset base for monitoring purposes is the value of tangible non-current aeronautical assets reported to the ACCC as at 30 June 2005, plus new investments, less depreciation and disposals.
Minister	Minister with portfolio responsibility for infrastructure
Monitored airports	Those airports which are subject to price and quality of service monitoring and are specified in Parts 7 and 8 of the <i>Airports Regulations 1997</i> ; currently Brisbane, Melbourne, Perth and Sydney airports.
MTOW	Maximum take-off weight
Nominal terms	A value expressed in the money of the time when either: a charge was set, expenses were incurred, or when income was received. There is no adjustment for inflation (see real terms).

Objective indicators	Refers to aspects of airport services and facilities listed in the <i>Airports Regulations 1997</i> to be monitored and evaluated by the ACCC. Monitored airports are required to keep records of physical infrastructure (for example, the number of; check-in desks, seating facilities and flight information display screens), as well as other measurements (such as, number of passengers during peak hour, capacity of baggage equipment and total area in gate lounges).
Overall quality of service	This is a metric derived by aggregating the quality of service monitoring results sourced from objective indicators and surveys of airlines and passengers on the quality of services and facilities provided by the monitored airports. As well as aeronautical services, the surveys include responses to questions on landside facilities, such as kerbside taxi facilities, car parking and airport management responsiveness.
Passenger-related services and facilities	Services and facilities provided by airports that are specifically utilised by passengers (for example; check-in desks, aerobridges and gate lounges). The full list of passenger-related services and facilities for monitoring purposes are listed in the <i>Airports Regulations 1997</i> .
Passenger surveys	The monitored airports arrange for annual passenger surveys to be conducted by market research companies. Survey forms are designed by the airports to provide information to the ACCC as required under the <i>Airports Regulations</i> . These surveys ask passengers to rate on a scale of 1 to 5 the availability and standard of services and facilities provided by the monitored airports.
Peak hour	The hour that, on average for each day in the financial year, has the highest number of (arriving / departing / total of both) passengers.
PC	Productivity Commission
PFC	Passenger facilitation charges
PSC	Passenger services charge
Real terms	A value expressed in the money of a particular base time period (eg. 2013-14 dollars). Values in real terms remove the impact of inflation and provide for better comparison of values over time.
RPT	Regular public transport
SLA	Service level agreements
Standard	Describes the physical condition of the facility / service supplied and condition in which it is generally maintained.
Subjective indicators	Quality of service indicators provided by survey responses from airlines and passengers
Taxiway	Is a road for aircraft that connects runways with airport facilities including ramps, hangars and terminals
White paper	<i>Aviation White Paper: Flight path to the future</i> , Australian Government, 2009.

Key Findings

The ACCC's monitoring role for the major airports

This report presents the results of the ACCC's monitoring of the quality, prices, costs and profits related to aeronautical and car parking services supplied at Brisbane, Melbourne, Perth and Sydney airports for the 2013-14 financial year.

Australia's major airports are near monopolies with significant market power. An unconstrained monopolist can charge higher prices and earn monopoly margins while lacking the incentive to undertake timely investment and improve the quality of their services.

The intention of the ACCC's annual airport monitoring report is to provide the Australian Government and the public with information on the performance of these airports.

However, the ACCC's monitoring does not involve direct regulation of monitored airports. It does not have any power to intervene in the airports' setting of terms and conditions of access to their infrastructure. Monitoring does not, of itself, prevent the airports from increasing prices or decreasing the quality of services.

The ACCC's monitoring role for aeronautical services relates only to those terminals that are owned and operated by the airports. Some domestic terminals at the monitored airports are leased and operated by domestic airlines and these terminals are not subject to the ACCC's monitoring. Revenues, costs, margins and quality of service from these leased terminals are not included in the aeronautical monitoring results.

Although monitoring does provide some indication about the level and trends in the airports' prices, costs, profits and quality of service, it is limited in its scope to enable a detailed assessment of the airports' performance to be undertaken. Monitoring results cannot be used to establish whether or not an airport has exercised its market power to earn monopoly profits. Further, when assessing the quality of service for airports, it should be noted that a variety of factors outside the immediate control of the airport operator may influence ratings. The ACCC also recognises that there may be potential incentives for airlines to deliberately under-report quality ratings. Further details on the limitations of monitoring can be found in Appendix A7.

Low passenger growth, increases in margins, little change to service quality in 2013-14

Despite relatively low passenger growth during 2013-14, monitored airports reported substantial increases in aeronautical margins and revenue. Growth in international passenger numbers, which attract higher aeronautical charges, contributed to the increases in margins.

Despite growth in aeronautical margins and revenue, there has been no considerable change to the overall average quality of service ratings for the airports. Brisbane Airport again was the only airport to achieve a rating of 'good' while the other three monitored airports were rated as 'satisfactory'.

However, each airport has invested in aeronautical assets over time, with each airport increasing its aeronautical tangible non-current asset base in real terms since 2003-04. These real percentage increases have ranged from 21.5 per cent at Sydney Airport to 206.5 per cent at Perth Airport. Each airport also reported a larger level of additions as a proportion of aeronautical assets in 2013-14 than in 2003-04.

Airport car parks continue to be an important source of revenues and margins for monitored airports. All monitored airports had increases in car parking revenue while all airports apart from Melbourne had increases of between 5.8 to 11.8 per cent in real terms in their car parking margin (8.7 to 14.8 per cent in nominal terms). Melbourne Airport was the only monitored airport to report a reduction in car parking operating margin of 1.4 per cent in real terms during 2013-14. This is the third consecutive year that Melbourne Airport has reported a reduction in car parking operating margin in real terms.

Individual monitored airport performance for 2013-14

Brisbane Airport

Brisbane Airport had relatively subdued total passenger growth of around 2.3 per cent and low growth of 0.5 per cent in real terms for its aeronautical margin (3.2 per cent in nominal terms). However, car parking margins increased by 5.8 per cent in real terms (8.7 per cent in nominal terms). The overall average quality of service rating remained unchanged at 'good'. Of the monitored airports, Brisbane Airport continued to be rated highest by both passengers and airlines. However, landside users rated kerbside space for pick-up and drop-off at the international terminal as 'poor'.

Aeronautical investment completed during 2013-14 included runway and drainage works. Brisbane Airport's major current project is the construction of its new parallel runway which is expected to be completed by 2020. Brisbane Airport's 2014 master plan was approved by the Minister for Infrastructure and Regional Development on 2 February 2015. The master plan is a 20 year forward looking document that identifies, for example, development objectives and future aviation requirements, and is required to be updated every five years and approved by the Minister for Infrastructure and Regional Development.

Melbourne Airport

Melbourne Airport passenger numbers increased by 4.0 per cent which was largely driven by international passenger growth of 9.1 per cent. Melbourne Airport's aeronautical margin jumped by 21.1 per cent in real terms (24.3 per cent in nominal terms) while the overall average quality of service rating remained unchanged at 'satisfactory'. Melbourne and Perth Airports both have the equal lowest overall average rating of any monitored airport. A number of services at Melbourne Airport were rated as 'poor' including aerobridge standard and check-in services availability at the T3 domestic terminal. Further, landside users rated all landside services as 'poor'.

Aeronautical investment completed during 2013-14 included the completion of the foxtrot infill which resulted in the construction of new apron area. Melbourne Airport reported a large increase in car parking spaces of 9.4 per cent during 2013-14, which was due to the airport opening up a new long term car park with 2400 spaces. Melbourne Airport's major current project is the Southern Precinct Project, which includes the construction of a new domestic terminal to replace the existing Terminal 4 and a new ground transport hub. In December 2013, the Minister for Infrastructure and Regional Development approved Melbourne Airport's 2013 master plan which included a proposed third runway.

Perth Airport

Perth Airport had the lowest passenger growth of all monitored airports at 1.5 per cent and was the only airport to report reduced domestic passenger numbers. In spite of this subdued growth, Perth Airport's aeronautical and car parking margins jumped by 16.8 and 9.3 per cent in real terms respectively (20.0

and 12.3 per cent in nominal terms). The overall average quality of service rating dropped slightly but remained at 'satisfactory'. Perth Airport reported a number of services that were rated as 'poor' including most indicators for its international terminal including aerobridge availability, check-in services and baggage processing.

Aeronautical investment completed during 2013-14 included a runway overlay project and a Terminal 3 apron reconfiguration. On 16 January 2015, the Minister for Infrastructure and Regional Development approved Perth Airport's 2014 master plan. Investment plans in the master plan included the consolidation of all commercial air services into a single precinct and a proposed new runway.

Sydney Airport

Sydney Airport reported passenger growth of 2.1 per cent, with international passenger growth of 4.2 per cent. Aeronautical margin increased by 3.6 per cent in real terms (6.4 per cent in nominal terms). However, the car parking margin jumped 11.8 per cent in real terms (14.8 per cent in nominal terms) which is the highest increase of the monitored airports. Sydney Airport's overall average quality of service rating increased by 4.7 per cent but remained at 'satisfactory'. Passengers continued to rate Sydney Airport lowest of the monitored airports. Sydney Airport's international terminal was rated as 'poor' for a number of services, such as aerobridge and baggage processing availability and standard.

Aeronautical investment completed during 2013-14 included new aerobridges at the International Terminal and enhancements to the runway and taxiways. During 2013-14 Sydney Airport opened a multi-storey public car park in the T2/T3 precinct providing an additional 964 car parking spaces. In February 2014, the Minister for Infrastructure and Regional Development approved Sydney Airport's 2014 master plan. Investment plans included the re-configuration and expansion of its terminal infrastructure to create two integrated terminal precincts for international, domestic and regional operations.

Airport performance over the past 11 years

The ACCC has been monitoring the prices and quality of service at Brisbane, Melbourne, Perth and Sydney airports since privatisation. Since the removal of price caps in 2002, the ACCC has had no power to set airport prices. Rather, the monitoring function can increase transparency and show the trends in price and quality outcomes over time. Such information may be useful in negotiations between airlines and airports over service levels and pricing and can also provide information to government about whether more direct regulation is required to constrain monopoly behaviour.

Over the last 11 years that the ACCC has been monitoring the airports, we have observed a trend of increasing financial margins and lagging quality of service outcomes.

The monitored airports have experienced considerable passenger growth over the past 11 years. Perth Airport reported the largest passenger growth with an increase of 146.0 per cent. Melbourne, Brisbane and Sydney Airports had increases of 62.8, 53.7 and 43.5 per cent respectively.

Aeronautical revenues earned from the growth in passenger numbers for monitored airports have been considerable. In real terms, both Perth and Brisbane airports' aeronautical income grew 215.8 and 156.8 per cent over the past 11 years. Melbourne and Sydney airport aeronautical revenue increases were 94.0 and 66.3 per cent respectively.

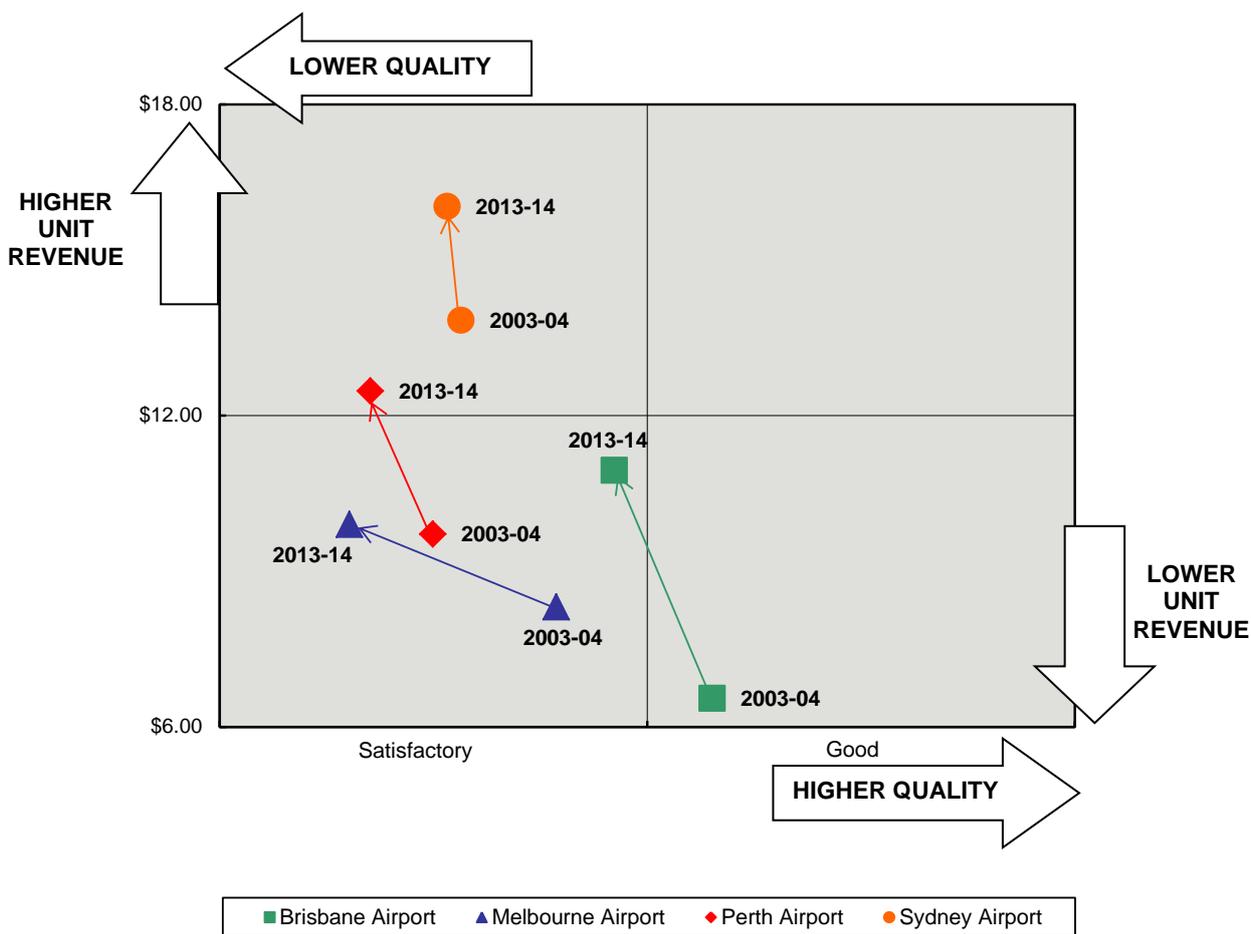
All monitored airports have reported substantial real increases in aeronautical margins over the past 11 years. Brisbane Airport’s aeronautical margin has increased by 377.5 per cent in real terms since 2003-04, while Perth Airport has reported margin increases of 205.5 per cent in real terms over the period.

While all monitored airports have reported significant real earnings over the past 11 years, this has not translated into improvements in quality of service. The overall average quality of service rating for all monitored airports has not improved on the 2003-04 rating. Further, the airline survey rating of three airports has declined from the 2003-04 rating.

Aeronautical price and quality outcomes over the past 11 years

Increases in real earnings over the period have not translated into improved quality of service outcomes. All airports have reported an increase in aeronautical unit revenue in real terms (which is a proxy for average prices) and a deterioration in aeronautical quality of service outcomes from 2003-04 to 2013-14.

Chart 1: Aeronautical revenue per passenger (in real terms) and aeronautical quality of service ratings, 2003-04 and 2013-14¹



This is presented graphically in Chart 1 which shows price and quality outcomes in 2003-04 and 2013-14. From the point of view of airport users, the optimum quadrant

¹ For the purposes of this chart, aeronautical services and facilities include aircraft-related services and facilities, passenger-related services and facilities and management responsiveness, but exclude car parking and landside services and facilities. The ratings for these services differ from those associated with overall services and facilities.

for an airport to be in would be the lower right quadrant, which represents lower price and higher aeronautical quality of service. In 2013-14, no airports were in this quadrant.

The chart shows that, over time, all of the airports' overall performance has deteriorated:

- Sydney Airport has been in the upper left quadrant for the entire period, representing lower quality and higher prices. Over the period, it has moved to higher prices within that quadrant.
- Perth Airport has moved from the lower left quadrant (lower quality, lower prices) to the top left quadrant, representing a worsening of quality and an increase in prices.
- Brisbane Airport has moved from the lower right quadrant (lower prices and higher quality) to the bottom left quadrant, representing an increase in prices and a worsening of quality.
- Melbourne Airport has remained in the lower left quadrant (lower quality and lower prices), but moved to a lessening of quality and an increase in prices.

Airline negotiation and countervailing power

The monitoring regime administered by the ACCC reports on commercially negotiated terms and conditions of supply, including price, between the airports and airlines. However there is evidence to suggest that at least at some airports, airlines do not possess enough bargaining power to ensure appropriate commercial outcomes. In addition, the airports have continued to earn relatively substantial increases in aeronautical revenues and operating margins with declining quality outcomes over the past 11 years.

Airlines may have some bargaining power through their ability to initiate an application to the National Competition Council (NCC) for an airport to be declared under Part IIIA of the *Competition and Consumer Act 2010* (CCA). Declaration would enable the ACCC to arbitrate disputes over access terms and conditions. The ACCC considers that the general provisions of Part IIIA do provide a credible option for airlines and other airport users, however there is considerable time and uncertainty faced by airlines and others going through the declaration process.

A potential option to address these issues is deemed declaration. This would require the Australian Government to amend the *Airports Act 1996* to deem aeronautical services provided at the major airports for the purposes of Part IIIA. Under this arrangement, airport users would not need to go through the declaration process, but would be able to seek arbitration if negotiations failed.

Competition issues with the proposed Badgerys Creek Airport

Having alternative choices for airlines and other users of the airports is the strongest and best solution to issues of potential misuse of market power. The proposed second airport at Badgerys Creek in Sydney may have had the potential to offer alternatives to airlines and other airport users who may have had difficulties negotiating commercial agreements with the existing Sydney Airport.

However, the potential for a competitive outcome was removed when the then Australian Government provided the acquirer of Sydney (Kingsford Smith) Airport (when it was privatised in 2002), the right of first refusal to develop and operate any second airport within 100 kilometres of the CBD. This right of first refusal appears to have been consistent with section 18 of the *Airports Act 1996* which requires the

common ownership of the Sydney (Kingsford Smith) Airport and Sydney West Airport. In addition, section 248 of the *Airports Act 1996*, provides that the effect of common ownership of Sydney Airport and Sydney West Airport resulting from a relevant acquisition of one or both of them does not, of itself, substantially lessen competition for the purposes of section 50 of the CCA. (Section 50 of the CCA prohibits the acquisition of shares or assets which would have the effect or be likely to have the effect of substantially lessening competition in any market.)

The ACCC believes this is an example of the tension between short term budgetary considerations and having regard to long term competition goals. Having separate owners of the two Sydney airports would encourage each airport to lower prices and increase capacity and quality, in order to capture market share from the other airport.

Aeronautical congestion

The ACCC outlined aeronautical congestion issues in its 2012-13 airport monitoring report which showed a long term trend of worsening performance. Data presented in this year's report shows a slight improvement, which is promising. However, the ACCC remains concerned that current investment does not appear to have added sufficient capacity to help avoid congestion or accommodate forecast growth.²

In the short term, the ACCC believes price is the best mechanism to manage congestion at Australian airports. This would be either through congestion or peak-period pricing that reflects the costs of congestion.

In the long term, timely investments in additional (or new) infrastructure are the most effective way for airports to deal with aeronautical capacity constraints.

Landside access and congestion

Growth in passenger numbers has led to landside areas at some airports approaching capacity limits and causing congestion. During 2013-14, the ACCC surveyed for the first time a number of landside users including taxi and bus associations and off-airport car park operators. These users rated Brisbane, Perth and Sydney airports' landside areas as 'satisfactory', while Melbourne was rated as 'poor'. The main issue raised by landside users at each airport was the availability of kerbside pick-up and drop-off spaces.

Average passenger ratings of all landside services at the monitored airports generally indicate that airports' landside areas range from 'good' at Brisbane Airport to 'satisfactory' at the other airports.

² As the ACCC 2011-12 airport monitoring report noted, congestion at airports can be caused by many factors. Congestion occurs at an airport when throughput is approaching aeronautical capacity limits—such that the use of the airport by one party imposes costs on other users, in terms of delays. Congestion can be the result of problems in the air and/or on the ground. Any airport is typically a part of a network of other airports. Delays at one airport can have knock-on effects on departures and arrivals at other airports. In brief, attributing causation of congestion to any one factor at any given airport can be fraught with difficulty.

Key Performance Indicators 2013–14

Table 1: Key indicators for the monitored airports for 2013–14

Airport	Passenger numbers (million)	Total aero revenue (\$million)	Aero revenue per passenger (\$)	Total aero margin (\$million)	Aero operating margin per passenger (\$)	Overall rating for quality of service (out of 5)
Brisbane	22.1	241.7	10.94	103.3	4.67	4.0
Melbourne	31.2	308.8	9.90	139.7	4.48	3.4
Perth	14.9	186.1	12.47	81.5	5.47	3.4
Sydney	38.7	621.0	16.03	309.7	8.00	3.5

Note: Comparisons across monitored airports must be treated with caution. Results can be affected by the airports' different terminal configurations, passenger mix and the different approaches to valuing assets.

Ratings for overall quality of service: 1 – very poor; 2 – poor; 3 – satisfactory; 4 – good; 5 – excellent.

Table 2: Percentage change in key indicators from 2012–13 to 2013–14

Airport	Passenger numbers	Total aero revenue	Aero revenue per passenger	Total aero margin	Aero operating margin per passenger	Overall rating quality service
Brisbane	▲ 2.3%	▲ 3.5%	▲ 1.2%	▲ 0.5%	▼ 1.8%	—
Melbourne	▲ 4.0%	▲ 7.4%	▲ 3.2%	▲ 21.1%	▲ 16.4%	—
Perth	▲ 1.5%	▲ 12.9%	▲ 11.2%	▲ 16.8%	▲ 15.0%	▼ 1.4%
Sydney	▲ 2.1%	▲ 2.9%	▲ 0.8%	▲ 3.6%	▲ 1.4%	▲ 4.7%

Note: Changes for financial data are presented in real terms (base year = 2013–14)

Table 3: Car parking prices as at 30 June 2014³

Airport	Short-term car parking				Long-term car parking	
	1 hour	3 hours	8 hours	24 hours	1 day	7 days
Brisbane	\$14.00	\$23.00	\$54.00	\$54.00	\$43.00	\$143.00
Melbourne	\$14.00	\$28.00	\$56.00	\$56.00	\$39.00	\$99.00
Perth	\$8.00	\$14.00	\$24.00	\$40.00	\$20.00	\$104.00
Sydney	\$16.00	\$32.00	\$57.00	\$57.00	\$28.00	\$135.00

Table 4: Percentage change in car parking prices in real terms from 30 June 2013 to 30 June 2014

Airport	Short-term car parking				Long-term car parking	
	1 hour	3 hours	8 hours	24 hours	1 day	7 days
Brisbane	▼ 2.6%	▼ 2.6%	▲ 1.1%	▲ 1.1%	▼ 0.3%	▼ 2.0%
Melbourne	▼ 2.6%	▼ 2.6%	▼ 2.6%	▼ 2.6%	▲ 30.9%	▲ 22.0%
Perth	▲ 29.8%	▲ 13.6%	▲ 6.2%	▲ 2.5%	▼ 2.6%	▲ 6.6%
Sydney	▼ 2.6%	▼ 2.6%	▼ 0.9%	▼ 0.9%	▲ 4.8%	▲ 1.1%

Note: Real values in 2013–14 dollars

³ Brisbane, Perth and Sydney airports' short-term and long-term car parking prices are based on prices at the domestic terminal car park at each airport. Melbourne Airport's long-term car parking prices are at the long-term uncovered car park.

Table 5: Key car parking indicators for the monitored airports for 2013–14

Airport	Car parking revenue	Car parking operating margin	Car park spaces	Car parking revenue per car park space	Car parking margin per car park space	Car parking margin as % of car parking revenue	Car parking revenue as % of total airport revenue
	(\$million)	(\$million)		(\$)	(\$)	(%)	(%)
Brisbane	79.4	51.1	13 975	5 683	3 653	64.3	14.1
Melbourne	125.9	87.0	24 406	5 158	3 565	69.1	18.1
Perth	64.8	44.6	19 001	3 409	2 345	68.8	17.0
Sydney	120.0	88.1	16 864	7 119	5 221	73.3	10.5

Table 6: Percentage change in key indicators from 2012–13 to 2013–14

Airport	Car parking revenue	Car parking operating margin	Car parking spaces	Car parking revenue per car park space	Car parking margin per car park space	Car parking margin as % of car parking revenue	Car parking revenue as % of total airport revenue
Brisbane	▲ 7.6%	▲ 5.8%	— 0%	▲ 7.6%	▲ 5.8%	▼ 1.1pp	▲ 0.4pp
Melbourne	▲ 2.1%	▼ 1.4%	▲ 9.4%	▼ 6.6%	▼ 9.9%	▼ 2.5pp	▼ 1.1pp
Perth	▲ 7.8%	▲ 9.3%	▲ 11.5%	▼ 3.3%	▼ 2.0%	▲ 0.9pp	▲ 8.1pp
Sydney	▲ 4.8%	▲ 11.8%	▲ 6.6%	▼ 1.7%	▲ 4.9%	▲ 4.6pp	▲ 0.1pp

Note: (1) pp = percentage ; (2) Changes for financial data are presented in real terms (base year = 2013–14)

Table 7: Investments in tangible aeronautical non-current assets in real terms—2004–05 to 2013–14 (\$M)

	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13	2013–14
Brisbane	25.6	40.5	111.8	289.5	225.8	167.2	67.9	163.7	121.2	221.6
Melbourne	90.6	52.5	73.2	97.9	182.5	151.5	111.1	163.6	163.6	329.0
Perth	35.5	13.4	19.1	33.2	53.8	50.2	74.9	79.4	185.9	203.0
Sydney	59.5	154.8	195.3	98.1	391.5	251.6	69.9	105.3	140.8	139.9

Note: Real values in 2013-14 dollars

Table 8: Investments as proportions of tangible aeronautical non-current assets—2004–05 to 2013–14 (%)

	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13	2013–14
	%	%	%	%	%	%	%	%	%	%
Brisbane	2.2	3.5	9.1	19.5	14.2	11.4	4.7	10.8	7.6	12.8
Melbourne	14.9	8.5	11.3	14.1	22.1	16.4	11.5	15.5	14.4	23.9
Perth	14.1	5.9	8.4	13.8	19.4	16.2	20.6	19.0	32.4	28.3
Sydney	2.9	5.6	7.0	3.6	13.5	8.6	2.5	4.0	5.5	5.4

1. Overview & main themes

Key points—2013-14

Quality of service

- Brisbane Airport was again the only airport that received an overall average quality of service rating of 'good'. Each of the other monitored airports was rated 'satisfactory'.
- This is the first year that Sydney Airport has not received the lowest (or equal lowest) overall average quality of service rating since 2003-04. Melbourne and Perth airports received the equal lowest overall average quality of service ratings in 2013-14.

Aeronautical services and facilities

- Passenger numbers increased moderately across all of the monitored airports. However there was strong growth in international passengers at each of the airports.
- Aeronautical revenue increased at each airport in real terms, both in total and on a per passenger basis.
- Total aeronautical operating margin increased in real terms at each airport. On a per passenger basis, aeronautical operating margin increased in real terms at each airport, except Brisbane Airport.

Car parking services and facilities

- Melbourne Airport reported a decline in car parking operating margin in real terms, while all other airports reported increases in total car parking operating margin in real terms.

Commercial negotiations at airports

- Commercial negotiations between airports and airlines are an important aspect of the price monitoring regime imposed on airports.
- However, airlines, airports and industry participants have differing views on the success of the current commercial negotiation process.
- The ACCC believes that the general provisions of Part IIIA of the *Competition and Consumer Act 2010* (CCA) provide an effective option for airlines encountering difficulties during negotiations, however there are considerable time and uncertainty involved.
- These issues, in addition to the continued increases in airports' aeronautical revenues and operating margins over the past 11 years, suggest that other options should be considered.
- One such consideration may be deemed declaration of aeronautical services under Part IIIA of the CCA. This could limit an airport's market power and facilitate the development of commercial relationships, because airlines could credibly threaten the airports with ACCC arbitration where negotiations are unsuccessful.

1.1 Introduction

In this chapter, the Australian Competition and Consumer Commission (ACCC) provides an overview of its monitoring of the prices, revenues, costs, profits and quality of service indicators for the supply of aeronautical and car parking services at Brisbane, Melbourne (Tullamarine), Perth and Sydney (Kingsford Smith) airports. The ACCC reports on these indicators pursuant to the ministerial directions made under Section 95ZK of the *Competition and Consumer Act 2010* (CCA).

Section 1.2 of this chapter presents a summary of the key issues and trends at each monitored airport for 2013-14 and since 2003-04. Section 1.3 provides the quality of service results for 2013-14. Section 1.4 presents the key activity levels for aeronautical services, and section 1.5 reports on revenues, prices, costs, profits, assets and investments for aeronautical services. Section 1.6 provides an overview of the trends in both aeronautical price and quality outcomes since 2003-04 across the airports. Section 1.7 presents financial results for car parking services, while section 1.8 presents prices and revenues received from landside activities. Section 1.9 outlines the ACCC's interpretation of monitoring results and some limitations of monitoring.

More detailed information on the monitoring results for each airport is presented in chapters 2 to 5. Appendix A1 provides the individual airports' regulatory accounts for 2013-14.

1.2 Key issues and trends at each monitored airport

This section summarises some of the key observations from the monitoring results for each of the monitored airports. In performing its monitoring role, the ACCC looks at levels and trends across a range of indicators at the individual airports—including prices, costs, margins, returns on assets, investment and quality of service. Although observations from monitoring may raise some concerns about an individual airport's performance, monitoring does not allow a detailed assessment of the airport's performance to be undertaken and cannot be used to conclusively establish whether an airport has exercised market power to earn monopoly rents. Further, monitoring does not restrict an airport from using its monopoly position to increase prices and/or lower service standards. The ACCC's monitoring role does not include direct regulation of monitored airports or a general power to intervene in the airports' setting of terms and conditions of access to their infrastructure. The limitations of monitoring are set out in further detail in section 1.9, while appendix A7 discusses the ACCC's monitoring methodology.

Observations about Brisbane Airport

During 2013-14

- Passenger numbers increased by 2.3 per cent to 22.1 million.
- Aeronautical revenue per passenger (proxy for average aeronautical charges) increased by 1.2 per cent in real terms and aeronautical operating margin per passenger decreased by 1.8 per cent in real terms.
- The overall average quality of service rating remained unchanged at 'good'.
- Passengers' average rating was unchanged and remained at 'good'.
- Airlines' average rating increased within the 'satisfactory' range.
- Among monitored airports, Brisbane Airport has the second highest car parking revenue and margin per car park space, and the highest overall average quality of service rating and the highest average quality of service rating from both passengers and airlines.

Broader trends and issues

- Over the period from 2003-04 to 2013-14, aeronautical revenues and margins per passenger have increased 67.1 and 210.6 per cent respectively in real terms.
- Since 2003-04, the overall average quality of service rating has decreased marginally within the 'good' category.

Activity levels, aeronautical pricing, revenues and profits

Moderate increases in passenger numbers and a rise in some aeronautical fees resulted in Brisbane Airport's aeronautical revenue increasing by 3.5 per cent in real terms during 2013-14. Brisbane Airport's aeronautical operating margin increased by 0.5 per cent in real

terms, which was the lowest increase of all monitored airports during 2013-14. It was the only airport to see a decrease in aeronautical operating margin per passenger during 2013-14, of 1.8 per cent in real terms to \$4.67.

Brisbane Airport’s passenger numbers have increased by 53.7 per cent since 2003-04, while its aeronautical operating margin has increased by more than 350 per cent in real terms over the same period. As a result, Brisbane Airport’s aeronautical operating margin per passenger has increased by 210.6 per cent in real terms from 2003-04 to 2013-14.

Quality of service outcomes at Brisbane Airport

Brisbane Airport’s overall average quality of service rating remained unchanged at ‘good’ during 2013-14. Brisbane Airport has maintained a rating of ‘good’ for every year over the time series except for 2007-08. This is in contrast to the other monitored airports who have all been rated as ‘satisfactory’ for every year apart from 2009-10, when Melbourne Airport achieved its only rating of ‘good’.

Passenger-related services and facilities

The average rating for passenger-related services remained unchanged at Brisbane Airport during 2013-14 and remained at ‘good’. Brisbane Airport was the only monitored airport to receive an average rating of ‘good’ for passenger-related services during 2013-14. The rating for the availability of passenger-related services decreased slightly but remained at ‘good’ while the average standard of passenger-related services increased enough to move from just below ‘good’ to ‘good’ during 2013-14 (chart 1.2.1). The change in the standard was partly due to an increased rating for the standard of long term car parking which moved from ‘satisfactory’ to ‘good’ for the international terminal, as well as improvements in the majority of airline ratings of the availability and standard of international and domestic terminal facilities.

Chart 1.2.1: Brisbane Airport—passenger-related services and facilities, availability and standard: 2009-10 to 2013-14



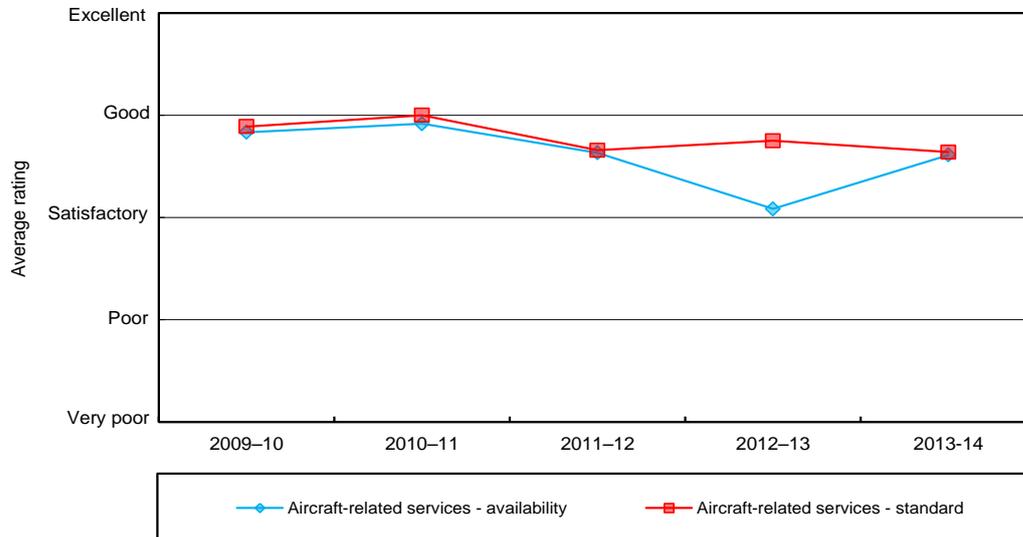
Source: Airline surveys, passenger surveys, and objective indicators obtained from the monitored airports through the ACCC’s monitoring process

Aircraft-related services and facilities

The average rating from airlines for aircraft-related services and facilities increased during 2013-14, but remained at ‘satisfactory’. The rating for the availability of these services and

facilities increased markedly within the ‘satisfactory’ range, while the standard decreased marginally within the ‘satisfactory’ range (chart 1.2.2).

Chart 1.2.2: Brisbane Airport—aircraft-related services and facilities, availability and standard: 2009-10 to 2013-14



Source: Airline surveys

Landside services

Passenger ratings of landside services and facilities were mixed at Brisbane Airport. All ratings at the international terminal for long term car parking availability and standard, and time taken to enter the car park increased from ‘satisfactory’ to ‘good’. However, at the domestic terminal, the availability of car parking remained unchanged at ‘good’ while the standard and time taken to enter the car parks dropped slightly but remained at ‘good’.

Brisbane Airport received an average landside operator rating of ‘satisfactory’ for 2013-14. However, landside operators rated the kerbside space for pick-up and drop-off at the international terminal as ‘poor’ during 2013-14.

Car parking

Brisbane Airport’s number of car parking spaces remained unchanged during 2013-14. For all years since 2008-09, Brisbane Airport has reported the lowest number of car parking spaces of all monitored airports.

Revenue from car parking services and revenue per car park space both increased by 7.6 per cent in real terms to \$79.4 million and \$5683 respectively. The total car parking margin and margin per car park space both increased 5.8 per cent in real terms to \$51.1 million and \$3653 respectively. The latter was the largest increase of any monitored airport.

Since 2003-04, Brisbane Airport’s car parking revenue has increased by 138.8 per cent in real terms, which is the second highest increase of the airports. Over the same period, Brisbane Airport’s car parking operating margin has increased by 88.5 per cent in real terms.

Observations about Melbourne Airport

During 2013-14

- Passenger numbers increased by 4.0 per cent to 31.2 million.
- Aeronautical revenue per passenger (proxy for average aeronautical charges) increased by 3.2 per cent in real terms while aeronautical operating margin per passenger increased a substantial 16.4 per cent in real terms.
- The overall average quality of service rating was unchanged and remained at 'satisfactory'.
- Passengers' average rating was unchanged at 'good'.
- Airlines' average rating increased from 'poor' to 'satisfactory'.
- Among monitored airports, Melbourne Airport reported the largest aggregate aeronautical capital expenditure, the most car parking spaces, the largest car parking revenue and the second highest car parking margin.

Broader trends and issues

- Over the period from 2003-04 to 2013-14, aeronautical revenues and margins per passenger have increased 19.2 and 19.7 per cent respectively in real terms.
- Over the same period, the overall average quality of service rating has decreased but remained within the 'satisfactory' category.

Activity levels, aeronautical pricing, revenues and profits

Passenger numbers increased by 4.0 per cent during 2013-14 and were largely driven by international passengers. This passenger growth, combined with some increases in landing charges, led to Melbourne Airport's aeronautical revenue increasing by 7.4 per cent in real terms. Melbourne Airport reported the largest increase in aeronautical operating margin with a rise of 21.1 per cent in real terms during 2013-14. Aeronautical operating margin per passenger jumped during 2013-14 by 16.4 per cent in real terms but still remained the lowest operating margin per passenger for all monitored airports.

Since 2003-04, Melbourne Airport's passenger numbers have increased by 62.8 per cent, while its aeronautical operating margin has increased by 94.8 per cent in real terms over the same period. This is the lowest increase in aeronautical operating margin since 2003-04 of all the monitored airports.

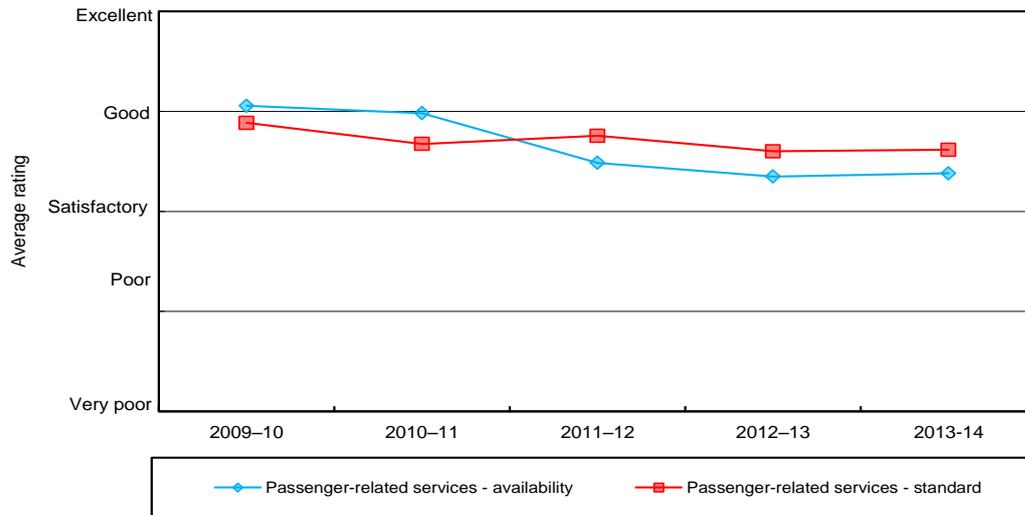
Quality of service outcomes at Melbourne Airport

Melbourne Airport's overall average quality of service rating remained unchanged at 'satisfactory' during 2013-14. Melbourne Airport has maintained a rating of 'satisfactory' in all years since 2003-04, except for 2009-10 when it was rated as 'good'.

Passenger-related services and facilities

The average rating for passenger-related services increased slightly within the 'satisfactory' range at Melbourne Airport during 2013-14. The rating for the availability of passenger-related services increased slightly within 'satisfactory', while the standard remained the same during 2013-14 (chart 1.2.3). Passenger ratings for the standard of the long term car park and standard of washrooms at T3 (domestic terminal) both increased from 'satisfactory' to 'good' during 2013-14. However, airlines rated the availability and standard of baggage processing facilities at the T3 domestic terminal as 'very poor' during 2013-14.

Chart 1.2.3: Melbourne Airport—passenger-related services and facilities, availability and standard, 2009-10 to 2013-14



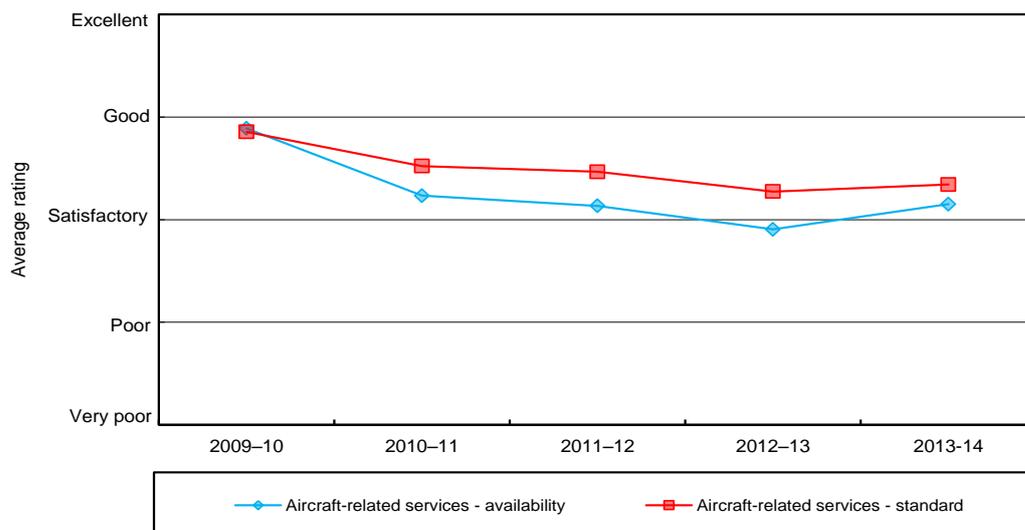
Source: Airline surveys, passenger surveys, and objective indicators obtained from the monitored airports through the ACCC’s monitoring process

Aircraft-related services and facilities

The average rating from airlines for aircraft-related services and facilities increased within the ‘satisfactory’ range in 2013-14. Airline ratings of the availability of aircraft-related services and facilities increased from ‘poor’ to ‘satisfactory’, while the standard remained unchanged at ‘satisfactory’ (chart 1.2.4).

The increase in the airline rating for the availability of aircraft-related services and facilities was partly due to increases in ratings for aircraft parking facilities availability, apron availability and taxiway availability.

Chart 1.2.4: Melbourne Airport—aircraft-related services and facilities, availability and standard, 2009-10 to 2013-14



Source: Airline surveys

Landside services

Some passenger ratings of landside services and facilities were higher at Melbourne Airport in 2013-14, while others declined. The standard of long term car parking increased from 'satisfactory' to 'good'. The rating for the time take to enter car parks increased slightly for both terminals but remain rated as 'good'. All passenger ratings of taxi facilities declined within the 'satisfactory' range in 2013-14.

Melbourne Airport was the only airport to receive an average landside operator rating of 'poor' during 2013-14. Landside operators raised particular concerns about the availability and standard of kerbside pick-up and drop-off at Melbourne Airport.

Car parking

Melbourne Airport's total number of car parking spaces increased by 9.4 per cent to 24 406 during 2013-14. This is the highest number of car parking spaces of the monitored airports and 28.4 per cent greater than Perth Airport which has the second highest number of spaces.

Revenue from car parking services was relatively flat with an increase of 2.1 per cent in real terms to \$125.9 million. Revenue per car park space decreased by 6.6 per cent in real terms to \$5158 and this is related to the large increase in car parking spaces. Melbourne Airport's car parking margin decreased by 1.4 per cent in real terms to \$87.0 million and was the only airport to report a reduced car parking margin.

Melbourne Airport's car parking spaces have increased by 158.4 per cent since 2003-04, which is the second largest percentage increase of the airports over this period. Since 2003-04, Melbourne Airport's car parking revenue has increased by 123.3 per cent in real terms, while car parking operating margin has increased by 96.8 per cent in real terms over this period.

Observations about Perth Airport

During 2013-14

- Passenger numbers increased by 1.5 per cent to 14.9 million. Domestic passenger numbers fell 1.2 per cent for the first time over the time series
- Aeronautical revenue per passenger (proxy for average aeronautical charges) increased by 11.2 per cent in real terms and aeronautical operating margin per passenger increased by 15.0 per cent in real terms.
- The overall average quality of service rating dropped slightly but remained at 'satisfactory'.
- Passengers' average rating was unchanged at 'good'.
- Airlines' average rating increased from 'poor' to 'satisfactory'.
- Among monitored airports, Perth Airport has the highest return on aeronautical assets, the largest share of aeronautical margin to total airport margin, the second highest number of car parking spaces and the highest share of car parking margin to total airport margin.

Broader trends and issues

- Over the period from 2003-04 to 2013-14, aeronautical revenues and margins per passenger have increased 28.4 and 24.2 per cent respectively in real terms.
- From 2003-04 to present, the overall average quality of service rating has decreased marginally within the 'satisfactory' category.

Activity levels, aeronautical pricing, revenues and profits

Perth Airport had a relatively flat increase in passenger numbers of 1.5 per cent during 2013-14. Weak domestic passenger demand (1.2 per cent decline in 2013-14) was somewhat offset by reasonably strong international passenger growth of 9.4 per cent. Aeronautical

revenue increased by 12.9 per cent in real terms and this was partly due to a number of increases in aeronautical charges and increases in international passengers (who attract higher charges). Perth Airport’s aeronautical operating margin increased by 16.8 per cent in real terms during 2013-14 which was the second highest of the monitored airports. Its aeronautical operating margin per passenger also experienced strong growth with an increase of 15.0 per cent in real terms to \$5.47.

Perth Airport has reported the largest percentage increase in passenger numbers since 2003-04, with an increase of 146.0 per cent. As a result of this large passenger growth, Perth Airport has also reported the largest percentage increase in aeronautical revenue of the airports since 2003-04, with an increase of 215.8 per cent in real terms. Perth Airport has also reported significant growth in aeronautical operating margin since 2003-04, of 205.5 per cent in real terms. However, Perth Airport’s aeronautical operating margin per passenger has increased by only 24.2 per cent in real terms since 2003-04, the second lowest percentage change of the monitored airports.

Quality of service outcomes at Perth Airport

Perth Airport’s overall average quality of service rating decreased slightly but remained at ‘satisfactory’ during 2013-14. Perth Airport now is the equal lowest rated of the monitored airports. Perth Airport has received an overall average quality of service rating of ‘satisfactory’ in each year since 2003-04.

Passenger-related services and facilities

The average rating for passenger-related services slightly decreased within the ‘satisfactory’ range during 2013-14. The rating for the availability and standard of passenger-related services both decreased slightly and remained at ‘satisfactory’ (chart 1.2.5). Passenger ratings for individual services were reasonably static with no major movements. Passenger ratings for T3 facilities such as kerbside pick-up and drop-off and the availability of long term car parking increased marginally, but as both were previously rated just under ‘good’, this was enough to move them to ‘good’. Airlines continued to rate most services and facilities provided within the international terminal as ‘poor’ or ‘very poor’.

Chart 1.2.5: Perth Airport—passenger-related services and facilities, availability and standard: 2009-10 to 2013-14



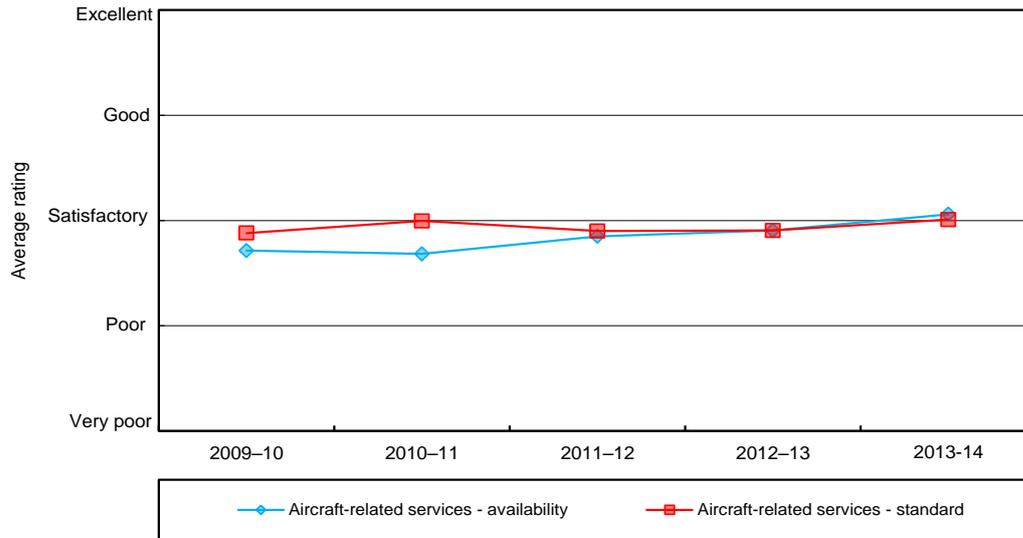
Source: Airline surveys, passenger surveys, and objective indicators obtained from the monitored airports through the ACCC’s monitoring process

Aircraft-related services and facilities

The average rating from airlines for aircraft-related services and facilities increased in 2013-14 from ‘poor’ to ‘satisfactory’. Airline ratings on the availability and standard of aircraft-related services both increased and moved from ‘poor’ to ‘satisfactory’ (chart 1.2.6).

The increase in the ratings for availability and standard of aircraft-related services and facilities during 2013-14 was driven by improved airline ratings for the availability and standard of aprons, the availability of aircraft parking facilities, and the standard of runways.

Chart 1.2.6: Perth Airport—aircraft-related services and facilities, availability and standard: 2009-10 to 2013-14



Source: Airline surveys

Landside services

Passenger ratings of landside services and facilities were largely unchanged apart from one indicator during 2013-14. Most passenger ratings of landside services at the T1/T2 precinct were unchanged except for some ratings of taxi facilities, as well as the rating for time taken to enter the long term car park (which increased slightly within the ‘good’ range). Passenger ratings of landside services at T3 mostly increased during 2013-14. In particular, the ratings for both the availability of long term car parking and facilities for kerbside taxi pick-up and drop-off increased marginally enough to move from ‘satisfactory’ to ‘good’.

Perth Airport received an average landside operator rating of ‘satisfactory’ for 2013-14. However, landside operators rated the overall responsiveness of airport management as ‘poor’ during 2013-14.

Car parking

Perth Airport’s number of car parking spaces jumped 11.5 per cent during 2013-14 which was due to expansions in the short and long term car parks in the T1/T2 precinct.

Revenue from car parking services increased by 7.8 per cent in real terms to \$64.8 million while revenue per car park space decreased by 3.3 per cent in real terms to \$3409. The car parking margin increased by 9.3 cent in real terms to \$44.6 million and the margin per car park space decreased by 2.0 per cent in real terms to \$2345. The decrease in the unit measures is directly related to the previously mentioned car park expansion that occurred during 2013-14.

Perth Airport has reported the largest absolute increase in car parking spaces of the monitored airports since 2003-04, with an increase of 15 802 spaces over this period. Perth Airport has also reported the largest increases in car parking revenues and margins since 2003-04, with both increasing by more than 300 per cent in real terms.

Observations about Sydney Airport

During 2013-14

- Passenger numbers increased by 2.1 per cent to 38.7 million.
- Aeronautical revenue per passenger (proxy for average aeronautical charges) increased by 0.8 per cent in real terms while aeronautical operating margin per passenger increased by 1.4 per cent in real terms.
- The overall average quality of service rating increased slightly but remained at 'satisfactory'.
- Passengers' average rating was unchanged at 'satisfactory'.
- Airlines' average rating increased from 'poor' to 'satisfactory'.
- Among monitored airports, Sydney Airport reported the largest number of passengers, the highest aeronautical aggregate and per passenger revenue, the largest aeronautical aggregate and per passenger margin, the largest car parking revenue per car park space, and the largest car parking margin (in total and on a per car park space basis).

Broader trends and issues

- Over the period from 2003-04 to 2013-14, aeronautical revenues and margins per passenger have increased 15.9 and 40.4 per cent respectively in real terms.
- From 2003-04 to present, the overall average quality of service rating has decreased marginally within the 'satisfactory' category.

Activity levels, aeronautical pricing, revenues and profits

Sydney Airport's passenger numbers increased by 2.1 per cent during 2013-14. Domestic passenger growth was flat with an increase of 1.0 per cent while international passenger growth was solid with an increase of 4.2 per cent. Although the majority of aeronautical charges decreased in real terms, a number of key revenue earning charges including the domestic and international passenger service charges did increase. These increases, combined with the previously mentioned passenger growth helped aeronautical revenue to increase by 2.9 per cent in real terms. Sydney Airport's aeronautical operating margin increased by 3.6 per cent in real terms during 2013-14 to \$309.7 million. Sydney Airport's aeronautical operating margin per passenger was relatively flat with an increase of 1.4 per cent in real terms to \$8.00.

Sydney Airport's passenger numbers have increased by 43.5 per cent since 2003-04, which is the smallest percentage increase of the monitored airports. However, Sydney Airport has consistently reported the largest amount of passengers of the airports in each year since 2003-04. Sydney Airport has also consistently reported the largest aeronautical revenue and operating margin per passenger of the airports since 2003-04.

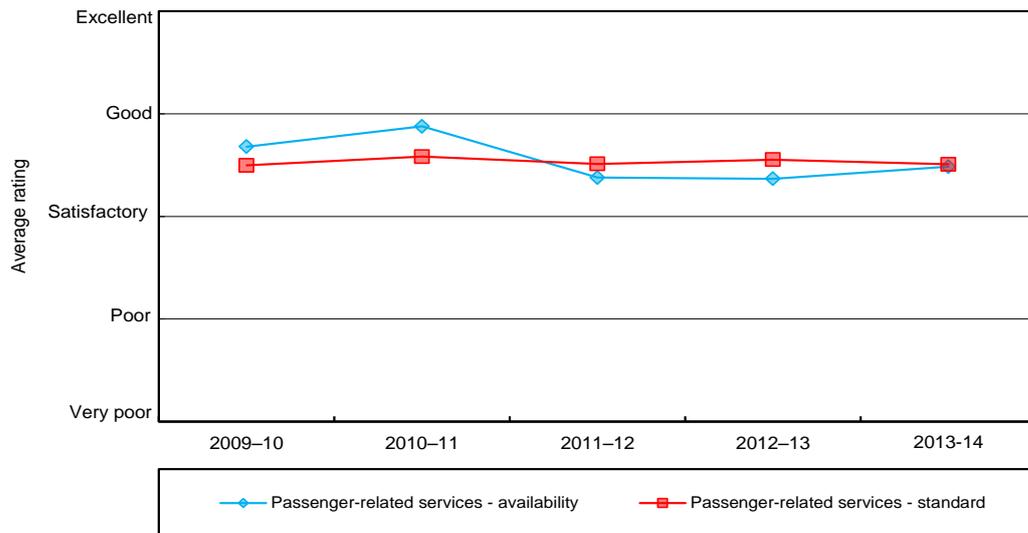
Quality of service outcomes at Sydney Airport

Sydney Airport's overall average quality of service rating increased slightly but remained at 'satisfactory' during 2013-14. This is the first year over the time series where Sydney Airport has not been rated last (or equal last) of the monitored airports and is now the second highest rated monitored airport.

Passenger-related services and facilities

The average rating for passenger-related services slightly improved within the ‘satisfactory’ range at Sydney Airport during 2013-14 (chart 1.2.7). Passenger ratings for individual services generally showed small changes for both the international and T2 terminals, although only a few decreased into a lower rating category. Those services that passengers rated down enough to change categories included congestion at the kerbside pick-up and drop-off areas, which dropped to ‘poor’, and some T2 services (such as check-in waiting time, quality of security search process and flight information display screens), which all changed from ‘good’ to ‘satisfactory’. Airline ratings for services provided within the T2 terminal increased from mostly ‘poor’ in 2012-13 to mostly ‘satisfactory’ in 2013-14.

Chart 1.2.7: Sydney Airport—passenger-related services and facilities, availability and standard: 2009-10 to 2013-14



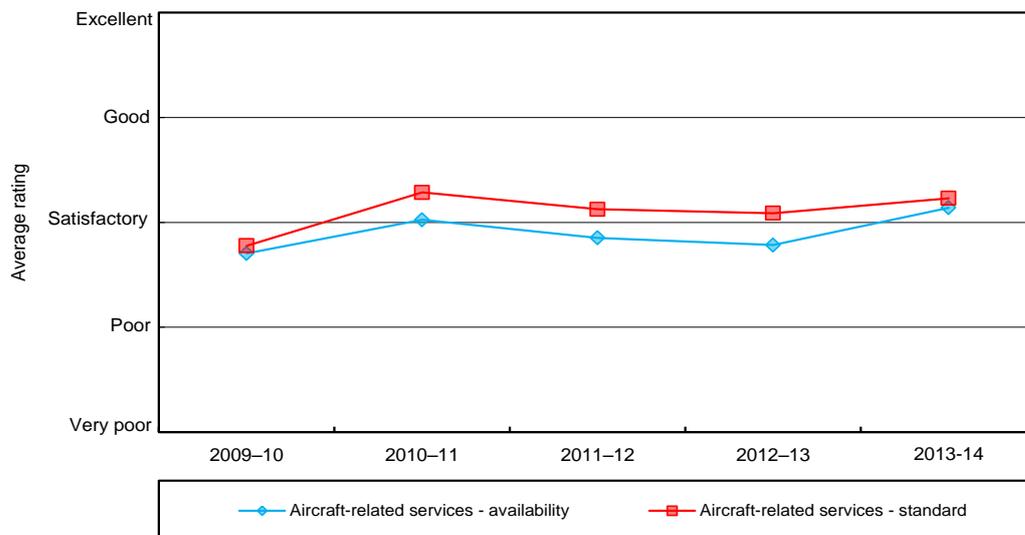
Source: Airline surveys, passenger surveys, and objective indicators obtained from the monitored airports through the ACCC’s monitoring process

Aircraft-related services and facilities

The average rating from airlines for aircraft-related services and facilities increased during 2013-14 from ‘poor’ to ‘satisfactory’. The rating for the availability of these services also increased from ‘poor’ to ‘satisfactory’ while the standard for aircraft-related services increased within the ‘satisfactory’ category (chart 1.2.8).

Sydney Airport received higher airline ratings for most aircraft-related services and facilities during 2013-14, with the exception of the availability and standard of ground handling services and facilities, which both marginally decreased within the ‘satisfactory’ range. Some of the major improvements were in apron availability, which moved from ‘poor’ to ‘satisfactory’, and aircraft parking facilities availability, which increased from ‘very poor’ to just under ‘satisfactory’.

Chart 1.2.8: Sydney Airport—aircraft-related services and facilities, availability and standard: 2009-10 to 2013-14



Source: Airline surveys

Landside services

Passenger ratings of landside services and facilities at Sydney Airport were generally all down during 2013-14. The only rating to improve was the standard of short term car parking at the international terminal which increased marginally with the ‘satisfactory’ category. All other ratings were down within the ‘satisfactory’ category, except for the ratings for congestion at kerbside taxi pick-up and drop-off which passengers rated as ‘poor’ at both the international and domestic terminals.

Sydney Airport received an average landside operator rating of ‘satisfactory’ for 2013-14. However, landside operators rated the standard of kerbside spaces for pick-up and drop-off at the domestic terminal as ‘poor’ during 2013-14.

Car parking

Sydney Airport’s number of car parking spaces increased by 6.6 per cent during 2013-14 and this was related to the opening of a new multi-storey car park in the T2/T3 precinct.

Revenue from car parking services increased by 4.8 per cent in real terms to \$120.0 million while revenue per car park space decreased by 1.7 per cent in real terms during 2013-14. The car parking margin increased by 11.8 per cent in real terms to \$88.1 million. Even with the additional car park spaces, Sydney Airport’s margin per car space increased by 4.9 per cent in real terms to \$5221.

Sydney Airport has reported the smallest growth in car parking spaces of the monitored airports since 2003-04 with a rise of 96.7 per cent. Since 2003-04, Sydney Airport has also reported the smallest growth in car parking revenue and margin of the airports, with real growth of 67.9 per cent and 69.4 per cent respectively. Despite this, Sydney Airport earned the largest amount of car parking operating margin of the airports during 2013-14.

1.3 Quality of service results for monitored airports

This section summarises the quality of service results for the four monitored airports. The ACCC collects objective and subjective information on four major components of an airport's operations: passenger-related services and facilities; aircraft-related services and facilities; landside infrastructure; and management responsiveness.

A key component of the ACCC's airport monitoring program is the collection of survey data from airport users, such as passengers and airlines. The ACCC has also commenced surveying landside operators (such as taxis, buses and off-airport parking operators) for the first time in 2013-14. The ACCC considers survey information along with the objective indicators of quality of service. Indicators of quality of service for passenger-related services and facilities are considered for each of the terminals included in the monitoring program. The four monitored airports operate some of their terminals through common-user arrangements where all airlines can access the terminals subject to agreements with each airport operator. However, some terminals are operated by airlines under Domestic Terminal Leases (DTLs), where an airline exclusively leases a terminal, or sections of a terminal, through a long term lease. Revenues, costs and profits associated with these DTLs are not included in the ACCC's aeronautical monitoring program (revenues from the leasing of DTLs to airlines are included in the non-aeronautical section of the airports' financial accounts).⁴ Further information on the methodology behind the quality of service monitoring program and limitations of monitoring can be found in appendix A7.2.

The ACCC aggregates the data from all sources of information on quality of service (excluding landside operator surveys) to provide an overall snapshot of the quality of service for each airport. A description of all quality of service indicators and their respective sources of information is presented in appendix A2.1. Appendix A2.2 presents quality of service indicators for 2013-14.

Overall average rating of the airports' quality of service

To produce the overall average rating for quality of service, the ACCC combines ratings from airlines, passengers and objective indicators into a single measure. In response to the Productivity Commission's (PC) 2011 inquiry into the economic regulation of airport services, the Australian Government directed the ACCC to review and update the objective criteria in its quality of service monitoring program.⁵ The ACCC completed this review in June 2013 and recommended a number of amendments to the *Airports Regulations 1997*, which have applied since 1 July 2014.⁶ These amendments introduced a number of new quality of service indicators (such as objective measures of airport landside access facilities, the number of washrooms, and the number of bag-drop and check-in kiosk facilities), and removed a number of quality of service indicators (such as measures of the number of hours that check-in desks are open).⁷ In addition, the ACCC decided to cease surveying border agencies from the 2013-14 report onwards and commence surveying landside operators.⁸

As the quality of service monitoring review resulted in changes to some indicators included in the overall average ratings, the ratings for past years presented in historical reports will not be

⁴ Details of each airport's terminal configurations can be found in chapters 2 to 5.

⁵ Australian Government (2012), *Government response to the Productivity Commission Inquiry into the economic regulation of airport services*, 30 March 2012, <http://www.treasury.gov.au/PublicationsAndMedia/Publications/2012/Government-Response-Airport-Services>

⁶ ACCC (2013), *Review of the Airport quality of service monitoring guideline 2013*, June 2013, <http://acc.gov.au/regulating-infrastructure/airports-aviation/review-of-the-airport-quality-of-service-monitoring-guideline-2013/final-guideline>

⁷ Australian Government (2014), *Airports amendment (service monitoring) regulation 2014*, 29 May 2014, <http://www.comlaw.gov.au/Details/F2014L00623>

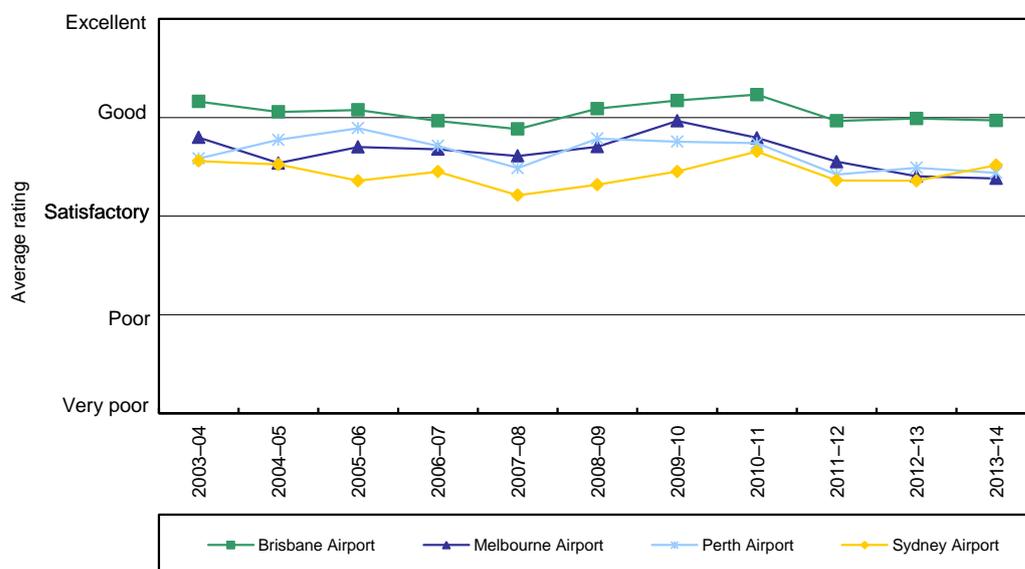
⁸ Border agency survey ratings were included in the overall average ratings in previous reports, whereas landside operator ratings are not being included in the overall average ratings for 2013-14.

directly comparable to the same year presented in the 2013-14 report. This is because the time series for the overall average rating has been recast to reflect the introduction and removal of certain indicators. In particular, border agency survey ratings are not included in the overall average ratings across the time series presented in this year's report.

The overall average ratings, along with price monitoring indicators, provide the ACCC with a means to communicate some general observations about the airports' performances. Importantly, the ACCC notes that overall average ratings are not necessarily a direct indicator of the absolute level of quality of service that airport operators provide. Instead, the ACCC generally focuses on trends in these ratings over time.

Overall average ratings have been fairly stable across the monitored airports since 2003-04. Brisbane Airport has consistently received the highest overall average rating of the airports (chart 1.3.1).

Chart 1.3.1: Overall average ratings of quality of service: 2003-04 to 2013-14



Source: Airline surveys, passenger surveys, and objective indicators obtained from the monitored airports through the ACCC's monitoring process

Note: Previous ACCC airport monitoring reports included results of border agency surveys in the overall average ratings. As these surveys were discontinued in 2013-14, they have been removed from the time series in chart 1.3.1.

Brisbane Airport's overall average rating remained unchanged at 'good' during 2013-14, and was the only airport to receive an overall average rating of 'good'.

Melbourne Airport's overall average rating was unchanged at 'satisfactory' in 2013-14, while Perth Airport's overall average ratings declined within the 'satisfactory' range. Sydney Airport was the only airport to receive an increase in its overall average rating, which increased within the 'satisfactory' range. Melbourne and Perth airports were equally the lowest rated airports in terms of overall average ratings. This is the first time over the monitored period that Sydney Airport has not been the lowest (or equal lowest) rated airport in terms of overall average rating.

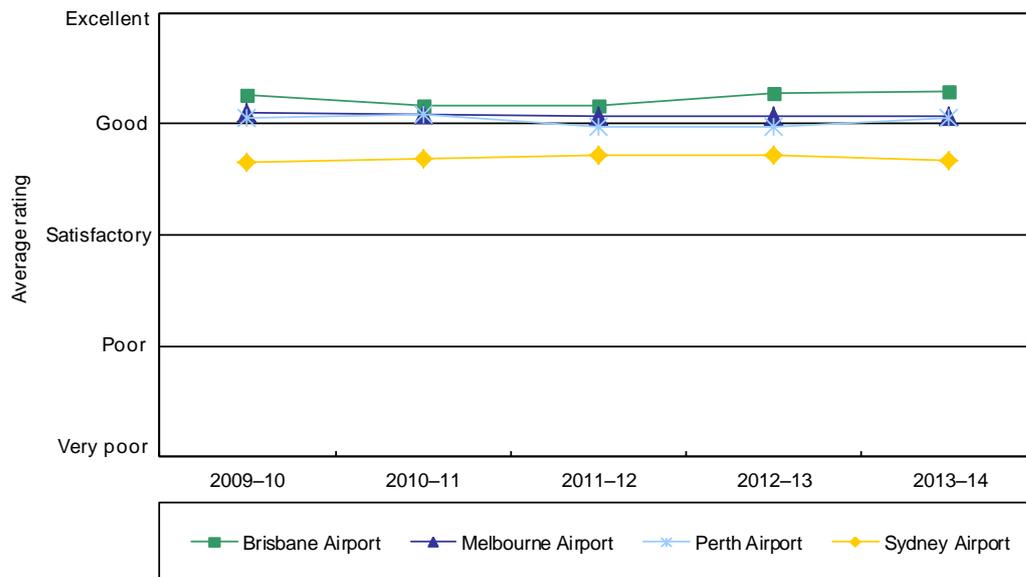
Since being rated as 'good' in 2009-10, Melbourne Airport's overall average rating has trended downwards. Its 2012-13 and 2013-14 overall average ratings are the lowest over the time series presented.

Passengers’ ratings of the airports’ quality of service

The demand for airport services is derived from the demand for airline services, which in turn is driven by passengers. Passengers primarily deal directly with airlines, and as such, passengers’ perceptions may be affected by parties other than airports (primarily by airlines, but also by border agencies and other parties).⁹ Nevertheless, the ACCC considers that passengers’ perceptions provide an essential snapshot of the overall passenger experience and the quality of service at airports.

As shown in chart 1.3.2, passenger survey ratings have been fairly stable across the airports since 2009-10. None of the airports received a change in their average passenger ratings during 2013-14.

Chart 1.3.2: Average passenger ratings of quality of service: 2009-10 to 2013-14



Source: Passenger surveys

Brisbane Airport has received the highest average passenger rating in each of the past five years, while Sydney Airport has consistently received the lowest average passenger rating of the monitored airports. Sydney Airport has been the only airport to receive a passenger rating lower than ‘good’ in each of the past five years.

Airlines’ ratings of the airports’ quality of service

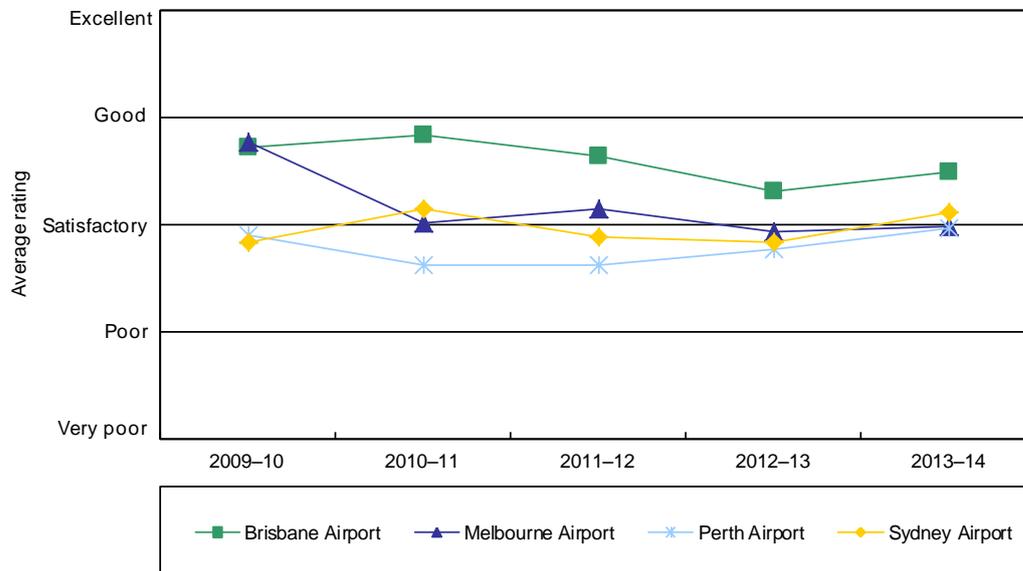
As airlines are direct users of airport services and facilities, they are arguably in a stronger position than passengers to provide an informed view of the quality of the airports’ aeronautical infrastructure (such as, runways, taxiways and associated terminal infrastructure). However, the ACCC is aware that airlines, as customers of airports and primary users of their facilities, may be commercially motivated to provide low ratings of quality of service at individual airports.¹⁰

⁹ Other considerations that may affect a passenger’s overall perception of an airport can include the quality and timeliness of the entry into an airport, the retail experience and ground management services.

¹⁰ The propensity of this type of behaviour could be higher during contract renewal negotiations or where a commercial dispute exists with airport operators. However, the ACCC’s methodology where all airlines have an equal weighting goes some way to alleviating any single airline bias.

Airline survey ratings have been much more volatile than passenger survey ratings since 2009-10 (chart 1.3.3). In 2013-14, there was an improvement in every airport's average airline rating. Airlines rated each airport as 'satisfactory' during 2013-14, following most airports being rated as 'poor' in 2012-13.

Chart 1.3.3: Average airline ratings of quality of service: 2009-10 to 2013-14



Source: Airline surveys

Brisbane Airport has received the highest average airline rating for four consecutive years and is the only airport to have received an average rating of at least 'satisfactory' in each of the past five years.

Perth Airport has received the lowest (or equal lowest) average airline rating for four consecutive years. Perth Airport's low airline survey ratings have been driven by 'poor' and 'very poor' ratings for the airport's international terminal services and facilities. The improvement in Perth Airport's average airline rating during 2013-14 was partly due to positive ratings for services and facilities within the new domestic terminal (Terminal 2).

Commercial negotiations between airports and airlines

The monitoring regime administered by the ACCC reports on the commercially negotiated terms and conditions of supply, including price, between airports and airlines. The ACCC does not set the airports' prices or other terms and conditions of supply.

Agreements between airports and airlines are the primary means of setting price and non-price terms and conditions for airport services, as well as price increases to cover funding of necessary capital investments. Commercial agreements generally last for five or more years, and there have been a number of agreements reached between parties since the ACCC's price monitoring regime was introduced in 2002. The PC found in its 2011 inquiry into airport regulation that there is considerable scope to improve commercial negotiation, as negotiations have not yet achieved the level of maturity envisaged when price monitoring was introduced.¹¹ In particular, the PC stated that it is clear that negotiations over non-price outcomes appear to be unsatisfactory in some circumstances and commercial relationships remain strained.¹²

¹¹ Productivity Commission (2011), *Economic regulation of airport services*, report no. 57, Canberra, p. 177.

¹² Ibid p. 174.

Airports and airlines have quite differing views of the success of the current commercial negotiation process, although airports and airlines generally have a preference for a form of commercial negotiation for the setting of terms and conditions for airport services. However there is evidence to suggest that at some airports, airlines do not possess enough bargaining power to ensure appropriate commercial outcomes.

Airline and airport views on the current commercial negotiation framework

Airlines have claimed that they do not have any bargaining power in negotiations with the monitored airports, and that negotiations with some airports are a take-it-or-leave-it proposition. In particular:

- Qantas has claimed that there appears to be an inequitable distribution and extraction of revenues between airport operators and airlines.¹³ In its submission to the 2011 PC inquiry into airport regulation, Qantas stated that the current light-handed regulation enables airports to generate excess returns to the detriment of airlines, consumers and the broader economy.¹⁴
- Virgin Australia has claimed that the current regulatory environment does not adequately facilitate commercial negotiations due to the bargaining power imbalance that arises from airports' substantial market power and the inelastic demand for services at most airports.¹⁵ In its submission to the 2014 PC research project on Australia's international tourism industry, Virgin stated that airports have been able to increase aeronautical charges above efficient levels and that increases in charges have significantly exceeded increases in costs.¹⁶ In its submission to the 2011 PC inquiry into airport regulation, Virgin complained that negotiations can be extremely protracted and that airports have a lack of transparency and will occasionally adopt an inflexible approach to negotiations.¹⁷
- The Board of Airline Representatives of Australia (BARA) presented an assessment of each monitored airport's commercial conduct in its submission to the 2011 PC inquiry into airport regulation. In particular, BARA outlined protracted negotiations and poor outcomes at Sydney Airport.¹⁸ In its submission to the 2014 Competition Policy Review, BARA sought the Australian Government's support in promoting a balanced negotiating environment between the international airlines and major airports.¹⁹ BARA stated that this would require a preparedness to change the requirements for individual airports that are not acting in accordance with the intent of light-handed regulation. These proposed changes from BARA include either declarations under Part IIIA of the CCA for particular activities or areas of an airport or formal investigations into an individual airport's conduct. In its submission to the PC, BARA outlined a number of difficulties negotiating with Sydney Airport and stated 'SACL (Sydney Airport) has now probably progressed to a point where only the imposition of stricter economic regulation is likely to be capable of improving its long term commercial conduct'.²⁰

¹³ Qantas (2011), *The Qantas Group Submission—Productivity Commission Inquiry into the economic regulation of airport services*, April 2011, p.11, http://pc.gov.au/data/assets/pdf_file/0011/108020/sub052.pdf

¹⁴ Qantas (2011), *The Qantas Group Submission—Productivity Commission Inquiry into the economic regulation of airport services*, April 2011, p.18, http://pc.gov.au/data/assets/pdf_file/0011/108020/sub052.pdf

¹⁵ Virgin Australia (2014), *Australia's international tourism industry Productivity Commission research project—submission by Virgin Australia*, November 2014, p.9, http://www.pc.gov.au/data/assets/pdf_file/0011/183971/sub016-international-tourism.pdf

¹⁶ Ibid.

¹⁷ Virgin Blue Airlines (2011), *Productivity Commission Inquiry: Economic regulation of airport services—Submission by Virgin Blue Airlines*, 18 April 2011, p. 17, http://pc.gov.au/data/assets/pdf_file/0016/108322/sub054.pdf

¹⁸ Board of Airline Representatives of Australia (2011), *Submission to the Productivity Commission's inquiry into price regulation of airport services*, April 2011, pp. 21-27, http://pc.gov.au/data/assets/pdf_file/0018/107721/sub019.pdf

¹⁹ Board of Airline Representatives of Australia (2014), *Submission to the Competition Policy Review*, June 2014, p. 22, <http://competitionpolicyreview.gov.au/files/2014/06/BARA.pdf>

²⁰ Board of Airline Representatives of Australia (2011), *Submission to the Productivity Commission's inquiry into price regulation of airport services*, April 2011, p. 32, http://pc.gov.au/data/assets/pdf_file/0018/107721/sub019.pdf

The monitored airports, on the other hand, consider that airlines have countervailing power²¹ in negotiations.²² Airports have suggested that the commercial negotiation process has been largely successful. In particular:

- Brisbane Airport has claimed that aeronautical charges are constrained by the ‘countervailing power’ of airlines.²³ In its submission to the 2011 PC inquiry into airport regulation, Brisbane Airport stated that the oligopolistic nature of the domestic airline industry creates incentives for the airport to reach commercially negotiated outcomes.²⁴ Brisbane Airport also suggested that negotiations have resulted in mutually satisfying conclusions, evidenced by airports and airlines not needing to resort to independent mediation.²⁵
- Melbourne Airport has claimed that even in markets where airports may have market power, airlines possess significant ‘countervailing power’.²⁶ In its submission to the 2011 PC inquiry into airport regulation, Melbourne Airport also suggested that commercial agreements under light-handed regulation have promoted efficient investment.²⁷ In addition, Melbourne Airport noted that the commercial negotiation process ensures transparency, accountability, and balance between flexibility and rigidity.²⁸
- Perth Airport has claimed that airlines have strong ‘countervailing power’ in commercial negotiations, which impacts the timing of its investment.²⁹ In its submission to the 2011 PC inquiry into airport regulation, Perth Airport suggested that it becomes problematic to make significant investment in aeronautical infrastructure in the absence of support from the major airlines.³⁰
- Sydney Airport has claimed that airlines are well-informed and have increasing countervailing power.³¹ In its submission to the 2011 PC inquiry into airport regulation, Sydney Airport stated that the airlines’ ‘countervailing power’ offsets any market power

²¹ The ACCC provides a definition of countervailing power in its Merger Guidelines (2008) which differs from how the airports and Productivity Commission have used the term. The ACCC’s definition in the Merger Guidelines states ‘Countervailing power exists when buyers have special characteristics that enable them to credibly threaten to bypass the merged firm, such as by vertically integrating into the upstream market, establishing importing operations or sponsoring new entry’. The only time an airline could possess countervailing power would occur if it, or another sponsored entity, built a competing airport. King’s (2002) definition of countervailing power is similar, stating that ‘...when buyers have a credible option to cease buying or (have) outside alternatives that are not captured by conventional market analysis’.

Sources: ACCC, (2008), Merger Guidelines, November <http://www.accc.gov.au/system/files/Merger%20guidelines.pdf>
King, S. P. (2001), *Market Power and airports*, a report for the ACCC, p. 12, January 2001, <http://www.accc.gov.au/system/files/Airports%20Report%20by%20Professor%20King%20-%20Market%20Power%20and%20Airports.pdf>

²² However, the ACCC considers that airlines do not possess any countervailing power (as defined in the ACCC’s Merger Guidelines) and cannot fully negate the exercise of market power by airports.

²³ Brisbane Airport (2011), *Submission to the Productivity Commission’s Inquiry into Economic Regulation of Airport Services*, April 2011, p. 16, http://pc.gov.au/_data/assets/pdf_file/0004/107995/sub040.pdf

²⁴ Ibid.

²⁵ Brisbane Airport (2011), *Submission to the Productivity Commission’s Inquiry into Economic Regulation of Airport Services*, April 2011, p. 17, http://pc.gov.au/_data/assets/pdf_file/0004/107995/sub040.pdf

²⁶ Melbourne Airport (2011), *Productivity Commission inquiry into economic regulation of airport services—response to issues paper*, April 2011, p. 48, http://pc.gov.au/_data/assets/pdf_file/0016/107800/sub029.pdf

²⁷ Melbourne Airport (2011), *Productivity Commission inquiry into economic regulation of airport services—response to issues paper: supplementary submission*, June 2011, p. 9, http://pc.gov.au/_data/assets/pdf_file/0006/110598/sub070.pdf

²⁸ Ibid.

²⁹ Perth Airport (2011), *Response to the inquiry into the economic regulation of airport services*, 8 April 2011, p. 49, http://pc.gov.au/_data/assets/pdf_file/0005/107996/sub041.pdf

³⁰ Ibid.

³¹ Sydney Airport (2011), *Economic regulation of airport services—submission to the Productivity Commission Inquiry*, 8 April 2011, p. 87, http://pc.gov.au/_data/assets/pdf_file/0018/108009/sub046.pdf

possessed by the airports.³² Sydney Airport stated that this is demonstrated by concessions airports have made during negotiations, as well as by the multiple occasions where airlines have refused to pay or have withdrawn services.³³ However, the PC considered in its 2011 inquiry into the economic regulation of airports that Sydney Airport does possess a high degree of market power that is sufficient to warrant policy attention.³⁴

Recent negotiations between airports and airlines

Although disputes have occurred during recent negotiations between airports and airlines, these have generally been resolved and contracts have been agreed. However, in some cases airports and airlines have had public disputes over the negotiation process. In particular, there have recently been examples of airlines refusing to pay higher charges, and an airline submitting an application to declare an airport's services under Part IIIA of the CCA.

During 2012-13 and 2013-14, Brisbane Airport had difficulty reaching commercial agreements with some airlines for the funding of its new runway construction, which will not be operational until 2020. In particular, Brisbane Airport intended to partially pre-fund the project through higher aeronautical charges to airlines from 1 September 2012.³⁵ Although the majority of airlines began paying the higher charges from this date, it took almost two years before Brisbane Airport was able to reach commercial agreements with all airline customers. During this period, some airlines did not pay the additional aeronautical charges to pre-fund the runway project. The subsequent agreements were:

- In June 2013, Brisbane Airport and Virgin Australia reached a commercial agreement covering upgrades to the Virgin Australia-leased area of the domestic terminal, the sale and lease-back of Virgin Australia's hangar at the airport, ongoing runway access for the next 10 years and support for development of the runway.³⁶
- In February 2014, Brisbane Airport and Qantas reached a commercial agreement covering terminal and runway access at the airport, which included arrangements for the airline to sell back its long term lease on a section of the domestic terminal.³⁷

The fact that some airlines have the ability to refuse to pay aeronautical charges may indicate that at least some airlines possess a degree of bargaining power in negotiations. However, the ACCC considers that airlines do not possess any countervailing power (as defined in the ACCC's Merger Guidelines) and cannot fully negate the exercise of market power by airports. Airlines may be able to limit the airports' market power through their ability to initiate an application to the National Competition Council (NCC) for an airport to be declared under Part IIIA of the CCA. If the NCC agrees with the application and forwards a recommendation to the designated Minister for the service to be declared, the Minister can then declare the service. Users then have the right to negotiate terms and conditions of access with the airport and can resort to arbitration by the ACCC. Although these powers exist, there have been few Part IIIA access cases for airports, partly due to the significant time and uncertainty involved. However, one airline did submit an application to the NCC during 2014, as outlined below.

In July 2014, Tigerair Australia submitted an application to the NCC under Part IIIA of the CCA requesting a recommendation that the domestic terminal services provided by Sydney Airport

³² Sydney Airport (2011), *Economic regulation of airport services—fourth submission to the Productivity Commission Inquiry*, 23 September 2011, p. 3, <http://www.pc.gov.au/inquiries/completed/airport-regulation/submissions/subdr124.pdf>

³³ Ibid.

³⁴ Productivity Commission (2011), *Economic regulation of airport services*, report no. 57, Canberra, p. 80.

³⁵ The Australian (2012), *Brisbane Airport Corporation and airlines unable to strike deal on financing runway*, 5 October 2012, <http://www.theaustralian.com.au/business/aviation/brisbane-airport-corporation-and-airlines-unable-to-strike-deal-on-financing-runway/story-e6frg95x-1226488430228?nk=f023386dd17e3105ee490efb001ff9e3#>

³⁶ Brisbane Airport (2013), *BAC and Virgin Australia reach agreement to enhance customer experience at Brisbane Airport*, Media release, 19 June 2013, <http://www.bne.com.au/news/bac-and-virgin-australia-reach-agreement-enhance-customer-experience-brisbane-airport>

³⁷ Brisbane Airport (2014), *Qantas and Brisbane Airport reach commercial agreement*, Media release, 27 February 2014, <http://www.bne.com.au/news/qantas-and-brisbane-airport-reach-commercial-agreement>

be declared. In particular, Tigerair claimed that Sydney Airport provided a lack of efficient and competitive access at Terminal 2, including in respect to check-in desks, departure gates, bussing arrangements, baggage reclaim facilities and way-finding signage.³⁸ In August 2014, Tigerair withdrew its application with the NCC and stated that it had reached commercial agreement with Sydney Airport on issues related to access to existing infrastructure and investment in future infrastructure.³⁹

In this case, the use of Part IIIA procedures may have partially limited the incentive for Sydney Airport to exercise its market power and enabled the re-opening of commercial negotiations on access at Terminal 2.⁴⁰ Although Tigerair did not proceed with its application to the NCC, it suggests that the threat of declaration under Part IIIA may provide airports with some incentive to undertake commercial negotiations that result in suitable outcomes for all parties.

The ACCC considers that the general provisions of Part IIIA may provide a credible option for airlines and other airport users, however there are considerable time and uncertainty faced by airlines and others going through the declaration process. Since privatisation, there have been only two applications by airport users to the NCC to have airport services declared, and only one process that commenced and resulted in services being declared for airlines.⁴¹

In addition to what appears to be an unbalanced negotiating environment between airports and airlines, the airports have continued to earn relatively substantial increases in aeronautical revenues and operating margins over the past 11 years. Further, these earnings have not translated into improvements in quality of service outcomes. In this context, an additional consideration for airport and airline negotiation may be deemed declaration. This option would require the Australian Government to amend the *Airports Act 1996* to deem aeronautical services provided at the major airports as declared services for the purposes of Part IIIA. Deemed declaration could, to a degree, limit the incentive for the airport's to exercise market power and facilitate the development of more effective commercial relationships. This is because airlines could credibly threaten the airports with ACCC arbitration where negotiations are unsuccessful.⁴²

Airline choice and the second Sydney Airport

Having alternative choices for airlines and other users of monopoly infrastructure is the strongest and best solution to market power issues. Although some airlines are large customers and have a degree of bargaining power, competition between airports would be more effective in terms of limiting airports' market power. In the case of the proposed second airport at Badgerys Creek in Sydney, the potential for a competitive outcome was removed when the Australian Government provided the acquirer of Sydney (Kingsford Smith) Airport (when it was privatised) the right of first refusal to develop and operate any second airport within 100 kilometres of the CBD. The right of first refusal appears to have been consistent with section 18 of the *Airports Act 1996*, which requires the common ownership of Sydney (Kingsford Smith) Airport and any Sydney West Airport. In addition, section 248 of the *Airports*

³⁸ Tigerair Australia (2014), *Application under Part IIIA of the Competition and Consumer Act 2010 (Cth) requesting a recommendation that the Domestic Terminal Service provided by Sydney Airport Corporation Limited be declared*, 3 July 2014, p. 1, <http://ncc.gov.au/images/uploads/DEAiTAAp-001.pdf>

³⁹ The Australian (2014), *Tigerair strikes terminal access deal with Sydney Airport*, 11 August 2014; <http://www.theaustralian.com.au/business/aviation/tigerair-strikes-terminal-access-deal-with-sydney-airport/story-e6frg95x-1227020313236?nk=d70369c88661690e919adf50a0e534b2>

⁴⁰ Ibid.

⁴¹ In October 2002, Virgin Blue Airlines (now Virgin Australia) applied for declaration of airside services at Sydney Airport. Virgin also initially applied to declare domestic terminal services, however withdrew this application following commercial agreement with Sydney Airport. Domestic airside services at Sydney Airport were declared in 2005 for five years. Source: National Competition Council, *Application for declaration of the airside services at Sydney Airport*, http://ncc.gov.au/pre-2004-application/application_by_virgin_blue_airlines_for_declaration_of_the_airside_services

⁴² This position is further outlined in the ACCC's first submission to the PC's 2011 review into the economic regulation of airport services, see ACCC (2011), *Submission to the Productivity Commission's inquiry into the economic regulation of airport services*, March <http://www.pc.gov.au/inquiries/completed/airport-regulation/submissions/sub003.pdf>

Act 1996 provides that the effect of common ownership of Sydney Airport and Sydney West Airport resulting from a relevant acquisition of one or both of them does not, of itself, substantially lessen competition for the purposes of section 50 of the CCA. (Section 50 of the CCA prohibits the acquisition of shares or assets which would have the effect or be likely to have the effect of substantially lessening competition in any market).

The National Audit Office found that the subsequent sale price of this airport was higher than a number of possible valuation benchmarks.⁴³ The ACCC considers that this higher price was a reflection of a premium placed on the right of first refusal. The inclusion of this right of first refusal increased the sale price but will result in anti-competitive outcomes in the aviation sector and provide little relief to airlines and other airport users who may have difficulties negotiating commercial agreements with the existing Sydney Airport. If the two airports in Sydney were to have different owners, it could provide airlines with greater bargaining power than if there was only one owner. With two owners, airlines may be able to use the two airports as substitutes and increase services at one airport when the other airport increases charges. In the case of one monopoly owner of both airports, this potential substitution would not occur. Having separate owners of the two Sydney airports would encourage each airport to lower prices and increase the quality provided, in order to capture market share from the other airport.

The ACCC stated in its first submission to the 2014 Competition Policy Review that Australian governments may be focusing overly on short term budget goals, without sufficient regard to longer term competition.⁴⁴ The ACCC also raised this point in its submission to the 2014 Senate Economics References Committee inquiry into the privatisation of state and territory assets and new infrastructure.⁴⁵ In particular, the ACCC used the privatisation of Sydney Airport as an example of where governments may have achieved a higher sale price at the cost of future competition. The ACCC believes this is an example of Australian Governments focusing overly on short term budgetary goals, without sufficient regard to longer term competition.

Landside operators' ratings of the airports' quality of service

In response to the 2011 PC inquiry into the economic regulation of airport services, the Australian Government directed the ACCC to review and update the objective criteria in its quality of service monitoring program.⁴⁶ The ACCC has completed this review and one of the outcomes was a decision to monitor the quality of service provided by airports to companies requiring landside access. These companies include taxis, buses and off-airport car parking operators.

Airport operators control access to airport land. Further, the landside of monitored airports is considered a bottleneck in the supply of services to companies seeking access. As landside operators are direct users of the airports' landside services and facilities, the ACCC considers that landside operators can provide useful insights about the quality of these services and facilities.⁴⁷

⁴³ Australian National Audit Office (2003), *The Sale of Sydney (Kingsford Smith) Airport*, Audit report No. 43 2002-03 Performance Audit, Commonwealth of Australia, 8 May
http://www.anao.gov.au/~media/Uploads/Documents/2002%2003_audit_report_43.pdf

⁴⁴ ACCC (2014), *Australian Competition & Consumer Commission Submission to the Competition Policy Review*, 25 June 2014, pp. 35-36, <http://competitionpolicyreview.gov.au/files/2014/06/ACCC.pdf>

⁴⁵ ACCC (2015), *Privatisation of state and territory assets and new infrastructure – Submission to the Senate Economics References Committee*, 29 January, http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/Privatisation_2014/Submissions

⁴⁶ Australian Government (2012), *Government response to the Productivity Commission Inquiry into the economic regulation of airport services*, 30 March 2012, <http://www.treasury.gov.au/PublicationsAndMedia/Publications/2012/Government-Response-Airport-Services>

⁴⁷ As with airlines, the ACCC is aware that landside operators may be commercially motivated to provide low ratings of quality of service at individual airports.

For the 2013-14 report, the ACCC surveyed a number of landside users at each of the monitored airports including: taxi industry groups; bus industry groups; and off-airport parking operators. The ACCC asked these users to rate the availability and standard of various landside services and facilities provided by the monitored airports.⁴⁸

Each of the monitored airports received an average landside operator rating of 'satisfactory' in 2013-14, with the exception of Melbourne Airport that received an average rating of 'poor'. Off-airport parking operators were critical about recent reductions in pick-up and drop-off points at Melbourne Airport, while industry groups (including bus and taxi industry groups) were concerned about facilities and the service level at the airport.

The main issue that landside operators consistently raised across each of the airports was the availability of kerbside pick-up and drop-off spaces.

1.4 Key activity results for aeronautical services

This section presents data on passenger numbers and aircraft movements since 2003-04. This data provides a suitable context to assessing revenue, costs, profits and quality of service movements for aeronautical services and facilities across the monitored airports. For the purposes of the ACCC's airport monitoring reports, aeronautical services and facilities are defined under regulation 7.02 of the *Airports Regulations 1997* as 'services and facilities at an airport that are necessary for the operation and maintenance of civil aviation at the airport'.⁴⁹

The monitored airports have experienced significant growth in passenger numbers in recent years (section 1.4.1), which has resulted in congestion emerging at a number of airports (section 1.4.3). Aeronautical congestion occurs when demand for the runway system approaches the capacity limit, such that introducing additional aircraft movements will have negative effects on existing aircraft movements (such as delays).

Passenger volumes

Passenger numbers increased by 2.6 per cent across the monitored airports during 2013-14, and totalled almost 106.9 million passengers. This is the smallest annual growth in passengers since 2008-09 and was mainly due to subdued domestic passenger growth at each airport during the year. However, each airport reported increases in total passenger numbers in 2013-14 (chart 1.4.1).

Perth Airport reported the smallest growth in passenger numbers in 2013-14, with total passengers growing by 1.5 per cent to 14.9 million passengers. This was due to a decrease in domestic passengers of 1.2 per cent in 2013-14. This is the first time over the monitored period that Perth Airport's domestic passenger numbers have declined. Analysts have suggested that recent slowdowns in the resources industry has led to declining levels of fly in/fly out workers in Western Australia, which would likely impact on passenger numbers at Perth Airport.

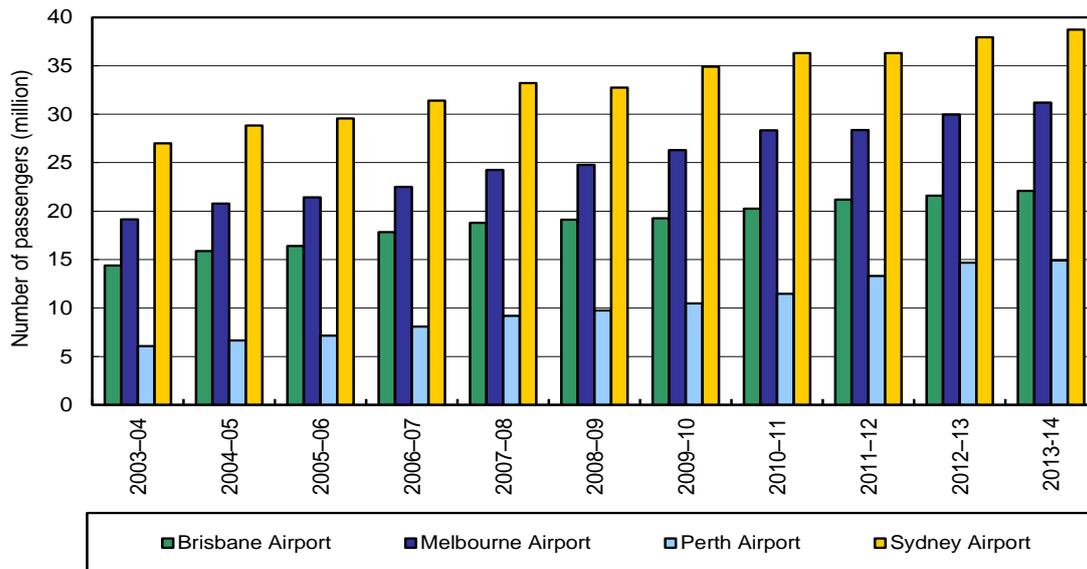
Melbourne Airport reported the largest growth in passenger numbers in 2013-14, with total passengers growing by 4.0 per cent to 31.2 million passengers. This was largely driven by international passenger growth of 9.1 per cent in 2013-14.

International passenger growth was strong across all of the monitored airports during 2013-14, with annual growth ranging from 4.2 per cent at Sydney Airport to 9.4 per cent at Perth Airport.

⁴⁸ A list of the questions asked to landside users can be found in appendix A2. The ACCC's methodology in conducting these surveys is outlined in appendix A7.

⁴⁹ Under Regulation 7.02 of the *Airports Regulations 1997*, 'aeronautical services and facilities' include (but are not limited to); runways, taxiways, aircraft parking sites, ground handling, public areas in terminals, arrival and departure lounges, aerobridges, and baggage related services.

Chart 1.4.1: Volume of passengers: 2003-04 to 2013-14



Aircraft movements

Aircraft movements across the monitored airports totalled 928 507 in 2013-14, which is an increase of 1.6 per cent from 2012-13. The increase was largely driven by international flight movements, which increased by 7.2 per cent to 147 121 movements. Domestic flight movements increased by 1.3 per cent in 2013-14, while general aviation movements declined by 5.2 per cent.

Perth Airport was the only airport to report a reduction in aircraft movements during 2013-14, with a decline of 1.1 per cent. This was mainly driven by a reduction in general aviation aircraft movements of 15.9 per cent which was partly due to fewer fly-in/fly-out flights. However, Perth Airport did report the highest percentage increase in international aircraft movements during 2013-14, with an increase of 15.1 per cent to 40 936 movements.

The growth in aircraft movements during 2013-14 was mainly driven by Melbourne and Brisbane airports, which reported growth of 3.5 per cent and 3.0 per cent respectively. Both of these airports reported strong growth in international aircraft movements during the year.

Aeronautical congestion

The ACCC discussed aeronautical congestion in its 2011-12 and 2012-13 airport monitoring reports.⁵⁰ In particular, the ACCC identified that despite continued investments, it is not clear that the nature, size and timing of investments have added sufficient capacity to avoid congestion or accommodate forecast growth. Increased passenger growth and aircraft movements over time have begun to place pressure on existing aeronautical assets at a number of monitored airports.

The Bureau of Infrastructure, Transport and Regional Development (BITRE) publishes data that suggests that domestic airline on-time performance has trended downwards for the proportion of on-time domestic arrivals and departures since June 2004 (chart 1.4.2).⁵¹

⁵⁰ See chapter 2 in both the 2011-12 and 2012-13 Airport Monitoring Reports. <http://www.accc.gov.au/publications/airport-monitoring-reports/airport-monitoring-report-2011-12> or <http://www.accc.gov.au/publications/airport-monitoring-reports/airport-monitoring-report-2012-13>

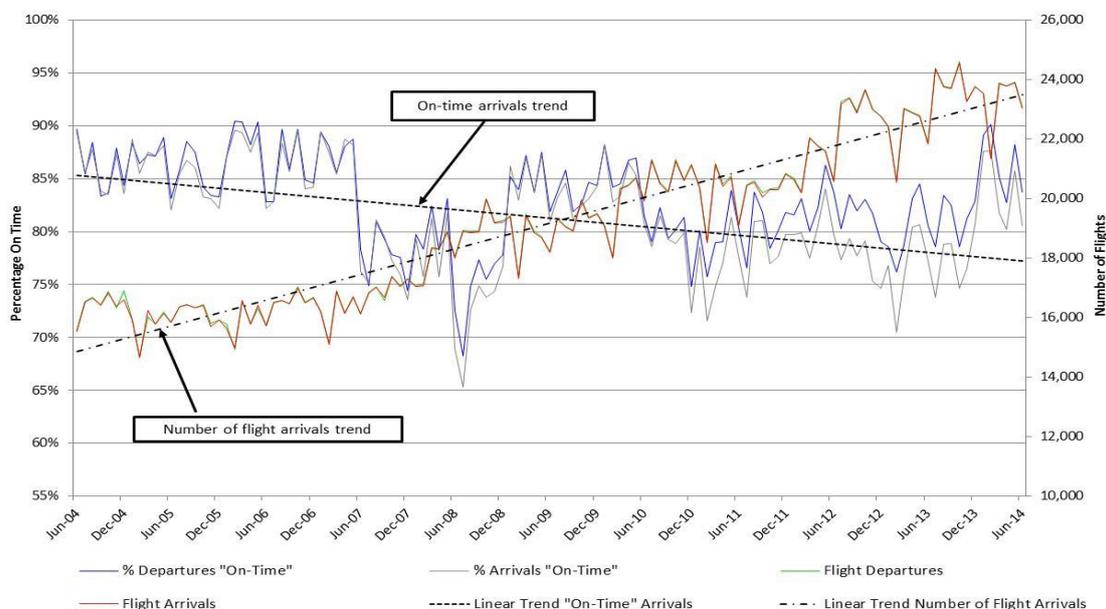
⁵¹ Airline on-time performance may be affected by various factors in the short term, such as extreme weather, industrial disputes and airline sensitivity to delays (for example, low cost carriers may be more willing to accept delays). These factors, however, become less relevant when analysing airport performance in the long term.

However, it should be noted that there has been an improvement in domestic airline on-time performance over the 2013-14 financial year, with the proportion of on-time arrivals and departures averaging the highest percentage since the 2009-10 financial year.

In the long term, the most efficient way of alleviating aeronautical congestion is through timely investment to expand capacity. Although most of the monitored airports have plans in place to address aeronautical congestion issues through capacity expansions, it appears that some of these investments have not occurred in a timely manner. For example, Brisbane Airport undertook an extended process in committing to the construction of its new runway, while Perth Airport was delayed in investing in new facilities to address passenger growth and ongoing quality of service issues.

A number of airports have implemented short term measures to reduce current levels of congestion. However, there has been little use of congestion or peak pricing in Australian (or international) aviation markets to ration demand, with airports tending to opt for non-price supply management solutions, such as slot management schemes.⁵²

Chart 1.4.2: Monitored airports—average proportion of on-time arrivals and departures and number of flight arrivals (domestic services): June 2004 to June 2014



Source: Bureau of Infrastructure, Transport and Regional Economics, *Domestic airline on-time performance monthly reports*, June 2014. See; http://www.bitre.gov.au/publications/ongoing/airline_on_time_monthly.aspx

Some of the monitored airports’ long term and short term approaches to addressing aeronautical congestion are outlined below:

- Brisbane Airport has commenced construction of a new parallel runway, which is estimated to be operational by 2020.⁵³ Brisbane Airport completed phase one of the project in

⁵² The ACCC discussed this topic on pages 39-41 of the 2012-13 airport monitoring report. Some of the reasons why airports may not have implemented congestion pricing are; the practical and conceptual difficulties in applying these charges, the magnitude of charges required to change the behaviour of international airlines (where landing charges may only be a small percentage of costs), the large array of airlines at each airport (ranging from small regional carriers to large international airlines), and the political difficulty in implementing congestion prices.

⁵³ Brisbane Airport (2013), *New parallel runway—Overview*, http://www.bne.com.au/sites/all/files/content/files/NPR%20Fact%20Sheet_Overview_Mar13.pdf

December 2014, which involved dredging the bay and piling sand onto the runway site.⁵⁴ Following a four year ground settlement period, construction of the runway pavements will commence.

- Brisbane Airport has also implemented a number of short term strategies to manage demand while the new runway is under construction. For example, from 1 September 2012 Brisbane Airport has applied a minimum charge of \$200 per aircraft for use of its runway system during peak periods.⁵⁵ Brisbane Airport has also implemented a slot management scheme from October 2012, to efficiently allocate scarce runway slots.⁵⁶
- Melbourne Airport is planning to construct a new runway, with the airport intending to provide the Minister for Infrastructure and Regional Development with a major development plan by the end of 2015.⁵⁷ Melbourne Airport expects the new runway to become operational sometime between 2018 and 2022.⁵⁸
 - Melbourne Airport is currently constructing a new domestic terminal to replace its existing Terminal 4. Melbourne Airport expects that construction will be completed in 2015, and that this terminal will assist in accommodating the forecast growth in domestic passengers.⁵⁹
- Perth Airport is planning to construct a new runway, with the airport stating that it expects the runway to be operational by 2020, subject to board approval, government approval and extensive public consultation.⁶⁰ Perth Airport has also detailed plans to consolidate all commercial air services to the current Terminal 1 / Terminal 2 precinct by the early 2020s, subject to airline consultation.⁶¹
 - Perth Airport has also implemented a number of short term strategies to manage existing demand. For example, Perth Airport applies a minimum charge for the use of its runway system during peak periods.⁶² Perth Airport has also implemented a slot management scheme from early 2013, in order to balance existing demand and capacity at the airport.⁶³
- Sydney Airport is planning to re-configure and expand its terminal infrastructure, to create two integrated terminal precincts for international, domestic and regional operations.⁶⁴

⁵⁴ Brisbane Airport (2014), *Final sand-pump on Brisbane's new parallel runway site*, Media release, 8 December 2014, <http://www.bne.com.au/news/final-sand-pump-brisbane%E2%80%99s-new-parallel-runway-site>

⁵⁵ Brisbane Airport (2012), *Brisbane Airport aviation services and charges agreement – runway system*, http://www.bne.com.au/sites/all/files/content/files/120430_Aviation%20Services%20Charges%20Agreement_Runway.docx_.pdf

⁵⁶ Brisbane Airport (2013), *Runway demand management scheme – information sheet*, http://www.bne.com.au/sites/all/files/content/files/BAC_RDMS_FactSheet_March13%20%282%29.pdf

⁵⁷ The Australian (2014), *Coalition urged to boost global pacts*, 19 September 2014, <http://www.theaustralian.com.au/business/aviation/coalition-urged-to-boost-global-pacts/story-e6frg95x-1227063151699#>

⁵⁸ Melbourne Airport (2013), *Melbourne Airport Master Plan 2013*, pp. 84-85, <http://melbourneairport.com.au/about-melbourne-airport/planning/master-plan.html>

⁵⁹ Melbourne Airport, *Southern Precinct project at Melbourne Airport*, viewed on 13 January 2014 at, <http://melbourneairport.com.au/about-melbourne-airport/current-projects/southern-precinct-project.html>

⁶⁰ Perth Airport (2014), *Perth Airport preliminary draft master plan 2014*, p. 126, <http://www.perthairport.com.au/master-plan/download.aspx>

⁶¹ Perth Airport (2014), *Perth Airport preliminary draft master plan 2014*, p. 135, <http://www.perthairport.com.au/master-plan/download.aspx>

⁶² Perth Airport (2014), *Schedule of aeronautical charges—effective 01 July 2014*, http://www.perthairport.com.au/Libraries/General_Docs/Schedule_01_JUL_2014.sflb.ashx

⁶³ Perth Airport (2013), *Schedule coordination system cuts delays at Perth Airport*, Media release, 24 April 2013, http://www.perthairport.com.au/aboutus/mediacentre/mediareleases/13-04-24/SCHEDULE_COORDINATION_SYSTEM_CUTS_DELAYS_AT_PERTH_AIRPORT.aspx

⁶⁴ Sydney Airport (2014), *Sydney Airport Master Plan 2033*, p. 70, <http://www.sydneyairport.com.au/corporate/master-plan/master-plan-downloads.aspx>

Sydney Airport has stated that this plan is dependent on Qantas selling its domestic terminal lease back to the airport, as well as demand.⁶⁵

As mentioned in section 1.3.3, the Australian Government has confirmed that a second Sydney airport would be built at Badgerys Creek, which was announced in response to concerns about Sydney Airport's capacity to handle forecast passenger growth.⁶⁶ The government expects that the airport will become operational by the mid-2020s. In August 2014, the government formally issued a 'Notice to Consult' to the owners of Sydney Airport.⁶⁷ The government expects that the 'Notice to Consult' phase will take nine months, after which the government may decide to make a contractual offer to the owners of Sydney Airport to develop and operate the new airport.⁶⁸

The Western Australian State Government has indicated that it is undertaking preliminary work to identify a suitable site for a proposed second Perth metropolitan airport.⁶⁹ However, the State Government noted that the current airport will likely meet Perth's requirements for the next 40 to 50 years.

In the short term, the ACCC believes price is the best mechanism to manage congestion at Australian airports. This would be either through congestion or peak-period pricing structures that reflect the costs of congestion. Further, this mechanism would provide efficient signals for use of, and investment in, aeronautical infrastructure.

In the long term, investments in additional (or new) infrastructure are the most efficient way for airports to deal with aeronautical capacity constraints. The proposed runways at Brisbane, Perth and Melbourne airports will, when finished, go some way to alleviating aeronautical congestion at those airports. The proposed new airport at Badgerys Creek will also increase capacity in the Sydney aviation market to handle forecast passenger growth. However, as discussed, the ACCC believes that governments' short term budgetary considerations during privatisations can, as is the case with the sale of Sydney (Kingsford Smith) Airport, harm long term competitive outcomes.

1.5 Aeronautical revenues, prices, costs, profits, assets and investments

This section presents the results of the ACCC's monitoring of revenues, prices, costs and profits relating to the supply of aeronautical services and facilities at the four monitored airports. The regulatory accounts for each airport are presented in appendix A1.

Aeronautical revenue

Airports earn aeronautical revenue through charges to airlines, which are typically applied on a per passenger basis for the use of airport facilities such as runways, taxiways and terminal facilities.⁷⁰

⁶⁵ The Australian (2014), *Sydney cheers Asia's low-cost carriers*, 22 August 2014, <http://www.theaustralian.com.au/business/aviation/sydney-cheers-asias-lowcost-carriers/story-e6frg95x-1227032344631?nk=11dde6ce7dd26d8a727e6285f123d393#>

⁶⁶ The Hon. Warren Truss (2014), *Western Sydney Airport to deliver Jobs and Infrastructure*, Media release, 15 April 2014, http://www.minister.infrastructure.gov.au/wt/releases/2014/April/wt056_2014.aspx

⁶⁷ The Hon. Warren Truss (2014), *Western Sydney airport: Notice to Consult issued today*, Media release, 18 August 2014, http://www.minister.infrastructure.gov.au/wt/releases/2014/August/wt140_2014.aspx

⁶⁸ Ibid.

⁶⁹ Western Australian Department of Transport (2015), *Western Australian State Aviation Strategy*, 21 February 2015, p. 38, http://www.transport.wa.gov.au/mediaFiles/aviation/AV_P_State_Aviation_Strategy2015.pdf

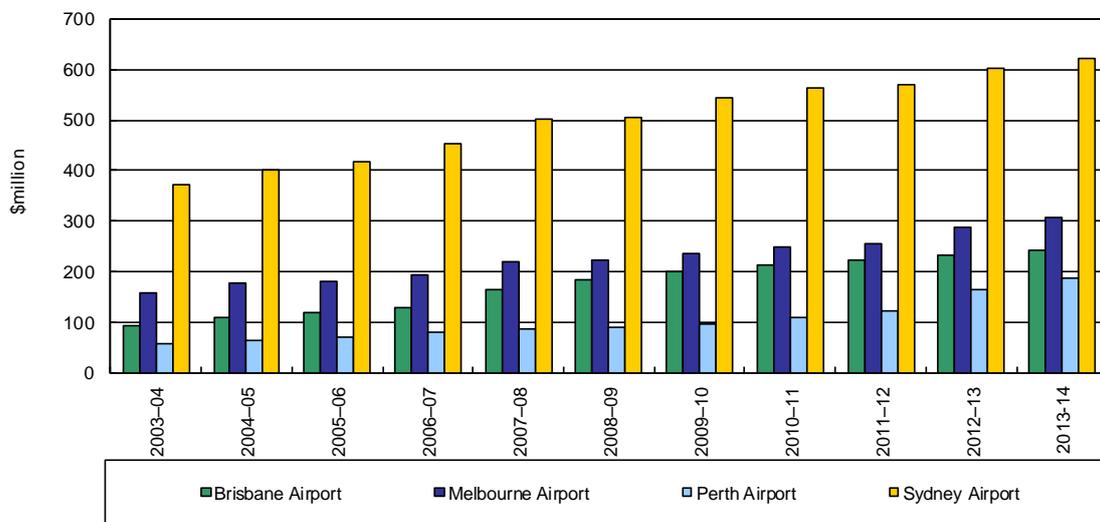
⁷⁰ Aeronautical revenue presented in this chapter includes revenue earned from the provision of government-mandated security services. Revenue from government-mandated security services is set by airport operators to recover the costs associated with the provision of security services and does not affect the overall profitability of the airports.

All monitored airports reported real increases in aeronautical revenue during 2013-14 (chart 1.5.1). Every airport has reported real increases in aeronautical revenue in each year of the monitored period.

Perth Airport reported the largest percentage increase in aeronautical revenue in 2013-14, with revenue increasing by 12.9 per cent in real terms to \$186.1 million. Perth Airport has also reported the largest percentage increase in aeronautical revenue since 2003-04, with growth of 215.8 per cent in real terms. Perth Airport’s aeronautical revenue growth over the past 11 years has been largely due to significant passenger growth.

Sydney Airport reported the smallest percentage increase in aeronautical revenue in 2013-14, with revenue increasing by 2.9 per cent in real terms to \$621.0 million. Despite reporting the lowest growth in aeronautical revenue, Sydney Airport continued to be the airport with the highest total aeronautical revenue in real terms.

Chart 1.5.1: Total aeronautical revenue in real terms: 2003-04 to 2013-14



Note: Real values in 2013-14 dollars⁷¹

Total airport revenue

Since 2003-04, aeronautical revenue as a proportion of total airport revenue has increased at each of the monitored airports (table 1.5.1). Sydney Airport has reported the highest proportion of total airport revenue resulting from aeronautical services in most years since 2003-04.

⁷¹ ACCC calculations based on data obtained from monitored airports and nominal values converted into real values with consumer price index :Australian Bureau of Statistics (2014), *Consumer Price Index, 6401.0*, Table 1, all groups CPI, Australia

Table 1.5.1: Aeronautical and total airport revenue in real terms: 2003-04 to 2013-14

Revenue in 2003-04 (\$million—real values in 2013-14 dollars)					
	Brisbane	Melbourne	Perth	Sydney	Total
Aeronautical	94.1	159.2	58.9	373.4	685.6
Total airport	253.8	367.5	153.2	717.0	1 491.6
Aeronautical as a % of total airport	37.1%	43.3%	38.4%	52.1%	46.0%
Revenue in 2013-14 (\$million)					
	Brisbane	Melbourne	Perth	Sydney	Total
Aeronautical	241.7	308.8	186.1	621.0	1 357.6
Total airport	564.1	694.3	381.7	1 145.5	2 785.6
Aeronautical as a % of total airport	42.9%	44.5%	48.7%	54.2%	48.7%

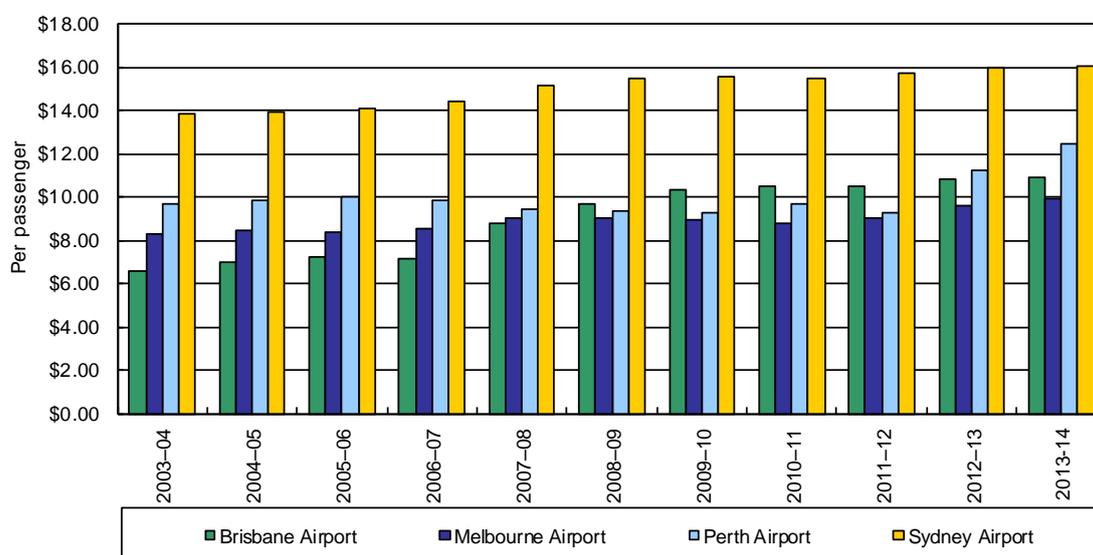
Note: Real values in 2013-14 dollars

Aeronautical average prices

Aeronautical services are broadly similar across each of the monitored airports, and airlines are charged based on the usage of runways, aircraft parking bays, aerobridges and terminal services. However, comparisons of airports’ charges for these services are complicated due to differences in how airports apply these charges (for example, through the bundling of charges). For this reason, the ACCC considers aeronautical revenue per passenger to be a more valid measure of airports’ average prices for aeronautical services.

As shown in chart 1.5.2, all monitored airports reported increases in aeronautical revenue per passenger in real terms during 2013-14.

Chart 1.5.2: Aeronautical revenue per passenger in real terms: 2003-04 to 2013-14



Note: Real values in 2013-14 dollars

In 2013-14, Perth Airport reported the largest increase in aeronautical revenue per passenger for the second consecutive year, increasing by 11.2 per cent in real terms to \$12.47 per passenger. Between 2003-04 and 2011-12, Perth Airport implemented moderate changes in prices while passenger numbers increased substantially—resulting in aeronautical revenue per passenger remaining fairly stable in real terms. However, Perth Airport has significantly

increased its aeronautical charges over the past two years, leading to large increases in aeronautical revenue per passenger in 2012-13 and 2013-14.

Melbourne Airport has reported the smallest aeronautical revenue per passenger of the monitored airports for six consecutive years, and was \$9.90 per passenger in 2013-14.

Sydney Airport reported the smallest increase in aeronautical revenue per passenger in 2013-14, increasing by 0.8 per cent in real terms to \$16.03 per passenger. Sydney Airport has reported the highest aeronautical revenue per passenger of the monitored airports in each year of the monitored period. Sydney Airport's aeronautical revenue per passenger during 2013-14 was 61.9 per cent higher than Melbourne Airport's aeronautical revenue per passenger.

Brisbane Airport has recorded the largest increase in aeronautical revenue per passenger since 2003-04, with an increase of 67.1 per cent in real terms. The other monitored airports have reported real increases ranging between 16.0 per cent (Sydney Airport) and 28.4 per cent (Perth Airport) since 2003-04.

Aeronautical operating expenses

The major types of aeronautical operating expenses incurred by the monitored airports include depreciation, wages and salaries, services and utilities, maintenance, and security-related costs. In 2013-14, aeronautical operating expenses across all of the monitored airports increased by 3.0 per cent in real terms to \$723.5 million.

Melbourne Airport was the only airport to report a reduction in aeronautical operating expenses during 2013-14, with a decline of 1.8 per cent in real terms to \$169.2 million. This was largely due to general administration costs decreasing by 34.4 per cent in real terms during the year.

In 2013-14, Perth Airport reported the largest increase in aeronautical operating expenses for the sixth consecutive year, increasing by 10.0 per cent in real terms to \$104.5 million. Despite large growth rates, Perth Airport continued to have the lowest aggregate aeronautical operating expenses of the monitored airports.

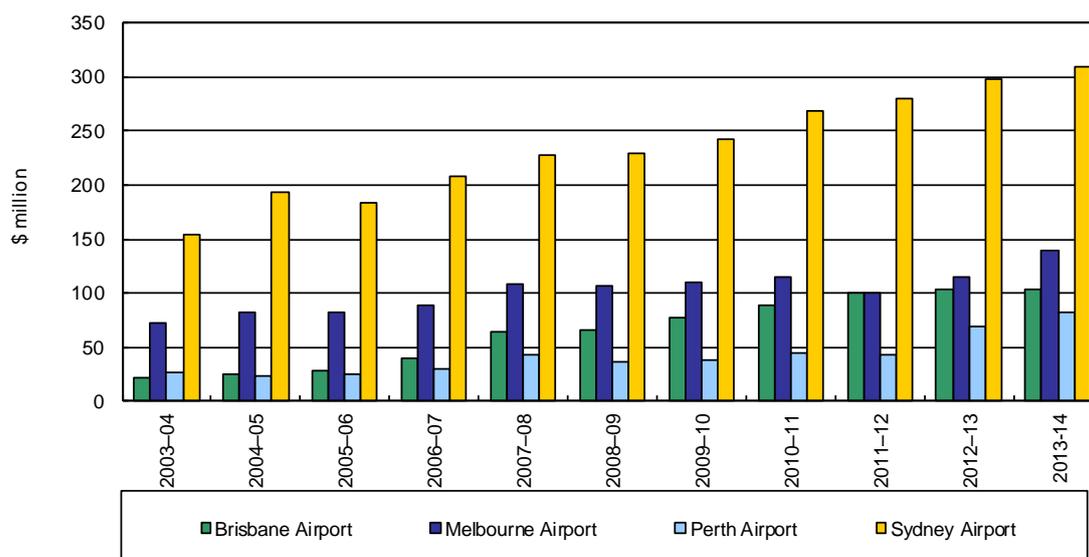
Perth Airport has recorded the largest increase in aeronautical operating expenses since 2003-04, with an increase of 224.4 per cent in real terms. The other monitored airports have reported real increases ranging between 41.7 per cent (Sydney Airport) and 93.3 per cent (Melbourne Airport) since 2003-04.

Aeronautical operating margin

The ACCC's key measure for assessing operating margins earned on aeronautical services is earnings before interest, tax and amortisation (EBITA). EBITA is an established key financial performance indicator and is derived from airports' regulatory accounts prepared under standard accounting practices. However, this measure does not enable an assessment of whether an airport's prices are generating revenues consistent with the efficient long-run costs of providing aeronautical services. This is further discussed in section 1.9.

In 2013-14, all monitored airports reported increased aeronautical operating margin in real terms (chart 1.5.3).

Chart 1.5.3: Total aeronautical operating margin in real terms: 2003-04 to 2013-14



Note: Real values in 2013-14 dollars

In 2013-14, Melbourne Airport reported the largest increase in aeronautical operating margin, with a rise of 21.1 per cent in real terms to \$139.7 million. This was partly due to Melbourne Airport’s relatively strong growth in aeronautical income and decline in aeronautical expenses in real terms during the year.

Perth Airport also reported strong growth in aeronautical operating margin in 2013-14, with an increase of 16.8 per cent in real terms to \$81.5 million. This follows an increase in aeronautical operating margin of 59.9 per cent in real terms during 2012-13.

Brisbane Airport reported the smallest increase in aeronautical operating margin in 2013-14, with an increase of 0.5 per cent in real terms to \$103.3 million. However, Brisbane Airport has recorded the largest percentage increase in aeronautical operating margin since 2003-04, with an increase of 377.5 per cent in real terms.

Sydney Airport’s aeronautical operating margin has consistently been significantly larger than the other airports, and was more than double that of the next closest airport in 2013-14. Sydney Airport’s aeronautical margin grew by 3.6 per cent in real terms during 2013-14.

Total airport operating margin

With the exception of Melbourne Airport, the monitored airports reported a higher aeronautical operating margin as a proportion of total airport operating margin in 2013-14 than in 2003-04 (table 1.5.2).

In 2013-14, Perth Airport recorded the highest proportion of total airport operating margin resulting from aeronautical services. However, Sydney Airport has reported the highest proportion of total airport operating margin resulting from aeronautical services in most years since 2003-04.

Table 1.5.2: Aeronautical and total airport operating margin: 2003-04 and 2013-14

Operating margin in 2003-04 (\$million—real values in 2013-14 dollars)					
	Brisbane	Melbourne	Perth	Sydney	Total
Aeronautical	21.6	71.7	26.7	153.7	273.7
Total airport	143.4	211.9	88.0	408.1	851.4
Aeronautical as a % of total airport	15.1%	33.8%	30.3%	37.7%	32.1%
Operating margin in 2013-14 (\$million)					
	Brisbane	Melbourne	Perth	Sydney	Total
Aeronautical	103.3	139.7	81.5	309.7	634.2
Total airport	327.3	433.9	190.9	730.4	1 682.5
Aeronautical as a % of total airport	31.6%	32.2%	42.7%	42.4%	37.7%

Note: Real values in 2013-14 dollars

Aeronautical operating margin per passenger

The ACCC also considers aeronautical operating margin per passenger when assessing airport performance. This is because aeronautical operating margin per passenger can be used to provide an indication of the monitored airport’s average margins earned per passenger.

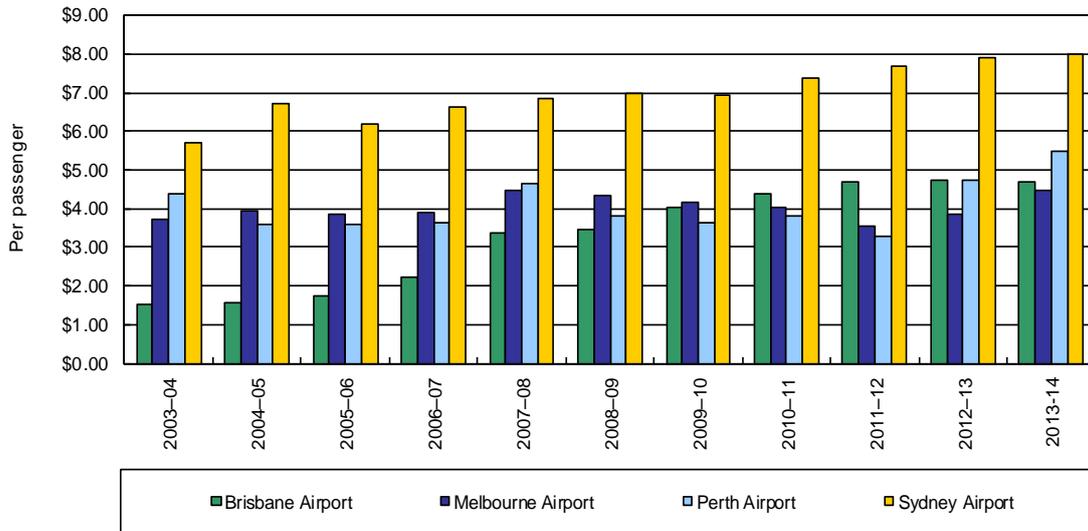
With the exception of Brisbane Airport, the monitored airports reported higher aeronautical operating margins per passenger in real terms during 2013-14 (chart 1.5.4).

In 2013-14, Brisbane Airport’s aeronautical operating margin per passenger declined by 1.8 per cent in real terms to \$4.67 per passenger. This is due to passenger growth exceeding the increase in aeronautical operating margin. However, Brisbane Airport has recorded the largest percentage increase in aeronautical operating margin per passenger since 2003-04, with an increase of 210.6 per cent in real terms.

Melbourne Airport reported the largest increase in aeronautical operating margin per passenger in 2013-14, with an increase of 16.4 per cent to \$4.48 per passenger. Despite this, Melbourne Airport has recorded the smallest percentage increase in aeronautical operating margin per passenger since 2003-04, with an increase of 19.7 per cent over this period.

Sydney Airport continued to earn the highest aeronautical operating margin per passenger, at \$8.00 during 2013-14. Sydney Airport’s aeronautical operating margin per passenger was 46.3 per cent larger than that earned by Perth Airport, which reported the second highest aeronautical operating margin per passenger.

Chart 1.5.4: Aeronautical operating margin per passenger in real terms: 2003-04 to 2013-14



Note: Real values in 2013-14 dollars

Aeronautical assets

Aeronautical assets are airport assets that are directly used in the supply of aeronautical services. This category of assets includes runways, aircraft parking bays, aprons and terminal facilities.⁷²

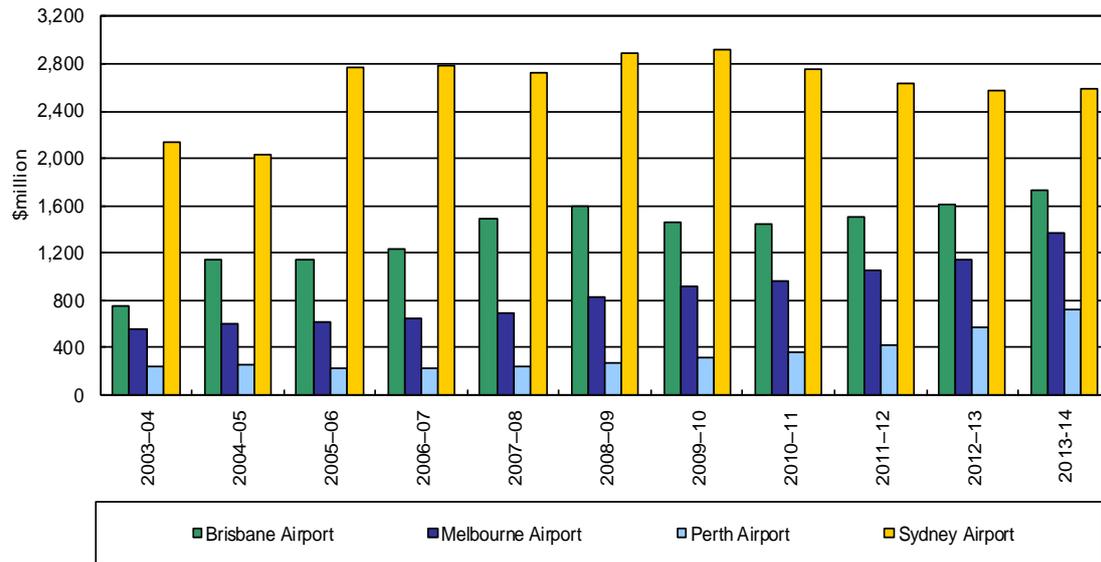
In 2013-14, total aeronautical tangible non-current assets across the monitored airports increased by 8.8 per cent in real terms to around \$6.4 billion. All of the monitored airports reported real increases in the value of aeronautical tangible non-current assets in 2013-14 (chart 1.5.5).

Perth Airport reported the largest percentage increase in aeronautical tangible non-current assets during 2013-14, increasing by 25.1 per cent in real terms to \$717.8 million. Perth Airport has also recorded the largest increase in aeronautical tangible non-current assets since 2003-04, with assets increasing by 206.5 per cent in real terms over this period.

Melbourne Airport also reported a large increase in aeronautical tangible non-current assets in 2013-14, increasing by 20.7 per cent in real terms to around \$1.4 billion.

⁷² For reasons outlined in section 1.9, care should be taken when considering the value of aeronautical assets and changes in asset values due to the different approaches that airports have taken in valuing their assets.

Chart 1.5.5: Aeronautical tangible non-current assets in real terms: 2003-04 to 2013-14



Note: Real values in 2013-14 dollars

Sydney Airport reported the smallest increase in aeronautical tangible non-current assets during 2013-14, increasing by 0.7 per cent in real terms to \$2.6 billion. This is the first real increase in Sydney Airport’s aeronautical tangible non-current assets since 2009-10.

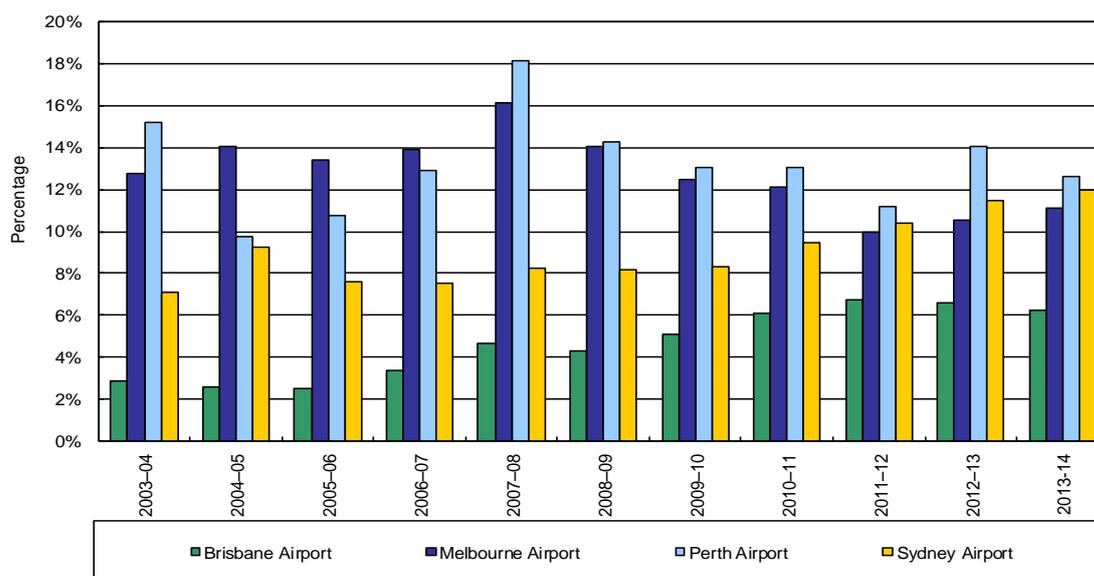
Return on aeronautical assets

Return on assets, calculated as aeronautical operating margin (EBITA) on average aeronautical tangible non-current assets, provides a measure of the efficiency with which an airport uses its assets to produce operating profit.⁷³

Melbourne and Sydney airports reported an increase in their return on aeronautical assets during 2013-14, while Brisbane and Perth airports reported declines in their return on aeronautical assets (chart 1.5.6). Despite Perth Airport’s declining return on aeronautical assets in 2013-14, it continued to report the highest return on aeronautical assets and has done so since 2007-08.

⁷³ For reasons outlined in section 1.9, care should be taken when considering the return on assets as these figures may be influenced by the different approaches that airports have taken in valuing their assets. However, data on return on assets can provide indications of trends in each airport’s financial performance over time and provide useful insights into operational performance.

Chart 1.5.6: Return on assets for aeronautical services: 2003-04 to 2013-14



Return on aeronautical assets for the line in the sand approach

Since 2007-08, the ACCC has reported on a ‘line in the sand’ (LIS) approach for airports’ aeronautical asset valuations. Under the LIS approach, the value of an airport’s aeronautical asset base for monitoring purposes is the value of tangible non-current aeronautical assets reported to the ACCC as at 30 June 2005, plus new investments, less depreciation and disposals.⁷⁴ The LIS approach was introduced to remove the effect of airports’ revaluations of aeronautical assets for monitoring purposes. Brisbane and Sydney airports are the only two airports impacted by the LIS approach, as Melbourne and Perth airports have not revalued their aeronautical assets for monitoring purposes since 30 June 2005.

Under the LIS approach, Brisbane Airport’s return on aeronautical assets was 7.9 per cent, around 1.7 percentage points higher than the non-LIS figure. This is due to Brisbane Airport’s earnings being higher under the LIS methodology, while its aeronautical asset base is lower in value under the LIS methodology.

Under the LIS approach, Sydney Airport’s return on aeronautical assets was 12.1 per cent⁷⁵, around 0.1 percentage points higher than the non-LIS value. Sydney Airport’s earnings and aeronautical asset base are both higher under the LIS methodology.

Return on total airport assets

Brisbane and Sydney airports reported a higher return on total airport assets in 2013-14 than in 2003-04, while Melbourne and Perth airports reported a reduction in return on total airport assets over the same period (table 1.5.3). Sydney Airport reported the largest return on total airport assets for 2013-14 at 19.2 per cent in real terms.

⁷⁴ This information was required in addition to the airport operator’s regulatory accounts. This change resulted from the PC 2006 inquiry into price regulation of airport services. The PC noted that some airports revalued assets for a range of non-price reasons. However, the PC recognised that the intentions of revaluations could be to provide justification for higher charges at some stage in the future.

⁷⁵ This figure refers to Sydney Airport’s line in the sand value excluding the value of landfill in leasehold land. For Sydney Airport’s line in the sand values both including and excluding the value of landfill, please see section 5.2.2.

Table 1.5.3: Aeronautical and total airport return on assets: 2003-04 and 2013-14

Return on assets 2003-04				
	Brisbane	Melbourne	Perth	Sydney
Aeronautical	2.8%	12.7%	15.2%	7.1%
Total airport	11.9%	21.3%	20.1%	9.4%
Return on assets 2013-14				
	Brisbane	Melbourne	Perth	Sydney
Aeronautical	6.2%	11.1%	12.6%	12.0%
Total airport	9.4%	15.2%	9.8%	19.2%

Aeronautical investments

Airports undertake efficient investments in aeronautical infrastructure to meet the present and future requirements of users of airport services. The nature, scale and timing of investments will have a material impact on services provided to airlines and passengers.

Airports are also required to establish 20 year forward-looking master plans under the *Airports Act 1996* (Airports Act). These master plans identify, for example, development objectives and future aviation requirements. Airports are to update these master plans every five years and have them approved by the Minister for Infrastructure and Regional Development. However, master plans do not commit the airports to construct the infrastructure listed, as further approvals and consultations are required. The master plans provide a high-level outline of future infrastructure that will likely be required at each airport.

Aeronautical assets (such as runways, terminals, taxiways and aprons) are generally long-lived assets, and investment projects also require long lead times in the planning and implementation stages. For these reasons, different airports are likely to be at different phases of their investment cycles at any given time. However, an airport's investment profile over time should provide a useful context for assessing changes in the standard of service levels.

Aeronautical investments in 2013-14 and the master plan process

The ACCC collects information on investments completed, underway and planned at each monitored airport. Melbourne and Sydney airports had master plans approved by the Minister during 2013-14, while Perth and Brisbane airports' master plans were approved by the Minister in early 2015. Some of the projects outlined in the airports' submissions to the ACCC and in each airport's latest master plans are noted below.

Brisbane Airport

Brisbane Airport completed a number of airside works during 2013-14, such as runway and drainage works, and the construction of new inspection points. However, Brisbane Airport's major current project is the construction of its new parallel runway.

On 3 February 2015, the Minister for Infrastructure and Regional Development approved Brisbane Airport's 2014 master plan.⁷⁶ Brisbane Airport's master plan detailed the construction of its new parallel runway, potential developments and expansions of the airport's terminals, as well as the potential development of a mass transit system to link the terminals and car parking facilities.⁷⁷

⁷⁶ The Hon. Warren Truss (2015), *Brisbane Airport development takes off with Master Plan approved*, Media release, 3 February 2015, http://www.minister.infrastructure.gov.au/wt/releases/2015/February/wt027_2015.aspx

⁷⁷ Brisbane Airport (2014), *Brisbane Airport 2014 Preliminary Draft Master Plan*, p. 119, <http://www.bne.com.au/corporate/upgrading-your-airport/2014-master-plan>

Melbourne Airport

Melbourne Airport completed the construction of an apron area infill during 2013-14. Melbourne Airport's major current project is the Southern Precinct Project, which includes the construction of a new domestic terminal to replace the existing Terminal 4 and a new ground transport hub.

In December 2013, the Minister for Infrastructure and Regional Development approved Melbourne Airport's 2013 master plan.⁷⁸ Melbourne Airport's master plan outlined the development of a third runway and an elevated loop road.⁷⁹ Melbourne Airport stated that the third runway would enable it to accommodate forecast growth until around 2040.⁸⁰

Perth Airport

Perth Airport completed a runway overlay project during 2013-14, as well as an apron reconfiguration at Terminal 3 to provide additional Code C aircraft positions. Perth Airport's major current project is the construction of a domestic pier on the western end of Terminal 1 with a direct connection to Terminal 2, to accommodate forecast domestic passenger growth.

On 16 January 2015, the Minister for Infrastructure and Regional Development approved Perth Airport's 2014 master plan.⁸¹ Perth Airport's master plan detailed plans for the consolidation of all commercial air services into a single precinct around the site of the existing international terminal.⁸² Perth Airport also noted that it has brought forward plans to construct a new runway, which it expects to be operational by 2020.⁸³

In August 2014, the Western Australian State Government confirmed that an airport rail link will begin construction in 2016 and be finished by 2020. The State Government expects that the rail link will annually transport 20 000 passengers by 2021, increasing to 29 000 passengers by 2031.⁸⁴

The Western Australian State Government is also currently jointly funding a road infrastructure project with the Australian Government, called the Gateway WA Project.⁸⁵ In its preliminary draft master plan, Perth Airport detailed some road works that it will be completing within the airport precinct to establish connections with Gateway WA interchanges.⁸⁶

Sydney Airport

Sydney Airport completed a number of airside investments during 2013-14, such as runway and taxiway enhancements, and the construction of six new aerobridges. Sydney Airport's

⁷⁸ The Hon. Warren Truss (2013), *Melbourne Airport 'Master Plan' Approved*, Media release, 23 December 2013, http://www.minister.infrastructure.gov.au/wt/releases/2013/December/wt050_2013.aspx

⁷⁹ Melbourne Airport (2013), *Melbourne Airport Master Plan 2013*, pp. 16-17, <http://melbourneairport.com.au/about-melbourne-airport/planning/master-plan.html>

⁸⁰ Ibid.

⁸¹ The Hon. Warren Truss (2015), *Perth Airport Master Plan approved*, Media release, 16 January 2015, http://www.minister.infrastructure.gov.au/wt/releases/2015/January/wt007_2015.aspx

⁸² Perth Airport (2014), *Perth Airport preliminary draft master plan 2014*, p. 16, <http://www.perthairport.com.au/master-plan/download.aspx>

⁸³ Perth Airport (2014), *Perth Airport preliminary draft master plan 2014*, pp. 126-127, <http://www.perthairport.com.au/master-plan/download.aspx>

⁸⁴ Perth Now News (2014), *WA Transport Minister Dean Nalder 'very comfortable' \$2.2 billion airport rail costing is accurate*, 13 August 2014, [http://www.perthnow.com.au/news/western-australia/wa-transport-minister-dean-nalder-very-comfortable-22-billion-airport-rail-costing-is-accurate/story-fnhocxo3-1227023352892?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+PerthnowTopStories+\(PerthNow+%7C+Top+Stories\)&nk=11ad473bd560688c953024a54a957ff8](http://www.perthnow.com.au/news/western-australia/wa-transport-minister-dean-nalder-very-comfortable-22-billion-airport-rail-costing-is-accurate/story-fnhocxo3-1227023352892?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+PerthnowTopStories+(PerthNow+%7C+Top+Stories)&nk=11ad473bd560688c953024a54a957ff8)

⁸⁵ Gateway WA, *Funding & delivery*, <http://gatewaywa.com.au/about-the-project/funding-and-delivery/>

⁸⁶ Perth Airport (2014), *Perth Airport preliminary draft master plan 2014*, pp. 166-169, http://www.perthairport.com.au/Libraries/Master_Plan_2014_Documents/WAC1139_Perth_Airport_Masterplan_2014_Web_Secure_FINAL_200614.sflb.ashx

major current projects include additional aerobridges at Terminal 1, and additional gates and check-in facilities at Terminal 2.

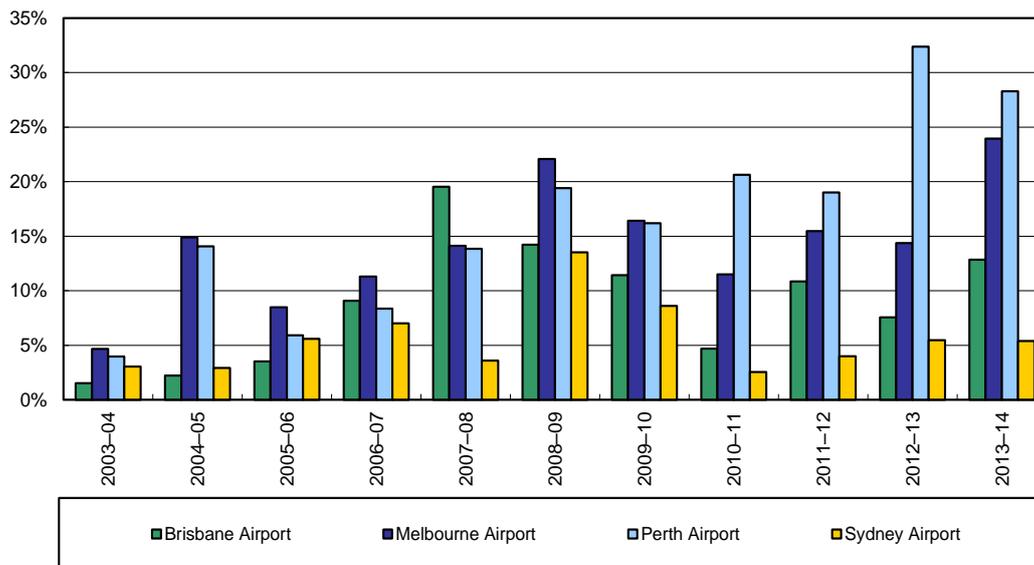
In February 2014, the Minister for Infrastructure and Regional Development approved Sydney Airport’s 2014 master plan.⁸⁷ Sydney Airport’s master plan outlined its plan to re-configure and expand its terminal infrastructure, to create two integrated terminal precincts for international, domestic and regional operations.⁸⁸ The master plan also included ground transport plans developed in collaboration with the NSW State Government to improve access to the airport and the road traffic flow around the airport.⁸⁹

Additions as a percentage of aeronautical assets

Additions to aeronautical assets, measured as a percentage of total aeronautical tangible non-current assets, is used as an indicator of investment relative to airport size. In particular, this indicator is used to measure the extent to which an airport expands its aeronautical asset base on a yearly basis.⁹⁰

Both Brisbane and Melbourne airports reported an increase in additions as a percentage of tangible aeronautical non-current assets in 2013-14, while Perth and Sydney airports reported decreases (chart 1.5.7).

Chart 1.5.7: Additions as a percentage of tangible non-current assets for aeronautical services: 2003-04 to 2013-14



Perth Airport has reported the highest additions as a percentage of its aeronautical asset base for four consecutive years. This has been mainly due to Perth Airport’s recent construction of a new domestic terminal, as well as the Terminal 1 Domestic Pier and International Departures

⁸⁷ The Hon. Warren Truss (2014), *Sydney Airport Master Plan approved*, Media release, 18 February 2014, http://www.minister.infrastructure.gov.au/wt/releases/2014/February/wt016_2014.aspx.

⁸⁸ Sydney Airport (2014), *Sydney Airport Master Plan 2033*, p. 70, <http://www.sydneyairport.com.au/corporate/master-plan/master-plan-downloads.aspx>

⁸⁹ Sydney Airport (2014), *Australian Government approves Sydney Airport’s master plan*, Media release, 18 February 2014, <http://www.sydneyairport.com.au/corporate/media-centre/media-releases/media-release-detail/2014/media-releases/140218-australian-government-approves-sydney-airports-master-plan?lst=%7bC313C142-0E4E-4269-A2FB-BDEB95B3BC9E%7d>

⁹⁰ For reasons outlined in section 1.9, care should be taken when considering the value of aeronautical assets and changes in asset values due to the different approaches that airports have taken in valuing their assets.

project. The Terminal 1 Domestic Pier project will result in Virgin Australia moving its operations from Terminal 3 to this new facility in the Central Precinct (Terminal 1 / Terminal 2).

Melbourne Airport reported a significant increase in its additions as a percentage of its aeronautical asset base during 2013-14, increasing from 14.4 per cent to 23.9 per cent. This was largely due to an increase in additions to 'work in progress' of 195.1 per cent in real terms during 2013-14, resulting from Melbourne Airport's current investment projects including the transport transfer hub and the new Terminal 4 building.

Sydney Airport's additions as a percentage of its aeronautical asset base was 5.4 per cent in 2013-14. This was the lowest of all monitored airports during 2013-14 and has been since 2006-07.

1.6 Aeronautical price and quality outcomes since 2003-04

An unconstrained monopolist can, if it wishes to, earn monopoly profits through higher profits and providing lower levels of service to users of the infrastructure. Chart 1.6.1 provides a graphical representation of unit aeronautical revenues (proxy for average aeronautical charges) and aeronautical quality of service outcomes for each airport from 2003-04 to 2013-14. Ideally, the most favourable combination of revenue and service outcomes for airport users would be within the lower right quadrant of chart 1.6.1, representing lower unit aeronautical revenues and higher outcomes for aeronautical quality of service.

There were no airports in the most favourable quadrant of low unit revenue and high quality outcomes for 2013-14. Sydney Airport again reported the highest aeronautical revenue per passenger. However, its aeronautical quality of service rating improved marginally and it rated second highest of the monitored airports. Yet as seen in the chart below, Sydney Airport has consistently been positioned in the higher unit revenue, lower quality quadrant and this is mainly due to its higher average aeronautical revenue per passenger when compared to the other airports. In 2013-14, Perth Airport is also placed in the higher unit revenue, lower quality quadrant and this is due to increases in aeronautical revenue per passenger and decreases in average aeronautical quality of service rating.

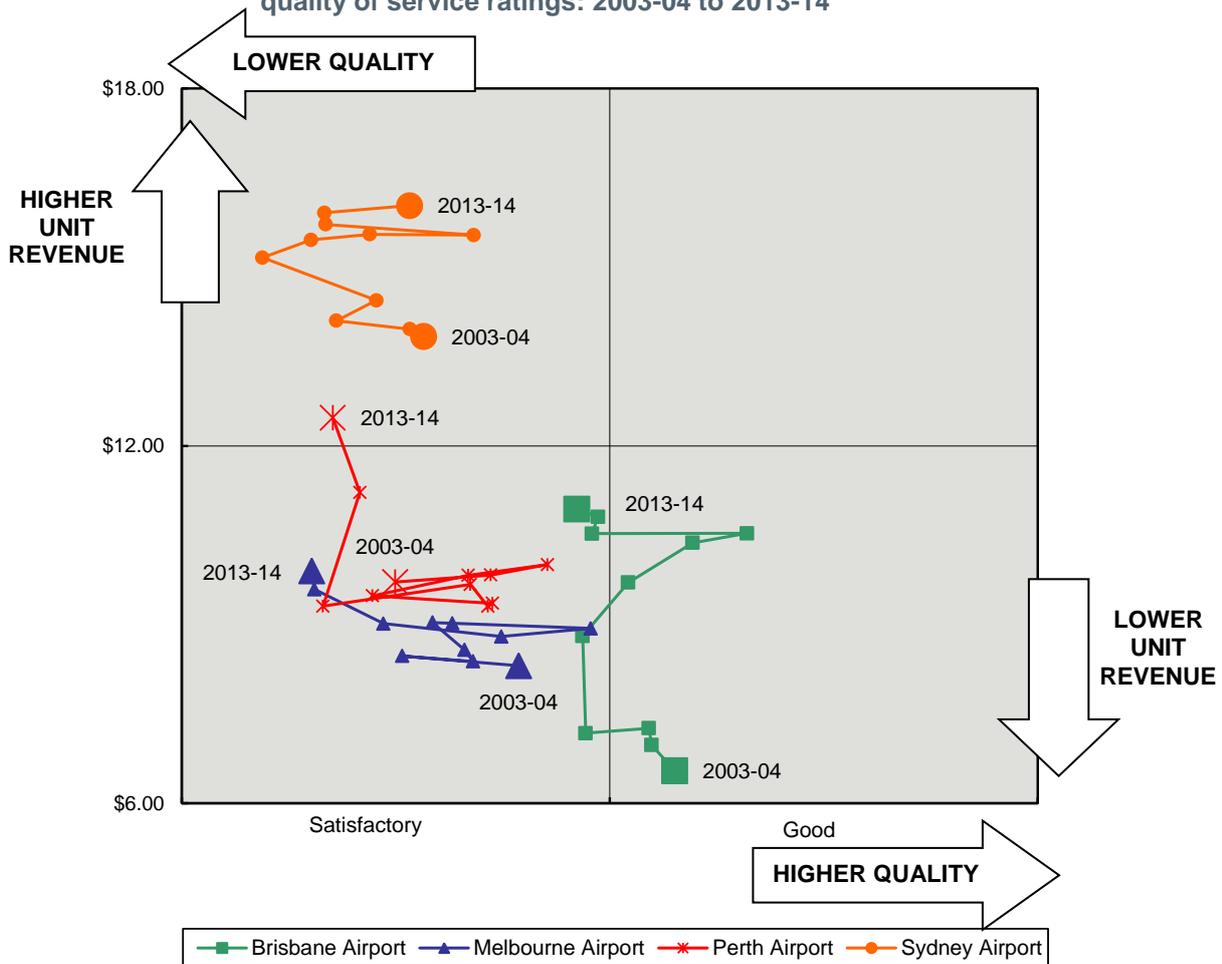
Chart 1.6.1 shows that all airports have reported a deterioration of aeronautical unit revenue / quality of service outcomes from 2003-04 to 2013-14. Aeronautical revenue per passenger has increased in real terms and average aeronautical quality of service ratings have declined at all airports over the period.

In 2003-04, Brisbane Airport was the only airport in the lower unit revenue, higher quality quadrant. However, from 2003-04 to 2013-14 Brisbane Airport reported a rise of 67.1 per cent in real terms for aeronautical revenue per passenger and its aeronautical quality rating dropped from 'good' to 'satisfactory'.

Perth Airport also reported significant increases in its aeronautical revenue per passenger of 28.4 per cent and had a slight drop in quality ratings that resulted in the airport moving to the higher unit revenue, lower quality quadrant.

Melbourne Airport has remained in the lower unit revenue, lower quality quadrant in each year since 2003-04. Melbourne Airport has reported the smallest growth in aeronautical revenue per passenger in real terms over this period, of 19.2 per cent in real terms, while its aeronautical quality rating has moved within the 'satisfactory' range.

Chart 1.6.1: Aeronautical revenue per passenger (in real terms) and aeronautical quality of service ratings: 2003-04 to 2013-14⁹¹



1.7 Airport car parking prices, revenues, costs and profits

This section presents the results of the ACCC’s monitoring of prices, revenues, costs and profits relating to the supply of car parking services and facilities at the four monitored airports. Most airports provide a range of car parking options such as short term or long term parking and covered or un-covered parking.⁹² Appendix A3 provides a full list of car parking charges and the availability of car parking facilities over the past five years.

Supply of airport car parking spaces

All of the monitored airports apart from Brisbane Airport increased the number of car parking spaces during 2013-14 (see table 1.7.1).

⁹¹ For the purposes of this chart, aeronautical services and facilities include aircraft-related services and facilities, passenger-related services and facilities and management responsiveness, but exclude car parking and landside services and facilities. The ratings for these services differ from those associated with overall services and facilities.

⁹² For details on airport car parking facilities and car parking configurations, refer to chapters 2 to 5.

Table 1.7.1: Total car parking spaces as at 30 June 2014, and percentage changes from 30 June 2004 and 30 June 2013

Airport	Total car parking spaces			Change in total car parking spaces (per cent)	
	30 June 2004	30 June 2013	30 June 2014	2004 to 2014	2013 to 2014
Brisbane	5 665	13 975	13 975	▲ 146.7	—
Melbourne	9 445	22 318	24 406	▲ 158.4	▲ 9.4
Perth	3 199	17 043	19 001	▲ 494.0	▲ 11.5
Sydney	8 573	15 822	16 864	▲ 96.6	▲ 6.6

Note: Staff car parking spaces are included in data on total car parking spaces

Perth Airport reported the largest increase in car parking spaces during 2013-14 which was due to expansions in spaces at the Terminal 1 / Terminal 2 precinct. Perth Airport stated that it is planning for further expansions of its car parks in the T1/T2 precinct to accommodate for an increase in midweek flights for the mining sector and Virgin Australia's relocation to the T1 pier.

Melbourne Airport also reported a large increase in car parking spaces of 9.4 per cent during 2013-14, which was due to the airport opening up a new long term car park with 2400 spaces. Melbourne Airport has consistently had the highest number of car parking spaces of the monitored airports.

Car parking prices

Car parking prices are based on the length of stay at a car park, with each airport offering a number of car parks with differing price points.⁹³ The selection of price points displayed in table 1.7.2 are based on short term car parking prices at domestic car parks and long term car parking prices at the dedicated long term car parks at each airport.

Table 1.7.2: Selected domestic car parking prices as at 30 June 2014

Airport	Short term car parking			Long term car parking		
	1 hour	3 hours	8 hours	1 day	3 days	7 days
Brisbane	\$14.00	\$23.00	\$54.00	\$43.00	\$83.00	\$143.00
Melbourne	\$14.00	\$28.00	\$56.00	\$39.00	\$69.00	\$99.00
Perth	\$8.00	\$14.00	\$24.00	\$20.00	\$60.00	\$104.00
Sydney	\$16.00	\$32.00	\$57.00 ^(a)	\$28.00	\$73.00	\$135.00

Note: Brisbane Airport's long term car park is located walking distance from the terminal, unlike the long term car parks at Melbourne, Perth and Sydney airports.

Perth Airport's short and long term rates are based on the Terminal 3 / Terminal 4 car parks

(a) Sydney Airport opened an additional car park at its domestic terminal during 2013-14 that offers a daily parking rate of \$45

The prices in table 1.7.2 only display drive-up rates for car parking. Over the last three years, three of the four monitored airports have commenced offering online pre-booking for car parking. These online prices tend to be lower than the corresponding drive-up rates.⁹⁴ While the usage of these services has been increasing each year, an analysis based on drive-up rates remains appropriate given that a large majority of airport users still choose to pay the drive-up rates when using airport car parks.

⁹³ Care should be taken when considering changes in individual car parking prices as they are not reliable indicators of overall price levels. For example, if an airport reduced the majority of price points but increases a strategic price point (such as a heavily used two-hour rate) the impression could be that on average prices have declined, when in fact overall revenues may have increased.

⁹⁴ The ACCC intends to assess the feasibility of collecting and reporting on online and average prices for airport car parking in future airport monitoring reports.

Perth Airport generally charged the lowest prices for drive-up short term and long term car parking. Brisbane, Melbourne and Sydney airports all offered similar prices for short term car parking in 2013-14.

Most monitored airports either increased car parking prices in 2013-14, or left them unchanged in nominal terms (table 1.7.3). Perth Airport was the only airport to increase all domestic short term car parking prices, while Sydney Airport was the only airport to not increase any domestic short term car parking prices in real terms.

Table 1.7.3: Percentage change in domestic car parking prices in real terms: 30 June 2013 to 30 June 2014

Airport	Short term car parking			Long term car parking		
	1 hour	3 hours	8 hours	1 day	3 days	7 days
Brisbane	▼ 2.6%	▼ 2.6%	▲ 1.1%	▼ 0.3%	▼ 1.5%	▼ 2.0%
Melbourne	▲ 13.6%	▼ 2.6%	▼ 2.6%	▲ 30.9%	▼ 2.6%	▲ 22.0%
Perth	▲ 29.8%	▲ 13.6%	▲ 6.2%	▼ 2.6%	▲ 6.2%	▲ 6.6%
Sydney	▼ 2.6%	▼ 2.6%	▼ 0.9%	▲ 4.8%	▲ 1.5%	▲ 1.1%

Note: Real values in 2013-14 dollars

Car parking revenues, costs and profits

Table 1.7.4 presents car parking revenue, operating expenses and operating margin for each of the monitored airports, as well as annual percentage changes for each of these indicators.

Table 1.7.4: Car parking revenue, operating expenses and operating margin: 2013-14, and percentage change from 2012-13 in real terms

Airport	Car parking revenue, operating expenses and operating margin					
	Revenue (\$million)	Percentage change (%)	Operating expenses (\$million)	Percentage change (%)	Operating margin (\$million)	Percentage change (%)
Brisbane	79.4	▲ 7.6	28.4	▲ 11.1	51.1	▲ 5.8
Melbourne	125.9	▲ 2.1	38.9	▲ 11.1	87.0	▼ 1.4
Perth	64.8	▲ 7.8	20.2	▲ 4.7	44.6	▲ 9.3
Sydney	120.0	▲ 4.8	32.0	▼ 10.6	88.1	▲ 11.8

Note: Real values in 2013-14 dollars

All monitored airports reported an increase in car parking revenue in real terms during 2013-14, with Perth Airport reporting the largest increase. Melbourne Airport earned the largest amount of car parking revenue during 2013-14 at \$125.9 million.

Sydney Airport was the only airport to report a reduction in car parking operating expenses in 2013-14 with a reduction of 10.6 per cent in real terms to \$32.0 million. This decrease in expenses and associated increases in car parking revenues resulted in Sydney Airport recording the largest increase in car parking operating margin with a rise of 11.8 per cent in real terms to \$88.1 million. This is the first time since 2006-07 that Sydney Airport has earned more car parking operating margin than Melbourne Airport.

Melbourne Airport was the only monitored airport to report a reduction in car parking operating margin of 1.4 per cent in real terms during 2013-14. This is the third consecutive year that Melbourne Airport has reported a reduction in car parking operating margin in real terms.

Average car parking revenues, costs and profits

Table 1.7.5 presents car parking revenue, operating expenses and operating margin on a per car park space basis for each of the monitored airports.

Table 1.7.5: Car parking revenue, operating expenses and operating margin per car park space: 2013-14, and percentage change from 2012-13 in real terms

Airport	Car parking revenue, operating expenses and operating margin per car park space					
	Revenue (\$)	Percentage change (%)	Operating expenses (\$)	Percentage change (%)	Operating margin (\$)	Percentage change (%)
Brisbane	5 683	▲ 7.6	2 030	▲ 11.1	3 653	▲ 5.8
Melbourne	5 158	▼ 6.6	1 593	▲ 1.6	3 565	▼ 9.9
Perth	3 409	▼ 3.3	1 064	▼ 6.1	2 345	▼ 2.0
Sydney	7 119	▼ 1.7	1 897	▼ 16.1	5 221	▲ 4.9

Note: Real values in 2013-14 dollars

As discussed in section 1.7.1, all airports apart from Brisbane Airport increased their number of car parking spaces. Largely because of this, Brisbane Airport was the only monitored airport to report an increase in car parking revenue per car park space in real terms during 2013-14. Melbourne, Perth and Sydney airports all increased their car park space numbers during 2013-14, and by a greater percentage than their increases in car parking revenue.

Sydney Airport reported an increase in its car parking operating margin per car park space in real terms in 2013-14, despite its number of car park spaces increasing during the year.

Melbourne Airport reported the largest real reductions in both car parking revenue and operating margin on a per car park basis during 2013-14, which was due to Melbourne Airport expanding its car park spaces by 9.4 per cent during the year.

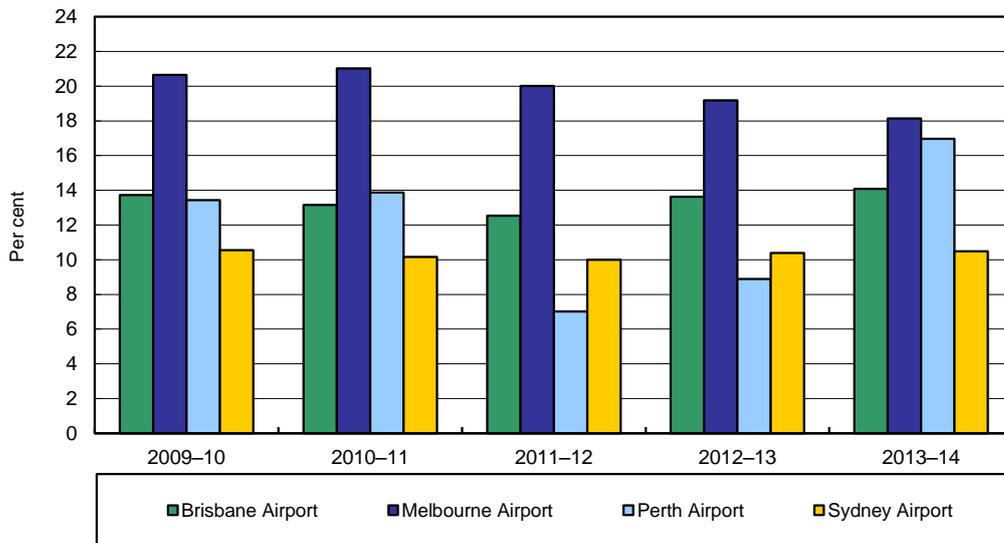
Car parking revenue as a percentage of total airport revenue

Melbourne Airport has consistently reported the highest percentage of total airport revenue earned through car parking (chart 1.7.1). However, Melbourne Airport's share of car parking revenue to total airport revenue has declined for three consecutive years and was 18.1 per cent in 2013-14.

Perth Airport reported the largest increase in its share of car parking revenue to total airport revenue in 2013-14, with the share increasing from 8.9 per cent in 2012-13 to 17.0 per cent in 2013-14.⁹⁵

⁹⁵ Perth Airport's results in the past two years were affected by changes in the methodology used to value investment property assets. This resulted in total airport revenue being \$347 million higher in 2011-12 and \$250 million higher in 2012-13. If these revaluations were excluded, the share of car parking revenue to total airport revenue would have been around 14.3 per cent in both 2011-12 and 2012-13.

Chart 1.7.1: Car parking revenue as a percentage of total airport revenue: 2009-10 to 2013-14



1.8 Landside access prices and revenues

This section presents prices and revenues associated with landside access, which provides an indication of the range of alternatives to on-airport car parking and the conditions imposed on the operators of these services. Businesses offering alternatives to on-airport parking include private car operators, taxis, buses, train operators and off-airport car parking operators.

Airports set the price, terms and conditions of access to airport land, which is a bottleneck infrastructure area. As the airports’ car parking facilities are generally in direct competition with the businesses that require access to landside infrastructure, airports have an incentive to influence the level of competition through the prices, terms and conditions they set for landside access.

Landside access prices

The monitored airports either increased their landside access prices during 2013-14, or left them unchanged in nominal terms. Melbourne and Sydney airports increased their taxi access charges in 2013-14, with Melbourne Airport’s increasing by 99.1 per cent in real terms to \$2.70 and Sydney Airport’s increasing by 4.3 per cent in real terms to \$3.75. Most airports left their private car operator access fees unchanged during 2013-14, although Sydney Airport’s fees increased by 2.8 per cent in real terms.

Landside access revenues

Landside access revenues increased in real terms at each monitored airport in 2013-14, except for Perth Airport (table 1.8.1). Melbourne Airport reported the most significant increases in landside access revenue during 2013-14, partly due to higher taxi access charges and increased private bus trips into the airport.

Table 1.8.1: Landside access revenues as at 30 June 2013 and 30 June 2014, and percentage change in real terms

Type of fee	Year	Airport (\$thousand—real values in 2013-14 dollars)			
		Brisbane	Melbourne	Perth	Sydney
Taxi	2012-13	3 890	2 096	2 347	10 255
	2013-14	3 917	2 785	2 345	10 801
	% change	▲ 0.7	▲ 32.8	▼ 0.1	▲ 5.3
Public bus	2012-13	243	0	0	0
	2013-14	243	0	0	0
	% change	—	NA	NA	NA
Private bus	2012-13	2 248 ^(a)	5 165 ^(b)	0	1 939 ^(c)
	2013-14	2 537 ^(a)	5 863 ^(b)	0	2 114 ^(c)
	% change	▲ 12.8	▲ 13.5	NA	▲ 9.0
Train	2012-13	128	NA	NA	NA
	2013-14	154	NA	NA	NA
	% change	▲ 20.0	NA	NA	NA
Private car operators	2012-13	NA	1 545	323	1 856
	2013-14	NA	2 077	295	2 084
	% change	NA	▲ 34.4	▼ 8.5	▲ 12.3

Notes: Real values in 2013-14 dollars

(a) Includes revenue from off-airport car parking and private car operators

(b) Includes revenue from off-airport car parking and Skybus service

(c) Includes revenue from off-airport car parking

1.9 Interpretation of the monitoring results

Presentation of data and charts in the 2013-14 report

The ACCC's 2013-14 airport monitoring report presents data in real terms (with 2013-14 as the base year) from 2003-04 to 2013-14. The ACCC believes that an 11 year time period is appropriate to assess trends over time. In particular, this time period enables analysis of changes in pricing and long term airport asset values over time.

Monitoring of prices, costs and profits of aeronautical services

The ACCC has developed a number of indicators to monitor prices and profits of aeronautical services. In particular, the ACCC's primary measure of average airport prices is aeronautical revenue per passenger. This measure is a consistently defined service definition and provides a measure of the cost to airlines expressed in terms of the most significant charging unit. When measuring net earnings, the ACCC uses aeronautical operating margin per passenger to indicate unit profits and return on aeronautical assets as an indicator of profitability.

The ACCC does not use actual prices to determine average airport prices for a number of reasons.⁹⁶ Airports provide many different types of services with charges levied on different bases, such as per passenger, aircraft weight, or time. Price changes for particular users may also vary depending on the composition of airport service they use. For example, the costs to a domestic airline are likely to be different to those for an international airline due to differing security and processing requirements. In addition, changes in price structure may affect users in different ways, and could effectively lower the costs for one user while raising costs for

⁹⁶ However, the ACCC publishes a schedule of prices charged by each airport for the supply of aeronautical services in chapters 2 to 5.

another. For these reasons, it is difficult to aggregate all prices offered into a single average price for aeronautical services for monitoring purposes.

Monitoring of prices, costs and profits of car parking and landside services

Because of the many different types of price points available on car parking (that is, different prices per different lengths of stay), it is not possible to make reference to an average price for car parking. Instead, car parking revenue, operating expenses and operating margins per car park space are used as indicators of unit revenue, unit costs and unit margin.

Limitations of monitoring of prices, costs and profits

Monitoring primarily provides information about the performance of the airports to stakeholders (such as governments and users of the services) that would not otherwise be available. However, monitoring is limited in its scope and does not allow a detailed assessment of the airports' performance to be undertaken and cannot be used to establish whether or not an airport has exercised market power to earn monopoly profits.⁹⁷ The main limitations are that:

- there are difficulties in consistently reporting financial information, due to changes in legislation and regulations that can affect how items are reported (including changes in accounting practices, such as the transition to Australian equivalents to International Financial Reporting Standards in 2005-06)
- indicators of profitability based on accounting data are not effective measures of economic performance and only provide guidance on trends in operating performance
- airports' return on assets can be significantly affected by the discretion airports have on asset revaluations. This affects the usefulness of analysing rates of return on assets for assessing economic performance and also complicates comparisons of changes in rates of return over time and across airports. The return on assets measure is also likely to vary according to the stage of an airport's investment cycle.
- airports incur a range of costs that are common across aeronautical and non-aeronautical services. As there is no economically meaningful way of allocating common costs to individual products and services, the allocation chosen by the airports can influence measures of profitability of services.
- the ACCC's monitoring role only includes terminals that are owned and operated by the airport operators. Some of the airports' terminals, such as the Qantas domestic terminal (T1) at Melbourne Airport, are leased and operated by airlines and are not subject to the ACCC's monitoring.

In order to establish asset values that would facilitate the monitoring of rates of return on assets, a 'line in the sand' (LIS) measure was reported for the first time in the ACCC's 2007-08 airport monitoring report. The LIS measure removes the effects of revaluations of aeronautical assets by airports after 30 June 2005. However, this approach also has limitations, to the extent that airports had chosen to revalue aeronautical assets prior to this cut-off date.⁹⁸

Limitations of monitoring quality of service

As the provision of airport services can be influenced by different parties, the interpretation of the quality of service results need to take these factors into account. Airport services are commonly the combined responsibility of a number of entities—including airlines, government agencies, the airport operator and sub-lessees of the airport operator.

⁹⁷ A more detailed description of the limitations of monitoring is presented in appendix A7.

⁹⁸ The ACCC presents the results from 'line in the sand' monitoring in chapters 2 to 5.

2. Brisbane Airport

Key points—2013-14

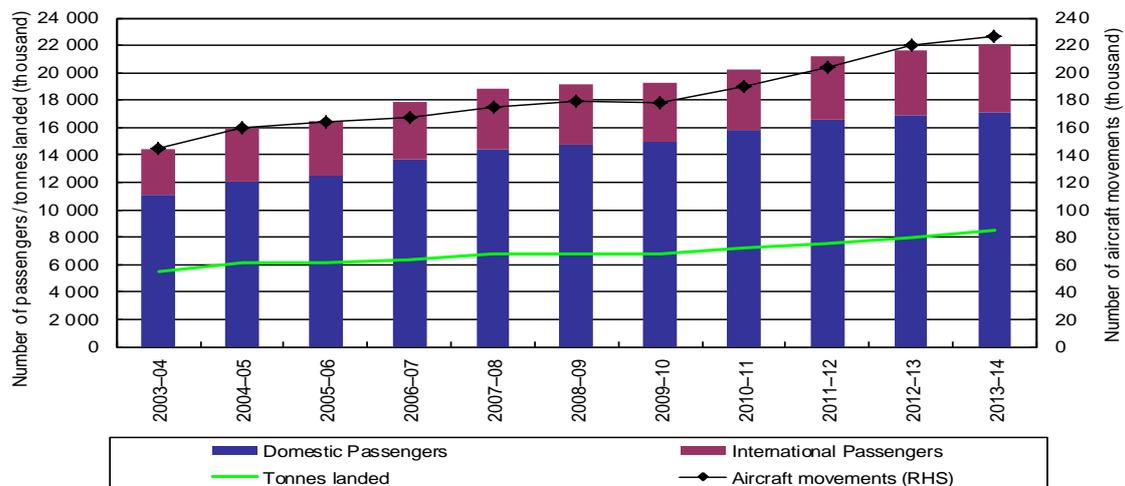
- Passenger numbers at Brisbane Airport increased by 2.3 per cent to 22.1 million passengers.
- Total aeronautical revenue increased by 3.5 per cent in real terms to \$241.7 million. On a per passenger basis, aeronautical revenue increased by 1.2 per cent in real terms to \$10.94 per passenger.
- Total aeronautical operating margin increased by 0.5 per cent in real terms to \$103.3 million, while aeronautical operating margin per passenger decreased by 1.8 per cent in real terms to \$4.67 per passenger.
- Rate of return on tangible aeronautical non-current assets decreased by 0.4 percentage points to 6.2 per cent.
- Brisbane Airport’s average overall quality of service rating was unchanged at ‘good’.
- Brisbane Airport’s average quality of service rating for availability of total airport services and facilities increased marginally within the ‘good’ range, while the average quality of service rating for standard remained at just below ‘good’.
- Total car parking operating margin increased by 5.8 per cent in real terms to \$51.1 million. On a per car park basis, car parking operating margin also increased by 5.8 per cent in real terms, to \$3653 per car park space.

2.1 Airport overview and major investments

2.1.1 Activity levels

Chart 2.1.1 presents the volume of passengers, tonnes landed and total aircraft movements for the period of 2003-04 to 2013-14.

Chart 2.1.1: Brisbane Airport—volume of passengers, tonnes landed and aircraft movements: 2003-04 to 2013-14⁹⁹



⁹⁹ Unless otherwise stated, the source for tables and charts in this chapter is data obtained from Brisbane Airport through the ACCC’s monitoring process

Key observations from chart 2.1.1 are:

- For the fourth consecutive year, the total volume of passengers, tonnes landed and aircraft movements have all increased at Brisbane Airport.
- Passenger volumes increased by 2.3 per cent to 22.1 million passengers in 2013-14, which was mainly driven by an increase in international passengers (including transit passengers) of 5.8 per cent.
- Between 2009-10 and 2012-13, aircraft movements increased by an average of 7.3 per cent per year. In 2013-14, aircraft movement growth was 3.0 per cent, resulting in 226 125 movements.

2.1.2 Terminal configurations and car parking facilities

Terminal configurations

Brisbane Airport has one international terminal and one domestic terminal:

- The international terminal is a common-user terminal used by all international airlines.
- Qantas and Virgin Australia occupy and operate the majority of the domestic terminal under domestic terminal leases (DTLs). These areas of the domestic terminal are not subject to monitoring and therefore, data relating to services and facilities provided within these areas of the terminal are not included in the ACCC's monitoring results.
- The remainder of the domestic terminal is common-user areas that are predominately used by Jetstar and Tigerair.

As the majority of the domestic terminal is occupied and operated under DTLs, airline survey results are not presented for all quality of service measures of Brisbane Airport's domestic terminal (in section 2.3) due to confidentiality concerns.

Car parking facilities

Brisbane Airport has two car parking precincts:

- In the international terminal precinct, there is a combined short-term, long-term and staff car park located near the front of the terminal that provides both undercover and open-air parking.
- In the domestic terminal precinct, there are car park facilities located near the front of the terminal providing:
 - short-term, long-term and premium parking
 - long-term car parking
 - staff car parking.

2.1.3 Major airport investments

Tables 2.1.1 and 2.1.2 provide details of major investments at Brisbane Airport. Brisbane Airport's planned investments are also outlined in its 2014 Master Plan, which was approved by the Australian Government on 3 February 2015.¹⁰⁰ The Master Plan is a 20-year forward-looking document that identifies, for example, development objectives and future aviation requirements, and is required to be updated every five years and approved by the Minister for Infrastructure and Regional Development.

¹⁰⁰ The Hon. Warren Truss (2015), *Brisbane Airport development takes off with Master Plan approved*, Media release, 3 February 2015, http://www.minister.infrastructure.gov.au/wt/releases/2015/February/wt027_2015.aspx

Table 2.1.1: Brisbane Airport—major investments in aeronautical services and facilities

Major investments completed during 2013-14			
Description of investment	Value (\$m)	Started	Completed
Runway overlays	15	Feb-12	Sep-13
Airside drainage upgrade	4	Oct-11	Apr-14
Construction of new airside inspection point and emergency assembly area	3	Mar-12	Dec-13
Major investments underway in 2013-14			
Description of investment	Value (\$m)	Started	Expected completion
New Parallel Runway	1 400	2004	Sep-20
DTB Southern Apron	45	Oct 13	Apr-15
Domestic Terminal Regional Satellite Building Expansion	40	Jun-14	2017
Major investments planned to commence after 2013-14			
Description of investment	Value (\$m)	Expected start	Expected completion
New Northern Terminal	110	Dec-14	2019
Domestic Northern Apron Expansion (first stage)	74	Nov-14	2017
Domestic Precinct Utilities and road access	70	Jun-15	2019

Note: Brisbane Airport advised that project values above are estimates only

Key observations from table 2.1.1 are:

- Brisbane Airport completed a number of airside works during 2013-14, such as runway and drainage works, and the construction of new inspection points and emergency assembly areas.
- Brisbane Airport’s major aeronautical project is the construction of its new parallel runway, which is scheduled to be completed in 2020. Brisbane Airport has commenced site preparation works for the runway, and the next phase will include dredging and reclamation.

Table 2.1.2: Brisbane Airport—major investments in car parking and landside access services

Major investments completed during 2013-14			
Description of investment	Value (\$m)	Started	Completed
Moreton Drive Off-ramp construction to improve road network	3	Dec-11	May-14
New Taxi Short Fare System	1	2013-14	Mar-14
New Valet Office in the International Public Car Park	1	Oct-13	Jan-14
Major investments underway in 2013-14*			
Description of investment	Value (\$m)	Started	Expected completion
New Central Parking Area Staff Car Park	11	2013-14	2016
Europay, Mastercard and Visa (EMV) compliance	1	2013-14	Q1 2015

Major investments planned to commence after 2013-14*			
Description of investment	Value (\$m)	Expected start	Expected completion
New Remote Public Car Park – Central Parking	33	2014-15	2017
New Transitory Car Park – Airport Drive	5	2014-15	2016
Domestic terminal – Relocation of over height vehicle car park	1	2014-15	2015

Note: Brisbane Airport advised that project values above are estimates only

Key observations from table 2.1.2 are:

- Brisbane Airport completed a number of car parking and landside access projects during 2013-14, such as the taxi short-fare system and the international terminal valet facility. Brisbane Airport also completed construction of a two lane off-ramp from the airport's main arterial road (Moreton Drive), which is intended to provide greater road network flexibility.
- Brisbane Airport is currently undertaking works for the construction of a new staff car park and a new public car park. The staff car park project will also result in an upgrade of waiting areas and an enclosed air-conditioned bus shelter. The new public car park will deliver approximately 2200 new parking bays.

2.2 Aeronautical price monitoring and financial performance results

2.2.1 Prices

Brisbane Airport had in place a five-year agreement for aircraft-related services and facilities with airlines that expired on 30 June 2012. Following engagement and negotiations with airlines, two new agreements (including new charges) came into effect at Brisbane Airport from 1 September 2012. The agreement in relation to the runway system is a 25-year agreement and the other is a five-year agreement dealing with terminals, aprons and related infrastructure (such as roads and utilities). The pricing methodology used in setting these charges is a cost-based building block methodology where prices are adjusted as investment expenditure is incurred.

Brisbane Airport noted that during and subsequent to the reporting period, it signed negotiated agreements with Qantas, Virgin Australia, all members of the Board of Airline Representatives of Australia (BARA) and most other Regular Public Transport (RPT) airlines. Brisbane Airport also noted that the airlines without signed agreements are paying in accordance with the published charges.

Table 2.2.1 presents Brisbane Airport's average aeronautical charges in 2013-14, as well as the indexed average list prices in real terms between 2009-10 and 2013-14 (with 2013-14 as the base year).

Table 2.2.1: Brisbane Airport—schedule of average aeronautical charges in 2013-14 and indexed average list prices (including GST) in real terms from 2009-10 to 2013-14

	Average charge per unit (\$)	Indexed average list prices (2013-14 base year = 100)				
		2009-10	2010-11	2011-12	2012-13	2013-14
Landing fees						
Freight landing fees (per MTOW)	16.47	81.2	78.7	77.0	80.8	100.0

	Average charge per unit (\$)	Indexed average list prices (2013-14 base year = 100)				
		2009-10	2010-11	2011-12	2012-13	2013-14
Landing fees						
General aviation landing fees (per MTOW)	16.47	81.2	78.7	77.0	80.8	100.0
Rotary wing landing fees (per MTOW)	9.88	84.1	81.6	79.7	80.8	100.0
International private charter and non-scheduled air service landing fee (per MTOW)	16.47	81.2	78.7	77.0	80.8	100.0
Noise surcharge (applies to all aviation charges)	50%	50.0	50.0	50.0	91.5	100.0
Aircraft parking fees (per 24 hours or part thereof)						
0 to 5 000kg	36.30	100.7	97.7	95.5	102.7	100.0
5 001 to 20 000kg	60.50	100.7	97.7	95.5	102.7	100.0
20 001 to 40 000kg	90.75	100.7	97.7	95.5	102.7	100.0
40 001 to 100 000kg	145.75	100.4	97.3	95.1	102.3	100.0
100 001 to 250 000kg	332.75	100.7	97.7	95.5	102.7	100.0
250 001 to 400 000kg	484.00	100.7	97.7	95.5	102.7	100.0
400 001kg +	641.30	100.7	97.7	95.5	102.7	100.0
Runway and terminal fees (RPT services)						
International passenger charge (per passenger) ^(a)	28.60	94.3	95.6	95.9	100.0	100.0
International runway charge (per passenger)	4.49				69.1	100.0
International passenger service charge (per passenger)	24.11				105.7	100.0
Domestic leased area passenger – Qantas/Virgin terminal (per passenger) ^(b)	6.72	75.6	73.4	71.8	82.3	100.0
Domestic runway charge (per passenger)	2.61				67.5	100.0
Domestic terminal and airport infrastructure charge (per passenger)	4.11				91.8	100.0
Domestic common-user passenger (including aerobridge) (per passenger) ^(c)	10.85	85.0	90.7	90.2	91.5	100.0
Domestic runway charge (per passenger)	2.61				67.5	100.0
Domestic terminal and airport infrastructure charge (per passenger)	4.11				91.8	100.0
Domestic passenger service charge common-user terminal—including aerobridge (per passenger)	4.13				106.5	100.0
Domestic common-user passenger (excluding aerobridge) (per passenger) ^(d)	10.15	84.9	91.1	90.8	90.7	100.0

	Average charge per unit (\$)	Indexed average list prices (2013-14 base year = 100)				
		2009-10	2010-11	2011-12	2012-13	2013-14
Landing fees						
Domestic runway charge (per passenger)	2.61				67.5	100.0
Domestic terminal and airport infrastructure charge (per passenger)	4.11				91.8	100.0
Domestic passenger service common-user terminal—excluding aerobridge (per passenger)	3.43				107.0	100.0
Peak period minimum movement charge ^(e)	220.00				102.7	100.0
Government mandated security charges						
International passenger government mandated security charge (per passenger)	3.94	148.5	99.3	99.2	96.9	100.0
Domestic passenger government mandated security charge—common-user terminal (per passenger)	1.90	178.4	113.6	95.1	99.7	100.0
Domestic passenger government mandated security charge—Qantas/Virgin terminal (per passenger)	0.12	182.8	123.2	105.1	115.7	100.0

Notes: Real indexed prices in 2013-14 dollars.

Where a list price changed during a financial year, the average of that charge has been presented in table 2.2.1.

- (a) Prior to 2012-13, this charge was the 'international passenger service charge (per passenger)'
- (b) Prior to 2012-13, this charge was the 'domestic landing fees (per passenger)'
- (c) Prior to 2012-13, this charge was a combination of 'domestic landing fees (per passenger)' and 'domestic passenger service charge common-user terminal—including aerobridge (per passenger)'
- (d) Prior to 2012-13, this charge was a combination of 'domestic landing fees (per passenger)' and 'domestic passenger service charge common-user terminal—excluding aerobridge (per passenger)'
- (e) Peak period minimum charges apply to both arrival and departure movements. Peak periods are defined as the periods 0700 to 1000 and 1600 to 1900 on Monday to Friday

Key observations from table 2.2.1 are:

- Brisbane Airport increased most of its list prices in real terms during 2013-14, with the main exceptions being the domestic and international 'passenger service charges'. Brisbane Airport's 'landing fees' all increased by more than 23.0 per cent in real terms in 2013-14.
- In 2013-14, Brisbane Airport's combined runway and terminal charge for international passengers was unchanged in real terms. The combined runway and terminal charge for common-user domestic passengers increased by more than 9.0 per cent in real terms (for services both with and without an aerobridge). However, the combined charge for passengers in the Qantas/Virgin-leased areas of the domestic terminal decreased by 10.5 per cent in real terms in 2013-14.
- Brisbane Airport also left some charges unchanged in nominal terms, resulting in these prices decreasing in real terms in 2013-14. In particular, Brisbane Airport did not change its prices for the 'peak period minimum movement charge' and the majority of 'aircraft parking fees'.

2.2.2 Revenues, costs and profits for aeronautical and total airport services

Table 2.2.2 presents the revenues, operating expenses and operating margins for aeronautical services, government mandated security services and the total airport in real terms from 2003-04 to 2013-14.

Table 2.2.2: Brisbane Airport—revenues, operating expenses and operating margins for aeronautical services, government-mandated security services, and total airport services in real terms: 2003-04 to 2013-14

		2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Revenue (\$million)	Total aeronautical	94.1	110.8	119.2	128.1	165.5	185.4	199.7	213.4	223.2	233.5	241.7
	Security services	15.8	21.3	22.1	20.9	30.0	30.3	26.6	22.6	22.7	25.1	27.2
	Security % of total aeronautical	16.7	19.2	18.5	16.3	18.1	16.3	13.3	10.6	10.2	10.7	11.2
	Total airport	253.8	314.7	392.1	402.0	459.9	433.0	469.5	490.6	510.6	541.2	564.1
	Aeronautical % of total airport	37.1	35.2	30.4	31.9	36.0	42.8	42.5	43.5	43.7	43.1	42.9
Operating expenses (\$million)	Total aeronautical	72.5	86.1	90.3	88.2	102.2	119.5	121.6	124.2	123.5	130.6	138.4
	Security services	13.8	20.8	25.6	21.3	26.9	30.3	23.0	22.6	22.7	25.1	27.2
	Total airport	110.5	130.5	137.0	141.0	161.9	191.4	194.8	203.5	208.1	225.8	236.8
Operating margin (\$million)	Total aeronautical	21.6	24.7	28.9	39.9	63.4	65.9	78.0	89.2	99.6	102.8	103.3
	Security services	2.0	0.4	(3.5)	(0.4)	3.1	0.0	3.6	0.0	0.0	0.0	0.0
	Total airport	143.4	184.2	255.1	260.9	298.1	241.5	274.7	287.1	302.6	315.5	327.3
Operating margin % of total revenue	Aeronautical	23.0	22.3	24.2	31.2	38.3	35.5	39.1	41.8	44.6	44.0	42.7
	Total airport	56.5	58.5	65.1	64.9	64.8	55.8	58.5	58.5	59.3	58.3	58.0
Revenue per passenger (\$)	Total aeronautical	6.55	6.98	7.26	7.18	8.81	9.71	10.37	10.53	10.53	10.81	10.94
	Security services	1.10	1.34	1.35	1.17	1.60	1.58	1.38	1.11	1.07	1.16	1.23
Operating expenses per passenger (\$)	Total aeronautical	5.04	5.42	5.50	4.94	5.44	6.26	6.32	6.13	5.83	6.05	6.27
	Security services	0.96	1.31	1.56	1.19	1.43	1.58	1.19	1.11	1.07	1.16	1.23
Operating margin per passenger (\$)	Total aeronautical	1.50	1.56	1.76	2.24	3.37	3.45	4.05	4.40	4.70	4.76	4.67
	Security services	0.14	0.03	(0.21)	(0.02)	0.17	0.00	0.19	0.00	0.00	0.00	0.00

Note: Real values in 2013-14 dollars

Key observations from table 2.2.2 are:

Revenue

- Aeronautical revenue increased by 3.5 per cent in real terms to \$241.7 million in 2013-14. Since 2003-04, aeronautical revenue has increased by an average of 9.9 per cent per year in real terms.
- Total airport revenue increased by 4.2 per cent in real terms to \$564.1 million in 2013-14. From 2003-04 to 2013-14, total airport revenue increased by an average of 8.3 per cent per year in real terms.
- In 2013-14, revenue from aeronautical services accounted for 42.9 per cent of total airport revenue, decreasing from 43.1 per cent in the previous year.

Operating expenses

- Aeronautical operating expenses increased by 6.0 per cent in real terms to \$138.4 million in 2013-14. The increase in operating expenses during 2013-14 was driven by increases in most aeronautical expense categories. The largest percentage increases resulted from consultants and advisors (which increased by 117.1 per cent in real terms), depreciation/amortisation of land (which increased by 43.6 per cent in real terms), and security costs (which increased by 8.4 per cent in real terms).
 - Since 2003-04, aeronautical operating expenses have increased by an average of 6.7 per cent per year in real terms.

Operating margin

- Aeronautical operating margin increased by 0.5 per cent in real terms to \$103.3 million in 2013-14. From 2003-04 to 2013-14, aeronautical operating margin increased by an average of 16.9 per cent per year in real terms.
- Total airport operating margin increased by 3.7 per cent in real terms to \$327.3 million in 2013-14. Since 2003-04, total airport operating margin has increased by an average of 8.6 per cent per year in real terms.

Per passenger

- Aeronautical revenue per passenger increased by 1.2 per cent in real terms to \$10.94 per passenger in 2013-14. In real terms, aeronautical revenue per passenger has increased by an average of 5.3 per cent per year since 2003-04.
- Aeronautical operating expenses per passenger increased by 3.6 per cent in real terms to \$6.27 per passenger in 2013-14. Since 2003-04, aeronautical operating expenses per passenger have increased by an average of 2.2 per cent per year in real terms.
- Aeronautical operating margin per passenger decreased by 1.8 per cent in real terms to \$4.67 per passenger in 2013-14. This is the first time over the reporting period that aeronautical operating margin per passenger has decreased in real terms.

Line in the sand—aeronautical revenue, operating expenses and operating margin values

Since 2007-08, the ACCC has required airport operators to provide additional information relating to the aeronautical asset base under the 'line in the sand' (LIS) approach. Under this approach, the value of an airport's aeronautical asset base for monitoring purposes is the value of tangible non-current aeronautical assets reported to the ACCC as at 30 June 2005, plus new investments, less depreciation and disposals. This chapter separately reports LIS measures for Brisbane Airport where applicable.

The ACCC reports on the 'line in the sand' (LIS) values for Brisbane Airport because the airport made revaluations of its aeronautical assets after 30 June 2005, leading to a difference between the value of the two asset bases. In particular, Brisbane Airport's LIS asset base is lower than its non-LIS value, resulting in a higher return on assets under the LIS approach.

Table 2.2.3 presents the revenues, operating expenses and operating margin for aeronautical services under the LIS approach from 2007-08 to 2013-14.

Table 2.2.3: Brisbane Airport—revenues, operating expenses and operating margin for aeronautical services under the LIS approach in real terms: 2007-08 to 2013-14

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Revenue (\$million)	165.5	185.4	199.7	213.4	223.2	233.5	241.7
Operating expenses (\$million)	96.3	115.5	117.6	118.9	118.6	127.8	136.3
Operating margin (\$million)	69.3	69.9	82.0	94.4	104.6	105.6	105.4
Operating margin as a % of revenue	41.8	37.7	41.1	44.3	46.9	45.2	43.6

Note: Real values in 2013-14 dollars

Key observations from table 2.2.3 are:

- Under the LIS methodology, aeronautical operating expenses were around \$136.3 million in 2013-14, or around 1.5 per cent lower than the non-LIS figure (shown in table 2.2.2).
 - Aeronautical operating expenses were lower under the LIS methodology due to lower depreciation expenses. In 2013-14, depreciation of aeronautical tangible non-current assets under the LIS methodology was \$2.2 million lower than the non-LIS figure.
- As aeronautical operating expenses are lower under the LIS methodology, this leads to a higher value for aeronautical operating margin. Under the LIS methodology, operating margin for aeronautical services was \$105.4 million in 2013-14, or around 2.0 per cent higher than the non-LIS figure.

2.2.3 Assets for aeronautical and total airport services

Table 2.2.4 outlines Brisbane Airport’s tangible non-current assets for aeronautical services and total airport services from 2003-04 to 2013-14. Brisbane Airport’s tangible non-current assets for aeronautical services under the LIS approach are presented in table 2.2.5.

Table 2.2.4: Brisbane Airport—non-current assets for aeronautical services and total airport services in real terms: 2003-04 to 2013-14

		2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Investment property (\$million)	Aeronautical	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total airport	0.0	411.5	514.3	574.4	671.1	755.9	781.9	852.7	937.5	1 030.0	1 066.9
Land (\$million)	Aeronautical	46.2	23.0	22.0	22.0	21.0	20.7	19.8	19.0	19.2	49.1	46.8
	Total airport	141.3	77.2	74.0	71.1	68.0	65.2	63.0	60.4	58.0	89.0	86.2
Property, plant and equipment (\$million)	Aeronautical	693.2	1 147.4	1 120.3	1 164.9	1 389.0	1 521.9	1 440.5	1 413.8	1 490.6	1 532.3	1 662.2
	Total airport	1 036.5	1 416.1	1 362.2	1 486.4	1 832.4	1 954.5	1 975.6	2 029.5	2 137.1	2 155.9	2 358.5
Intangibles (\$million)	Aeronautical	41.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total airport	823.6	1 057.0	1 024.1	994.7	962.3	933.2	912.0	884.5	864.6	845.4	823.0
Other tangible non-current assets (\$million)	Aeronautical	7.8	(24.9)	3.6	44.3	72.8	46.5	4.3	17.5	0.0	22.7	16.1
	Total airport	19.9	(56.9)	9.5	116.9	184.1	115.5	10.3	45.7	0.0	84.2	106.3
Total tangible non-current assets (\$million)	Aeronautical	747.2	1 145.5	1 146.0	1 231.2	1 482.8	1 589.1	1 464.6	1 450.3	1 509.8	1 604.1	1 725.1
	Total airport	1 197.7	1 847.9	1 960.0	2 248.8	2 755.5	2 891.2	2 830.7	2 988.3	3 132.7	3 359.1	3 617.9
Total non-current assets (\$million)	Aeronautical	788.6	1 145.5	1 146.0	1 231.2	1 482.8	1 589.1	1 464.6	1 450.3	1 509.8	1 604.1	1 725.1
	Total airport	2 021.3	2 904.9	2 984.1	3 243.5	3 717.8	3 824.4	3 742.8	3 872.8	3 997.2	4 204.5	4 440.9

Note: Real values in 2013-14 dollars

Key observations from table 2.2.4 are:

Aeronautical non-current assets

- In 2013-14, the value of aeronautical tangible non-current assets at Brisbane Airport increased by 7.5 per cent in real terms to around \$1.7 billion.
- The increase in the value of aeronautical tangible non-current assets was driven by an increase in the value of property, plant and equipment of 8.5 per cent in real terms.
 - The value of aeronautical land declined by 4.6 per cent in real terms in 2013-14. This follows a 155.4 per cent increase in land value during 2012-13, due to the reclamation of commercial land for the new parallel runway.

Total airport non-current assets

- Non-current assets for the total airport increased in value by 5.6 per cent in real terms to \$4.4 billion in 2013-14. When intangibles are excluded, the value of non-current assets for the total airport increased by 7.7 per cent in real terms to \$3.6 billion in 2013-14.
- From 2003-04 to 2013-14, total airport non-current assets increased in value by 119.7 per cent in real terms. When excluding intangibles, the increase in the value of total airport non-current assets is 202.1 per cent in real terms since 2003-04.

Line in the sand asset values

Table 2.2.5: Brisbane Airport—non-current assets for aeronautical services under the LIS approach in real terms: 2007-08 to 2013-14

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Investment property (\$million)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Land (\$million)	29.7	29.4	28.2	27.2	27.3	61.5	58.9
Property, plant and equipment (\$million)	965.5	1 114.6	1 046.7	1 038.3	1 128.7	1 180.9	1 324.8
Intangibles (\$million)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other tangible non-current assets (\$million)	0.0	46.5	4.3	17.5	0.0	22.7	16.1
Total tangible non-current assets (\$million)	995.3	1 190.5	1 079.2	1 083.0	1 156.0	1 265.1	1 399.7

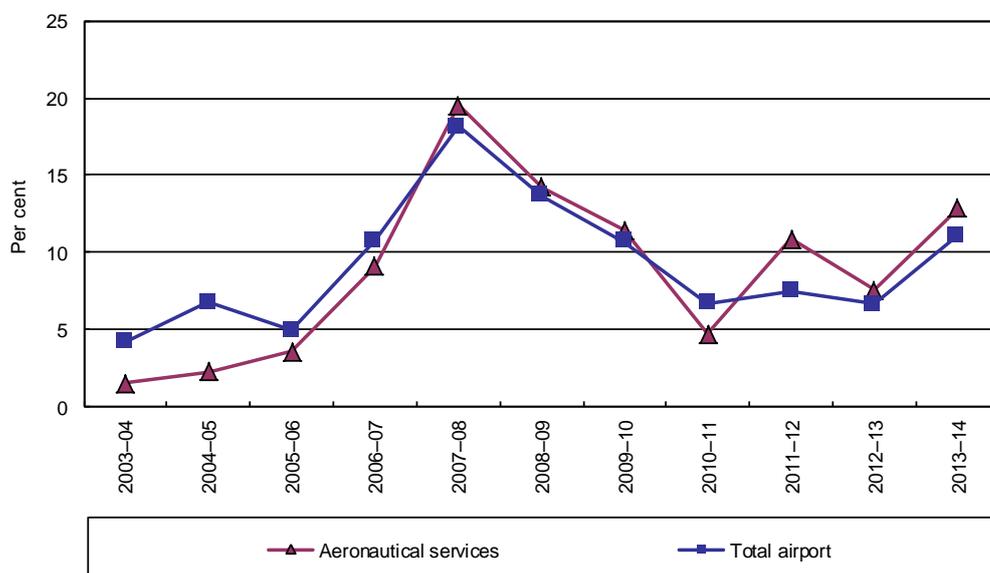
Note: Real values in 2013-14 dollars

Key observations from table 2.2.5 are:

- Under the LIS methodology, the value of aeronautical tangible non-current assets was \$1.4 billion in 2013-14, or around 18.9 per cent lower than the non-LIS value (shown in table 2.2.4).
 - This is mainly due to the LIS value of property, plant and equipment being around 20.3 per cent lower than the non-LIS value.

2.2.4 Additions as a percentage of tangible non-current assets

Chart 2.2.1: Brisbane Airport—additions as a percentage of tangible non-current assets for aeronautical and total airport services: 2003-04 to 2013-14



Key observations from chart 2.2.1 are:

Aeronautical non-current assets

- In 2013-14, additions to aeronautical tangible non-current assets represented about 12.8 per cent of total aeronautical tangible non-current assets.
 - Additions to aeronautical assets included buildings (\$14.4 million), plant and machinery (\$33.5 million), and work in progress of \$173.7 million.
 - Over \$150 million of work-in-progress was spent on the New Parallel Runway (expected to cost \$1.4 billion) which is forecast to be completed in 2020.

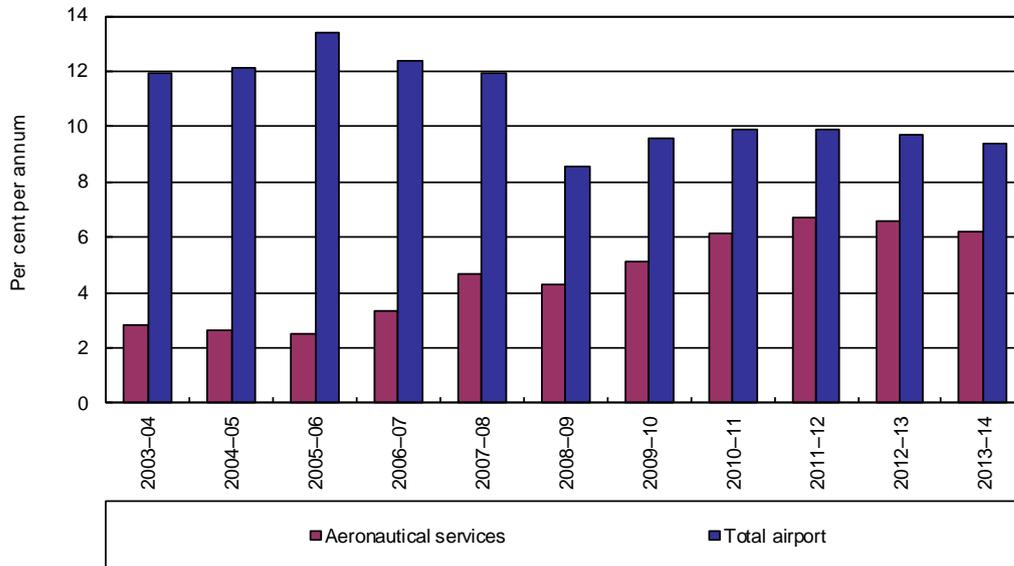
Total airport non-current assets

- During 2013-14, additions to total airport tangible non-current assets represented around 11.1 per cent of total airport tangible non-current assets.
 - Additions to total airport assets included buildings (\$67.2 million), plant and machinery (\$64.3 million), land (\$0.7 million), and investment property (\$59.9 million). Work in progress added around \$208.9 million to total airport assets in 2013-14, following two consecutive years of negative values of work in progress.

2.2.5 Rates of return on tangible non-current assets

Since 2007-08, the broad trends in the rate of return on average aeronautical and total airport tangible non-current assets have been comparable between the non-LIS methodology (shown in chart 2.2.2 from 2003-04) and the LIS methodology (shown in chart 2.2.3).

Chart 2.2.2: Brisbane Airport—rate of return (EBITA) on tangible non-current assets for aeronautical services and total airport services in real terms: 2003-04 to 2013-14

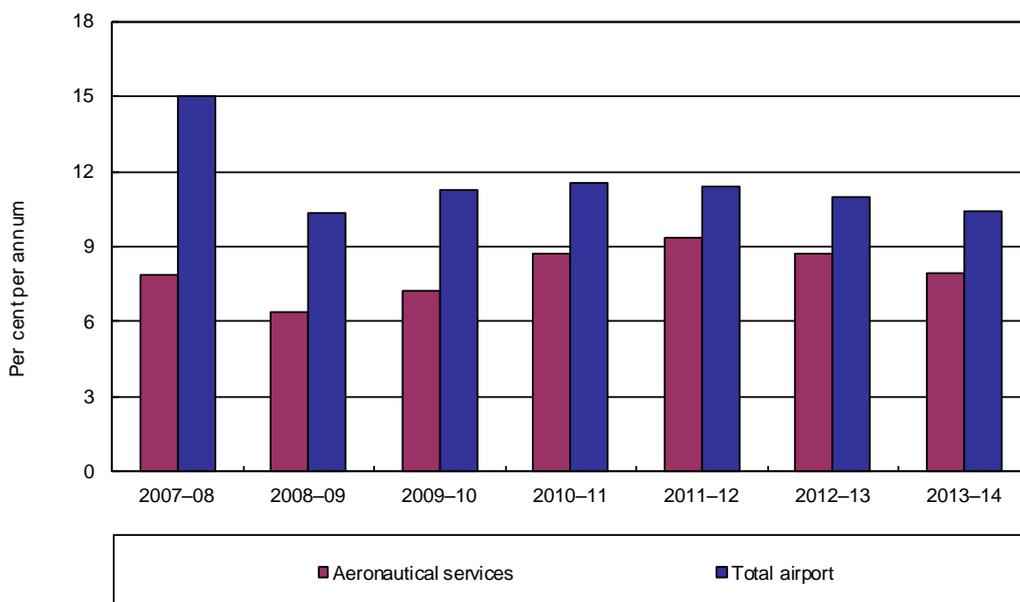


Note: Real values in 2013-14 dollars

Key observations from chart 2.2.2 are:

- The rate of return on aeronautical tangible non-current assets (defined as earnings before interest, tax and amortisation (EBITA) on average aeronautical tangible non-current assets) decreased by 0.4 percentage points to 6.2 per cent in 2013-14. This is the second consecutive decline in the rate of return on average aeronautical non-current assets.

Chart 2.2.3: Brisbane Airport—rate of return (EBITA) on tangible non-current assets for aeronautical services under the LIS approach and total airport services in real terms: 2007-08 to 2013-14



Note: Real values in 2013-14 dollars

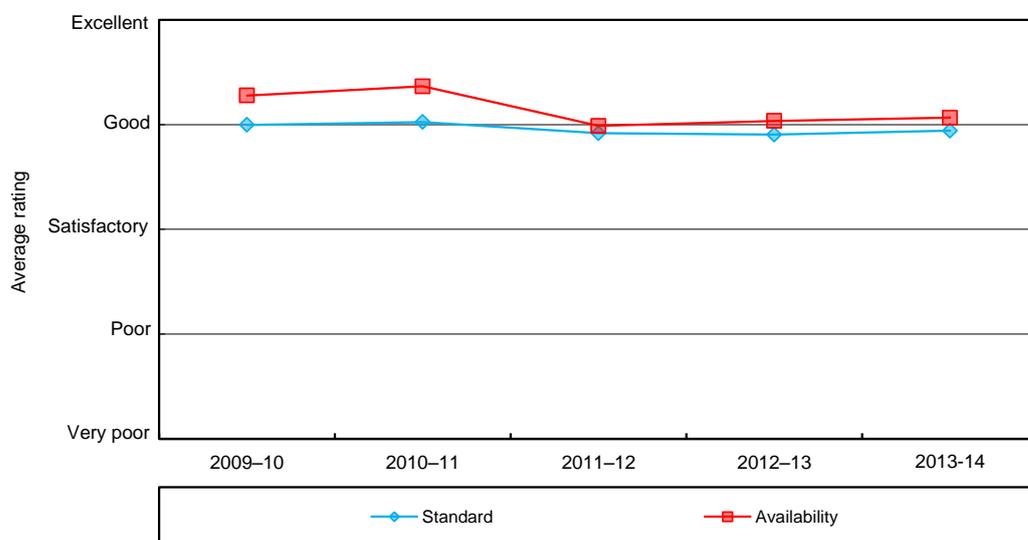
Key observations from chart 2.2.3 are:

- For aeronautical services, the rate of return on average tangible non-current assets was 7.9 per cent, around 1.7 percentage points higher than the non-LIS figure (shown in chart 2.2.2). This is due to earnings being higher under the LIS methodology, while the aeronautical asset base is lower in value under the LIS methodology.

2.3 Aeronautical services quality of service monitoring results

2.3.1 Overall quality of service

Chart 2.3.1: Brisbane Airport—average ratings for standard and availability of total airport services and facilities: 2009-10 to 2013-14¹⁰¹



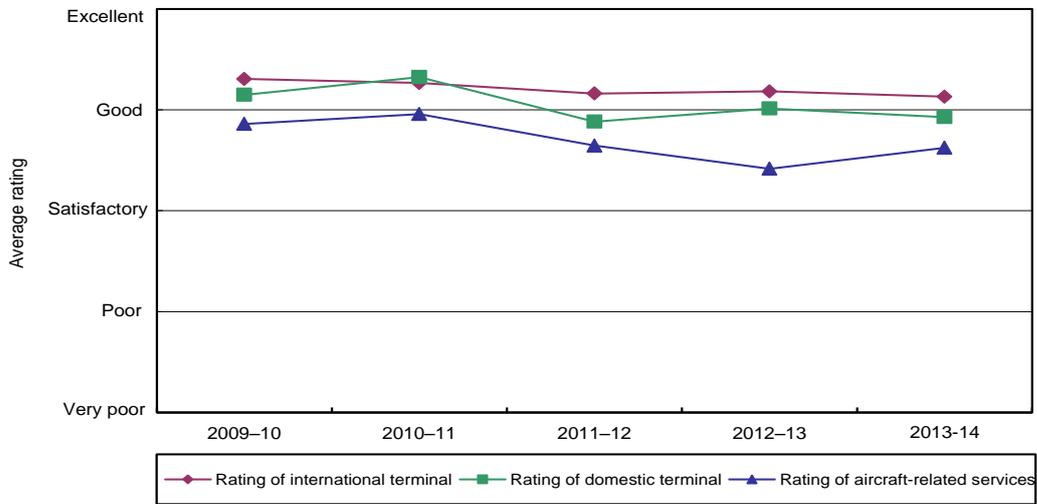
Source: Airline surveys, passenger surveys, and objective indicators obtained from Brisbane Airport through the ACCC's monitoring process.

Key observations from chart 2.3.1 are:

- In 2013-14, Brisbane Airport's average quality of service rating for availability of total airport services and facilities increased marginally within the 'good' range, while the average quality of service rating for the standard of total airport services and facilities remained at just below 'good'.

¹⁰¹ In this report, the border agency survey data is no longer included in the data series, which may result in changes in the ratings for the previous years.

Chart 2.3.2: Brisbane Airport—average ratings for international and domestic terminal services, and aircraft-related services and facilities: 2009-10 to 2013-14



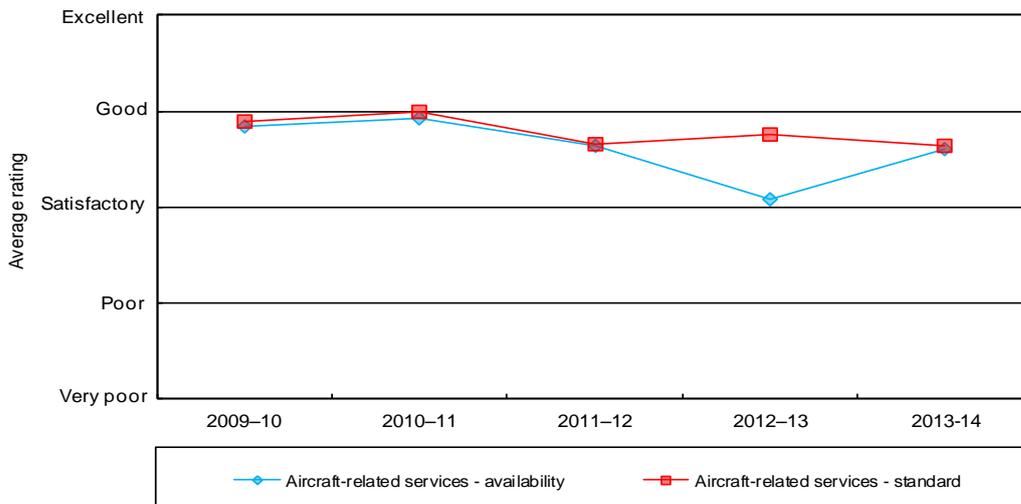
Source: Airline surveys, passenger surveys, and objective indicators obtained from Brisbane Airport through the ACCC’s monitoring process

Key observations from chart 2.3.2 are:

- In 2013-14, Brisbane Airport’s average quality of service rating for the international terminal slightly increased within the ‘good’ range, while the average quality of service rating for the domestic terminal decreased from ‘good’ in 2012-13 to just below ‘good’.
- Brisbane Airport’s average quality of service rating for aircraft-related services and facilities increased within the ‘satisfactory’ range in 2013-14, following two consecutive years of declines in this rating.

2.3.2 Aircraft-related services and facilities

Chart 2.3.3: Brisbane Airport—average ratings for availability and standard of aircraft-related services and facilities: 2009-10 to 2013-14



Source: Airline surveys

Key observations from chart 2.3.3 are:

- Airlines' rating of the availability of aircraft-related services and facilities increased within the 'satisfactory' range in 2013-14, following a marked decrease in this rating over the past two consecutive years.
- Airlines' rating of the standard of aircraft-related services and facilities decreased within the 'satisfactory' range during 2013-14.

Table 2.3.1: Brisbane Airport—ratings of quality of individual aircraft-related services and facilities: 2013-14, 1-year change, and change since 2009-10

	Indicator	Rating category 2013-14	1-year change	Change since 2009-10
Runway	Availability	Satisfactory	▲**	▼*
	Standard	Satisfactory	▼	▼*
Taxiways	Availability	Good	—	▲*
	Standard	Good	▼	—
Aprons	Availability	Satisfactory	▲	▼*
	Standard	Satisfactory	▼*	▼*
Aircraft parking	Availability of facilities and bays	Satisfactory	▲	▲
	Standard of facilities and bays	Satisfactory	▲	▼
Ground handling	Availability of services and facilities	Satisfactory	▲	▼*
	Standard of services and facilities	Satisfactory	▲	▼
Management responsiveness	Availability	Satisfactory	—	▼
	Standard	Satisfactory	▼	▼

Source: Airline surveys

Note: The rating categories are: very poor, poor, satisfactory, good, and excellent.

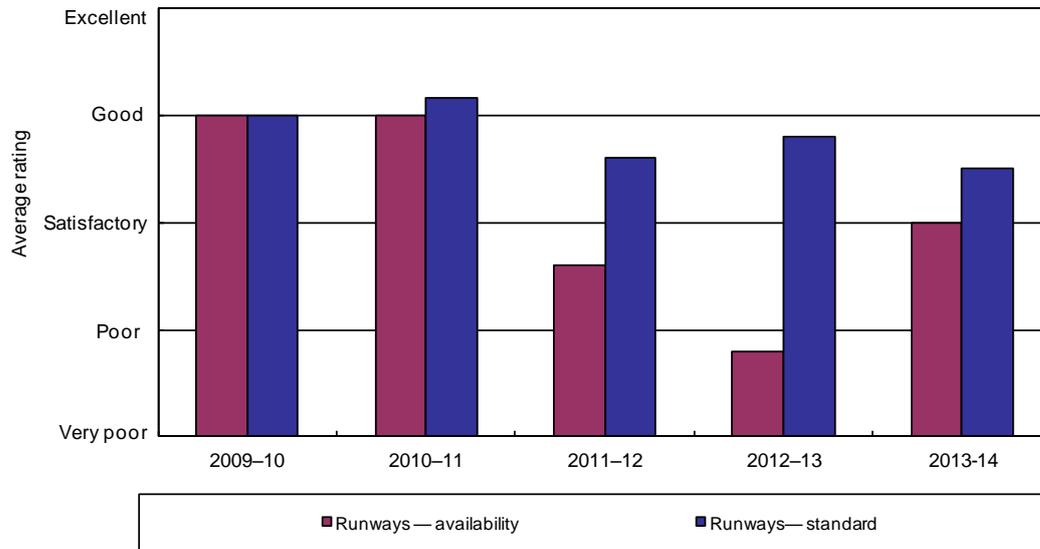
For each indicator for the period specified: ▲ indicates an improvement; ▼ indicates a decline; — indicates no change. *Rating changed by a category over the period; **Rating changes by two categories over the period.

Key observations from table 2.3.1 on ratings of individual aircraft-related services and facilities are:

Runways

- As shown in chart 2.3.4, airlines' rating of the availability of runways increased from 'very poor' in 2012-13 to 'satisfactory' in 2013-14, while airlines' rating of the standard of runways remained within the 'satisfactory' range.
 - In commentary to the surveys, airlines continued to note that there are issues with runway availability and delays. However, some airlines identified that delays have reduced in 2013-14 and that Brisbane Airport is in the process of building a new runway.

Chart 2.3.4: Brisbane Airport—airlines’ rating for availability and standard of runways: 2009-10 to 2013-14



Source: Airline surveys

Aprons

- In 2013-14, airlines’ rating of the availability of aprons increased within the ‘satisfactory’ range.
 - A number of airlines stated that upgrades and construction to aprons have affected the availability of space, although noted that this will improve availability in the long term.
- Airlines’ rating of the standard of aprons decreased from ‘good’ in 2012-13 to ‘satisfactory’ in 2013-14. Airlines’ ratings of the standard of aprons have fluctuated between ‘good’ and ‘satisfactory’ over the last five years.
 - In commentary to the surveys, one airline suggested that ground markings can be difficult to see in wet conditions, while another airline stated that planning should allow for aircraft refuelling hydrants where feasible.

Aircraft parking bays

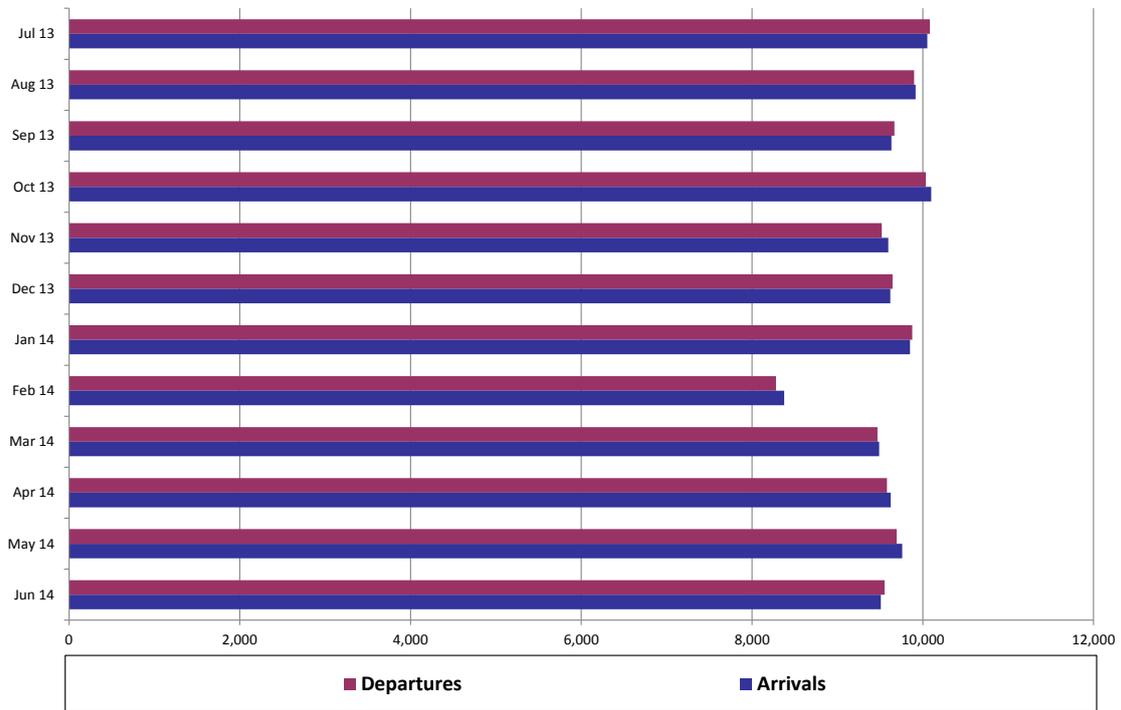
- Airlines’ ratings of both the availability and standard of aircraft parking bays increased within the ‘satisfactory’ range in 2013-14.
 - In commentary to the surveys, some airlines stated that there were always available bays for their aircraft, while other airlines suggested that there are shortages during some periods.

Management responsiveness

- Airlines’ rating of the availability of airport management remained unchanged at ‘satisfactory’ in 2013-14, while airlines’ rating of the standard of airport management decreased within the ‘satisfactory’ range.
 - Most airlines stated that Brisbane Airport is responsive to concerns and that there is a good working relationship between airlines and the airport. However, one airline suggested that improvements often take longer than desired.

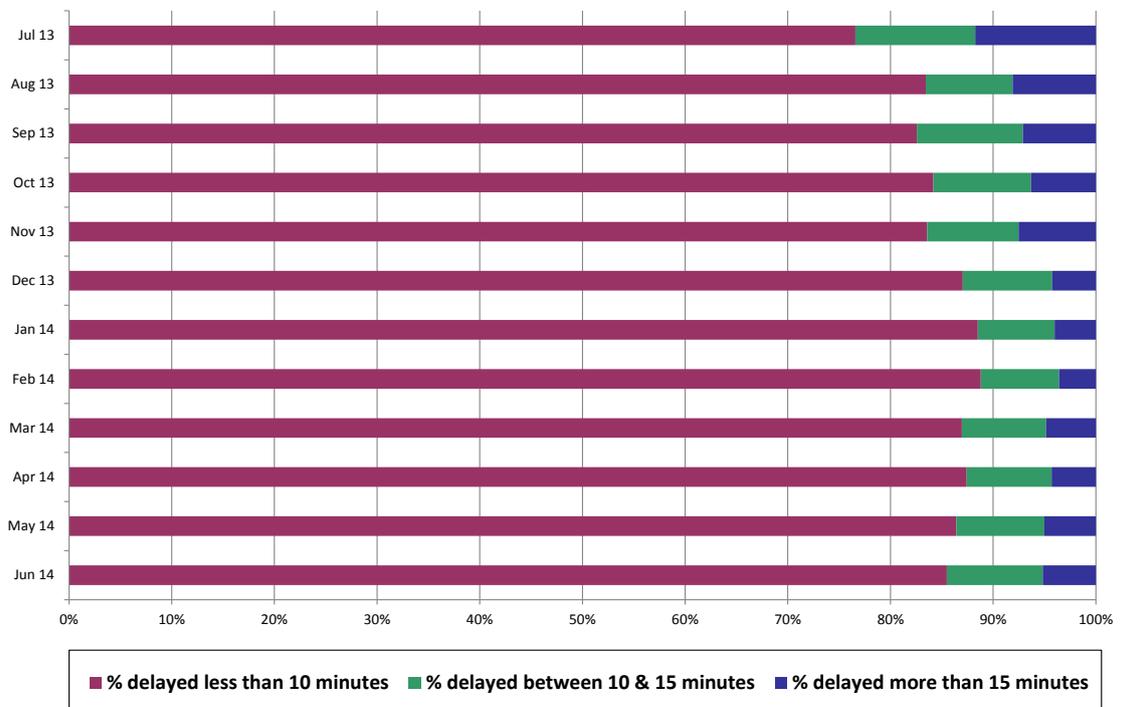
Runway traffic and delays at Brisbane Airport during 2013-14

Chart 2.3.5: Brisbane Airport—monthly aircraft arrivals and departures: 2013-14



Source: Airservices Australia

Chart 2.3.6: Brisbane Airport—airborne delays: 2013-14



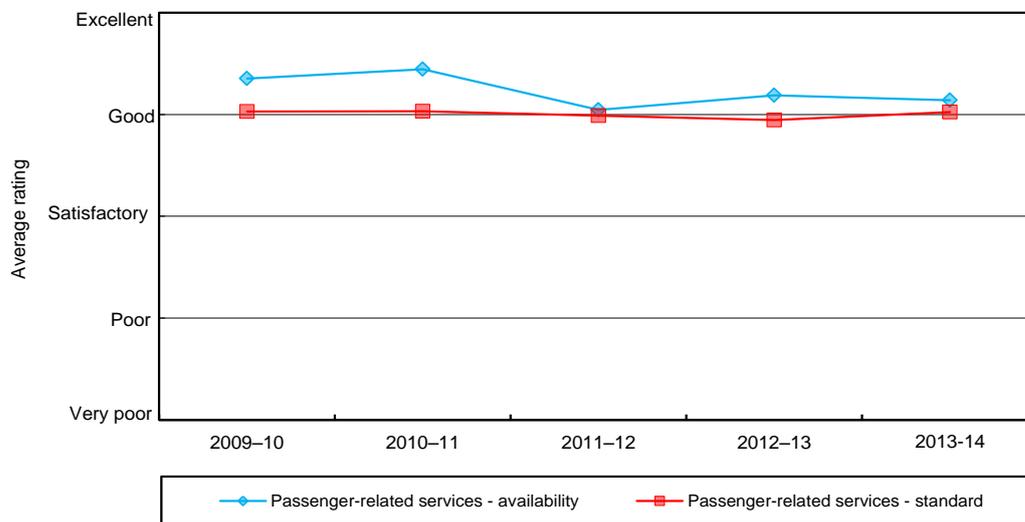
Source: Airservices Australia

Key observations from charts 2.3.5 and 2.3.6 are:

- During 2013-14, the number of aircraft movements averaged 19 236 per month. This has increased from an average of 18 744 aircraft movements per month in 2012-13.¹⁰²
- In 2013-14, the percentage of flights per month that were delayed more than 15 minutes averaged 6.0 per cent. This compares to an average of 10.5 per cent of flights delayed more than 15 minutes during 2012-13.
- The highest number of monthly aircraft movements occurred in July 2013 (20 138 movements), which was also the month with the highest percentage of flights delayed more than 15 minutes (11.7 per cent). The lowest number of monthly aircraft movements occurred in February 2014 (16 657 movements), which was also the month with the lowest percentage of flights delayed more than 15 minutes (3.6 per cent).

2.3.3 Passenger-related services and facilities

Chart 2.3.7: Brisbane Airport—average ratings for availability and standard of passenger-related services and facilities: 2009-10 to 2013-14



Source: Airline surveys, passenger surveys, and objective indicators obtained from Brisbane Airport through the ACCC's monitoring process

Key observations from chart 2.3.7 are:

- Brisbane Airport's average quality of service rating for availability of passenger-related services and facilities decreased marginally within the 'good' range in 2013-14.
- Brisbane Airport's average quality of service rating for standard of passenger-related services and facilities increased marginally from 'satisfactory' in 2012-13 to 'good' in 2013-14.

¹⁰² In some periods there may be discrepancies between the number of arriving and departing aircraft. This is due to a number of factors, such as data temporality, the integrity of Airservices Australia's surveillance data and some specific types of aircraft movements not contributing towards the count. For more detail on these factors, see appendix A7.2.

*Landside access***Table 2.3.2: Brisbane Airport—ratings of quality of landside access services and facilities: 2013-14, 1-year change, and change since 2009-10**

Terminal	Indicator	Rating category 2013-14	1-year change	Change since 2009-10
International	Kerbside pick-up and drop-off facilities	Good	▲	▼
	Taxi facilities waiting time	Good	▼	▼
	Kerbside space congestion	Good	▲	—
Domestic	Kerbside pick-up and drop-off facilities	Good	—	▲
	Taxi facilities waiting time	Good	—	—
	Kerbside space congestion	Good	—	▲*

Source: Passenger surveys

Note: The rating categories are: very poor, poor, satisfactory, good, and excellent.

For each indicator for the period specified: ▲ indicates an improvement; ▼ indicates a decline; — indicates no change. *Rating changed by a category over the period.

Key observations from table 2.3.2 on ratings of individual landside access services and facilities are:

- Passengers' ratings of landside access services and facilities all remained within the 'good' range in 2013-14, across both the international and domestic terminals. Passengers have consistently rated these facilities as 'good' or just below 'good' over the past five years.

International terminal

Table 2.3.3: Brisbane Airport—indicators of quality of passenger-related services and facilities—international terminal: 2013-14, 1-year change and change since 2009-10

Category	Indicator	Data source	Indicator result 2013-14	1-year change	Change since 2009-10
Check-in	Check-in availability	Airline survey	Satisfactory	▲	▼*
	Check-in standard	Airline survey	Satisfactory	▲	—
	Check-in waiting time	Passenger survey	Good	▲	—
	<i>Number of departing passengers per check-in desk, kiosk and bag drop facility (peak hour)</i>	<i>Objective indicator</i>	<i>5.0 passengers</i>	▲	▲
Immigration	Waiting time in outbound Immigration area	Passenger survey	Good	▲	—
	<i>Number of departing passengers per outbound Immigration desk (peak hour)</i>	<i>Objective indicator</i>	<i>31.1 passengers</i>	▲	▲
	Waiting time in inbound Immigration area	Passenger survey	Good	—	▼
	<i>Number of arriving passengers per inbound Immigration desk (peak hour)</i>	<i>Objective indicator</i>	<i>60.4 passengers</i>	▼	▼
	Waiting time in inbound baggage inspection area	Passenger survey	Good	▼	—
	<i>Number of arriving passengers per baggage inspection desk (peak hour)</i>	<i>Objective indicator</i>	<i>28.6 passengers</i>	▲	▲
Information	Flight information display screens	Passenger survey	Good	—	▼
	<i>Number of passengers per flight information display screen (peak hour)</i>	<i>Objective indicator</i>	<i>3.7 passengers</i>	▲	▲
	<i>Number of passengers per information point (peak hour)</i>	<i>Objective indicator</i>	<i>1 617 passengers</i>	▼	▼
	Signage and wayfinding	Passenger survey	Good	—	—

Notes: The rating categories are: very poor, poor, satisfactory, good, and excellent.
 For each indicator for the period specified: ▲ indicates an improvement; ▼ indicates a decline; — indicates no change. *Rating changed by a category over the period.
 The definition for peak hour for passengers differs in 2013-14 from previous years. For 2013-14, peak hour is defined as the time of peak hour for the highest total number of passenger movements including both arriving and departing passengers. In previous years, there were two peak hours, which were the 'time of peak hour for arriving passengers' and the 'time of peak hour for departing passengers'

Table 2.3.3: Brisbane Airport—indicators of quality of passenger-related services and facilities—international terminal: 2013-14, 1-year change and change since 2009-10 (cont.)

Category	Indicator	Data source	Indicator result 2013-14	1-year change	Change since 2009-10
Baggage	Baggage processing facilities availability	Airline survey	Satisfactory	▲	▼
	Baggage processing facilities standard	Airline survey	Satisfactory	▼	▲
	<i>Average throughput of outbound baggage system (per hour)</i>	<i>Objective indicator</i>	<i>386 items</i>	▲	▲
	Circulation space for inbound baggage reclaim	Passenger survey	Good	—	—
	Information display for inbound baggage reclaim	Passenger survey	Good	▼	▲
	<i>Number of arriving passengers per m² of inbound baggage reclaim area (peak hour)</i>	<i>Objective indicator</i>	<i>0.3 passengers</i>	n/a	n/a
	Findability of baggage trolleys	Passenger survey	Good	—	▼
	<i>Number of passengers per baggage trolley (peak hour)</i>	<i>Objective indicator</i>	<i>0.8 passengers</i>	▲	▲
Gate lounges	Seating in lounge area (quality and availability)	Passenger survey	Good	—	▼
	<i>Number of departing passengers per seat in gate lounges (peak hour)</i>	<i>Objective indicator</i>	<i>0.3 passengers</i>	▲	▲
	Crowding in lounge area	Passenger survey	Good	—	▼
	<i>Number of departing passengers per m² of lounge area (peak hour)</i>	<i>Objective indicator</i>	<i>0.03 passengers</i>	▲	▲
Amenities	Standard of washrooms	Passenger survey	Good	▲	▲
	<i>Number of departing passengers per washroom (peak hour)</i>	<i>Objective indicator</i>	<i>24.0 passengers</i>	n/a	n/a
Aerobridges	Aerobridges availability	Airline survey	Satisfactory	▼*	—
	Aerobridges standard	Airline survey	Satisfactory	▲	▲
	<i>Percentage of international passengers arriving using an aerobridge</i>	<i>Objective indicator</i>	<i>99.5%</i>	▼	▼
	<i>Percentage of international passengers departing using an aerobridge</i>	<i>Objective indicator</i>	<i>99.4%</i>	▼	▼
Security	Quality of security search process	Passenger survey	Good	▲	—
	<i>Number of departing passengers per security clearance system (peak hour)</i>	<i>Objective indicator</i>	<i>10.0 passengers</i>	▲	▲

Notes: The rating categories are: very poor, poor, satisfactory, good, and excellent.

For each indicator for the period specified: ▲ indicates an improvement; ▼ indicates a decline; — indicates no change. *Rating changed by a category over the period.

The definition for peak hour for passengers differs in 2013-14 from previous years. For 2013-14, peak hour is defined as the time of peak hour for the highest total number of passenger movements including both arriving and departing passengers. In previous years, there were two peak hours, which were the 'time of peak hour for arriving passengers' and the 'time of peak hour for departing passengers'

Key observations on subjective and objective indicators of passenger-related services and facilities at the international terminal from table 2.3.3 are:

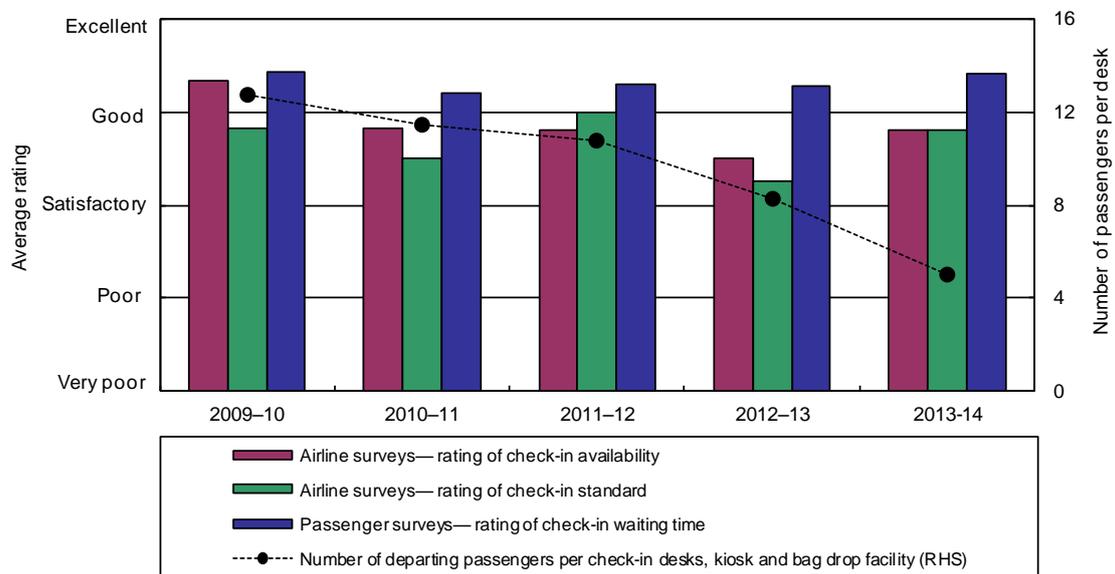
Overall

- In 2013-14, passenger ratings for each subjective indicator of Brisbane Airport’s international terminal remained within the ‘good’ range. Airline ratings for each subjective indicator of Brisbane Airport’s international terminal were within the ‘satisfactory’ range in 2013-14. Since 2009-10, no subjective indicators have been rated by passengers or airlines as below ‘satisfactory’.

Check-in

- Airlines’ ratings of both check-in availability and standard increased within the ‘satisfactory’ range during 2013-14 (chart 2.3.8).
 - In commentary to the surveys, some airlines noted that there are check-in availability issues during peak periods. One airline noted that the airport is working to address issues through upgrades, expansions and technology enhancements. The airlines did not raise any issues with the standard of check-in facilities.
- Chart 2.3.8 also shows that passengers’ rating of check-in waiting time increased within the ‘good’ range in 2013-14.
- Brisbane Airport’s check-in desks in the international terminal remained at 96 in 2013-14, although it also provided 10 check-in kiosk facilities.
 - Brisbane Airport stated that it successfully introduced common-user self-service kiosks for Air New Zealand passengers in 2013-14 and that it intends to roll these out to other airlines once agreements are in place.

Chart 2.3.8: Brisbane Airport—check-in services and facilities (international services): 2009-10 to 2013-14



Source: Airline surveys, passenger surveys and objective indicators obtained from Brisbane Airport through the ACCC’s monitoring process

Information

- Passengers’ ratings of flight information display screens and signage and wayfinding were both unchanged at ‘good’ in 2013-14, and have both been rated ‘good’ in each of the past five years.

- Brisbane Airport reduced its number of information points from 11 in 2012-13 to one in 2013-14.
 - Brisbane Airport stated that all other information kiosks have been decommissioned pending a 'signage and wayfinding review'. Brisbane Airport stated that its 'Airport Ambassador' program has been utilised to compensate during this change.

Baggage

- Airlines' rating of the availability of baggage processing facilities increased within the 'satisfactory' range in 2013-14, while airlines' rating of the standard of baggage processing facilities decreased within the 'satisfactory' range.
 - Some airlines stated that delays occur in the baggage system during peak periods and that airlines are in discussion with Brisbane Airport on improvements to these facilities.

Aerobridges

- Airlines' rating of the availability of aerobridges decreased from 'good' in 2012-13 to 'satisfactory' in 2013-14. Airlines' rating of the standard of aerobridges increased within the 'satisfactory' range.
 - Most airlines were positive regarding the availability of aerobridges in 2013-14, however it was noted by an airline that there are some capacity issues during peak periods. The airline also stated that Brisbane Airport is currently upgrading and expanding these facilities.
 - A number of airlines again stated that aerobridges need updating and maintenance work, and that some aerobridges are out-dated. One airline also noted that there are some cleanliness issues with some of the aerobridges.

Domestic terminal

Table 2.3.4: Brisbane Airport—indicators of quality of passenger-related services and facilities—domestic terminal: 2013-14, 1-year change and change since 2009-10

Category	Indicator	Data source	Indicator result 2013-14	1-year change	Change since 2009-10
Check-in	Check-in waiting time	Passenger survey	Good	▲	—
	Number of departing passengers per check-in desk, kiosk and bag drop facility (peak hour)	Objective indicator	11.8 passengers	▲	▲
Baggage	Circulation space for inbound baggage reclaim	Passenger survey	Good	▼	—
	Information display for inbound baggage reclaim	Passenger survey	Good	▼	▲*
	Number of arriving passengers per m ² of inbound baggage reclaim area (peak hour)	Objective indicator	2.1 passengers	n/a	n/a
	Findability of baggage trolleys	Passenger survey	Good	▼	▼*
	Number of passengers per baggage trolley (peak hour)	Objective indicator	2.9 passengers	▲	▲
Information	Flight information display screens	Passenger survey	Good	▲	▲
	Number of passengers per flight information display screen (peak hour)	Objective indicator	5.3 passengers	▲	▲
	Number of passengers per information point	Objective indicator	937 passengers	▲	▲
	Signage and wayfinding	Passenger survey	Good	▲	▲
Gate lounges	Seating in lounge area (quality and availability)	Passenger survey	Good	▼	▼
	Number of departing passengers per seat in gate lounges (peak hour)	Objective indicator	0.6 passengers	▲	▲
	Crowding in lounge area	Passenger survey	Good	▼	▼
	Number of departing passengers per m ² of lounge area (peak hour)	Objective indicator	0.1 passengers	—	▲
Amenities	Standard of washrooms	Passenger survey	Good	▼	▲*
	Number of departing passengers per washroom (peak hour)	Objective indicator	118 passengers	n/a	n/a
Aerobridges	Number of arriving domestic passengers per aerobridge (peak hour)	Objective indicator	232.5 passengers	▲	▲
	Number of departing domestic passengers per aerobridge (peak hour)	Objective indicator	236.0 passengers	▲	▼
Security	Quality of security search process	Passenger survey	Good	▼	▼
	Number of departing passengers per security clearance system (peak hour)	Objective indicator	39.3 passengers	▲	▲

Notes: The rating categories are: very poor, poor, satisfactory, good, and excellent. For each indicator for the period specified: ▲ indicates an improvement; ▼ indicates a decline; — indicates no change. *Rating changed by a category over the period. The definition for peak hour for passengers differs in 2013-14 from previous years. For 2013-14, peak hour is defined as the time of peak hour for the highest total number of passenger movements including both arriving and departing passengers. In previous years, there were two peak hours, which were the 'time of peak hour for arriving passengers' and the 'time of peak hour for departing passengers'. Airline responses not included for confidentiality reasons, although these ratings are included in airline survey average ratings.

Key observations on subjective and objective indicators of passenger-related services and facilities at the domestic terminal from table 2.3.4 are:

Overall

- All of the ratings on Brisbane Airport's subjective indicators at its domestic terminal (those rated by passengers) remained within the 'good' range in 2013-14. Since 2009-10, no subjective indicators have been rated by passengers as below 'satisfactory'.

Baggage

- Passengers' ratings of the circulation space for inbound baggage reclaim and the information display for inbound baggage reclaim both decreased within the 'good' range in 2013-14.
- Passengers' rating of the findability of baggage trolleys decreased within the 'good' range in 2013-14. Passengers rated the findability of Brisbane Airport's baggage trolleys as 'excellent' in 2009-10, and 'good' or 'satisfactory' in each subsequent year.
 - Brisbane Airport noted that its current 'signage and wayfinding project' will include a review of the appropriate signage to indicate the availability of baggage trolleys.

Information

- Passengers' ratings of flight information display screens and signage and wayfinding both increased within the 'good' range in 2013-14, and have both been rated 'good' in each of the past five years.
- Brisbane Airport reduced its number of flight information display screens from 188 in 2012-13 to 176 in 2013-14.

Amenities

- Passengers' rating of the standard of the four washrooms in the domestic terminal decreased within the 'good' range in 2013-14. Passengers' have increased this rating from 'satisfactory' in 2009-10 and 2010-11 to 'good' over the past few years.

2.4 Car parking services monitoring results

2.4.1 Activity

Table 2.4.1 outlines the number of car parking spaces available, the annual throughput of car parking facilities and the average daily throughput of car parking facilities at Brisbane Airport from 2003-04 to 2013-14.

Table 2.4.1: Brisbane Airport—number of car park spaces and average daily throughput: 2003-04 to 2013-14

		2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Number of car park spaces	International combined short-term and long-term	950	950	950	951	1 740	1 740	1 740	1 740	1 740	2 202	2 202
	Domestic short-term	938	938	938	842	858	810	976	1 133	1 690	1 119	1 119
	Domestic long-term	1 500	3 600	4 100	4 100	4 148	4 635	4 410	4 410	6 948	7 616	7 616
	Staff	2 277	2 349	2 723	2 723	3 575	2 730	2 484	2 484	2 484	3 038	3 038
	Total airport	5 665	7 837	8 711	8 616	10 321	9 915	9 610	9 767	12 862	13 975	13 975
Annual throughput of car park facilities (thousand)¹⁰³	International combined short-term and long-term	661	753	752	707	607	705	673	662	663	751	751
	Domestic short-term	1 157	1 176	1 141	1 156	1 031	960	911	839	758	1 381	1 327
	Domestic long-term	190	214	315	378	356	362	511	533	533	652	725
	Total airport	2 008	2 142	2 208	2 242	1 994	2 028	2 096	2 035	1 954	2 784	2 804
Average daily throughput of car park facilities	International combined short-term and long-term	1 806	2 062	2 060	1 937	1 659	1 932	1 845	1 815	1 811	2 058	2 057
	Domestic short-term	3 162	3 223	3 126	3 168	2 817	2 631	2 498	2 298	2 070	3 784	3 637
	Domestic long-term	519	585	864	1 036	972	993	1 399	1 462	1 457	1 785	1 987
	Total airport	5 487	5 870	6 049	6 141	5 448	5 557	5 742	5 574	5 338	7 627	7 681

¹⁰³ Annual throughput data for staff car parking was unavailable.

Key observations from table 2.4.1 are:

Car parking spaces

- The total number of car parking spaces at Brisbane Airport was unchanged at 13 975 spaces in 2013-14.
 - However, as noted in section 2.1, Brisbane Airport has begun preliminary works on a new staff car park and a new public car park. The public car park is scheduled to open in early 2016-17 and will provide around 2200 parking spaces.
- In 2013-14, Brisbane Airport’s car parking facilities included 2202 international combined short-term and long-term parking spaces (15.8 per cent of total car parking capacity), 1119 domestic short-term parking spaces (8.0 per cent), 7616 domestic long-term parking spaces (54.5 per cent) and 3038 staff car parking spaces (21.7 per cent).

Car parking throughput

- The average daily throughput in the international car park was largely unchanged in 2013-14. The average daily throughput in the domestic short-term car park decreased by 3.9 per cent in 2013-14, while the average daily throughput in the domestic long-term car park increased by 11.3 per cent.

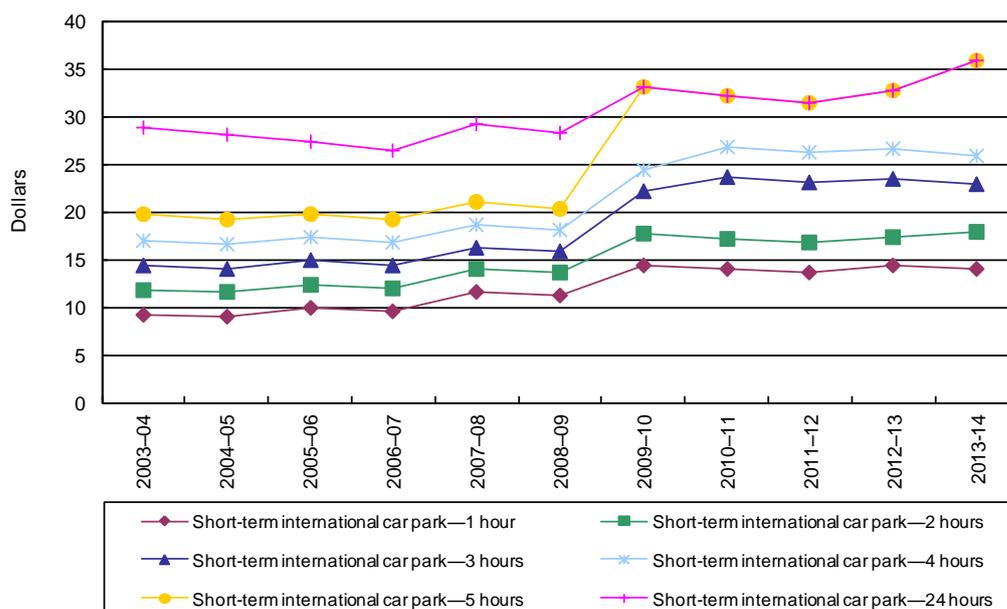
2.4.2 Prices

The following charts show changes in Brisbane Airport’s ‘drive-up’ car parking rates in real terms to the end of 30 June 2014. The ACCC notes that Brisbane Airport also provides an online booking system for car parking in addition to its ‘drive-up’ rates. The online booking system provides customers that pre-book their car parking with access to rates that are at a discount to Brisbane Airport’s ‘drive-up’ rates.

International terminal—short-term and long-term parking

Brisbane Airport increased some of its short-term car parking prices at the international terminal car park in 2013-14, and left other prices unchanged in nominal terms (chart 2.4.1).

Chart 2.4.1: Brisbane Airport—prices for short-term parking at international terminal car park in real terms: 2003-04 to 2013-14



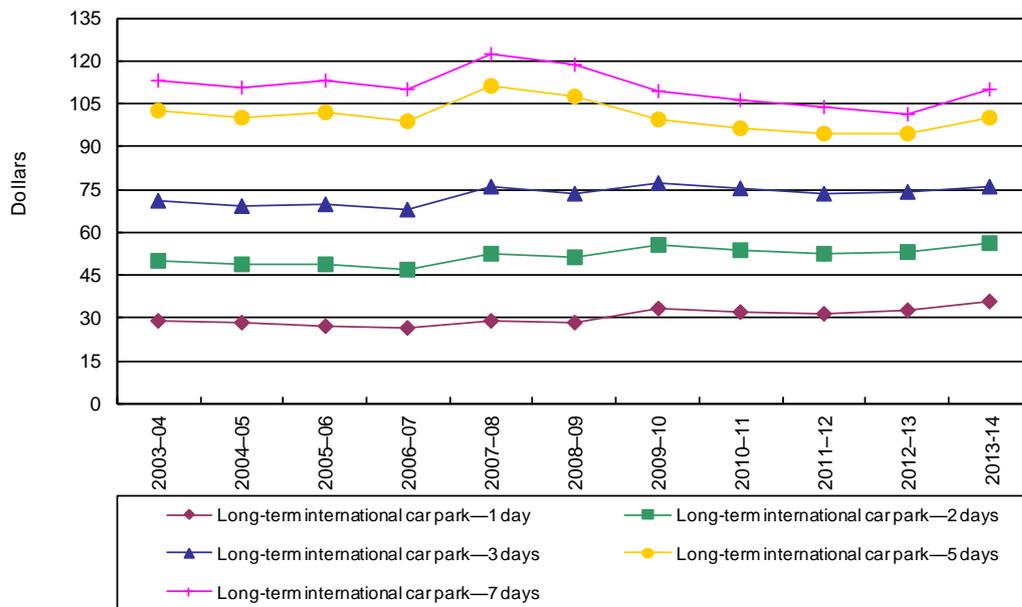
Note: Real values in 2013-14 dollars

Key observations from chart 2.4.1 are:

- In 2013-14, Brisbane Airport did not change the nominal price for less than one hour parking, which resulted in a decrease in these prices in real terms.
- The largest increase in car parking prices was for 5-24 hours parking, which increased by 9.5 per cent in real terms.
 - However, Brisbane Airport stated this was partly offset by an online pre-booking discount price of \$2 and various promotions offering discounted rates.
- Since 2003-04, the movement in most short-term car parking prices has trended upwards in real terms, excluding charges for less than 30 minutes parking. The smallest increase since 2003-04 has been the 24 hour rate, which has increased by 24.4 per cent in real terms. The largest increase since 2003-04 has been the five hour rate, which has increased by 82.5 per cent in real terms, mainly due to a large increase in 2009-10 when the five hour rate was increased to be equal to the 24 hour rate.

Brisbane Airport increased every long-term car parking price point at the international terminal car park in real terms in 2013-14 (chart 2.4.2).

Chart 2.4.2: Brisbane Airport—prices for long-term parking at international terminal car park in real terms: 2003-04 to 2013-14



Note: Real values in 2013-14 dollars

Key observations from chart 2.4.2 are:

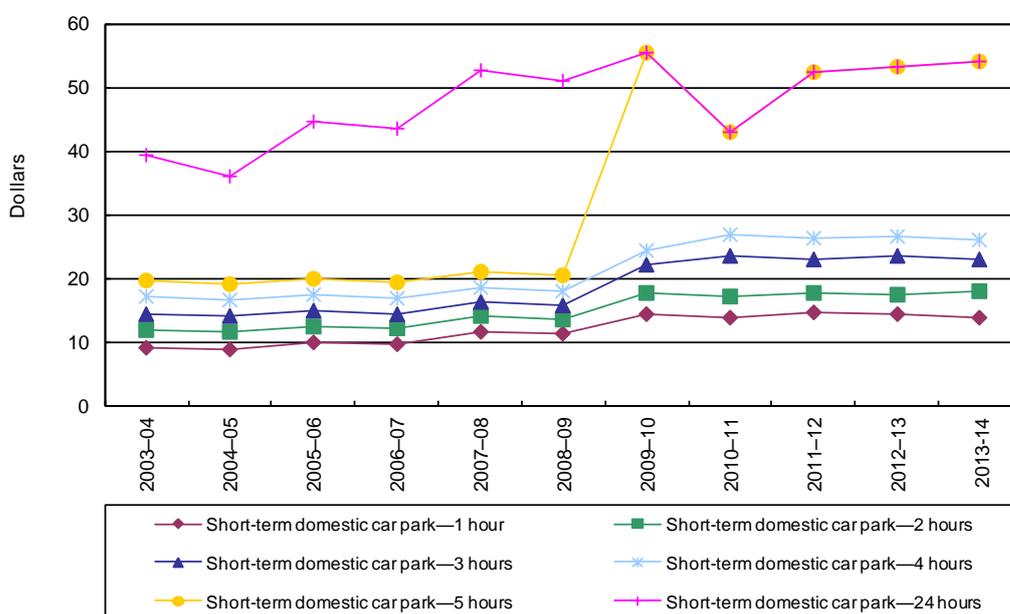
- In 2013-14, the increase in Brisbane Airport's long-term car parking prices ranged from 2.8 per cent in real terms (for three days' parking) to 9.5 per cent in real terms (for one day's parking).
 - Brisbane Airport provides online pre-bookings for car parking that provide discounts to drive-up rates. During 2013-14, these discounts ranged from 4.4 per cent (for four days' parking) to 10.0 per cent (for seven days parking).
- Since 2003-04, the movements in long-term prices at the international terminal car park have varied.

- The prices for one to three days parking have all increased in real terms since 2003-04, with increases ranging from 7.0 per cent in real terms for three days’ parking and 24.4 per cent in real terms for one day parking.
- The prices for more than three days’ parking have all decreased in real terms since 2003-04, with decreases ranging from 2.2 per cent in real terms for four days’ parking and 7.2 per cent in real terms for six days’ parking.

Domestic terminal—short-term and long-term parking

Brisbane Airport increased some of its short-term car parking prices at the domestic terminal car park in 2013-14, and left other prices unchanged in nominal terms (chart 2.4.3).

Chart 2.4.3: Brisbane Airport—prices for short-term parking at domestic terminal car park in real terms: 2003-04 to 2013-14



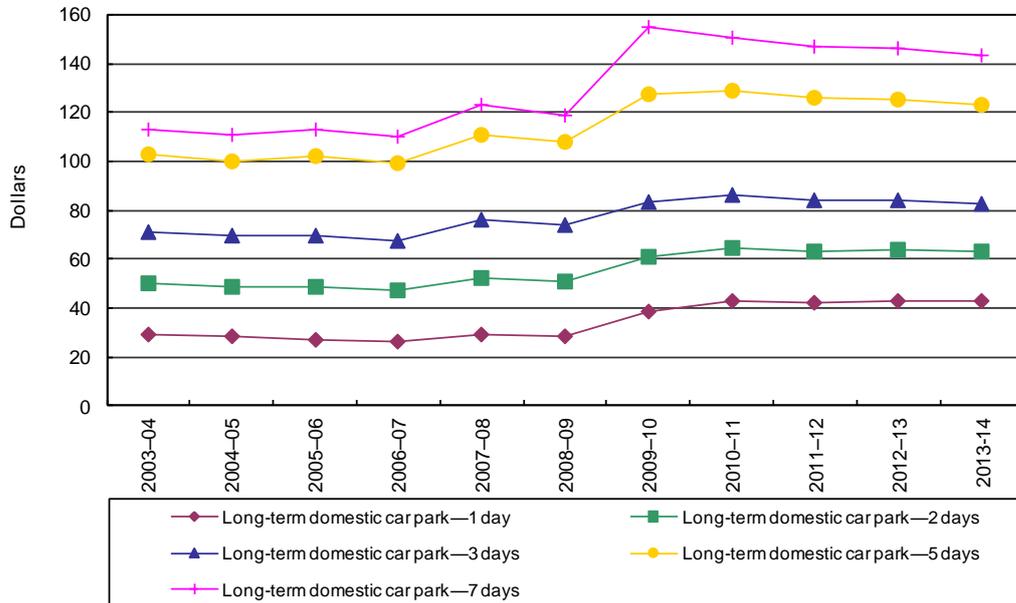
Note: Real values in 2013-14 dollars

Key observations from chart 2.4.3 are:

- In 2013-14, Brisbane Airport did not change the nominal price for less than one hour parking, which resulted in a decrease in these prices in real terms. The largest increase in car parking prices was for two hours’ parking, which increased by 3.1 per cent in real terms.
 - Brisbane Airport does not provide online pre-booking discounts at the domestic short-term car park for less than 24 hour parking.
- Since 2003-04, the movement in most short-term car parking prices has trended upwards in real terms, excluding charges for less than 30 minutes’ parking. The smallest increase since 2003-04 has been the 24 hour rate, which has increased by 36.9 per cent in real terms. The largest increase since 2003-04 has been the five hour rate, which has increased by 173.7 per cent in real terms, mainly due to a large increase in 2009-10 when the five hour rate was increased to be equal to the 24 hour rate.

Brisbane Airport increased every long-term car parking price point at the domestic terminal car park in nominal terms in 2013-14; however, prices all declined in real terms (chart 2.4.4).

Chart 2.4.4: Brisbane Airport—prices for long-term parking at domestic terminal car park in real terms: 2003-04 to 2013-14



Note: Real values in 2013-14 dollars

Key observations from chart 2.4.4 are:

- Brisbane Airport increased every long-term domestic car parking price point by \$1 in nominal terms. As these were small nominal increases, Brisbane Airport’s long-term car parking prices all decreased in real terms.
 - Brisbane Airport provides online pre-bookings for car parking that provide discounts to drive-up rates. During 2013-14, these discounts ranged from 4.9 per cent (for between one and three days’ parking) to 30.8 per cent (for seven days’ parking).
- Between 2003-04 and 2008-09, long-term car parking prices were fairly stable in real terms, increasing in some years and decreasing in others. However, there was a large increase in all prices during 2009-10. Since 2009-10, prices have begun to trend slightly downwards in real terms for most price points.

2.4.3 Revenues, costs and profits

Table 2.4.2 outlines Brisbane Airport’s revenues, operating expenses and operating margin for car parking and the total airport from 2003-04 to 2013-14.

Table 2.4.2: Brisbane Airport—revenues, operating expenses and operating margins for car parking and total airport services in real terms: 2003-04 to 2013-14

		2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Revenue (\$million)	Car parking	33.3	37.7	42.5	48.1	51.4	59.3	64.4	64.6	64.0	73.8	79.4
	Total airport	253.8	314.7	392.1	402.0	459.9	433.0	469.5	490.6	510.6	541.2	564.1
	Car parking % of total	13.1	12.0	10.8	12.0	11.2	13.7	13.7	13.2	12.5	13.6	14.1
Operating expenses (\$million)	Car parking	6.2	9.3	8.8	10.8	13.8	14.2	14.9	18.4	24.2	25.5	28.4
	Total airport	110.5	130.5	137.0	141.0	161.9	191.4	194.8	203.5	208.1	225.8	236.8
Operating margin (\$million)	Car parking	27.1	28.5	33.6	37.4	37.6	45.1	49.5	46.2	39.8	48.3	51.1
	Total airport	143.4	184.2	255.1	260.9	298.1	241.5	274.7	287.1	302.6	315.5	327.3
Operating margin % of revenue	Car parking	81.4	75.4	79.2	77.6	73.1	76.0	76.8	71.5	62.1	65.4	64.3
	Total airport	56.5	58.5	65.1	64.9	64.8	55.8	58.5	58.5	59.3	58.3	58.0
Revenue per space (\$)		5 872	4 817	4 876	5 586	4 978	5 979	6 705	6 610	4 978	5 280	5 683
Operating expenses per space (\$)		1 090	1 184	1 015	1 250	1 337	1 433	1 555	1 885	1 885	1 827	2 030
Operating margin per space (\$)		4 782	3 633	3 861	4 335	3 641	4 546	5 150	4 726	3 093	3 453	3 653

Note: Real values in 2013-14 dollars

Key observations from table 2.4.2 are:

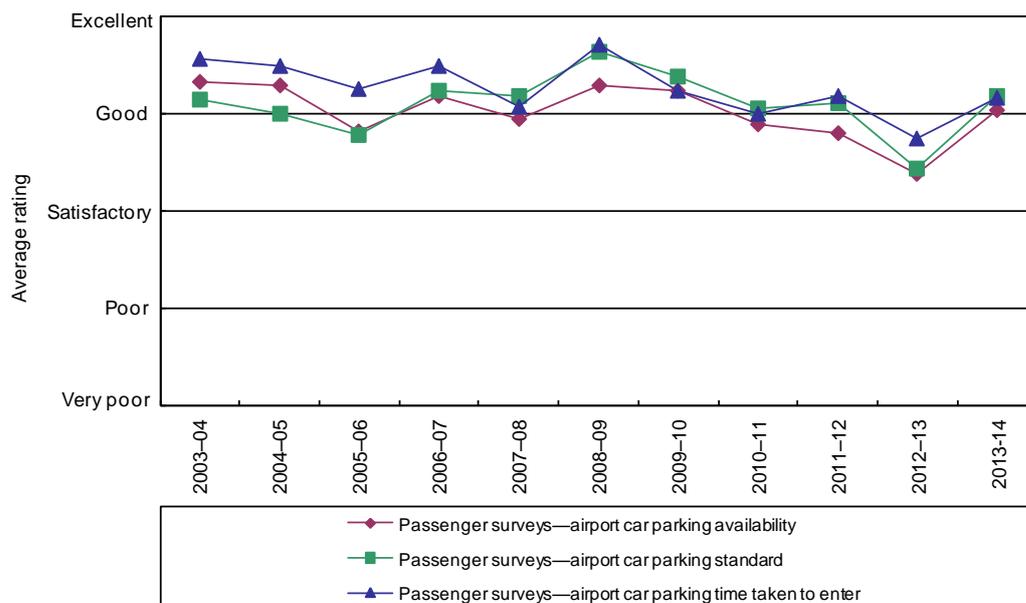
- Car parking revenue increased by 7.6 per cent in real terms to \$79.4 million in 2013-14. Brisbane Airport advised that this increase was partly driven by a change in the user mix profile as the average length of stay has increased. Since 2003-04, car parking revenue has increased by an average of 9.1 per cent per year in real terms.
- Car parking operating expenses increased by 11.1 per cent in real terms to \$28.4 million in 2013-14. From 2003-04 to 2013-14, car parking operating expenses increased by an average of 16.5 per cent per year in real terms.
- Car parking operating margin increased by 5.8 per cent in real terms to \$51.1 million in 2013-14, due to a larger absolute increase in car parking revenue than car parking operating expenses. Since 2003-04, car parking operating margin has increased by an average of 6.5 per cent per year in real terms.
- Car parking operating margin as a proportion of car parking revenue was 64.3 per cent in 2013-14. In comparison, total airport operating margin as a proportion of total airport revenue was 58.0 per cent.

Per car park space

- Car parking revenue per car park space increased by 7.6 per cent in real terms to \$5683 in 2013-14. Car parking revenue per car park space has been volatile since 2003-04, increasing in some years and decreasing in others. On average, revenue per car park space since 2003-04 has been around \$5578 per year in real terms.
- Car parking operating expenses per car park space increased by 11.1 per cent in real terms to \$2030 in 2013-14. Since 2003-04, operating expenses per car park space have averaged \$1499 per year in real terms.
- Car parking operating margin per car park space increased by 5.8 per cent in real terms to \$3653 in 2013-14. On average, operating margin per car park space since 2003-04 has been around \$4079 per year in real terms.

2.4.4 Quality of car parking facilities

Chart 2.4.5: Brisbane Airport—international passenger survey ratings of the quality of car parking facilities: 2003-04 to 2013-14

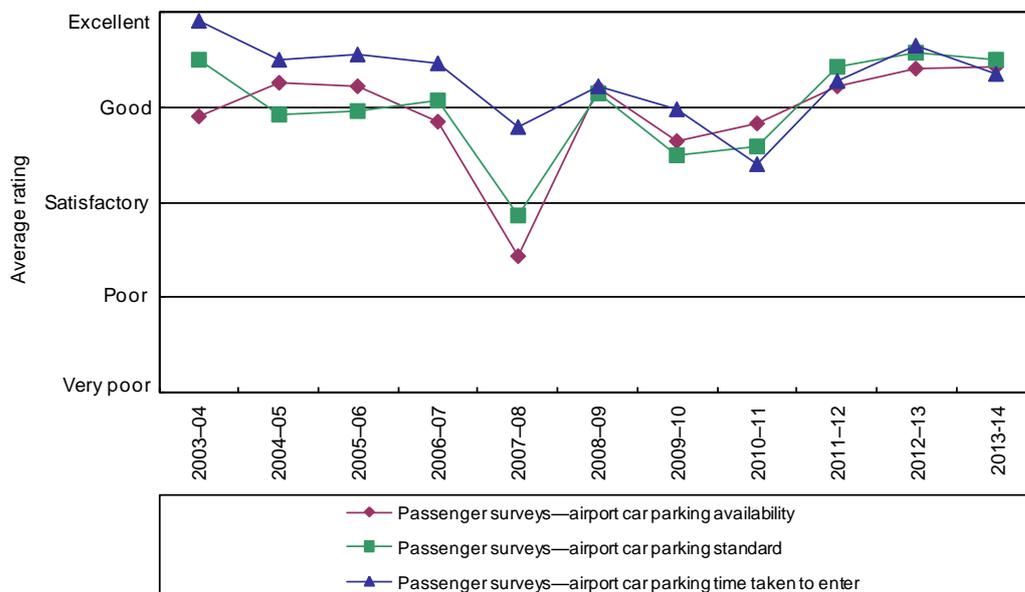


Source: Passenger surveys

Key observations from chart 2.4.5 are:

- International passengers’ rating of the time taken to enter, availability and standard of Brisbane Airport’s car parking facilities all increased from ‘satisfactory’ in 2012-13 to ‘good’ in 2013-14.

Chart 2.4.6: Brisbane Airport—domestic passenger survey ratings of the quality of car parking facilities: 2003-04 to 2013-14



Source: Passenger surveys

Key observations from chart 2.4.6 are:

- In 2013-14, domestic passengers’ rating of the time taken to enter, availability and standard of Brisbane Airport’s car parking facilities all remained within the ‘good’ range for the third consecutive year.

2.4.5 Other transport options

In addition to car parking options, there are a number of alternative transport options to and from Brisbane Airport, including buses, taxis, train, and private cars. Brisbane Airport imposes a landside access charge on some of these alternative transport options.

In 2013-14, Brisbane Airport provided 60 designated spaces for passenger pick-up and drop-off for landside operators at the international terminal, and 172 spaces at the domestic terminal.

Table 2.4.3 outlines the landside access charges from 2013-14, as well as the indexed average list prices between 2009-10 and 2013-14 (with 2013-14 as the base year). Table 2.4.4 presents the revenue that Brisbane Airport received from its landside charges.

Table 2.4.3: Brisbane Airport—landside access charges in 2013-14 and indexed average access charges in real terms: 2009-10 to 2013-14

Transport option	Average list prices (\$) 2013-14	Indexed average list prices (2013-14 base year = 100)				
		2009-10	2010-11	2011-12	2012-13	2013-14
Public bus	Monthly fee	NA	NA	NA	NA	NA
Off-airport car parking	Monthly fee	NA	NA	NA	NA	NA
Taxis (per pick-up)	3.30	100.7	97.8	95.5	102.7	100.0
Train (corridor lease)	154 000	101.5	101.2	101.6	83.3	100.0
Private bus and private car operators	Various	NA	NA	NA	NA	NA

Note: Real prices in 2013-14 dollars

Table 2.4.4: Brisbane Airport—revenues from landside access charges in real terms: 2009-10 to 2013-14

Transport option	2009-10	2010-11	2011-12	2012-13	2013-14
Public bus	\$132 978	\$133 263	\$112 405	\$243 432	\$242 624
Off-airport and car rental parking	\$195 035	\$254 704	\$347 720	\$401 611	\$407 745
Taxis	\$2 881 192	\$3 331 568	\$3 635 824	\$3 890 804	\$3 916 803
Train	\$156 249	\$155 831	\$156 526	\$128 392	\$154 104
Private bus and private car operators	\$1 490 463	\$1 826 989	\$1 834 195	\$1 846 797	\$2 128 889
Total	\$4 855 917	\$5 702 355	\$6 086 670	\$6 511 036	\$6 850 165

Note: Real values in 2013-14 dollars

Key observations from tables 2.4.3 and 2.4.4 are:¹⁰⁴

- Terminal drop-off and pick-up
 - Brisbane Airport advised that legislative security requirements prohibit stopping in these areas for more than two minutes and that cars must not be left unattended at any time.
 - Brisbane Airport provides 13 designated spaces for passenger pick-up and drop-off at the international terminal, and 46 spaces at the domestic terminal.
 - In October 2012, Brisbane Airport opened a dedicated passenger pick-up waiting area with 30 minutes free parking.¹⁰⁵ Brisbane Airport advised that this area consists of 225 spaces.
- Private buses and hire car operators
 - Brisbane Airport operates a complimentary shuttle bus to and from the Skygate shopping precinct and the terminals.
 - A bus also provides transfers between the international and domestic terminals at a charge of between \$1.50 and \$5 per person one-way depending on the passenger's carrier.

¹⁰⁴ Unless otherwise specified, the source for transport information in this section is Brisbane Airport's website; <http://www.bne.com.au/parking-transport/transport-options>, accessed on 10 November 2014.

¹⁰⁵ Brisbane Airport Corporation (2012), *BAC announces changes to 'pick-up' at BNE Domestic*, Media release, 24 October 2012, <http://www.bne.com.au/news/bac-announces-changes-%E2%80%98pick-up%E2%80%99-bne-domestic>

- In addition, there are commercial bus companies that service the airport and specialise in CBD and hotel pick-up, as well as travel to the Gold Coast, Brisbane Cruise Terminal and the Sunshine Coast.
- Off-airport parking operators
 - A number of off-airport car parking facilities service Brisbane Airport. Off-airport parking prices sampled by the ACCC ranged from \$18¹⁰⁶ to \$28¹⁰⁷ for one-day car parking and \$35¹⁰⁸ to \$64¹⁰⁹ for three-day car parking.
- Taxis
 - Brisbane Airport charges a \$3.30 airport access fee for each taxi pick-up, and does not charge for drop-offs. Brisbane Airport received a total of \$3.9 million in revenue from taxi access fees in 2013-14, an increase of 0.7 per cent in real terms.
- Train
 - Brisbane Airport is serviced by a privately-owned and operated train, which is integrated into the suburban train network. The train operates from Brisbane Airport directly to Brisbane CBD and to the Gold Coast. Train fares are \$17 one-way between the airport and the CBD, or \$32 return.¹¹⁰
 - Brisbane Airport earned \$154 104 in revenue from a corridor-lease for the train in 2013-14, an increase of 20.0 per cent in real terms. Brisbane Airport noted that it does not receive any revenue per ticket or per passenger from the train.
- Public buses
 - TransLink (a Queensland State Government agency) coordinates and integrates public transport services in South-East Queensland and provides various bus services to the airport precinct.¹¹¹

Quality of service surveys of landside operators

In response to the 2011 Productivity Commission's inquiry into the economic regulation of airport services, the Government's response included directing the ACCC to review and update the objective criteria in its quality of service monitoring program. The ACCC has completed this review and one of the outcomes was a decision to monitor the quality of service provided by airports to companies requiring landside access, such as taxis, buses and off-airport parking operators. The ACCC is interested in these operators' views as airport operators control access to the airport land that these operators require for their businesses. Further, the landside of monitored airports is considered a bottle neck in the supply of services to companies seeking access.

The overall average rating of landside operator responses was 'satisfactory' in 2013-14. Commentary received from off-airport parking operators indicated that their issues with quality

¹⁰⁶ Gateway Airport Parking, *Parking rates*, accessed on 10 November 2014, <http://www.gatewayairportparking.com.au/parking-rates/rates.aspx>

¹⁰⁷ Portside Cruise & Airport Parking, *Rates*, accessed on 10 November 2014; <http://www.portsideparking.com.au/rates.asp>

¹⁰⁸ Gateway Airport Parking, *Parking rates*, accessed on 10 November 2014, <http://www.gatewayairportparking.com.au/parking-rates/rates.aspx>

¹⁰⁹ Andrew's Airport Parking, *Parking rates*, accessed on 10 November 2014, <http://www.andrewsairportpark.com.au/brisbane/rates.aspx>

¹¹⁰ Airtrain, *Fares*, accessed on 10 November 2014, http://www.airtrain.com.au/fares_page

¹¹¹ TransLink, *Airport services*, accessed on 10 November 2014, <http://translink.com.au/travel-information/visiting-queensland/airport-services>

of service mainly relate to the locations of pick-up points (considered to be inconvenient) and lack of signage that the airport provides for these services.

Industry groups (including bus and taxi industry groups) were positive about facilities at the domestic terminal. However, the groups suggested that there is a need to upgrade the international terminal pick-up area, although recognised that a lack of land area is a concern.

In terms of management responsiveness, industry groups were positive about their experiences and stated that the airport is responsive and open to discussions.

However, the off-airport parking operators noted that although airport staff are generally responsive, the decisions they make on access terms and conditions are not fair and reasonable.

3. Melbourne Airport

Key points—2013-14

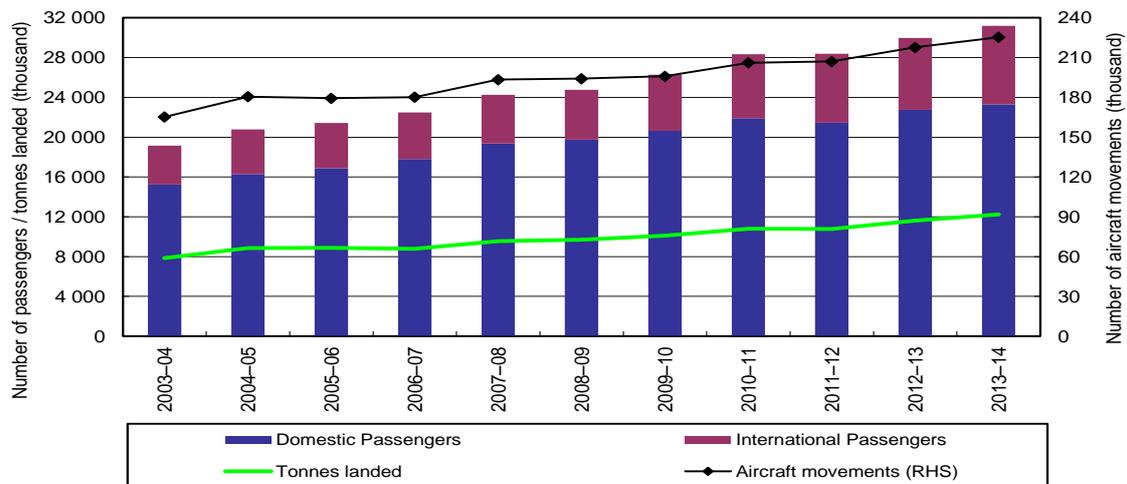
- Total passenger numbers at Melbourne Airport increased by 4.0 per cent to 31.2 million passengers.
- Total aeronautical revenue increased by 7.4 per cent in real terms to \$308.8 million. Aeronautical revenue per passenger increased by 3.2 per cent in real terms to \$9.90 per passenger.
- Total aeronautical operating margin increased by 21.1 per cent in real terms to 139.7 million. On a per passenger basis, aeronautical operating margin increased by 16.4 per cent in real terms to \$4.48 per passenger.
- Rate of return on aeronautical non-current assets increased by 0.6 percentage points to 11.1 per cent.
- Melbourne Airport’s average overall quality of service rating was unchanged at ‘satisfactory’.
- Melbourne Airport’s average quality of service ratings for both the availability and the standard of total airport services were unchanged at ‘satisfactory’.
- Total car parking operating margin decreased by 1.4 per cent in real terms to \$87.0 million. On a per car park basis, car parking operating margin decreased by 0.2 per cent in real terms to \$3565 per car park space.

3.1 Airport overview and major investments

3.1.1 Activity

Chart 3.1.1 presents the volume of passengers, tonnes landed and total aircraft movements for the period of 2003-04 to 2013-14.

Chart 3.1.1: Melbourne Airport—volume of passengers, tonnes landed and aircraft movements: 2003–04 to 2013–14¹¹²



¹¹² Unless otherwise stated, the source for tables and charts in this chapter is data obtained from Melbourne Airport through the ACCC’s monitoring process

Key observations from chart 3.1.1 are:

- During 2013-14 the number of passengers, tonnes landed and aircraft movements all increased relative to 2012-13.
- Passenger numbers increased by 4.0 per cent to 31.2 million passengers in 2013-14. This was driven by growth in both international and domestic passenger numbers. The number of domestic passengers going through Melbourne Airport (including domestic on-carriage passengers) increased by 2.4 per cent to 23.3 million. International passenger movements (including transit passengers) increased significantly, up by 9.1 per cent to 7.9 million passengers. This follows an increase of 4.5 per cent in 2012-13.
- Aircraft movements increased by 3.5 per cent to 225 348 movements in 2013-14, following a 5.2 per cent increase during the previous year. Since 2003–04, when 165 258 aircraft movements were recorded, there has been a 36.4 per cent increase in aircraft movements.

3.1.2 Terminal configurations and car parking facilities

Terminal configurations

Melbourne Airport has one international terminal and three domestic terminals:

- Terminal 1 (T1) is occupied and operated by Qantas under a domestic terminal lease (DTL) and is not subject to monitoring. Data on services and facilities provided within this terminal are not included in the ACCC's monitoring results.
- The international terminal (T2) is a common-user terminal used by all international airlines.
- Terminal 3 (T3) is a common-user domestic terminal that is currently used by Virgin Australia and Regional Express.
- Terminal 4 (T4) is a common-user domestic terminal that has been used by Tigerair since November 2007.

Prior to the 2009-10 ACCC airport monitoring report, the quality of service results for T3 and T4 were combined. Since 2009-10, the results for T3 and T4 have been presented separately. The quality of service monitoring results for T3 and T4 are presented in section 3.3.3.

Car parking facilities

Melbourne Airport provides multiple car parking facilities that are combined for both domestic and international passengers. The airport operated five car parking facilities during 2013-14, which included undercover short-term and multi-level long-term parking opposite the terminals, a long-term car park serviced by a shuttle bus, an additional overflow car park operated at peak times (Value Long Stay car park) and a business car park within walking distance of the terminals.¹¹³

3.1.3 Major airport investments

Tables 3.1.1 and 3.1.2 provide details of major investments at Melbourne Airport. Melbourne Airport's planned investments are also outlined in its 2013 Master Plan, which was approved by the Australian Government on 18 December 2013.¹¹⁴ Melbourne Airport is required to prepare its next Master Plan in 2018.

¹¹³ The formerly operated 'express' car park was closed permanently by Melbourne Airport in July 2013 due to construction for its Southern Precinct Project. Melbourne Airport also offers a 'Ring & Ride' waiting zone service within its long-term car park that allows drivers to temporarily wait for passengers for 20 minutes at no cost. The 'Ring & Ride' facility was relocated to a dedicated location in December 2013.

¹¹⁴ Melbourne Airport Master Plan, <http://melbourneairport.com.au/about-melbourne-airport/planning/master-plan.html>

Table 3.1.1: Melbourne Airport—major investments in aeronautical services and facilities

Major investments completed during 2013–14			
Description of investment	Value (\$m)	Started	Completed
Airfield developments: Provide new apron to meet capacity requirements. Projects include:			
Foxtrot Apron Infill		Q4 2012	Q4 2013
COMPLETED INVESTMENTS 2013–14 TOTAL	NA		
Major investments underway in 2013–14			
Description of investment	Value (\$m)	Started	Expected completion
Terminal developments: Projects to provide increased capacity and service levels in T2 and T3 and to provide a new domestic terminal (T4):			
Southern Terminal Precinct (T4)		Q3 2013	Q3 2015
T3 Aerobridge Replacement		Q2 2013	Q4 2014
Airfield developments: Projects to provide additional aircraft parking and realign taxiways for efficient operation associated with the new T4 and to replace existing pavement that has reached the end of its economic life:			
Taxiway Pavement Replacement		Q1 2013	Q1 2017
Southern Apron Expansion & Infill		Q3 2013	Q3 2015
COMMENCED INVESTMENTS 2013–14 TOTAL	NA		
Major investments planned to commence after 2013–14			
Description of investment	Value (\$m)	Expected start	Expected completion
T2 and T3 developments: Projects to provide increased capacity of passenger processing facilities and improved customer experience:			
T3 Transformation stage 1		Q3 2014	Q4 2015
Airfield Developments: Projects to enhance the operational capacity of the airport and overall level of airfield service:			
Taxiway Victor		Q3 2014	Q4 2015
Approach lighting replacement		Q1 2015	Q3 2014
PLANNED INVESTMENTS POST 2013–14 TOTAL	NA		

Key observations from table 3.1.1 include:

- In 2013-14 Melbourne Airport completed its airfield development project planned during 2012-13, which involved construction of an apron area infill (Foxtrot Infill).
- Melbourne Airport also had a number of major investments underway in 2013-14. In particular, construction of a new domestic terminal (T4) commenced, which will provide an estimated capacity of 10 million passengers per annum upon completion (in Q3 2015). The new Terminal 4 will be integrated into the existing Terminal 4 and will be home to Jetstar, Tigerair and Regional Express (REX).

Table 3.1.2: Melbourne Airport—major investments in car parking and landside access services

Major investments completed during 2013–14			
Description of investment	Value (\$m)	Started	Completed
Roads, access and car park developments: provision of additional road and car park infrastructure to improve vehicle access around the airport precinct and to the terminal frontage to reduce congestion. Projects include:			
Long Term Car Park Expansion		Q2 2012	Q3 2013
Terminal Drive Widening		Q2 2013	Q4 2013
Ring and Ride Parking Area		Q3 2013	Q4 2013
COMPLETED INVESTMENTS 2013–14 TOTAL	NA		
Major investments underway in 2013–14			
Description of investment	Value (\$m)	Started	Expected completion
Roads, Access and Car Park Developments: Provision of increased capacity and facilities to reduce traffic congestion and improve vehicle access to the airport precinct. Projects include:			
Elevated Road Loop Stage 1 Construction		Q1 2014	Q3 2015
Melrose Drive duplication		Q1 2014	Q1 2015
COMMENCED INVESTMENTS 2012–13 TOTAL	NA		
Major investments planned to commence after 2013–14			
Description of investment	Value (\$m)	Expected start	Expected completion
Roads, access and car park developments: Projects to relieve road congestion by providing additional short and long-term terminal precinct capacity and also to provide an additional airport access route from the south. Projects include:			
No major investment planned	NA		

Key observations from table 3.1.2 are:

- In 2013-14 Melbourne Airport completed a number of car parking and landside projects listed as underway and planned during 2012-13, including Long-Term Car Park Expansion which increased the capacity by 2400 spaces, Terminal Drive Widening, and Ring and Ride Parking Area.
- In 2013-14 Melbourne Airport commenced works on Elevated Road Loop Stage 1 construction, which will provide an exit off the Tullamarine Freeway, through the terminal precinct and back onto the freeway, to enable separation of most passenger traffic from operational traffic. Other major works commenced included the construction of the new T4 domestic terminal.

3.2 Aeronautical price monitoring and financial performance results

3.2.1 Prices

Melbourne Airport has in place five-year formal pricing agreements with airlines for aircraft-related services and facilities (in addition to terminal agreements which vary in length). The current agreement for aircraft-related services and facilities applied from 1 July 2012 and expires on 30 June 2017. Prices for this agreement are determined using a cost-based building

block methodology, and prices are primarily adjusted by fixed annual increases with some charges adjusted by CPI during the term of the agreement.

Table 3.2.1 presents average aeronautical charges at Melbourne Airport during 2013-14, as well as the indexed average list prices in real terms between 2009-10 and 2013-14 (with 2013-14 as the base year).

Table 3.2.1: Melbourne Airport—schedule of average aeronautical charges in 2013-14 and indexed average list prices (including GST) in real terms from 2009-10 to 2013-14

	Average charge per unit \$	Indexed average list prices (2013–14 base year = 100)				
		2009–10	2010–11	2011–12	2012–13	2013–14
Landing charge						
T2 international terminal (for passenger aircraft utilising international terminal operated by Melbourne Airport (per passenger)	18.48	87.8	87.6	88.6	96.3	100.0
Other (for passenger aircraft not utilising international terminal operated by Melbourne Airport) (per passenger)	4.35	97.1	94.1	92.0	98.7	100.0
Common-user domestic terminals (per passenger)	5.47	99.7	98.0	97.4	100.5	100.0
International freight (per MTOW) ^(a)	10.28	85.7	85.4	86.5	100.2	100.0
Domestic freight (per MTOW) ^(a)	10.28	85.7	85.4	86.5	100.2	100.0
General aviation (per MTOW) ^(a)	19.29	85.7	85.4	86.4	100.2	100.0
Aircraft parking (per 15 minutes) ^(b)	44.10	85.7	85.4	86.4	100.2	100.0
Pre conditioned air (per hour) ^(b)	NA	102.3	102.3	100.0	NA	NA
Check-in desks (per hour) ^(c)	33.83	81.7	81.5	82.4	100.2	100.0
Government mandated security charges						
International terminal passenger screening (includes check baggage screening) (per passenger)	4.41	114.1	108.3	98.9	96.7	100.0
Common-user domestic terminals passenger screening (includes check baggage screening) (per passenger)	2.63	111.9	97.5	107.9	109.7	100.0
Airport security charge – passengers (per passenger)	0.23	130.1	121.5	105.1	102.7	100.0
Airport security charge – freighters and general aviation (per MTOW)	0.23	130.1	121.5	105.1	102.7	100.0
Minimum charges						
International and domestic freight minimum charge (per	200.10	88.5	88.3	89.3	102.7	100.0

landing)						
General aviation minimum charge (per landing)	280.00	86.5	86.2	87.2	102.7	100.0

Notes: Real indexed prices in 2013–14 dollars

NA Not applicable.

(a) Minimum charge applies

(b) This charge was introduced in July 2008 and was incorporated into the T2 international terminal landing charge in 2012–13. Pre conditioned air refers to the provision air conditioning by airports to aircraft during boarding and reloading. This service allows airlines to turn off engines and reduce energy.

(c) Melbourne Airport also introduced a 'premium rate' for check-in desks in 2013-14, which was \$50.74 per hour.

Key observations from table 3.2.1 are:

- During 2013-14 the majority of Melbourne Airport's list prices for its aircraft-related services and facilities decreased in real terms.
- International landing charges per passenger increased by 3.8 per cent in real terms in 2013-14 to \$18.48 and have increased by 13.8 per cent in real terms since 2009-10. Domestic landing charges (referred to as 'other' landing charges in table 3.2.1) increased by 1.3 per cent in real terms to \$4.35 per passenger in 2013-14, which follows a 7.3 per cent increase in real terms in the previous year.
- International terminal passenger screening charges per passenger increased by 3.5 per cent in real terms to \$4.41 in 2013-14. This is the first time since 2009-10 that this charge has increased on an annual basis. In contrast, domestic terminal passenger screening charges per passenger decreased by 8.8 per cent in real terms to \$2.63 in 2013-14.

3.2.2 Revenues, costs and profits for aeronautical and total airport services

Since 2007-08, the ACCC has required airport operators to provide additional information relating to the aeronautical asset base under the 'line in the sand' (LIS) approach. Under the LIS approach, the value of an airport's aeronautical asset base for monitoring purposes is the value of tangible non-current aeronautical assets reported to the ACCC as at 30 June 2005, plus new investments, less depreciation and disposals.

Melbourne Airport advised in its regulatory accounts that a schedule of LIS values for aeronautical assets is not required as its total aeronautical asset base used for the regulatory accounts is the same as the LIS values required by the ACCC. As a result, LIS measures are not separately reported for Melbourne Airport in this report.

Table 3.2.2 outlines the revenues, operating expenses and operating margins for aeronautical services, government mandated security services and the total airport in real terms from 2003-04 to 2013-14.

It should be noted that security charges are directly related to the cost of providing government mandated security levels. Melbourne Airport commented that security charges represent a pass-through of costs to airlines and, therefore, increases or decreases in revenues and expenses do not have any impact on the long term profitability of the airport.

Table 3.2.2: Melbourne Airport—revenues, operating expenses and operating margins for aeronautical services, government mandated security services, and total airport services in real terms: 2003-04 to 2013-14

		2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13	2013–14
Revenue (\$million)	Total aeronautical	159.2	176.0	179.6	192.9	219.2	223.5	234.9	249.3	255.9	287.6	308.8
	Security services	13.9	17.2	18.2	16.6	23.9	27.4	32.3	31.0	30.2	34.2	35.1
	Security % of total aeronautical	8.7	9.8	10.2	8.6	10.9	12.3	13.8	12.5	11.8	11.9	11.4
	Total airport	367.5	404.6	421.7	451.8	511.5	524.5	557.4	586.2	602.2	642.4	694.3
	Aeronautical % of total airport	43.3	43.5	42.6	42.7	42.8	42.6	42.1	42.5	42.5	44.8	44.5
Operating expenses (\$million)	Total aeronautical	87.5	94.4	97.2	104.8	111.0	116.5	125.5	135.0	155.0	172.2	169.2
	Security services	13.9	17.2	18.2	17.4	25.3	28.5	28.6	29.6	30.6	34.2	34.5
	Total airport	155.6	158.9	170.1	175.7	174.5	182.2	194.5	209.0	230.4	253.7	260.4
Operating margin (\$million)	Total aeronautical	71.7	81.6	82.4	88.1	108.1	107.0	109.4	114.3	100.9	115.4	139.7
	Security services	0.0	0.0	0.0	(0.8)	(1.4)	(1.1)	3.7	1.4	(0.4)	0.0	0.6
	Total airport	211.9	245.7	251.6	276.1	337.0	342.4	362.9	377.2	371.9	388.7	433.9
Operating margin % of total revenue	Aeronautical	45.0	46.4	45.9	45.7	49.3	47.9	46.6	45.8	39.4	40.1	45.2
	Total airport	57.7	60.7	59.7	61.1	65.9	65.3	65.1	64.3	61.7	60.5	62.5
Revenue per passenger (\$)	Total aeronautical	8.31	8.47	8.38	8.58	9.03	9.02	8.94	8.80	9.02	9.59	9.90
	Security services	0.72	0.83	0.85	0.74	0.99	1.11	1.23	1.10	1.07	1.14	1.13
Operating expenses per passenger (\$)	Total aeronautical	4.57	4.54	4.54	4.66	4.58	4.70	4.77	4.77	5.46	5.74	5.42
	Security services	0.72	0.83	0.85	0.77	1.04	1.15	1.09	1.05	1.08	1.14	1.11
Operating margin per passenger (\$)	Total aeronautical	3.74	3.93	3.85	3.92	4.46	4.32	4.16	4.03	3.55	3.85	4.48
	Security services	0.00	0.00	0.00	(0.03)	(0.06)	(0.05)	0.14	0.05	(0.01)	0.00	0.02

Note: Real values in 2013–14 dollars

Key observations from table 3.2.2 are:

Revenue

- Aeronautical revenue increased by 7.4 per cent in real terms to \$308.8 million in 2013-14, following an increase of 12.4 per cent in real terms in the previous year. Since 2003-04, aeronautical revenue has increased by an average of 6.8 per cent per year in real terms.
- Total airport revenue increased by 8.1 per cent in real terms to \$694.3 million in 2013-14. During the period of 2003-04 to 2013-14, total airport revenue has increased by an average of 6.6 per cent per year in real terms.
- Aeronautical revenue as a proportion of total airport revenue decreased to 44.5 per cent in 2013-14 from its highest level in the reported period (44.8 per cent) reached in the previous year.

Operating expenses

- Aeronautical operating expenses decreased by 1.8 per cent in real terms to \$169.2 million in 2013-14, following an 11.1 per cent increase in real terms in 2012–13. The decrease in operating expenses during 2013-14 was largely due to a 34.4 per cent real decrease in general administration costs which were partially offset by increases in the costs of salaries and wages as well as services and utilities. Over the 10 year period to 2013-14, aeronautical operating expenses have increased by an average of 6.8 per cent per year in real terms.
- Total airport operating expenses increased by 2.6 per cent in real terms to \$260.4 million in 2013-14. Since 2003-04, total airport operating expenses have increased by an average of 5.3 per cent per year in real terms.

Operating margin

- In 2013-14, aeronautical operating margin increased by 21.1 per cent in real terms to \$139.7 million, which is the largest percentage increase of any monitored airport. Since 2003-04, aeronautical operating margin has increased by an average of 6.9 per cent per year in real terms.
- Total airport operating margin increased by 11.6 per cent in real terms to \$433.9 million in 2013-14. In the period of 2003-04 to 2013-14, total airport operating margin has increased by an average of 7.4 per cent per year in real terms.

Per passenger

- Aeronautical revenue per passenger increased by 3.2 per cent in real terms to \$9.90 per passenger in 2013-14. Since 2003-04, aeronautical revenue per passenger has increased by an average of 1.8 per cent per year in real terms.
- Aeronautical operating expenses per passenger decreased by 5.6 per cent in real terms to \$5.42 per passenger in 2013-14. Between 2003-04 and 2013-14, aeronautical operating expenses per passenger have increased by an average of 1.7 per cent per year in real terms.
- Aeronautical operating margin per passenger increased by 16.4 per cent in real terms to \$4.48 per passenger in 2013-14. Over the period of 2003-04 to 2013-14, aeronautical operating margin per passenger has increased by an average of 1.8 per cent per year in real terms.

3.2.3 Assets for aeronautical and total airport services

Table 3.2.3 outlines Melbourne Airport’s tangible non-current assets for aeronautical services and the total airport from 2003-04 to 2013-14.

Table 3.2.3: Melbourne Airport—non-current assets for aeronautical services and total airport services in real terms: 2003–04 to 2013–14

		2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13	2013–14
Investment property (\$million)	Aeronautical	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total airport	0.0	0.0	0.0	1 035.5	1 028.6	972.9	965.3	1 014.9	1 043.6	1 098.4	1 060.0
Land (\$million)	Aeronautical	65.4	63.2	60.5	56.5	54.0	51.8	52.2	50.0	48.3	47.0	45.2
	Total airport	140.6	135.8	130.1	71.4	68.3	65.5	65.3	62.6	60.4	75.8	72.9
Property, plant and equipment (\$million)	Aeronautical	487.7	545.0	558.5	591.5	639.2	775.2	870.9	915.6	1 009.7	1 090.7	1 328.6
	Total airport	830.5	915.9	943.0	878.9	969.4	1 122.9	1 214.6	1 272.0	1 353.9	1 470.5	1 791.1
Intangibles (\$million)	Aeronautical	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total airport	769.4	740.5	865.3	807.0	780.7	757.1	739.9	717.6	701.4	685.8	669.5
Other tangible non-current assets (\$million)	Aeronautical	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total airport	0.0	0.0	4.4	1.5	16.8	0.0	0.0	0.0	7.8	46.4	106.2
Total tangible non-current assets (\$million)	Aeronautical	553.1	608.2	619.1	648.0	693.3	827.0	923.0	965.6	1 057.9	1 137.7	1 373.7
	Total airport	971.1	1 051.7	1 077.5	1 987.3	2 083.1	2 161.2	2 245.3	2 349.5	2 465.6	2 691.1	3 030.2
Total non-current assets (\$million)	Aeronautical	553.1	608.2	619.1	648.0	693.3	827.0	923.0	965.6	1 057.9	1 137.7	1 373.7
	Total airport	1 740.4	1 792.2	1 942.8	2 794.2	2 863.8	2 918.3	2 985.2	3 067.1	3 167.0	3 376.9	3 699.7

Note: Real values in 2013–14 dollars

Key observations from table 3.2.3 are:

Aeronautical non-current assets

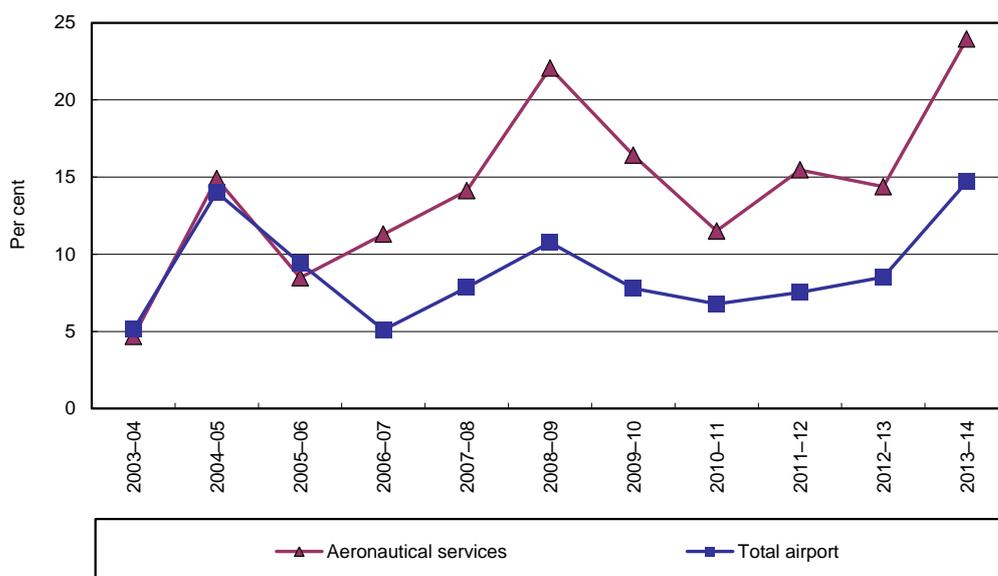
- The total value of aeronautical tangible non-current assets at Melbourne Airport increased by 20.7 per cent in real terms to \$1.4 billion in 2013-14.
- The increase in the value of aeronautical tangible non-current assets during 2013-14 was largely driven by an increase in the value of property, plant and equipment assets of 21.8 per cent in real terms. The only other aeronautical non-current asset that Melbourne Airport reports is land, which declined by 3.9 per cent in real terms during 2013-14.

Total airport non-current assets

- Non-current assets for the total airport increased in value by 9.6 per cent in real terms to \$3.7 billion in 2013-14. When intangibles (i.e. goodwill) are excluded, the value of non-current assets for the total airport increased by 12.6 per cent in real terms to \$3.0 billion in 2013-14.
- Between 2003-04 and 2013-14, total airport non-current assets have increased in value by 112.6 per cent in real terms. When excluding intangibles, the value of total airport non-current assets increased by 212.0 per cent in real terms since 2003-04.

3.2.4 Additions as a percentage of tangible non-current assets

Chart 3.2.1: Melbourne Airport—additions as a percentage of tangible non-current assets for aeronautical and total airport services: 2003–04 to 2013–14

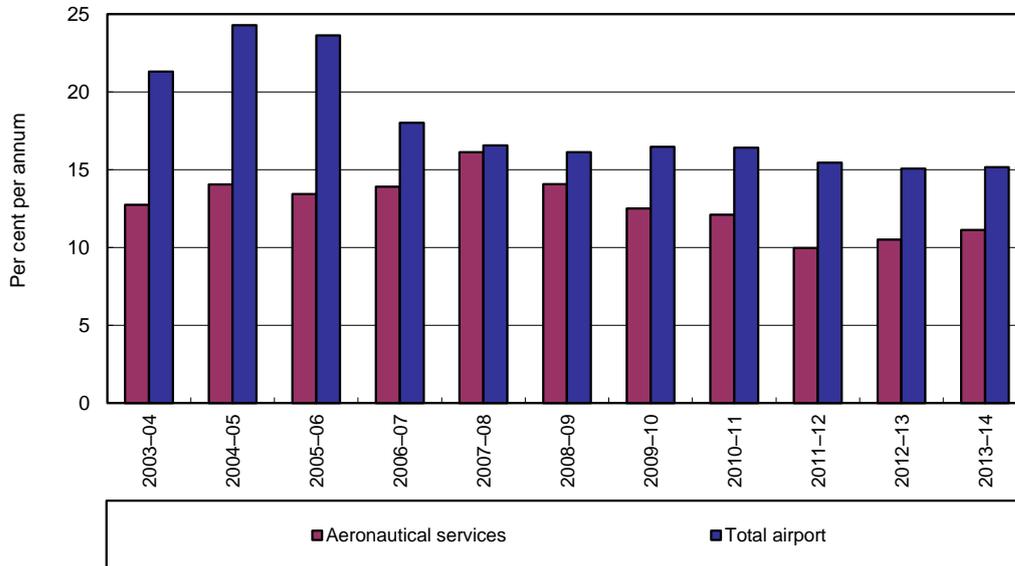


Key observations from chart 3.2.1 are:

- In 2013-14 additions to aeronautical tangible non-current assets represented around 23.9 per cent of aeronautical tangible non-current assets. This is the highest level achieved since 2003-04. Additions to aeronautical assets included buildings (\$45.2 million), land improvement (\$52.7 million) and plant and machinery (\$19.5 million). Work in progress also added \$211.6 million to aeronautical tangible non-current assets.
- In 2013-14 additions to total airport tangible non-current assets represented around 14.7 per cent of total airport tangible non-current assets. This is the highest level achieved since 2003-04. Additions to total airport assets included buildings (\$63.6 million), land improvement (\$60.4 million) and plant and machinery (\$29.0 million). Work in progress also added \$292.3 million to total airport assets in 2013-14.

3.2.5 Rates of return on tangible non-current assets

Chart 3.2.2: Melbourne Airport—rate of return (EBITA) on tangible non-current assets for aeronautical services and total airport services in real terms: 2003–04 to 2013–14



Note: Real values in 2013–14 dollars

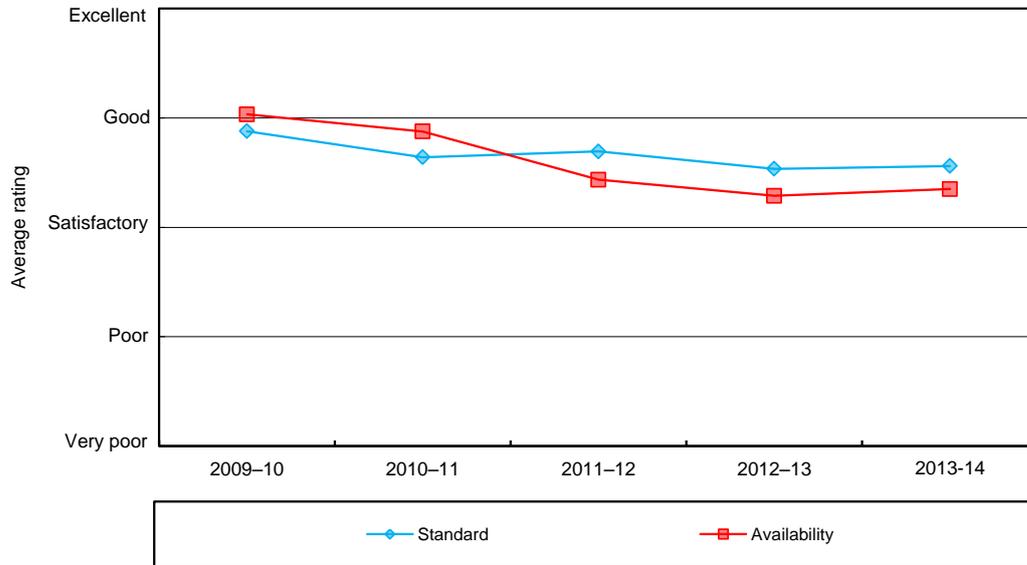
Key observations from chart 3.2.2 are:

- The rate of return on aeronautical tangible non-current assets (defined as earnings before interest, tax and amortisation (EBITA) on average aeronautical tangible non-current assets) increased in real terms by 0.6 percentage points from 10.5 per cent in 2012-13 to 11.1 per cent in 2013-14. This follows an increase of 0.5 percentage points in 2012-13.
- The rate of return on total airport tangible non-current assets increased in real terms by 0.1 percentage points from 15.1 per cent in 2012-13 to 15.2 per cent in 2013-14. This represents the second lowest rate of return on total airport tangible non-current assets since 2003-04.

3.3 Aeronautical services quality of service monitoring results

3.3.1 Overall quality of service

Chart 3.3.1: Melbourne Airport—average ratings for standard and availability of total airport services and facilities: 2009–10 to 2013–14¹¹⁵



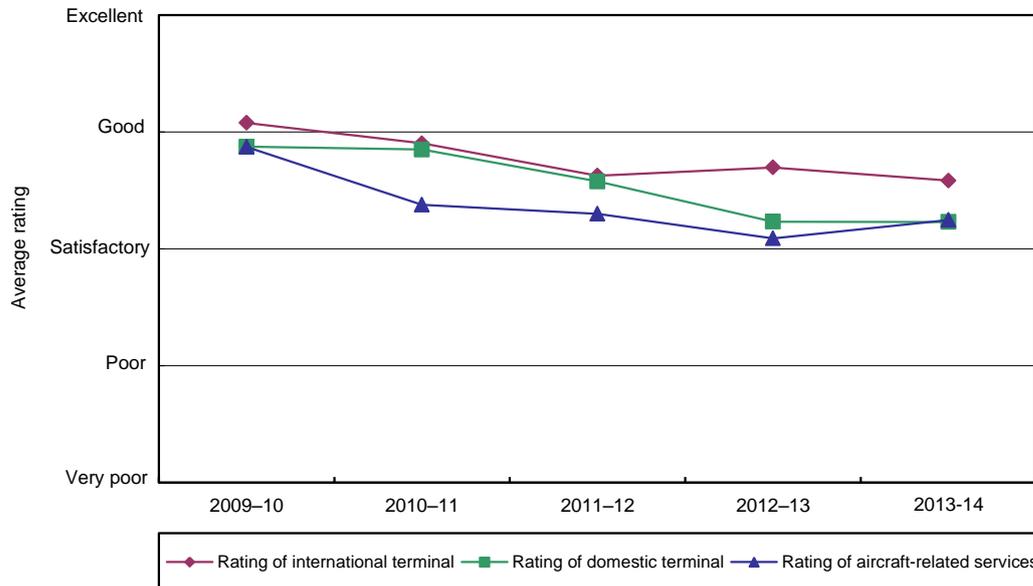
Source: Airline survey, passenger survey, and objective indicators obtained from Melbourne Airport through the ACCC's monitoring process

Key observations from chart 3.3.1 are:

- Melbourne Airport's average quality of service ratings for the availability and standard of total airport services and facilities both increased marginally during 2013-14 within the 'satisfactory' range.
- The ratings of both indicators have declined when compared to 2009-10.

¹¹⁵ In this report, the border agency survey data is no longer included in the data series, which may result in changes in the ratings for the previous years.

Chart 3.3.2 Melbourne Airport—average ratings for international and domestic terminal services, and aircraft-related services and facilities: 2009–10 to 2013–14



Source: Airline survey, passenger survey, and objective indicators obtained from Melbourne Airport through the ACCC’s monitoring process

Key observations from chart 3.3.2 are:

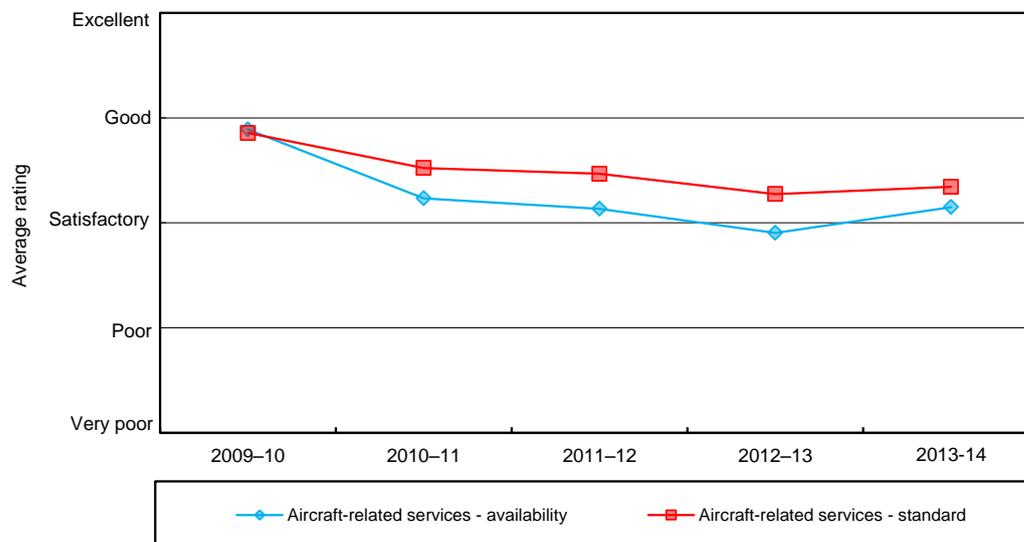
- Melbourne Airport’s average quality of service rating for international terminal services declined within the ‘satisfactory’ range during 2013-14, and has been rated as ‘satisfactory’ for four consecutive years.
- Melbourne Airport’s average quality of service rating for domestic terminal services was unchanged within the ‘satisfactory’ range in 2013-14, following decreases in the previous three consecutive years.
- Melbourne Airport’s average quality of service rating for aircraft-related services and facilities increased in the ‘satisfactory’ range in 2013-14 following decreases in the previous three consecutive years.

3.3.2 Aircraft-related services and facilities

Key observations from chart 3.3.3 (the average ratings for availability and standard of aircraft-related services and facilities from 2009-10 to 2013-14) include:

- Melbourne Airport’s average quality of service rating for the availability of aircraft-related services and facilities increased from ‘poor’ in 2012-13 to ‘satisfactory’ in 2013-14. This follows three consecutive annual decreases in rating since 2009-10.
- Melbourne Airport’s average quality of service rating for the standard of aircraft-related services and facilities increased in 2013-14 in the ‘satisfactory’ range, following three consecutive annual decreases in rating since 2009-10.

Chart 3.3.3: Melbourne Airport—average ratings for availability and standard of aircraft-related services and facilities: 2009–10 to 2013–14



Source: Airline surveys

Table 3.3.1: Melbourne Airport—ratings of quality of individual aircraft-related services and facilities, and management performance: 2013–14, 1-year change and change since 2009–10

	Indicator	Rating category 2013–14	1-year change	Change since 2009–10
Runway	Availability	Satisfactory	▼	▼*
	Standard	Satisfactory	▼	—
Taxiways	Availability	Satisfactory	▲	▼
	Standard	Satisfactory	▲	▼
Aprons	Availability	Satisfactory	▲*	▼
	Standard	Satisfactory	▲	▼*
Aircraft parking	Availability of facilities and bays	Poor	▲*	▼**
	Standard of facilities and bays	Satisfactory	▲*	▼*
Ground handling	Availability of services and facilities	Satisfactory	—	▼
	Standard of services and facilities	Satisfactory	—	—
Management Performance	Availability	Satisfactory	▲	▼*
	Standard	Satisfactory	▲	▼*

Source: Airline survey

Notes: The rating categories are: very poor, poor, satisfactory, good and excellent.

For each indicator for the period specified: ▲ indicates an improvement; ▼ indicates a decline; — indicates no change.

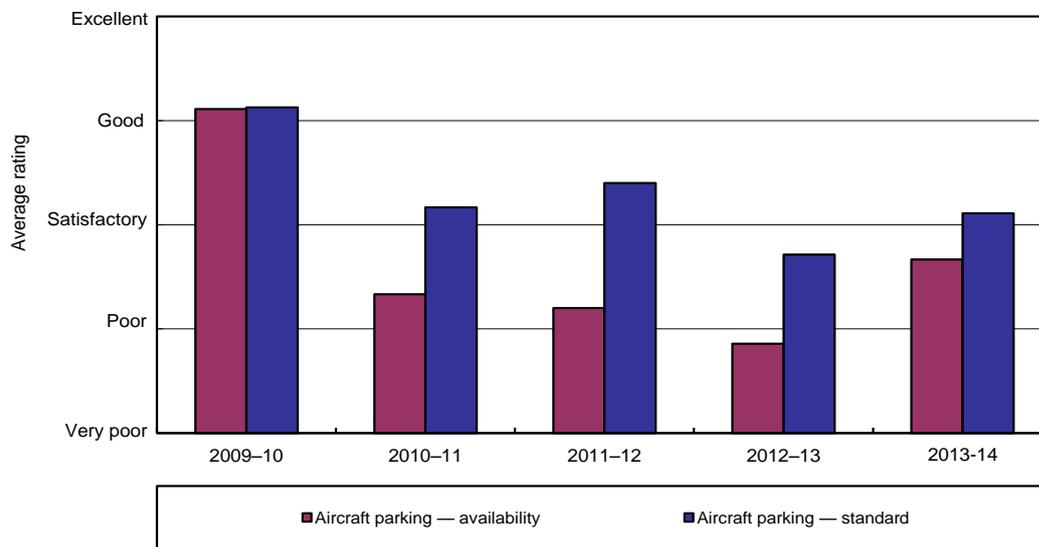
*Rating changed by a category over the period; **Rating changed by two categories over the period.

Key observations from table 3.3.1 are:

Aircraft parking facilities and bays

- As shown in chart 3.3.4, airlines’ ratings of the availability and standard of aircraft parking facilities increased from ‘very poor’ and ‘poor’ in 2012-13 to ‘poor’ and ‘satisfactory’ respectively in 2013-14.
 - Although airlines noted improvement from 2012-13, some concerns were raised in relation to an inadequate number of bays at a time of increased levels of business operations. Some airlines considered that congestion and limited space in parking facilities and bays remains a key issue.
 - Melbourne Airport stated that an additional 6 parking bays have been made available for Terminal 3 with the construction of an apron area infill over previously grassed area and those parking bays are available for all airlines.

Chart 3.3.4: Melbourne Airport—airlines’ rating for availability and standard of aircraft parking facilities and bays: 2009–10 to 2013–14



Source: Airline survey

Other aircraft-related services and facilities—runways, taxiways, aprons and ground handling

- All other aircraft-related services and facilities were rated ‘satisfactory’ in terms of their availability and standard in 2013-14.
- Rating of the availability and standard of taxiways improved within the ‘satisfactory’ range in 2013-14.
 - Melbourne Airport stated that it had invested additional capacity with its taxiway and apron payment replacement works including the Sierra and F concourse capacity works.
- Rating of the availability of aprons improved from ‘poor’ in 2012-13 to ‘satisfactory’ in 2013-14 while the rating of the standard of aprons improved within the ‘satisfactory’ range during the same period.
- However, the ratings of the availability and standard of runways both decreased marginally in 2013-14.

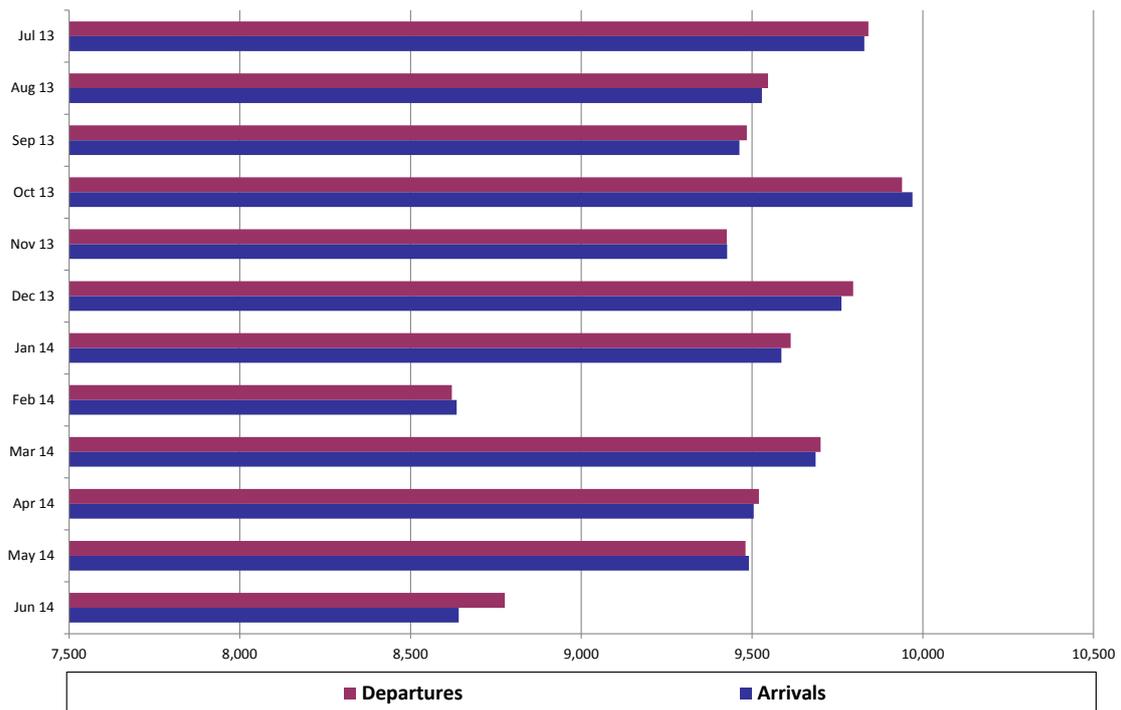
- Airlines however appeared generally satisfied with the availability and standard of runways. Airline also acknowledged that they were being consulted on the impact of works and that contingency plans were in place.
- Melbourne Airport noted that its 2013 Master Plan included a new East-West runway and that it is currently working through the statutory processes. The new runway is planned to be completed between 2020 and 2022. Melbourne Airport noted that aeronautical growth will continue to put pressure on the existing runways.
- Rating of the availability and standard of ground handling facilities and services remained unchanged in 2013-14.

Management performance

- Airlines’ ratings of both the availability and standard of Melbourne Airport management responsiveness or approach to addressing problems or concerns improved within the ‘satisfactory’ range in 2013-14. Ratings of both measures had previously declined from the 2009-10 level of ‘good’.
- Melbourne Airport commented that its renewed focus on the customer has helped improve management responsiveness to all of their customers.

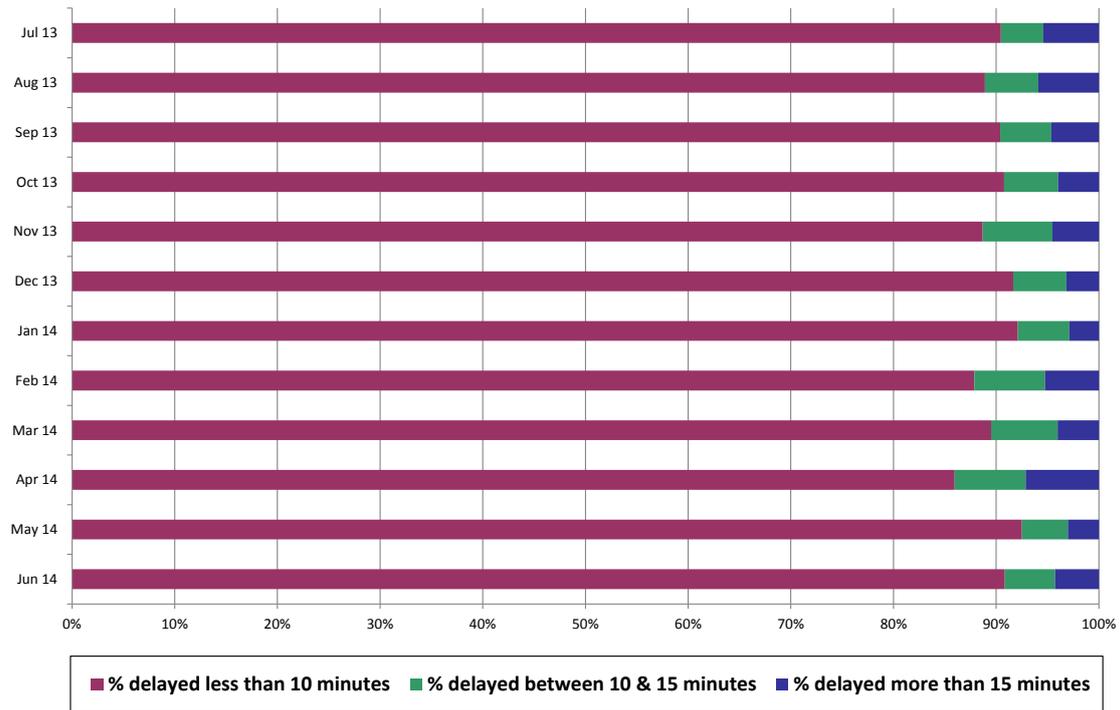
Runway traffic and delays at Melbourne Airport during 2013–14

Chart 3.3.5: Melbourne Airport—monthly aircraft arrivals and departures: 2013-14



Source: Airservices Australia

Chart 3.3.6: Melbourne Airport—airborne delays: 2013-14



Source: Airservices Australia

Key observations from charts 3.3.5 and 3.3.6 are:

- In 2013-14, the number of aircraft movements averaged around 18 939 per month. The highest number of monthly aircraft movements occurred in October 2013, during which 19 909 aircraft used the runway system. The lowest number of movements (17 256) occurred in February 2014.¹¹⁶
- In 2013-14, the percentage of flights per month that were delayed by more than 15 minutes averaged 4.5 per cent, compared to 3.3 per cent in the previous year.
 - January 2014 was the month with the lowest percentage of flights delayed by more than 15 minutes over the period (2.9 per cent) while April 2014 was the month with the highest percentage of flights delayed by more than 15 minutes (7.1 per cent).

¹¹⁶ In some periods there may be discrepancies between the number of arriving and departing aircraft. This is due to a number of factors, such as data temporality, the integrity of Airservices Australia’s surveillance data and some specific types of aircraft movements not contributing towards the count. For more detail on these factors, see appendix A7.2.

3.3.3 Passenger-related services and facilities

Chart 3.3.7: Melbourne Airport—average ratings for availability and standard of passenger-related services and facilities: 2009–10 to 2013–14¹¹⁷



Source: Airline survey, passenger survey, and objective indicators obtained from Melbourne Airport through the ACCC's monitoring process

Key observations from chart 3.3.7 are:

- Melbourne Airport's average quality of service rating for the availability of passenger-related services and facilities increased within the 'satisfactory' range in 2013-14, following decreases in the previous three consecutive years.
- Melbourne Airport's average quality of service rating for the standard of passenger-related services and facilities was unchanged at 'satisfactory' in 2013-14.

Landside access

Ratings of landside access services and facilities fell at Melbourne Airport during 2013-14, continuing a trend observed since 2009-10 (table 3.3.2).

Table 3.3.2: Melbourne Airport—ratings of quality of landside access services and facilities: 2013–14 and 1-year change and change since 2009–10

Terminal	Indicator	Rating category 2013–14	1-year change	Change since 2009–10
International and Domestic	Kerbside pick-up and drop-off facilities	Satisfactory	▼	▼*
	Taxi facilities waiting time	Satisfactory	▼	▼*
	Kerbside space congestion	Satisfactory	▼	▼*

Source: Passenger survey

Notes: The rating categories are: very poor, poor, satisfactory, good and excellent.

For each indicator for the period specified: ▲ indicates an improvement; ▼ indicates a decline; — indicates no change. *Rating changed by a category over the period.

¹¹⁷ In this report, the boarder agency survey data is no longer included in the data series, which may result in changes in the ratings for the previous years.

Key observations from table 3.3.2 on passengers' ratings of individual landside access services and facilities are:

- Passengers' ratings of landside access services and facilities (i.e., kerbside pick-up and drop-off facilities, waiting time for taxis and kerbside space congestion) decreased marginally within the 'satisfactory' range in 2013-14.
 - Melbourne Airport noted that construction impacts around the secondary taxi holding area have resulted in some delays of taxis getting to the passenger pick up areas. This may have impacted on passengers' ratings on individual landside access.
- Since 2009-10, passengers' ratings for all three measures gradually declined from 'good' to 'satisfactory'. This may reflect a continued increase in passenger numbers at Melbourne Airport over the same period.

*International terminal***Table 3.3.3: Melbourne Airport—indicators of quality of passenger-related services and facilities - international terminal: 2013–14, 1-year change and change since 2009–10**

Category	Indicator	Data source	Indicator result 2013–14	1-year change	Change since 2009–10
Check-in	Check-in availability	Airline survey	Satisfactory	▼	▼
	Check-in standard	Airline survey	Satisfactory	▲	▲
	Check-in waiting time	Passenger survey	Good	▼	▼
	<i>Number of departing passengers per check-in desk, kiosk and bag drop facility (peak hour)</i>	<i>Objective indicator</i>	<i>8.1 passengers</i>	—	▲
Immigration	Waiting time in outbound Immigration area	Passenger survey	Good	▼	▼
	<i>Number of departing passengers per outbound Immigration desk (peak hour)</i>	<i>Objective indicator</i>	<i>44.5 passengers</i>	▼	▲
	Waiting time in inbound Immigration area	Passenger survey	Good	—	▼
	<i>Number of arriving passengers per inbound Immigration desk (peak hour)</i>	<i>Objective indicator</i>	<i>22.9 passengers</i>	▲	▲
	Waiting time in inbound baggage inspection area	Passenger survey	Good	—	—
	<i>Number of arriving passengers per baggage inspection desk (peak hour)</i>	<i>Objective indicator</i>	<i>44.9 passengers</i>	▲	▲
Information	Flight information display screens	Passenger survey	Good	▲	—
	<i>Number of passengers per flight information display screen (peak hour)</i>	<i>Objective indicator</i>	<i>19.6 passengers</i>	▲	▲
	<i>Number of passengers per information point (peak hour)</i>	<i>Objective indicator</i>	<i>2190 passengers</i>	▲	▼
	Signage and wayfinding	Passenger survey	Good	▼	—

Notes: The rating categories are: very poor, poor, satisfactory, good and excellent.

For each indicator for the period specified: ▲ indicates an improvement in the quality of service; ▼ indicates a decline in the quality of service; — indicates no change. *Rating changed by a category over the period; **Rating changed by two categories over the period.

The definition for peak hour for passengers differs in 2013-14 from previous years. For 2013-14, peak hour is defined as the time of peak hour for the highest total number of passenger movements including both arriving and departing passengers. In previous years, there were two peak hours, which were the 'time of peak hour for arriving passengers' and the 'time of peak hour for departing passengers'

Table 3.3.3: Melbourne Airport—indicators of quality of passenger-related services and facilities - international terminal: 2013–14, 1-year change and change since 2009–10 (cont.)

Category	Indicator	Data source	Indicator result 2013–14	1-year change	Change since 2009–10
Baggage	Baggage processing facilities availability	Airline survey	Satisfactory	▼	▼*
	Baggage processing facilities standard	Airline survey	Satisfactory	▼	▼
	<i>Average throughput of outbound baggage system (per hour)</i>	<i>Objective indicator</i>	<i>482 items</i>	▲	▲
	Circulation space for inbound baggage reclaim	Passenger survey	Good	▲	▲*
	Information display for inbound baggage reclaim	Passenger survey	Good	—	▲
	<i>Number of arriving passengers per m² of inbound baggage reclaim area (peak hour)</i>	<i>Objective indicator</i>	<i>1.5 passengers</i>	n/a	n/a
	Findability of baggage trolleys	Passenger survey	Good	—	▼
	<i>Number of passengers per baggage trolley (peak hour)</i>	<i>Objective indicator</i>	<i>0.9 passenger</i>	▲	▼
Gate lounges	Seating in lounge area (quality and availability)	Passenger survey	Good	▲	▲
	<i>Number of departing passengers per seat in gate lounges (peak hour)</i>	<i>Objective indicator</i>	<i>0.3 passenger</i>	—	—
	Crowding in lounge area	Passenger survey	Good	▲	—
	<i>Number of departing passengers per m² of lounge area (peak hour)</i>	<i>Objective indicator</i>	<i>0.1 passenger</i>	—	—
Amenities	Standard of washrooms	Passenger survey	Good	—	▼
	<i>Number of departing passenger per wash room (peak hour)</i>	<i>Objective indicator</i>	<i>71.1 passengers</i>	n/a	n/a
Aerobridges	Aerobridges availability	Airline survey	Satisfactory	▲*	▼*
	Aerobridges standard	Airline survey	Satisfactory	▲*	—
	<i>Percentage of international passengers arriving using an aerobridge</i>	<i>Objective indicator</i>	<i>98.20%</i>	▼	▼
	<i>Percentage of international passengers departing using an aerobridge</i>	<i>Objective indicator</i>	<i>99.00%</i>	▼	▼
Security	Quality of security search process	Passenger survey	Good	—	▼
	<i>Number of departing passengers per security clearance system (peak hour)</i>	<i>Objective indicator</i>	<i>118.6 passengers</i>	▼	▲

Notes: The rating categories are: very poor, poor, satisfactory, good and excellent. For each indicator for the period specified: ▲ indicates an improvement; ▼ indicates a decline; — indicates no change. *Rating changed by a category over the period. The definition for peak hour for passengers differs in 2013-14 from previous years. For 2013-14, peak hour is defined as the time of peak hour for the highest total number of passenger movements including both arriving and departing passengers. In previous years, there were two peak hours, which were the 'time of peak hour for arriving passengers' and the 'time of peak hour for departing passengers'

Key observations on subjective indicators of passenger-related services and facilities at the international terminal from table 3.3.3 are:

Overall

- In 2013-14 the majority of passengers’ ratings of Melbourne Airport’s subjective indicators for passenger-related services and facilities at the international terminal either improved or remained unchanged.

Check-in

- Airlines’ rating of the availability of check-in services and facilities decreased marginally within the ‘satisfactory’ range during 2013-14. Airlines’ rating of the standard of check-in services and facilities increased by a small margin within the ‘satisfactory’ range in 2013-14.
 - Airlines were generally satisfied with the standard of check-in facilities although some airlines raised the issue of congestion and insufficient counter availability to meet demand. Melbourne Airport stated that it replaced six traditional check-in desks at its international terminal (T2) with dedicated bag-drop desks to improve the check-in process efficiency.

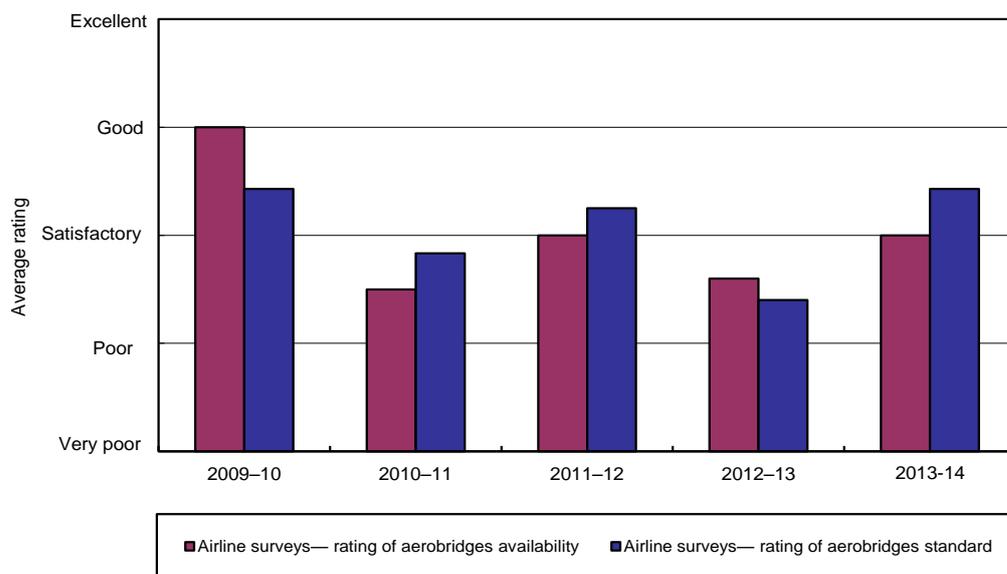
Baggage

- Airlines’ rating of both the availability and standard of baggage processing facilities decreased marginally within the ‘satisfactory’ range in 2013-14.

Aerobridges

- As shown in chart 3.3.8, airlines’ rating of both the availability and standard of Melbourne Airport’s international aerobridges improved from ‘poor’ in 2012-13 to ‘satisfactory’ in 2013-14.
- Some airlines noted there is insufficient availability of aerobridges, particularly at peak periods, which can cause congestions. Some airlines noted the impact of ongoing works on the availability and standard of aerobridges. Melbourne Airport stated that it is currently negotiating with the airlines in regards to the upgrade of the international terminal (T2), which includes additional aerobridges.

Chart 3.3.8: Melbourne Airport—aerobridges (international services): 2009–10 to 2013–14



Source: Airline surveys

Domestic terminal (T3)

Table 3.3.4: Melbourne Airport—indicators of quality of passenger-related services and facilities - domestic terminal (T3): 2013–14, 1-year change and change since 2009–10

Category	Indicator	Data source	Indicator result 2013–14	1-year change	Change since 2009–10
Check-in	Check-in availability	Airline survey	Poor	▲	▼**
	Check-in standard	Airline survey	Satisfactory	▲	—
	Check-in waiting time	Passenger survey	Good	▲	—
	<i>Number of departing passengers per check-in desk, kiosk and bag drop facility (peak hour)</i>	<i>Objective indicator</i>	<i>15.7 passengers</i>	▲	▲
Baggage	Baggage processing facilities availability	Airline survey	Very poor	▼**	▼**
	Baggage processing facilities standard	Airline survey	Very poor	▼*	▼**
	Circulation space for inbound baggage reclaim	Passenger survey	Good	—	▲
	Information display for inbound baggage reclaim	Passenger survey	Good	—	n/a
	<i>Number of arriving passengers per m2 of inbound baggage reclaim area (peak hour)</i>	<i>Objective indicator</i>	<i>7.1 passengers</i>	<i>n/a</i>	<i>n/a</i>
	Findability of baggage trolleys	Passenger survey	Good	—	—
	<i>Number of passengers per baggage trolley (peak hour)</i>	<i>Objective indicator</i>	<i>3.4 passengers</i>	▲	▲
Information	Flight information display screens	Passenger survey	Good	▲	—
	Signage and wayfinding	Passenger survey	Good	—	—
	<i>Number of passengers per flight information display screen (peak hour)</i>	<i>Objective indicator</i>	<i>38.1 passengers</i>	▲	▲
	<i>Number of passengers per information point (peak hour)^(a)</i>	<i>Objective indicator</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
Gate lounges	Seating in lounge area (quality and availability)	Passenger survey	Good	▲	▲
	Crowding in lounge area	Passenger survey	Good	—	▲
	<i>Number of departing passengers per seat in gate lounges (peak hour)</i>	<i>Objective indicator</i>	<i>0.5 passenger</i>	▲	▲
	<i>Number of departing passengers per m² of lounge area (peak hour)</i>	<i>Objective indicator</i>	<i>0.2 passenger</i>	▲	▲
Amenities	Standard of washrooms	Passenger survey	Good	▲*	▲*
	<i>Number of departing passengers per washroom(peak hour)</i>	<i>Objective indicator</i>	<i>122.4 passengers</i>	<i>n/a</i>	<i>n/a</i>
Aerobridges	<i>Number of arriving domestic passengers per aerobridge</i>	<i>Objective indicator</i>	<i>83.7 passengers</i>	▼	▼
	<i>Number of departing domestic passengers per aerobridge</i>	<i>Objective indicator</i>	<i>61.2 passengers</i>	▲	▲
Security	Quality of security search process	Passenger survey	Good	▲	▲
	<i>Number of departing passengers per security clearance system (peak hour)</i>	<i>Objective indicator</i>	<i>122.4 passengers</i>	▲	▲

Notes: The rating categories are: very poor, poor, satisfactory, good and excellent. For each indicator for the period specified: ▲ indicates an improvement; ▼ indicates a decline; — indicates no change. *Rating changed by a category over the period.

(a) Melbourne Airport does not have any information points at T3. Airlines' rating for aerobridges not included due to confidentiality reasons, although these ratings are included in airline survey average ratings.

Key observations on subjective indicators of airline and passenger-related services and facilities at T3 from table 3.3.4 are:

Overall

- Many of Melbourne Airport's subjective indicators (those rated by passengers and airlines) improved or were unchanged during 2013-14, although the airlines' ratings of the availability and standard of baggage processing facilities dropped significantly. The airlines' ratings of three indicators including the availability of check-in facilities and the availability and standard of baggage processing facilities were also significantly lower than those of 2009-10.

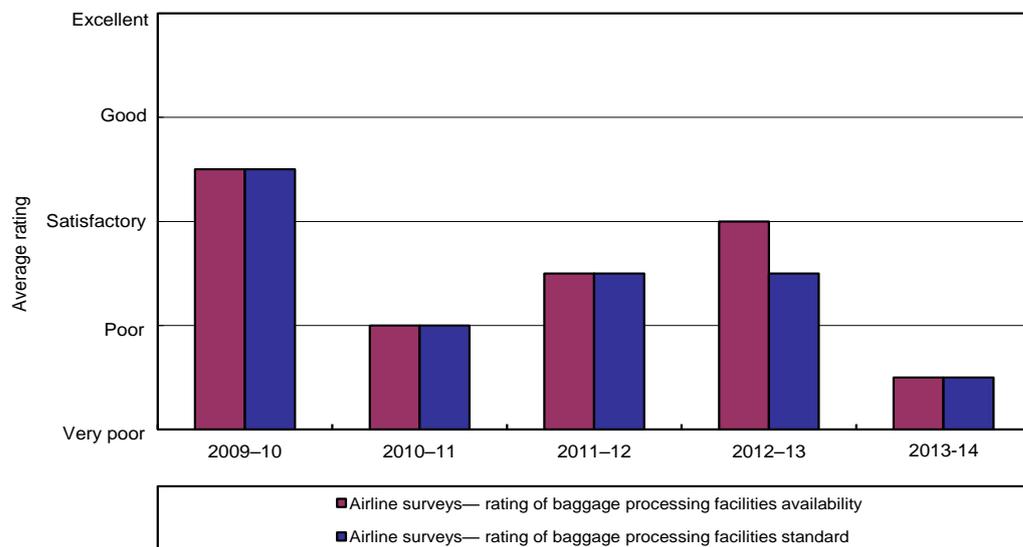
Check-in

- Airlines' rating of the availability of check-in facilities remained unchanged in the 'poor' range in 2013-14 following its decline from 'satisfactory' to 'poor' in 2012-13. The rating of the standard of check-in facilities, however, increased within the 'satisfactory' range.
 - Melbourne Airport stated that the T3 check-in desks are used for both traditional check-in and as bag-drop facilities and the overall number of facilities (desks/kiosks) has remained unchanged in 2013-14 as check-in kiosks were included as traditional desks.

Baggage

- As shown in chart 3.3.9, airlines' rating of the availability of baggage processing facilities decreased from 'satisfactory' in 2012-13 to 'very poor' in 2013-14, while the rating of the standard of baggage processing facilities dropped from 'poor' to 'very poor' during the same period. Some airlines considered that the facilities are poorly ventilated. There were also suggestions that upgrades to the facilities are required to increase reliability and improve customer experience. It was acknowledged that there has been adequate responsiveness from Melbourne Airport when issues were raised.

Chart 3.3.9: Melbourne Airport—baggage processing facilities (T3): 2009-10 to 2013-14



Source: Airline surveys

Amenity

- Passengers' rating of the standard of washrooms improved from 'satisfactory' in 2012-13 to 'good' in 2013-14.

Domestic terminal (T4)

Table 3.3.5: Melbourne Airport—indicators of quality of passenger-related services and facilities – domestic terminal (T4): 2013–14, 1-year change and change since 2009–10

Category	Indicator	Data source	Indicator result 2013–14	1-year change	Change since 2009–10
Check-in	Check-in availability	Airline survey	Satisfactory	▲*	n/a
	Check-in standard	Airline survey	Satisfactory	▲*	n/a
	Check-in waiting time	Passenger survey	Satisfactory	▼*	▲
	<i>Number of departing passengers per check-in desk, kiosk and bag drop facility (peak hour)</i>	<i>Objective indicator</i>	<i>17.7 passengers</i>	▲	▲
Baggage	Baggage processing facilities availability	Airline survey	Poor	—	n/a
	Baggage processing facilities standard	Airline survey	Poor	—	n/a
	Circulation space for inbound baggage reclaim	Passenger survey	Satisfactory	—	—
	Information display for inbound baggage reclaim	Passenger survey	Good	▲	n/a
	<i>Number of arriving passengers per m2 of inbound baggage reclaim area (peak hour)</i>	<i>Objective indicator</i>	<i>5.4 passengers</i>	<i>n/a</i>	<i>n/a</i>
	Findability of baggage trolleys	Passenger survey	Good	▲*	▲
	<i>Number of passengers per baggage trolley (peak hour)</i>	<i>Objective indicator</i>	<i>9.7 passengers</i>	▲	▲
Information	Flight information display screens	Passenger survey	Good	—	▲*
	Signage and wayfinding	Passenger survey	Satisfactory	—	▲
	<i>Number of passengers per flight information display screen (peak hour)</i>	<i>Objective indicator</i>	<i>81.0 passengers</i>	▲	▲
	<i>Number of passengers per information point (peak hour)</i>	<i>Objective indicator</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
Gate lounges	Seating in lounge area (quality and availability)	Passenger survey	Satisfactory	▲	▲
	Crowding in lounge area	Passenger survey	Satisfactory	—	▲
	<i>Number of departing passengers per seat in gate lounges (peak hour)</i>	<i>Objective indicator</i>	<i>0.5 passenger</i>	▲	▲
	<i>Number of departing passengers per m² of lounge area (peak hour)</i>	<i>Objective indicator</i>	<i>0.2 passenger</i>	▲	▲
Amenities	Standard of washrooms	Passenger survey	Satisfactory	—	▲
	<i>Number of departing domestic passengers per washroom (peak hour)</i>	<i>Objective indicator</i>	<i>59.0 passengers</i>	<i>n/a</i>	<i>n/a</i>
Security	Quality of security search process	Passenger survey	Good	—	▲
	<i>Number of departing passengers per security clearance system (peak hour)</i>	<i>Objective indicator</i>	<i>88.5 passengers</i>	▲	▲

Notes: The rating categories are: very poor, poor, satisfactory, good and excellent.
 For each indicator for the period specified: ▲ indicates an improvement; ▼ indicates a decline; — indicates no change. *Rating changed by a category over the period.
 Airline responses not included for confidentiality reasons, although these ratings are included in airline survey average ratings
 The definition for peak hour for passengers differs in 2013-14 from previous years. For 2013-14, peak hour is defined as the time of peak hour for the highest total number of passenger movements including both arriving and departing passengers. In previous years, there were two peak hours, which were the ‘time of peak hour for arriving passengers’ and the ‘time of peak hour for departing passengers’

Key observations on subjective and objective indicators of passenger-related services and facilities at T4 from table 3.3.5 are:

Overall

- The ratings of the majority of Melbourne Airport's subjective indicators (rated by airlines and passengers) either improved or held constant during 2013-14 and have improved when compared to 2009-10. The main exception is check-in waiting time, which deteriorated in 2013-14.

Check-in

- Airlines' ratings of both the availability and standard of check-in services and facilities increased from 'poor' in 2012-13 to 'satisfactory' in 2013-14.
- Passengers' rating of check-in waiting time decreased slightly, which resulted in the rating dropping from 'good' to 'satisfactory' in 2013-14.

Baggage reclaim

- Airlines' ratings of the availability and standard of baggage processing facilities remained constant in the 'poor' range. Poor ventilation and limited space were suggested by airlines as some of the issues that need to be addressed.
- Passengers' ratings of findability of baggage trolleys increased from 'satisfactory' in 2012-13 to 'good' in 2013-14.

3.4 Car parking services monitoring results

3.4.1 Activity

Table 3.4.1 outlines the number of car parking spaces available, the annual throughput of car parking facilities and the average daily throughput of car parking facilities at Melbourne Airport from 2003-04 to 2013-14.

Key observations from table 3.4.1 are:

Car parking spaces

- In 2013-14 Melbourne Airport's car parking facilities included 7279 short-term parking spaces (29.8 per cent of total car parking capacity), 14 500 long-term parking spaces (59.4 per cent) and 2627 staff parking spaces (10.8 per cent).
- The total number of car parking spaces at Melbourne Airport increased by 9.4 per cent in 2013-14 to 24 406 spaces. This was largely driven by an increase in long-term car parking spaces of 18.4 per cent, due to the opening of the new value long-stay car park during 2013-14. However, Melbourne Airport stated that some parking bays had been removed during the year due to the construction of the new Terminal 4 and the new entry to the long-term car park. Staff car parking spaces were unchanged in 2013-14.

Car parking throughput

- The majority (81.6 per cent) of car parking throughput at Melbourne Airport is short-term.
- The average daily throughput in the short-term car park decreased by 4.0 per cent in 2013-14 to 7106 cars per day. Since 2003-04, this measure has decreased by 2.5 per cent.
- The average daily throughput in the long-term car park increased by 1.3 per cent in 2013-14 to 1606 cars per day. Since 2003-04, this measure has increased by an average of 3.6 per cent per year.

Table 3.4.1: Melbourne Airport—number of car park spaces and average daily throughput: 2003–04 to 2013–14

		2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13	2013–14
Number of car park spaces	Short-term	2 522	3 553	3 744	3 315	3 244	7 698	7 529	7 529	7 441	7 441	7 279
	Long-term	5 623	6 859	11 077	11 913	14 592	12 500	12 500	12 500	12 100	12 250	14 500
	Staff	1 300	1 300	1 410	1 676	2 059	2 059	2 383	2 383	2 383	2 627	2 627
	Total airport	9 445	11 712	16 231	16 904	19 895	22 257	22 412	22 412	21 924	22 318	24 406
Annual throughput of car park facilities (thousand)¹¹⁸	Short-term	2 667	2 719	2 752	2 594	2 644	2 664	2 725	2 723	2 804	2 701	2 594
	Long-term	413	418	512	539	703	527	521	540	530	579	586
	Total airport	3 080	3 136	3 264	3 133	3 347	3 191	3 246	3 263	3 334	3 279	3 180
Average daily throughput of car park facilities	Short-term	7 287	7 448	7 540	7 107	7 224	7 298	7 466	7 460	7 662	7 400	7 106
	Long-term	1 128	1 144	1 402	1 478	1 921	1 443	1 427	1 480	1 447	1 585	1 606
	Total airport	8 416	8 592	8 942	8 585	9 144	8 742	8 893	8 940	9 110	8 985	8 711

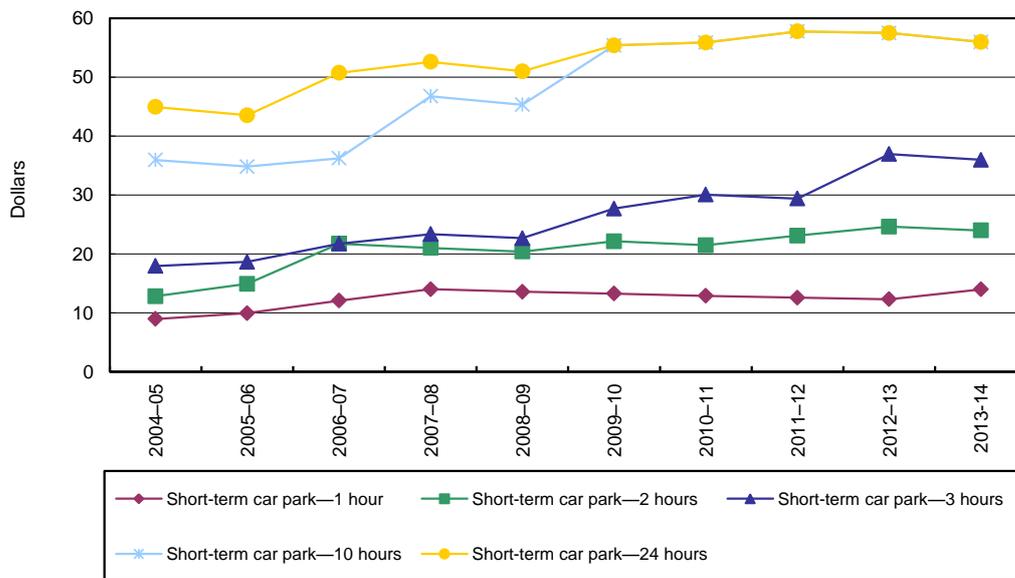
¹¹⁸ Annual throughput data for staff car parking was unavailable.

3.4.2 Prices

The following charts show changes in Melbourne Airport's drive-up rates in real terms as at 30 June 2014. Melbourne Airport also provides an online booking system for car parking.¹¹⁹ The online booking system provides customers who pre-book with access to discount rates. Melbourne Airport also has one car park (the 'value long-stay' car park) that provides car parking spaces that can only be used if they are pre-booked online.

In 2013-14, all of Melbourne Airport's short-term car parking prices decreased in real terms, except the rates for 1 hour parking (chart 3.4.1).

Chart 3.4.1: Melbourne Airport—prices at short-term car park in real terms: 2004–05 to 2013–14¹²⁰



Notes: Real values in 2013–14 dollars
Car parking prices were only available back to 2004–05

Key observations from chart 3.4.1 are:

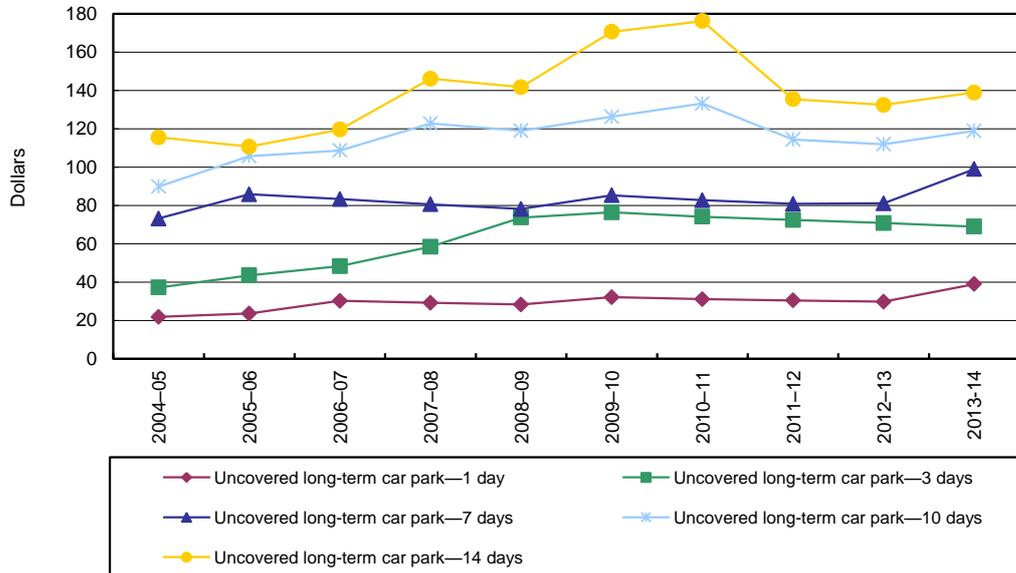
- In 2013-14 the price for one hour increased by 13.6 per cent in real terms to \$14.
- Melbourne Airport did not change its other short-term parking rates, which resulted in a decrease of 2.6 per cent in real terms for these prices.
- Since 2004-05, all price points at the short-term car park have increased in real terms, ranging from a 24.6 per cent real increase for 24 hours parking to an 86.9 per cent real increase for two hours parking.

¹¹⁹ Melbourne Airport offers various specials and deals for consumers that pre-book parking through the Melbourne Airport website. Source: Melbourne Airport website at: <http://melbourneairport.com.au/To-From-the-Airport/airport-parking/special-offers/flexible-weekend-banner.html>

¹²⁰ Melbourne Airport changed the pricing bands for parking less than one hour from three 20 minute bands to two 30 minute bands in 2013-14.

Prices at Melbourne Airport’s uncovered long-term car parking facility increased for most price points in 2013-14 (chart 3.4.2).

Chart 3.4.2: Melbourne Airport—prices at uncovered long-term car parking facility in real terms: 2004–05 to 2013–14



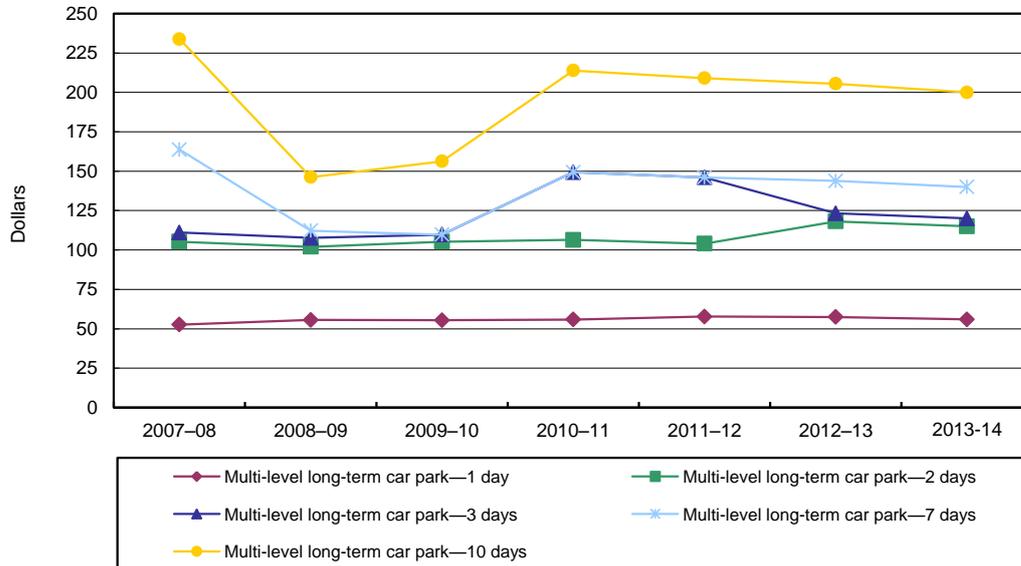
Notes: Real values in 2013–14 dollars
Car parking prices were only available back to 2004–05

Key observations from chart 3.4.2 are:

- In 2013-14 Melbourne Airport removed parking prices for durations of less than an hour that previously applied to its uncovered long-term car parking facility. Under its new prices, parking for less than a day incurs the full one day rate of \$39. This one day rate increased by 30.9 per cent in real terms in 2013-14 from \$29.
- Melbourne Airport left the prices for two and three days parking unchanged in 2013-14, resulting in these prices decreasing in real terms. Melbourne Airport increased parking prices in real terms by varying degrees for duration greater than four days (except for 12 days’ parking) with prices for seven days’ parking increasing by the most (22.0 per cent).
- Since 2004-05, all price points at the uncovered long-term car park have increased in real terms, ranging from a 20.3 per cent real increase for 14 days parking to an 85.3 per cent real increase for three days parking.

All price points (except for parking for one hour or less) at Melbourne Airport's multi-level long-term car park decreased in real terms in 2013-14 (chart 3.4.3).

Chart 3.4.3: Melbourne Airport—prices at multi-level long-term car park in real terms: 2007–08 to 2013–14¹²¹



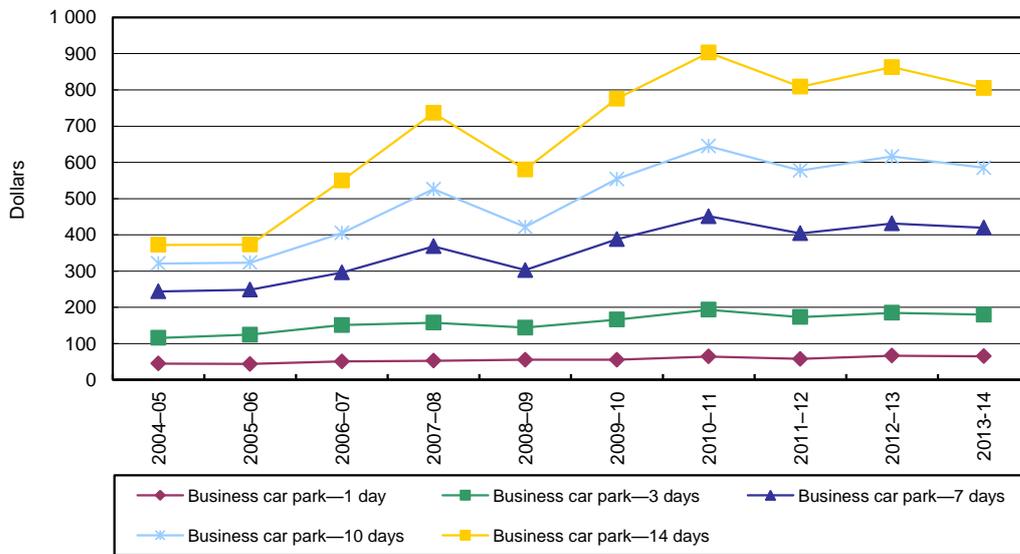
Notes: Real values in 2013–14 dollars
Car parking prices were only available back to 2007–08 as this is when the car park was opened

Key observations from chart 3.4.3 are:

- In 2013-14 Melbourne Airport did not change the nominal prices at the multi-level long term car park, which resulted in a decrease in prices in real terms by 2.6 per cent.
- Since 2007-08, the movements in prices that the multi-level long-term prices car park have varied:
 - The prices for one to five days parking have all increased in real terms since 2007-08, with increases ranging from 6.4 per cent in real terms for one day parking and 11.2 per cent in real terms for four days' parking.
 - The prices for more than five days' parking have all decreased in real terms since 2007-08, with decreases ranging from 0.2 per cent in real terms for six days' parking and 14.5 per cent for all other price points.

¹²¹ Melbourne Airport changed the pricing bands for parking less than one hour from three 20 minute bands to two 30 minute bands in 2013-14.

Chart 3.4.4: Melbourne Airport—prices at business car park in real terms: 2004–05 to 2013–14



Notes: Real values in 2013–14 dollars
Car parking prices were only available back to 2004–05

Key observations from chart 3.4.4 are:

- In 2013-14, all price points decreased in real terms. In nominal terms, around 50 per cent of price points remained unchanged while the other 50 per cent decreased.
- For parking up to seven days, nominal prices were held constant which resulted in a price reduction in real terms of 2.6 per cent. For parking longer than seven days, price decreases ranged from 3.7 to 6.7 per cent in real terms.
- Since 2004–05, prices at the business car park have trended upwards in real terms with longer duration parking generally experiencing greater price increases.

3.4.3 Revenues, costs and profits

Table 3.4.2 outlines Melbourne Airport’s revenues, operating expenses and operating margin for car parking and the total airport from 2003-04 to 2013-14.

Table 3.4.2: Melbourne Airport—revenues, operating expenses and operating margins for car parking and total airport services in real terms: 2003–04 to 2013–14

		2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13	2013–14
Revenue (\$million)	Car parking	56.4	63.2	73.6	83.0	106.5	107.5	115.1	123.2	120.5	123.3	125.9
	Total airport	367.5	404.6	421.7	451.8	511.5	524.5	557.4	586.2	602.2	642.4	694.3
	Car parking % of total	15.3	15.6	17.4	18.4	20.8	20.5	20.6	21.0	20.0	19.2	18.1
Operating expenses (\$million)	Car parking	12.2	13.7	16.0	23.3	24.7	23.0	25.5	29.8	29.7	35.0	38.9
	Total airport	155.6	158.9	170.1	175.7	174.5	182.2	194.5	209.0	230.4	253.7	260.4
Operating margin (\$million)	Car parking	44.2	49.5	57.6	59.7	81.8	84.5	89.6	93.4	90.8	88.3	87.0
	Total airport	211.9	245.7	251.6	276.1	337.0	342.4	362.9	377.2	371.9	388.7	433.9
Operating margin % of revenue	Car parking	78.4	78.3	78.3	72.0	76.8	78.6	77.8	75.8	75.3	71.6	69.1
	Total airport	57.7	60.7	59.7	61.1	65.9	65.3	65.1	64.3	61.7	60.5	62.5
Revenue per car park space (\$)		5 970	5 397	4 532	4 910	5 352	4 828	5 136	5 497	5 496	5 523	5 158
Operating expenses per space (\$)		1 288	1 170	983	1 377	1 241	1 033	1 139	1 330	1 355	1 568	1 593
Operating margin per space (\$)		4 682	4 228	3 549	3 533	4 112	3 795	3 997	4 167	4 141	3 955	3 565

Note: Real values in 2013–14 dollars

Key observations from table 3.4.2 are:

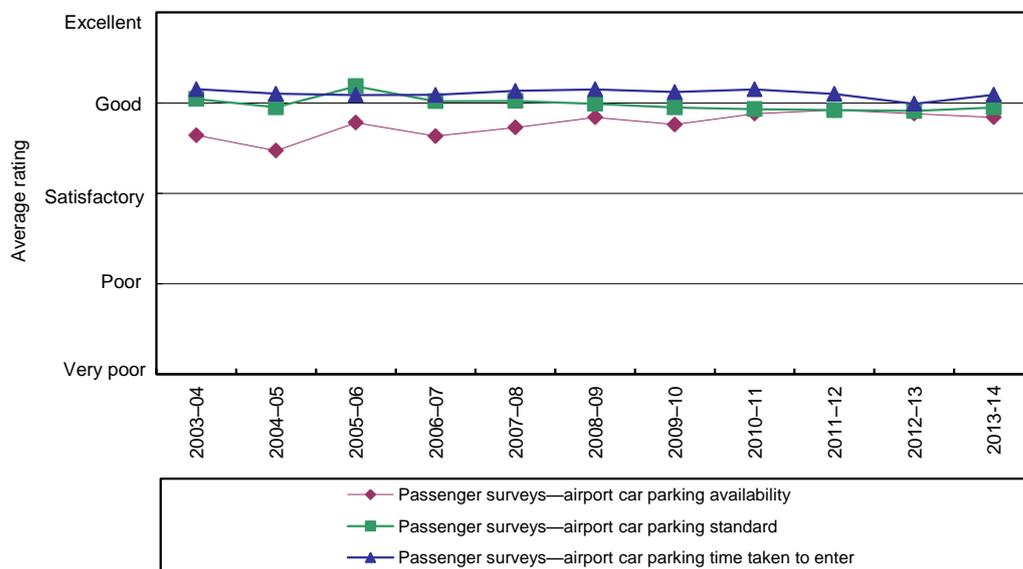
- Car parking revenue increased by 2.1 per cent in real terms to \$125.9 million in 2013-14. Since 2003-04, car parking revenue increased by an average of 8.4 per cent per year in real terms.
- Car parking operating expenses increased by 11.1 per cent in real terms to \$38.9 million in 2013-14. Since 2003-04, car parking operating expenses have increased by an average of 12.3 per cent per year in real terms.
- In 2013-14, car parking operating margin decreased by 1.4 per cent in real terms to \$87.0 million. This represented the third consecutive year where the car parking operating margin decreased in real terms. Since 2003-04, car parking operating margin has increased by an average of 7.0 per cent per year in real terms.
- Car parking operating margin as a proportion of car parking revenue was 69.1 per cent in 2013-14. In comparison, total airport operating margin as a proportion of total airport revenue was 62.5 per cent.

Per car park space

- Car parking revenue per car park space decreased by 6.6 per cent in real terms to \$5158 in 2013-14, following a 9.3 per cent decrease in real terms in the previous year.
- Car parking operating expenses per car park space increased for the fifth consecutive year, up by 1.6 per cent in real terms to \$1593 in 2013-14.
- In 2013-14, car parking operating margin per car park space decreased for the third consecutive year and fell by 9.9 per cent in real terms to \$3565.

3.4.4 Quality of car parking facilities

Chart 3.4.5: Melbourne Airport—passenger survey ratings of the quality of car parking facilities: 2003–04 to 2013–14



Source: Passenger survey

Key observations from chart 3.4.5 are:

- In 2013-14, Melbourne Airport passengers’ rating of the standard of airport car parking increased slightly. In comparison, passengers’ rating of the availability of airport parking decreased slightly. The ratings of both measures remained slightly below ‘good’.

- Passengers' rating of time taken to enter the airport increased slightly to lift the rating to 'good' following dropping to 'satisfactory' for the first time over the reported period in 2012-13.
 - Melbourne Airport considered that the widening of Terminal Drive and improved gantry signage has led to an improvement in the rating.

3.4.5 Other transport options

In addition to car parking options, there are a number of alternative transport options to and from Melbourne Airport, including taxis, buses and private cars such as limousines. Melbourne Airport imposes a landside access charge on some of these alternative transport options.

In 2013-14 Melbourne Airport provided 345 standard car park spaces for passenger pick-up and drop-off to landside operators (e.g. taxis and other off-airport parking service providers) at its main terminal forecourt area (which services the Qantas domestic terminal, the international terminal (T2), and the domestic terminal (T3)). No car park spaces for passenger pick-up and drop-off to landside operators were provided to landside operators at Terminal 4.

Table 3.4.3 outlines the landside access charges from 2013-14, as well as the indexed average list prices between 2009-10 and 2013-14 (with 2013-14 as the base year). Table 3.4.4 outlines the revenue that the airport received from its landside charges.

Table 3.4.3: Melbourne Airport—landside access charges in 2013–14 and indexed average access charges in real terms: 2009–10 to 2013–14

Transport option	Average list prices (\$) 2013–14	Indexed average list prices (2013–14 base year = 100)				
		2009–10	2010–11	2011–12	2012–13	2013–14
Public bus	No charge	NA	NA	NA	NA	NA
Private bus	Various	NA	NA	NA	NA	NA
Off-airport car parking	Various	NA	NA	NA	NA	NA
Taxis (per pick-up)	2.70	54.2	52.5	51.4	50.2	100.0
Private car (per entry)	4.00	83.1	80.6	78.8	102.7	100.0

Note: Real prices in 2013–14 dollars

Table 3.4.4: Melbourne Airport—revenues from landside access charges in real terms: 2009–10 to 2013–14

Transport option	2009–10	2010–11	2011–12	2012–13	2013–14
Public bus	NA	NA	NA	NA	NA
Private bus and off-airport car parking	\$3 513 946	\$4 072 036	\$4 195 747	\$5 165 484	\$5 863 000
Taxis	\$2 235 140	\$2 397 654	\$2 235 491	\$2 096 391	\$2 785 000
Private car	\$699 243	\$652 343	\$973 825	\$1 544 818	\$2 077 000
Total	\$6 448 330	\$7 122 033	\$7 405 064	\$8 806 693	\$10 725 000

Note: Real values in 2013–14 dollars

Key observations from tables 3.4.3 and 3.4.4 are:

- Public buses
 - Melbourne Airport does not impose a charge on public buses entering the airport.
- Private buses and off-airport parking
 - There are a number of private buses that operate from Melbourne Airport to areas throughout metropolitan Melbourne and across Victoria including Ballarat, Bendigo, Geelong and Dandenong.¹²²
 - Melbourne Airport imposes a range of charges, which are applied on the basis of different combinations of trip, passenger and staff.
 - Melbourne Airport is also serviced by a number of off-airport car parking facilities within close proximity to the airport, as well as courtesy buses from hotels. Off-airport parking prices sampled by the ACCC ranged from \$14¹²³ to \$30¹²⁴ for one day car parking and from \$34¹²⁵ to \$52¹²⁶ for three days' car parking.
 - In 2013-14, Melbourne Airport received around \$5.9 million in revenue from private bus services and off-airport car parking facilities, which is an increase of 13.5 per cent in real term from the previous year. Since 2009-10, Melbourne Airport's revenue from these services has increased by 66.8 per cent in real terms.
- Taxis
 - On 19 May 2014, Melbourne Airport taxi access charges were increased by nearly 100 per cent in real terms to \$2.70 for each taxi pick-up. This follows taxi access charges staying constant in nominal terms during the previous three years since 2009-10 when monitoring of these charges began. This access charge is passed onto passengers through a \$2.70 levy per vehicle leaving the airport.¹²⁷
 - Melbourne Airport earned around \$2.8 million in revenue from landside access charges on taxis in 2013-14. This represents an increase of 32.8 per cent in real terms from the previous year following two consecutive annual decreases in revenue.
- Private car operators
 - In 2013-14, a charge of \$4 per 30 minutes was charged to private car operators such as limousines for access to car parking at Melbourne Airport.
 - In 2013-14, revenue from charges imposed on private cars increased by 34.4 per cent in real terms to around \$2.1 million. However, the number of private cars using the airport decreased by 3.4 per cent in 2013-14.
- Terminal drop-off and pick-up
 - Public drop-off and pick-up areas are available at all terminals. In 2013-14 Melbourne Airport provided 127 standard car park spaces for passenger pick-up and drop-off to the public (at no charge) at its main terminal forecourt area (which services the Qantas domestic terminal, the international terminal (T2), and the domestic terminal (T3)), and 20 spaces at the domestic terminal T4.

¹²² Melbourne Airport, see: <http://melbourneairport.com.au/To-From-the-Airport/other-bus-services/other-buses.html>

¹²³ A1 Airport Parking, Parking and Cleaning Rates, viewed 17 November 2014, <http://www.a1airportparking.com.au/rates>

¹²⁴ Ace Airport Parking, Booking, viewed 17 November 2014, <https://secure.aceairportparking.com.au/bookings/quote>

¹²⁵ A1 Airport Parking, Parking and Cleaning Rates, viewed 15 November 2013, <http://www.a1airportparking.com.au/rates>

¹²⁶ Ace Airport Parking, Booking, viewed 15 November 2013, <https://secure.aceairportparking.com.au/bookings/quote>

¹²⁷ Taxi Services Commission, see: <http://www.taxi.vic.gov.au/passengers/taxi-passengers/taxi-fares>

- In December 2013, Melbourne Airport opened its new ‘Ring & Ride’ waiting zone,¹²⁸ which provides more than 80 car parking spaces for drivers to temporarily park and wait before collecting passengers from the front of the terminals. The offer provides free parking for up to 20 minutes, followed by charges of \$2 for between 20 and 40 minutes’ parking and \$4 for parking up to an hour.¹²⁹
- On 13 April 2014, the then Victorian Government announced its plan to build a Melbourne Airport rail link.¹³⁰ The State Budget 2014-15¹³¹ outlined the details of the Melbourne Airport rail link, which would provide a new electrified service running along dedicated tracks from a new station at Melbourne Airport to Albion in Melbourne’s west, where it would join the existing rail network and run through to Southern Cross Station. With a change of state government in November 2014, it is unknown whether this project will proceed. The new government’s 2014 policy platform did not include a proposal for a rail link to the airport.¹³²

3.4.6 Quality of service surveys of landside operators

In response to the 2011 Productivity Commission’s inquiry into the economic regulation of airport services, the Government’s response included directing the ACCC to review and update the objective criteria in its quality of service monitoring program. The ACCC has completed this review and one of the outcomes was a decision to monitor the quality of service provided by airports to companies requiring landside access, such as taxis, buses and off-airport parking operators. The ACCC is interested in these operators’ views as airport operators control access to the airport land that these operators require for their businesses. Further, the landside of monitored airports is considered a bottle neck in the supply of services to companies seeking access.

Commentary received from off-airport parking operators is generally quite critical about the adequacy of landside access to Melbourne Airport, with a key concern about significant reductions in pick-up and drop-off points (from multiple points to one central point) from 12 months ago. It was suggested that this has resulted in long walk distances (sometimes in uncovered areas) for passengers to and from the terminals, which gives Melbourne Airport’s own parking an advantage as their long-term car park buses are allowed to operate from multiple points at prime positions.

Some off-airport parking operators also highlighted difficulties in negotiating with Melbourne Airport over outcomes that would improve access to the airport and address their concerns of future increases in their access charges (e.g. increases in charges following construction of the new Terminal 4). Respondents considered that higher access charges would result in their parking fees being undercut by Melbourne Airport’s own parking charges.

Industry groups (including bus and taxi industry groups) expressed some concerns about facilities and the service level at the airport. However, they did acknowledge the recent upgrades to facilities. Industry groups also indicated that there was a lack of meaningful consultation by Melbourne Airport on some issues although access to airport management had improved.

¹²⁸ Melbourne Airport (2013), ‘Melbourne Airport’s new Ring & Ride wait zone now open’, media release, 20 December 2013. Accessed on 10 January 2014 at: <http://melbourneairport.com.au/About-Melbourne-Airport/Media/Media-releases/melbourne-airports-new-ring-ride-wait-zone-now-open-1414.html>

¹²⁹ Melbourne Airport, see: <http://melbourneairport.com.au/To-From-the-Airport/airport-parking/car-parks/ring-ride-zone.html>

¹³⁰ Victorian government, ‘Coalition Government commits to Melbourne Airport Rail Link in State Budget’, media release, 13 April 2014, Accessed on 17 November 2014 at: <http://www.premier.vic.gov.au/media-centre/media-releases/9617-coalition-government-commits-to-melbourne-airport-rail-link-in-state-budget.html>

¹³¹ Victorian government (2014), ‘Victorian Budget 2014-15, Building a Better Victoria – Budget Overview’, p.5

¹³² Victorian Labour Party (2014), Platform 2014, <http://www.viclabor.com.au/wp-content/uploads/2014/05/Victorian-Labor-Platform-2014.pdf>

4. Perth Airport

Key points—2013-14

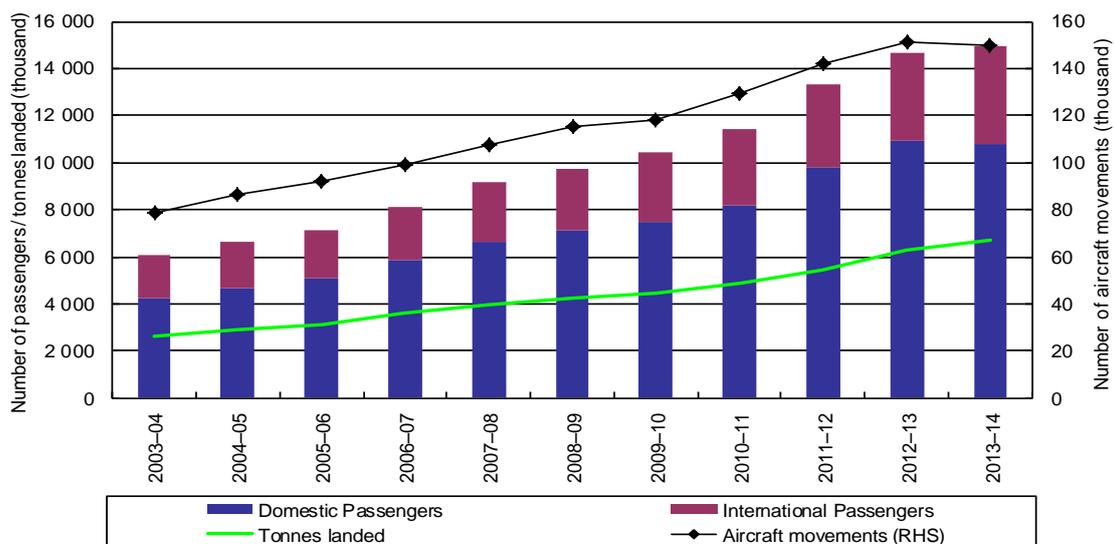
- Passenger numbers at Perth Airport increased by 1.5 per cent to 14.9 million passengers.
- Total aeronautical revenue increased by 12.9 per cent in real terms to \$186.1 million. On a per passenger basis, aeronautical revenue increased by 11.2 per cent in real terms to \$12.47 per passenger.
- Total aeronautical operating margin increased by 16.8 per cent in real terms to \$81.5 million, while aeronautical operating margin per passenger increased by 15.0 per cent in real terms to \$5.47 per passenger.
- Rate of return on tangible aeronautical non-current assets decreased by 1.5 percentage points to 12.6 per cent.
- Perth Airport’s average overall quality of service rating was unchanged at ‘satisfactory’.
- Perth Airport’s average quality of service ratings for both the availability and standard of total airport services and facilities decreased marginally within the ‘satisfactory’ range.
- Total car parking operating margin increased by 9.3 per cent in real terms to \$44.6 million. On a per car park basis, car parking operating margin decreased by 2.0 per cent in real terms to \$2345 per car park space.

4.1 Airport overview and major investments

4.1.1 Activity

Chart 4.1.1 presents the volume of passengers, tonnes landed and total aircraft movements for the period of 2003-04 to 2013-14.

Chart 4.1.1: Perth Airport—volume of passengers, tonnes landed and aircraft movements: 2003-04 to 2013-14¹³³



¹³³ Unless otherwise stated, the source for tables and charts in this chapter is data obtained from Perth Airport through the ACCC’s monitoring process.

Key observations from chart 4.1.1 are:

- In 2013-14, the total number of passengers and tonnes landed increased, while aircraft movements decreased relative to 2012-13.
- Passenger numbers increased by 1.5 per cent to 14.9 million. This was driven by strong growth in international passenger numbers during the year.
 - Domestic passenger movements (including general aviation passengers) decreased by 1.2 per cent to around 10.8 million passengers. This is the first time over the past 10 years that Perth Airport's domestic passenger numbers have declined.
 - International passenger movements increased by 9.4 per cent, following a 7.8 per cent increase in international passenger movements during 2012-13.
- Aircraft movements totalled 149 678 in 2013-14, a decrease of 1.1 per cent on 2012-13. This represents an increase of 90.0 per cent since 2003-04 (when there were 78 776 movements).

4.1.2 Terminal configurations and car parking facilities

Terminal configurations

Perth Airport has one international terminal and three domestic terminals.

- The international terminal (T1) is a common-user terminal that is utilised by all international airlines.
- Terminal 2 (T2) is a common-user domestic terminal which opened in March 2013. It is located adjacent to T1 in the area known as Airport Central. Airlines using T2 are Alliance, Tigerair, Virgin Australia and regional airlines. Data relating to services and facilities provided at this terminal are included in the ACCC's monitoring results for the first time in 2013-14.
- Terminal 3 (T3) is a common-user terminal used by Virgin Australia (domestic and some regional services) and Qantas (some regional services).
- Terminal 4 (T4) is occupied and operated by Qantas (prior to 2013 this was known as T2). It is adjacent to T3 in the area known as Airport West (Airport Central is on the other side of the airport). T4 is used by Qantas and Jetstar and operated by Qantas under a domestic terminal lease (DTL). Unlike the other terminals (which are owned and operated by the airport), T4 is outside the scope of the ACCC's monitoring program. Data relating to services and facilities provided within these areas of the terminal are not included in the ACCC's monitoring results.

Car parking facilities

Perth Airport offers short and long-term parking facilities in a number of locations. T1 and T2, being adjacent to each other, are serviced by the same car parks. Similarly T3 and T4 are serviced by the same car parks. Further details include:

- T1 and T2 have three parking options: long-term, short-term and a 'Park and Wait' area. Two long-term car parks are connected to the terminals by a free shuttle bus, while the short-term car park is in close proximity to the terminals. At the 'Park and Wait' area, people can wait in their car until passengers are ready to be collected. Entry requires a gold coin with profits donated to charity.
- T3 and T4 have four parking options: long-term, short-term, a 'Fast Track' short-term car park and a 'Park and Wait' area. The four long-term car parks are serviced by free shuttle buses to and from the terminals. The short-term car park is opposite the terminals and is divided between a 'FastTrack' and normal short-term car park. The 'Fast Track' car park is directed at business travellers looking for premium service with convenient and covered

parking bays. Parking rates are higher than the normal short-term rates. The 'Park and Wait' area can be used for the cost of a gold coin with profits donated to charity.

4.1.3 Major airport investments

Tables 4.1.1 and 4.1.2 provide details of major investments at Perth Airport. Perth Airport's planned investments are also outlined in its 2014 Master Plan, which was approved by the Australian Government on 16 January 2015.¹³⁴ The Master Plan is a 20-year forward looking document that identifies, for example, development objectives and future aviation requirements, and is required to be updated every five years and approved by the Minister for Infrastructure and Regional Development.

Table 4.1.1: Perth Airport—major investments in aeronautical services and facilities

Major investments completed during 2013-14			
Description of investment	Value (\$m)	Started	Completed
Runway overlay	8.8	Aug 2013	Jun 2014
T3 apron reconfiguration	8.6	Sep 2012	Mar 2014
Cogeneration facility for T1 and T2	13.0	Nov 2010	April 2014
Major investments underway in 2013-14			
Description of investment	Value (\$m)	Started	Expected completion
T1 domestic pier and international departures expansion	338.0	Sep 2012	Mar 2015
International arrivals expansion (T1)	78.0	Mar 2012	Dec 2014
International departures upgrade (T1)	41.0	Aug 2013	Jun 2014
T3 phase 2 expansion	31.8	Sep 2012	Sep 2014
Major investments planned to commence after 2013-14			
Description of investment	Value (\$m)	Expected start	Expected completion
Taxiway C extension	13.0	Jun 2014	Apr 2015
Aviation support zone taxiway and site services	8.7	Oct 2014	Jun 2016
T1 forecourt	42.0	Nov 2015	Dec 2015
T1 departures lounge expansion	10.5	Mar 2015	Dec 2015
T1 check-in hall widening	11.0	Mar 2015	Jan 2016

Key observations from table 4.1.1 are:

- Perth Airport completed three major projects in 2013-14. The runway overlay was undertaken to fix problems which were causing unplanned closures and repairs. Following the apron reconfiguration, T3 now has three additional code C aircraft walkout positions with fire hydrants to allow quicker aircraft turnaround times. The energy efficient cogeneration plant converts gas to provide electricity and heat for T1 and T2.
- The most significant project underway in 2013-14 was the construction of a domestic pier on the western end of T1 with a direct connection to T2, to accommodate for forecast domestic passenger growth. Perth Airport is also investing in its arrival and departure facilities at T1, as well as enhancing T3 to address passenger congestion at specific points.
- The airport is planning significant further investment in T1 to meet forecast demand and is currently consulting with the airlines which use this terminal to develop plans.

¹³⁴ The Hon. Warren Truss (2015), *Perth Airport Master Plan approved*, Media release, 16 January 2015, http://www.minister.infrastructure.gov.au/wt/releases/2015/January/wt007_2015.aspx

Table 4.1.2: Perth Airport—major investments in car parking and landside access services

Major investments completed during 2013-14			
Description of investment	Value (\$m)	Started	Completed
T2 bus, taxi and short term car park facility	12.5	Aug 2012	Dec 2013
T2 ground transport CCTV system	2.6	Jun 2013	Oct 2013
T3/T4 dynamic way-finding signage	1.0	Mar 2012	Aug 2013
Major investments underway in 2013-14			
Description of investment	Value (\$m)	Started	Expected completion
Airport Drive (Gateway WA connection roads)	28.5	Jul 2013	Jun 2015
Tonkin / Boud interchange	10.5	Sep 2013	Sep 2015
T1/T2 long term car park Park and Ride expansion	19.0	Sep 2013	Sep 2014
Major investments planned to commence after 2013-14			
Description of investment	Value (\$m)	Expected start	Expected completion
T1 short-term car park expansion	12.7	Nov 2014	Jun 2015
T2 short-term car park expansion	2.3	Jan 2015	Mar 2015

Key observations from table 4.1.2 are:

- In 2013-14 Perth Airport completed a new bus, taxi and short-term car park facility at T2. The facility increases capacity at the terminal, and combined with the CCTV project, improves security. The bus bays will be used for high-frequency services between Airport West and Airport Central, as well as servicing long-term car parks.
- Airport Drive will be a new road connecting the airport with the Tonkin Highway / Leach Highway interchange which is being built by the Australian and State governments as part of a new arterial road network around the airport (the Gateway WA project). Upon completion, Airport Drive will be the primary entrance for T1 and T2 passengers.
- Other major projects underway include the Tonkin Highway / Boud Avenue interchange and expansion of the T1/T2 long-term car park 'Park and Ride' facility, with an additional 3000 bays.

4.2 Aeronautical price monitoring and financial performance results

4.2.1 Prices

Perth Airport has in place seven-year commercial Pricing and Services Agreements with airlines for aircraft-related services and facilities. The current agreements commenced on 1 July 2011 and expire on 30 June 2018.

Table 4.2.1 presents the average aeronautical charges at Perth Airport during 2013-14, as well as the indexed average list prices in real terms between 2009-10 and 2013-14 (with 2013-14 as the base year).

Table 4.2.1: Perth Airport—schedule of average aeronautical charges in 2013-14 and indexed average list prices (including GST) in real terms from 2009-10 to 2013-14

	Average charge per unit (\$)	Indexed average list prices (2013-14 base year = 100)				
		2009-10	2010-11	2011-12	2012-13	2013-14
Aircraft-related services and facilities						
Basic landing charge						
International RPT (per passenger)	3.97	115.5	115.8	106.3	97.0	100.0
Domestic and regional RPT (per passenger)	3.97	115.5	115.8	106.3	97.0	100.0
Fixed wing (GA, freight and other) (per tonne MTOW)	8.13	114.9	115.2	118.2	100.6	100.0
Rotary wing (per tonne MTOW)	4.06	114.9	115.2	118.2	100.6	100.0
Minimum landing charge						
Fixed wing	37.82	112.7	113.0	116.0	100.6	100.0
Rotary wing	18.91	112.7	113.0	115.9	100.6	100.0
Basic aircraft parking charge (GA) (per aircraft per day)	33.82	109.5	109.8	112.7	100.6	100.0
Aircraft storage charge	9.19	NA	101.9	104.6	100.6	100.0
Peak period minimum movement charge ^(a)	210.13	NA	NA	NA	100.6	100.0
Passenger-related services and facilities						
International terminal charge (per passenger)	11.76	59.9	75.4	89.2	96.5	100.0
CUTE usage charge (per departing international passenger)	0.61	NA	118.2	115.6	102.7	100.0
Domestic terminal charge (per passenger)	15.42	30.7	30.8	51.1	97.7	100.0
Government mandated security costs						
Counter terrorism first response						
RPT services (per passenger)	0.91	120.2	112.1	141.5	124.0	100.0
Freight and other (aircraft > 20 tonne) (per tonne MTOW)	0.85	117.1	110.5	139.4	124.0	100.0
International passenger and checked bag screening (per passenger)	5.26	132.8	116.7	113.9	104.4	100.0
T3 common-user domestic terminal passenger and checked bag screening (per passenger)	2.73	130.3	152.8	106.2	106.0	100.0

Note: Real indexed prices in 2012-13 dollars
 GA – general aviation
 RPT – regular passenger transport

Where a list price changed during the financial year, the average of that charge has been reported in the table.

From 2011-12, the domestic terminal charge has also incorporated a domestic aerobridge charge (which was previously charged separately).

(a) Peak period minimum charges apply to both arrival and departure movements. Peak periods are defined as the periods 0530 to 0730 and 1500 to 1600 Monday to Friday.

Key observations from table 4.2.1 are:

- Most charges for aircraft and passenger-related services and facilities increased in nominal terms in 2013-14, though when converted into real terms some charges decreased.
- In 2013-14, the international terminal charge had the largest percentage increase, of 3.6 per cent in real terms. The domestic terminal charge also increased in real terms, by 2.4 per cent.
- Over the five years to 2013-14, both international and domestic terminal charges increased in real terms. The domestic terminal charge has increased by 225.5 per cent in real terms. The largest increase occurred in 2012-13 when some charges were discontinued and incorporated into other charges, while others were reduced. This coincided with a new domestic terminal charge being introduced to fund the cost of the new domestic terminal, which opened in March 2013.
- All government-mandated security charges fell in real terms. Over the five years since 2009-10, these charges have fallen in real terms by between 14.6 per cent and 24.7 per cent.

4.2.2 Revenues, costs and profits for aeronautical and total airport services

Table 4.2.2 presents the revenues, operating expenses and operating margins for aeronautical services, government-mandated security services and the total airport in real terms from 2003-04 to 2013-14.

Table 4.2.2: Perth Airport—revenues, operating expenses and operating margins for aeronautical services, government-mandated security services, and total airport services in real terms: 2003-04 to 2013-14

		2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Revenue (\$million)	Total aeronautical	58.9	65.4	71.4	79.5	87.1	91.1	97.5	110.8	124.0	164.8	186.1
	Security services	8.7	10.4	12.3	13.5	14.3	15.5	16.4	20.3	20.2	22.8	25.3
	Security % of total aeronautical	14.7	15.9	17.2	17.0	16.4	17.0	16.9	18.3	16.3	13.8	13.6
	Total airport	153.2	180.9	215.1	290.0	240.9	192.7	274.4	318.3	758.3	676.2	381.7
	Aeronautical % of total airport	38.4	36.2	33.2	27.4	36.2	47.3	35.5	34.8	16.4	24.4	48.7
Operating expenses (\$million)	Total aeronautical	32.2	41.6	45.8	50.1	44.5	54.1	59.2	67.0	80.4	95.0	104.5
	Security services	9.2	11.0	11.8	11.4	14.3	15.5	15.5	19.7	21.2	23.9	28.3
	Total airport	65.2	95.5	86.6	100.3	79.6	106.0	116.7	132.6	153.1	178.9	190.9
Operating margin (\$million)	Total aeronautical	26.7	23.8	25.6	29.4	42.6	37.0	38.2	43.9	43.6	69.8	81.5
	Security services	(0.5)	(0.6)	0.5	2.1	0.0	(0.0)	0.9	0.6	(0.9)	(1.1)	(3.0)
	Total airport	88.0	85.3	128.5	189.6	161.3	86.7	157.8	185.6	605.2	497.3	190.9
Operating margin % of total revenue	Aeronautical	45.3	36.4	35.9	37.0	48.9	40.6	39.2	39.6	35.2	42.3	43.8
	Total airport	57.5	47.2	59.7	65.4	67.0	45.0	57.5	58.3	79.8	73.5	50.0
Revenue per passenger (\$)	Total aeronautical	9.72	9.83	10.01	9.83	9.48	9.36	9.31	9.67	9.31	11.22	12.47
	Security services	1.43	1.56	1.72	1.67	1.56	1.59	1.57	1.77	1.52	1.55	1.70
Operating expenses per passenger (\$)	Total aeronautical	5.32	6.26	6.42	6.20	4.85	5.56	5.66	5.85	6.03	6.47	7.01
	Security services	1.52	1.65	1.65	1.41	1.55	1.59	1.48	1.72	1.59	1.62	1.90
Operating margin per passenger (\$)	Total aeronautical	4.40	3.58	3.59	3.63	4.64	3.80	3.65	3.83	3.28	4.75	5.47
	Security services	(0.08)	(0.09)	0.07	0.27	0.00	(0.00)	0.09	0.05	(0.07)	(0.07)	(0.20)

Note: Real values in 2013-14 dollars

In 2011-12 and 2012-13, Perth Airport reported a change in the methodology used for deriving fair value of an investment property asset and ground leases, which resulted in an increase in total airport revenue. For more information refer ACCC Airport Monitoring Report, 2012-13, pp. 160-1.

Key observations from table 4.2.2 are:

Revenue

- Aeronautical revenue increased by 12.9 per cent in real terms in 2013-14 to \$186.1 million. Since 2003-04, aeronautical revenue has increased by an average of 12.2 per cent per year in real terms.
- Total airport revenue decreased by 43.5 per cent in real terms to around \$381.7 million. From 2003-04 to 2013-14, total airport revenue increased by an average of 9.6 per cent per year in real terms.
 - Perth Airport reported a change in the methodology used for deriving fair value of an investment property asset and ground leases in 2011-12 and 2012-13. In these years, this change resulted in an increase in total airport revenue of \$377 million and \$250 million respectively. When excluding the gains from the asset revaluation in 2012-13, total airport revenue would have decreased by 8.9 per cent in real terms during 2013-14.
- In 2013-14, revenue from aeronautical services accounted for 48.7 per cent of total airport revenue. This is the largest percentage of total airport revenue that aeronautical revenue has accounted for during the reported period.

Operating expenses

- Aeronautical operating expenses increased by 10.0 per cent in real terms to \$104.5 million. The increase in operating expenses during 2013-14 was driven by increases in most aeronautical expenses categories. The largest percentage increases resulted from security costs (which increased by 18.6 per cent in real terms), services and utilities (which increased by 16.9 per cent in real terms), and salaries and wages (which increased by 10.8 per cent in real terms).
 - Since 2003-04, aeronautical operating expenses have increased by an average of 12.5 per cent per year in real terms.

Operating margin

- Aeronautical operating margin increased by 16.8 per cent in real terms to \$81.5 million. Since 2003-04, aeronautical operating margin has increased by an annual average of 11.8 per cent per year in real terms.
- By contrast, total airport operating margin decreased by 61.6 per cent in real terms to \$190.9 million. When excluding the gains from asset revaluations noted above, total airport margin would have decreased by 20.5 per cent in real terms during 2013-14.¹³⁵

Per passenger

- On a per passenger basis, aeronautical revenue increased by 11.2 per cent in real terms, to \$12.47 per passenger. Since 2003-04, aeronautical revenue per passenger has increased by an average of 2.6 per cent per year in real terms.
- Aeronautical operating expenses per passenger increased by 8.3 per cent in real terms to \$7.01 per passenger. In real terms, aeronautical operating expenses per passenger have increased by an average of 2.9 per cent per year since 2003-04.
- Aeronautical operating margin per passenger increased by 15.0 per cent in real terms to \$5.47 per passenger. From 2003-04 to 2013-14, aeronautical operating margin per passenger has increased by an average of 2.2 per cent per year in real terms.

¹³⁵ Perth Airport also reported a revaluation loss of \$54.9 million on investment property in 2013-14. If this revaluation loss was also excluded, Perth Airport's total airport operating margin would have increased by 2.3 per cent in real terms during 2013-14.

4.2.3 Assets for aeronautical and total airport services

Table 4.2.3 outlines Perth Airport’s tangible non-current assets for aeronautical services and the total airport from 2003-04 to 2013-14.

Table 4.2.3: Perth Airport—non-current assets for aeronautical services and total airport services in real terms: 2003-04 to 2013-14

		2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Investment property (million)	Aeronautical	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total airport	0.0	0.0	197.1	291.0	339.1	357.3	423.1	403.0	793.4	386.1	384.5
Land (million)	Aeronautical	55.3	53.4	22.1	21.3	20.3	19.5	18.8	18.1	17.4	16.9	16.2
	Total airport	222.1	213.6	35.4	36.5	36.6	35.1	33.9	36.0	34.9	678.0	603.8
Property, plant and equipment (million)	Aeronautical	175.7	198.6	200.4	202.9	219.8	257.5	291.1	345.1	400.4	557.1	701.6
	Total airport	282.6	317.3	291.2	317.2	373.6	455.0	463.2	513.7	639.4	825.4	1 024.3
Intangibles (million)	Aeronautical	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total airport	526.3	508.4	570.1	549.8	530.6	516.0	503.2	487.3	474.2	462.1	443.6
Other tangible non-current assets (million)	Aeronautical	3.2	0.3	3.1	4.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total airport	39.8	40.2	9.3	34.0	28.6	9.1	12.7	10.5	21.7	6.0	5.8
Total tangible non-current assets (million)	Aeronautical	234.2	252.2	225.6	228.8	240.1	277.0	309.9	363.2	417.9	574.0	717.8
	Total airport	544.5	571.1	533.1	678.6	777.9	856.5	932.9	963.1	1 489.4	1 895.5	2 018.5
Total non-current assets (million)	Aeronautical	234.2	252.2	225.6	228.8	240.1	277.0	309.9	363.2	417.9	574.0	717.8
	Total airport	1 070.9	1 079.4	1 103.2	1 228.4	1 308.6	1 372.5	1 436.2	1 450.5	1 963.7	2 357.6	2 462.1

Note: Real values in 2013-14 dollars

Key observations from table 4.2.3 are:

Aeronautical non-current assets

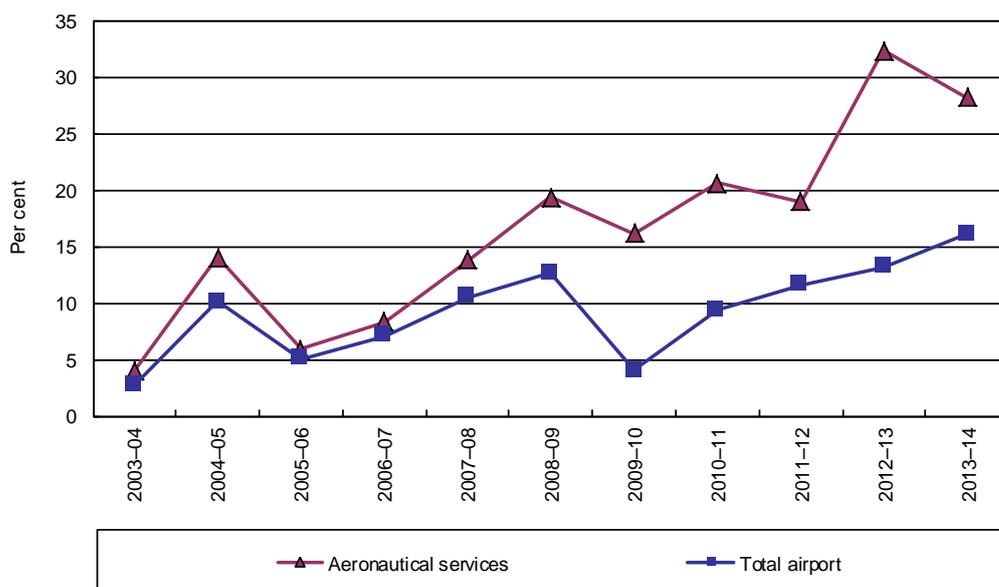
- The value of aeronautical tangible non-current assets increased by 25.1 per cent in real terms to \$717.8 million. This increase was primarily driven by property, plant and equipment, which increased by 25.9 per cent in real terms in 2013-14.
- Since 2003-04, the value of aeronautical tangible non-current assets has more than tripled in real terms. This was largely due to the value of property, plant and equipment almost quadrupling over the period in real terms.

Total airport non-current assets

- Non-current assets for the total airport increased in value by 4.4 per cent in real terms to \$2.5 billion. Excluding intangibles, the annual increase in value was 6.5 per cent in real terms to \$2.0 billion.
- From 2003-04 to 2013-14, the value of total airport non-current assets in real terms has increased in most years. The average annual increase during this period was 8.7 per cent. When intangibles are excluded, the average annual increase in the value of total airport non-current assets was 14.0 per cent in real terms.

4.2.4 Additions as a percentage of tangible non-current assets

Chart 4.2.1: Perth Airport—additions as a percentage of tangible non-current assets for aeronautical and total airport services: 2003-04 to 2013-14



Key observations from chart 4.2.1 are:

Aeronautical non-current assets

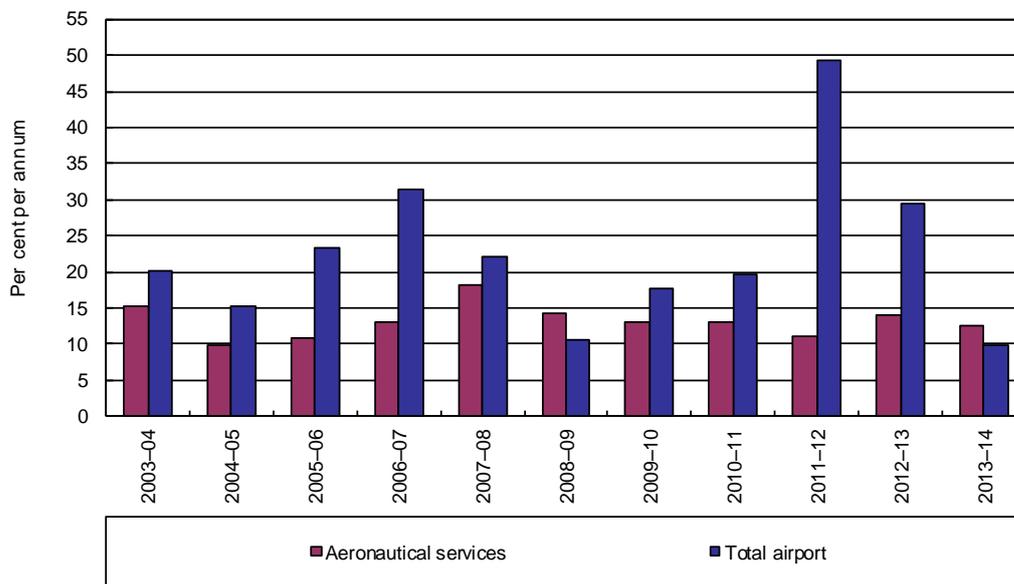
- Additions to aeronautical tangible non-current assets represented 28.3 per cent of total aeronautical tangible non-current assets. This was the second highest percentage over the past 11 years, following a peak of 32.4 per cent in 2012-13.
 - Additions to aeronautical assets included plant and machinery (\$2.2 million), buildings (\$0.2 million), other assets (\$19.2 million), and work in progress of \$181.5 million.

Total airport non-current assets

- Additions to total airport tangible non-current assets represented around 16.1 per cent of total airport tangible non-current assets.
 - Additions to total airport assets included investment property (\$15.4 million), plant and machinery (\$4.0 million), buildings (\$0.4 million), and other assets (\$32.4 million). Work in progress added around \$273.3 million to total airport assets in 2013-14, following a negative value for work in progress in 2012-13.

4.2.5 Rates of return on tangible non-current assets

Chart 4.2.2: Perth Airport—rate of return (EBITA) on tangible non-current assets for aeronautical services and total airport services in real terms: 2003-04 to 2013-14



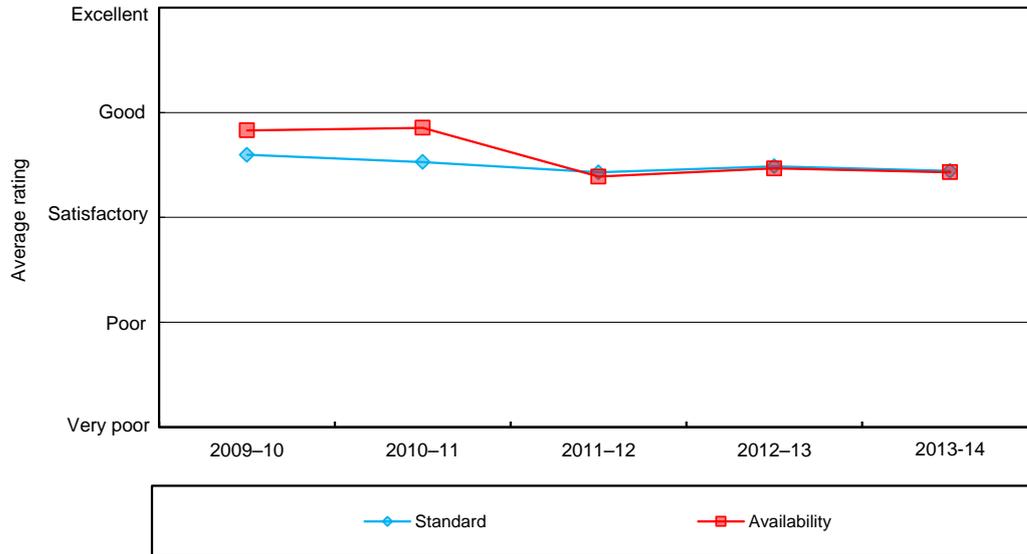
Key observations from chart 4.2.2 include:

- The rate of return on aeronautical tangible non-current assets (defined as earnings before interest, tax and amortisation (EBITA) on average aeronautical tangible non-current assets) decreased in real terms by 1.5 percentage points to 12.6 per cent in 2013-14. This is one of the lowest rates of return on average aeronautical tangible non-current assets that Perth Airport has recorded over the past 11 years.
- The rate of return on total airport assets decreased significantly in real terms for the second consecutive year, from 29.6 per cent in 2012-13 to 9.8 per cent in 2013-14. This followed a 20.4 percentage point decrease during 2012-13. The rate of return in 2013-14 is the lowest reported since 2003-04.

4.3 Aeronautical services quality of service monitoring results

4.3.1 Overall quality of service

Chart 4.3.1: Perth Airport—average ratings for standard and availability of total airport services and facilities: 2009-10 to 2013-14 ¹³⁶



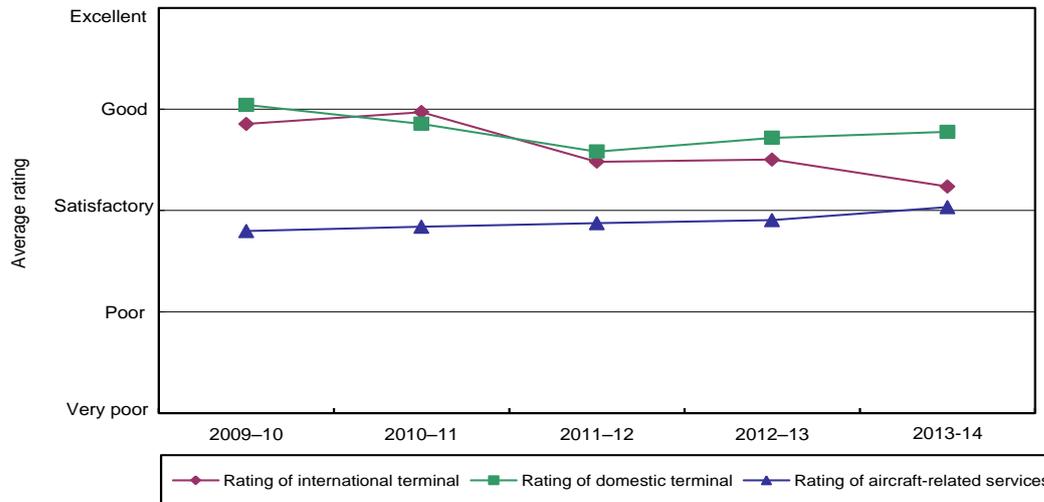
Source: Airline surveys, passenger surveys, and objective indicators obtained from Perth Airport through the ACCC’s monitoring process

Key observations from chart 4.3.1 are:

- In 2013-14, Perth Airport’s average quality of service ratings for both the availability and standard of total airport services and facilities decreased marginally within the ‘satisfactory’ range.
- Average quality of service ratings for availability and standard of total airport services and facilities have both been rated ‘satisfactory’ in each of the past five years, although the ratings in 2013-14 are lower than those received in 2009-10.

¹³⁶ In this report, the boarder agency survey data is no longer included in the data series, which may result in changes in the ratings for the previous years.

Chart 4.3.2: Perth Airport—average ratings for international and domestic terminal services, and aircraft-related services and facilities: 2009-10 to 2013-14



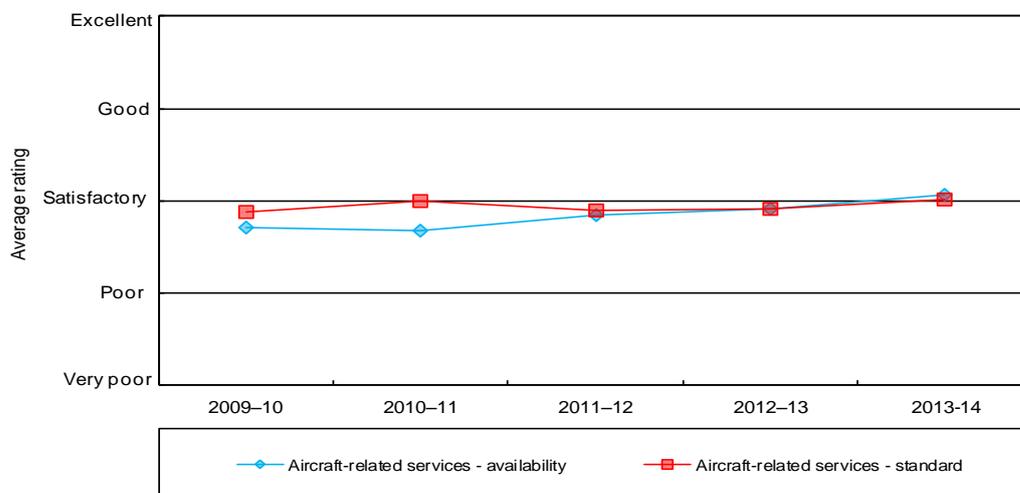
Source: Airline surveys, passenger surveys, and objective indicators obtained from Perth Airport through the ACCC's monitoring process

Key observations from chart 4.3.2 are:

- Perth Airport's average quality of service rating for international terminal services decreased within the 'satisfactory' range in 2013-14. Average quality of service rating for domestic terminal services increased in 2013-14 for the second consecutive year, and remained in the 'satisfactory' range. However, ratings for both international and domestic terminal services are lower than those received in 2009-10.
- Average quality of service rating for aircraft-related services and facilities, such as runways, taxiways, aprons and aircraft parking (see Table 4.3.1) increased for the fourth consecutive year, to be rated 'satisfactory' for the first time over the time series.

4.3.2 Aircraft-related services and facilities

Chart 4.3.3: Perth Airport—average ratings for availability and standard of aircraft-related services and facilities: 2009-10 to 2013-14



Source: Airline surveys

Key observations from chart 4.3.3 are:

- Average ratings for the availability and standard of aircraft-related services and facilities increased slightly in 2013-14 and both increased to a 'satisfactory' rating.
 - This was the first time from the period 2009-10 to 2013-14 that availability of aircraft-related services and facilities has been rated 'satisfactory'.
 - Average ratings for standard of aircraft-related services and facilities were rated as 'satisfactory' for the first time since 2010-11.

Table 4.3.1: Perth Airport—ratings of quality of individual aircraft-related services and facilities: 2013-14, 1-year change, and change since 2009-10

	Indicator	Rating category 2013-14	1-year change	Change since 2009-10
Runway	Availability	Satisfactory	▼	▲
	Standard	Satisfactory	▲*	▼
Taxiways	Availability	Satisfactory	—	▲*
	Standard	Satisfactory	▼	▲*
Aprons	Availability	Satisfactory	▲	▲*
	Standard	Satisfactory	▲	▲*
Aircraft parking	Availability of facilities and bays	Poor	▲	▲*
	Standard of facilities and bays	Poor	▼	▲
Ground handling	Availability of services and facilities	Poor	—	▼
	Standard of services and facilities	Poor	▼	▼
Management responsiveness	Availability	Satisfactory	▲*	▲
	Standard	Poor	▲	▼*

Source: Airline surveys

Note: The rating categories are: very poor, poor, satisfactory, good, and excellent.

For each indicator for the period specified: ▲ indicates an improvement; ▼ indicates a decline; — indicates no change. *Rating changed by a category over the period.

Key observations from table 4.3.1 on ratings of individual aircraft-related services and facilities are:

Runways

- Airlines' rating of the availability of runways remained within the 'satisfactory' range in 2013-14 and has been rated 'satisfactory' in most years since 2009-10. Airlines' rating of the standard of runways increased from 'poor' in 2012-13 to 'satisfactory' in 2013-14.
 - A number of airlines noted that Perth Airport had undertaken runway works during 2013-14, which led to limited availability in certain periods. Some airlines stated that the runway is not CATIII certified and that this has led to flight diversions during fog events.

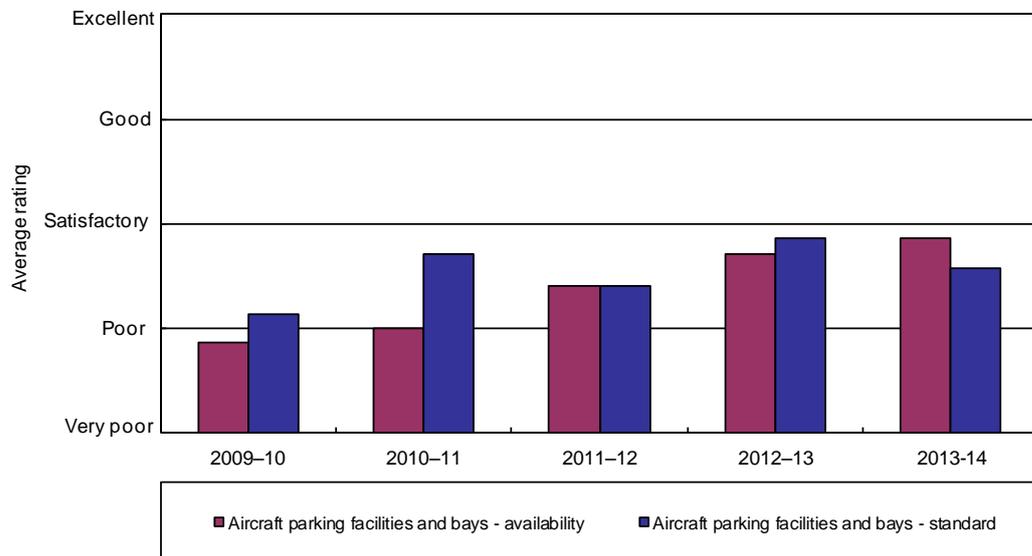
Aprons

- Airlines' ratings of both the availability and standard of aprons increased within the 'satisfactory' range in 2013-14. Airlines had rated the availability and standard of aprons as 'poor' during the period 2009-10 to 2011-12.
 - Most airlines stated that aprons are in good condition and that recent investments have improved these facilities.

Aircraft parking facilities and bays

- As shown in chart 4.3.4, airlines rated both the availability and standard of aircraft parking facilities and bays as ‘poor’ in 2013-14.

Chart 4.3.4: Perth Airport—airlines’ rating for availability and standard of aircraft parking facilities and bays: 2009-10 to 2013-14



Source: Airline surveys

- Airlines' rating of the availability and standard of aircraft parking facilities and bays has been ‘poor’ or ‘very poor’ in each of the past five years.
 - In commentary to the airline surveys, the most common issue raised was a lack of availability of parking bays, especially during peak periods. It was noted that this led to increased use of remote stands and off-bays. Airlines indicated that not only are these more difficult and time consuming for passengers and airlines to access and use, but the off-bays also have specific problems including signage and layout.
 - Some airlines stated that the airport is trying to address the availability problems.

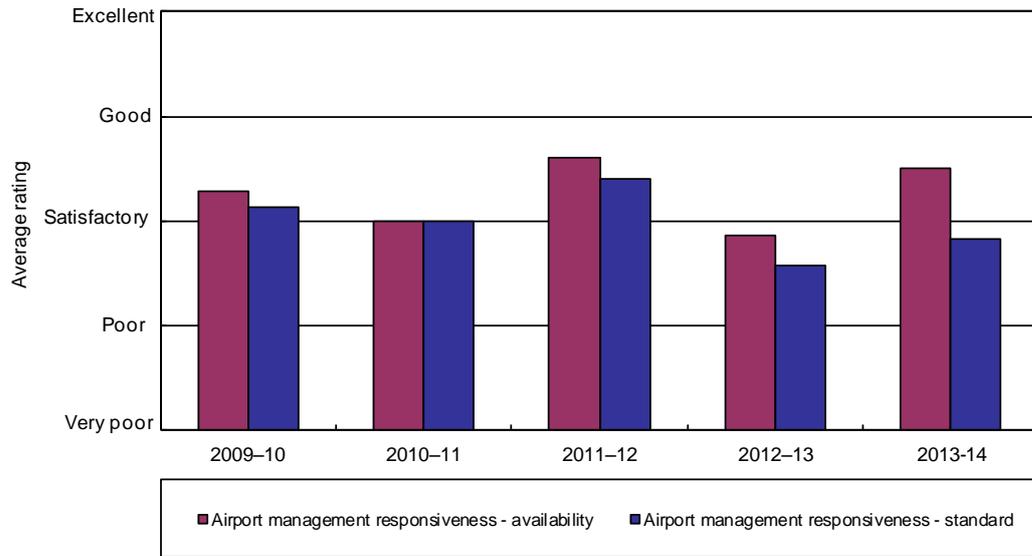
Ground handling

- Airlines rated both the availability and standard of ground handling facilities and bays as ‘poor’ in 2013-14. This rating has decreased over the majority of the past five years. In almost all years these ratings have been ‘poor’.
 - Airlines recognised that ground handling services are supplied by third parties contracted directly to them, so their comments are related to the facilities provided by the airport, which they believed were unavailable or sub-standard.

Airport management responsiveness

- Airlines rated the standard of airport management responsiveness as ‘poor’ in 2013-14 (chart 4.3.5). In 2012-13, airlines rated both the availability and standard of management responsiveness as ‘poor’. The rating of availability increased in 2013-14 to ‘satisfactory’, while the rating for standard remained within the ‘poor’ range.
 - Airlines’ comments indicate that while management was generally available to listen to concerns, the standard of the response was not satisfactory. Some airlines commented that while small matters are resolved, this is not the case with more major issues relating to the construction underway at the airport.

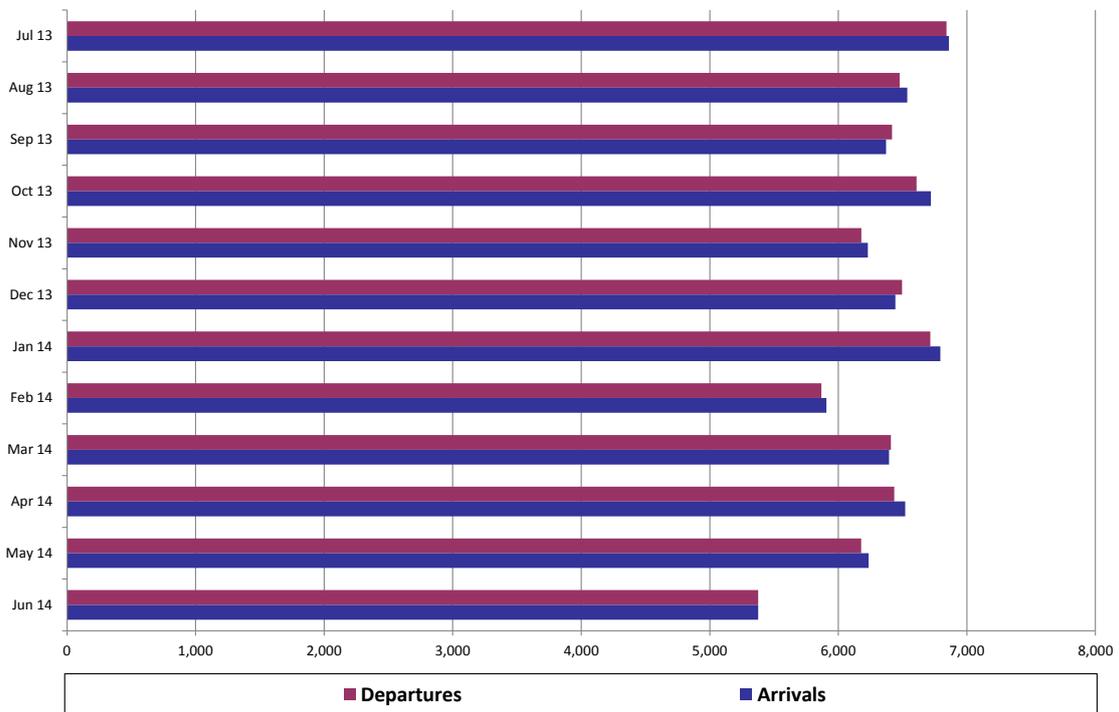
Chart 4.3.5 Perth Airport—airport management responsiveness: 2009-10 to 2013-14



Source: Airline surveys

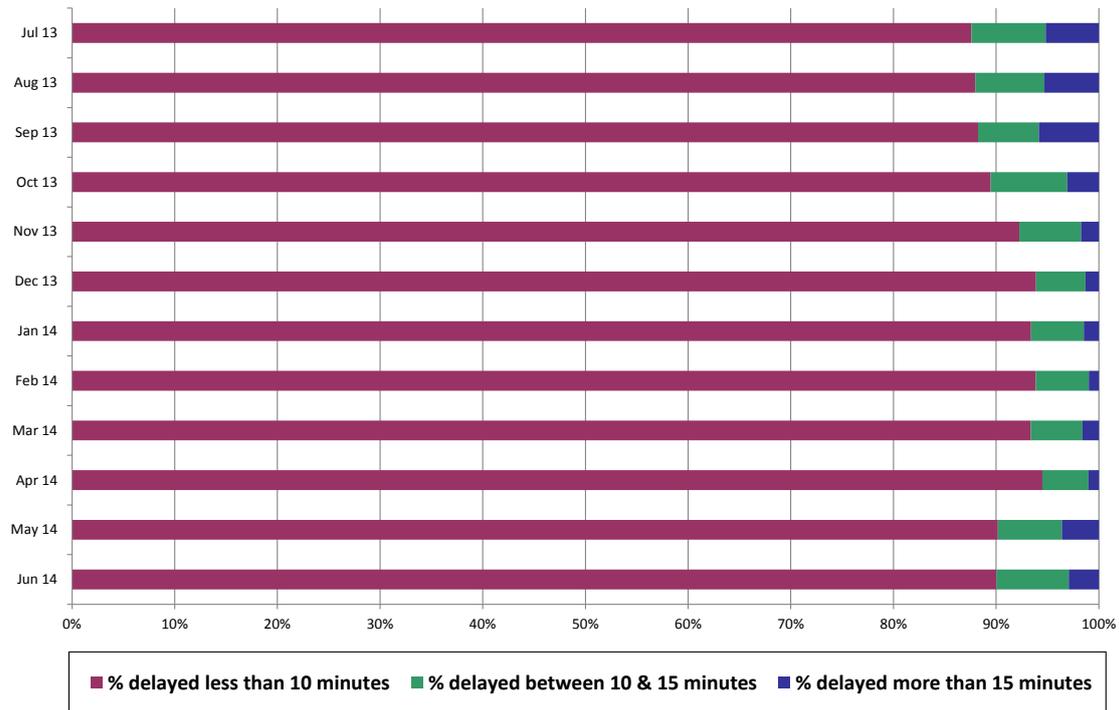
Runway traffic and delays at Perth Airport during 2013-14

Chart 4.3.6: Perth Airport—monthly aircraft arrivals and departures: 2013-14



Source: Airservices Australia

Chart 4.3.7: Perth Airport—airborne delays: 2013-14



Source: Airservices Australia

Key observations from charts 4.3.6 and 4.3.7 are:

- During 2013-14, the number of aircraft movements averaged 12 699 per month. This has declined from an average of 13 153 aircraft movements per month in 2012-13.¹³⁷
 - The highest number of monthly aircraft movements occurred in July 2013, when 13 701 aircraft used the runway system. The lowest number of monthly aircraft movements occurred in June 2014, when 10 753 aircraft used the runway system.
- The largest percentage of flights delayed by more than 15 minutes occurred in September 2013 (5.8 per cent), while the lowest percentage of flights delayed by more than 15 minutes occurred in February 2014 (1.0 per cent).
 - In 2013-14, the percentage of flights per month that were delayed more than 15 minutes averaged 2.8 per cent. This has declined from an average of 3.7 per cent of flights delayed more than 15 minutes during 2012-13.

4.3.3 Passenger-related services and facilities

Key observations from chart 4.3.8 (average ratings for the availability and standard of passenger-related services and facilities) are:

- Average quality of service ratings for availability and standard of passenger-related services and facilities decreased marginally within the ‘satisfactory’ range during 2013-14.
- The average rating for availability has decreased from ‘good’ to ‘satisfactory’ over the past five years, while the rating for standard has remained within the ‘satisfactory’ range.

¹³⁷ In some periods there may be discrepancies between the number of arriving and departing aircraft. This is due to a number of factors, such as data temporality, the integrity of Airservices Australia’s surveillance data and some specific types of aircraft movements not contributing towards the count. For more detail on these factors, see appendix A7.2.

Chart 4.3.8: Perth Airport—average ratings for availability and standard of passenger-related services and facilities: 2009-10 to 2013-14



Source: Airline surveys, passenger surveys, and objective indicators obtained from Perth Airport through the ACCC's monitoring process

Landside access

Table 4.3.2: Perth Airport—ratings of quality of landside access services and facilities: 2013-14, 1-year change, and change since 2009-10

Terminal	Indicator	Rating category 2013-14	1-year change	Change since 2009-10
International & General Aviation (T1/T2)	Kerbside pick-up and drop-off facilities	Satisfactory	▲	▲
	Taxi facilities waiting time	Satisfactory	—	▼*
	Kerbside space congestion	Satisfactory	▲	▼*
Domestic (T3/T4)	Kerbside pick-up and drop-off facilities	Good	▲*	▲*
	Taxi facilities waiting time	Satisfactory	▲	▼*
	Kerbside space congestion	Satisfactory	▲	—

Source: Passenger surveys

Note: The rating categories are: very poor, poor, satisfactory, good, and excellent.

For each indicator for the period specified: ▲ indicates an improvement; ▼ indicates a decline; — indicates no change. *Rating changed by a category over the period.

Key observations from table 4.3.2 are:

- Passengers’ ratings of the three T1/T2 landside access indicators were in the ‘satisfactory’ range in 2013-14. Since 2009-10 the ratings for taxi facilities waiting time and kerbside space congestion decreased from ‘good’ to ‘satisfactory’.
- Passengers’ ratings of T3/T4 kerbside pick-up and drop off facilities increased from ‘satisfactory’ in 2012-13 to ‘good’ in 2013-14. This is the first ‘good’ rating for T3/T4 kerbside pick-up and drop-off over the past five years.
- Since 2009-10, passengers’ ratings of T3/T4 taxi facilities waiting time have decreased from ‘good’ to ‘satisfactory’.

International terminal

Table 4.3.3: Perth Airport—indicators of quality of passenger-related services and facilities—international terminal: 2013-14, 1-year change and change since 2009-10

Category	Indicator	Data source	Indicator result 2013-14	1-year change	Change since 2009-10
Check-in	Check-in availability	Airline survey	Poor	—	▼
	Check-in standard	Airline survey	Poor	—	▼*
	Check-in waiting time	Passenger survey	Good	—	▲
	<i>Number of departing passengers per check-in desk, kiosk and bag drop facility (peak hour)</i>	<i>Objective indicator</i>	<i>11.7 passengers</i>	▼	▲
Immigration	Waiting time in outbound Immigration area	Passenger survey	Good	▲	▲
	<i>Number of departing passengers per outbound Immigration desk (peak hour)</i>	<i>Objective indicator</i>	<i>51.4 passengers</i>	▼	▼
	Waiting time in inbound Immigration area	Passenger survey	Good	▲	▼
	<i>Number of arriving passengers per inbound Immigration desk (peak hour)</i>	<i>Objective indicator</i>	<i>33.6 passengers</i>	▼	▼
	Waiting time in inbound baggage inspection area	Passenger survey	Good	▲	—
	<i>Number of arriving passengers per baggage inspection desk (peak hour)</i>	<i>Objective indicator</i>	<i>54.9 passengers</i>	▼	▼
Information	Flight information display screens	Passenger survey	Good	▲	—
	<i>Number of passengers per flight information display screen (peak hour)</i>	<i>Objective indicator</i>	<i>18.0 passengers</i>	▼	▼
	<i>Number of passengers per information point (peak hour)</i>	<i>Objective indicator</i>	<i>1118.0 passengers</i>	▼	▼
	Signage and wayfinding	Passenger survey	Good	▼	▼

Notes: The rating categories are: very poor, poor, satisfactory, good, and excellent. For each indicator for the period specified: ▲ indicates an improvement; ▼ indicates a decline; — indicates no change. *Rating changed by a category over the period. The definition for peak hour for passengers differs in 2013-14 from previous years. For 2013-14, peak hour is defined as the time of peak hour for the highest total number of passenger movements including both arriving and departing passengers. In previous years, there were two peak hours, which were the ‘time of peak hour for arriving passengers’ and the ‘time of peak hour for departing passengers’

Table 4.3.3: Perth Airport—indicators of quality of passenger-related services and facilities—international terminal: 2013-14, 1-year change and change since 2009-10 (cont.)

Category	Indicator	Data source	Indicator result 2013-14	1-year change	Change since 2009-10
Baggage	Baggage processing facilities availability	Airline survey	Poor	▼	▼*
	Baggage processing facilities standard	Airline survey	Poor	▼	▼*
	<i>Average throughput of outbound baggage system (per hour)</i>	<i>Objective indicator</i>	<i>213.9 items</i>	▲	▲
	Circulation space for inbound baggage reclaim	Passenger survey	Satisfactory	▲	▼*
	Information display for inbound baggage reclaim	Passenger survey	Good	—	▼
	<i>Number of arriving passengers per m² of inbound baggage reclaim area (peak hour)</i>	<i>Objective indicator</i>	<i>2.3 passengers</i>	<i>n/a</i>	<i>n/a</i>
	Findability of baggage trolleys	Passenger survey	Satisfactory	▲	▲
	<i>Number of passengers per baggage trolley (peak hour)</i>	<i>Objective indicator</i>	<i>1.0 passengers</i>	▼	▲
Gate lounges	Seating in lounge area (quality and availability)	Passenger survey	Satisfactory	—	▼*
	<i>Number of departing passengers per seat in gate lounges (peak hour)</i>	<i>Objective indicator</i>	<i>0.7 passengers</i>	▼	—
	Crowding in lounge area	Passenger survey	Good	—	▼
	<i>Number of departing passengers per m² of lounge area (peak hour)</i>	<i>Objective indicator</i>	<i>0.2 passengers</i>	—	—
Amenities	Standard of washrooms	Passenger survey	Good	—	▼
	<i>Number of departing passengers per washroom (peak hour)</i>	<i>Objective indicator</i>	<i>73.4 passengers</i>	<i>n/a</i>	<i>n/a</i>
Aerobridges	Aerobridges availability	Airline survey	Poor	▲*	▲
	Aerobridges standard	Airline survey	Very poor	—	▼
	<i>Percentage of international passengers arriving using an aerobridge</i>	<i>Objective indicator</i>	<i>95.7%</i>	▼	▼
	<i>Percentage of international passengers departing using an aerobridge</i>	<i>Objective indicator</i>	<i>96.9%</i>	—	▼
Security	Quality of security search process	Passenger survey	Good	▲	▲
	<i>Number of departing passengers per security clearance system (peak hour)</i>	<i>Objective indicator</i>	<i>171.3 passengers</i>	▼	▼

Notes: The rating categories are: very poor, poor, satisfactory, good, and excellent.

For each indicator for the period specified: ▲ indicates an improvement; ▼ indicates a decline; — indicates no change. *Rating changed by a category over the period.

The definition for peak hour for passengers differs in 2013-14 from previous years. For 2013-14, peak hour is defined as the time of peak hour for the highest total number of passenger movements including both arriving and departing passengers. In previous years, there were two peak hours, which were the 'time of peak hour for arriving passengers' and the 'time of peak hour for departing passengers'

Key observations on subjective and objective indicators of passenger-related services and facilities at the international terminal from table 4.3.3 are:

Overall

- In 2013-14, passenger ratings for each subjective indicator of Perth Airport’s international terminal were either ‘good’ or just below ‘good’. However, airline ratings for each subjective indicator of Perth Airport’s international terminal were either ‘poor’ or ‘very poor’.

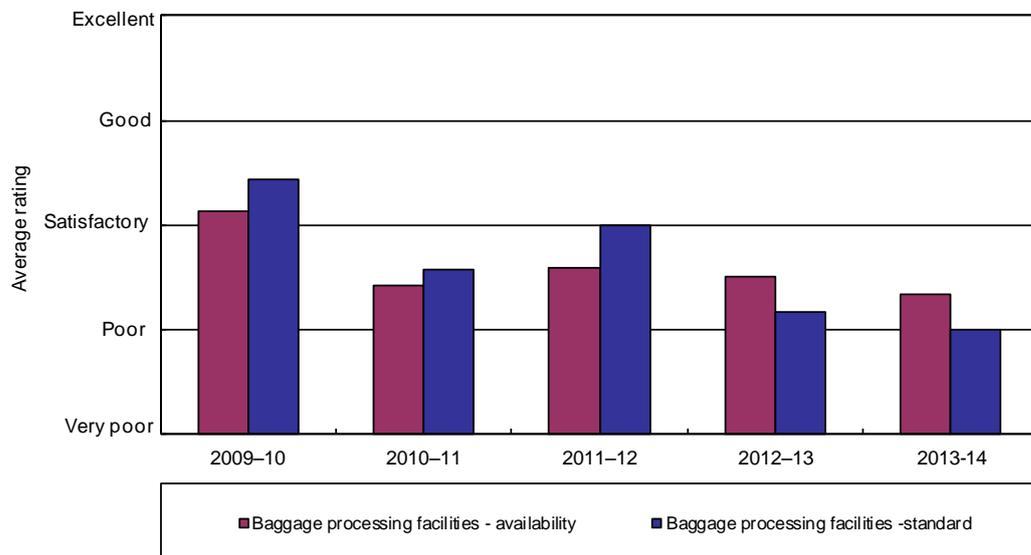
Check-in

- Airlines’ ratings of both the availability and standard of check-in facilities remained unchanged at ‘poor’ in 2013-14, and have both been rated as ‘poor’ by airlines for three consecutive years.
 - In commentary to the surveys, airlines noted that the supply of check-in desks is unable to meet demand during peak times. Some airlines acknowledged that the airport is undertaking expansions and refurbishments of the check-in area. Some airlines also suggested that existing check-in desks are dated and poorly designed.
- However, passengers have continued to rate check-in waiting time as ‘good’ in each year since 2009-10.

Baggage

- As shown in chart 4.3.9, airlines’ ratings of both the availability and standard of baggage processing facilities decreased within the ‘poor’ range in 2013-14, and have declined from a rating of ‘satisfactory’ in 2009-10.
 - Airlines stated that there are insufficient belts to process arrivals, especially during peak periods. Airlines also noted that there are many occasions where baggage carousels are being shared between different flights, leading to congestion and delays.

Chart 4.3.9: Perth Airport—baggage processing facilities (international services): 2009-10 to 2013-14



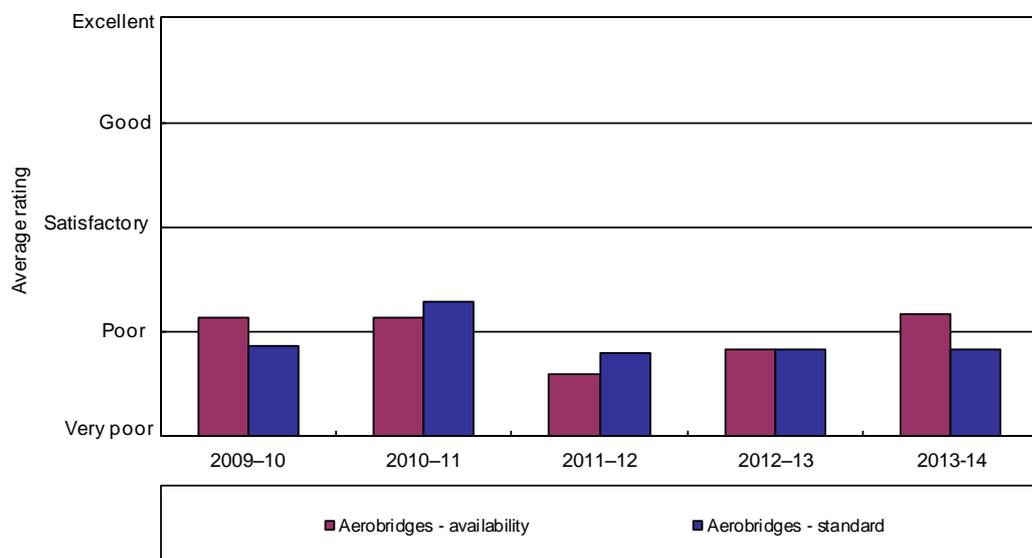
Source: Airline surveys

- Passengers’ rating of the circulation space for inbound baggage reclaim increased within the ‘satisfactory’ range in 2013-14, while the passengers’ rating for information display for inbound baggage reclaim remained unchanged at ‘good’.

Aerobridges

- Airlines' rating of the availability of aerobridges increased from 'very poor' in 2012-13 to 'poor' in 2013-14. Airlines' rating of the standard of aerobridges remained unchanged at 'very poor' in 2013-14. Since 2009-10, airlines have rated both the availability and standard of aerobridges as either 'poor' or 'very poor' (chart 4.3.10).
 - A number of airlines stated that having only five bays with aerobridges is unacceptable given the number of flights and passengers at the airport, and that there is limited availability of aerobridges during peak times.
 - Similar issues to previous years were raised in regards to the standard of aerobridges, with airlines noting that aerobridges are accessed via a number of stairs, with only one elevator to service all passengers requiring assistance. Airlines stated that this provides a poor passenger experience.

Chart 4.3.10: Perth Airport—aerobridges (international services): 2009-10 to 2013-14



Source: Airline survey

Domestic terminal (T2)

Table 4.3.4: Perth Airport—indicators of quality of passenger-related services and facilities—domestic terminal (T2): 2013-14

Category	Indicator	Data source	Indicator result 2013-14
Check-in	Check-in availability	Airline survey	Satisfactory
	Check-in standard	Airline survey	Satisfactory
	Check-in waiting time	Passenger survey	Good
	<i>Number of departing passengers per check-in desk, kiosk and bag drop facility (peak hour)</i>	<i>Objective indicator</i>	<i>19.0 passengers</i>
Baggage	Baggage processing facilities availability	Airline survey	Good
	Baggage processing facilities standard	Airline survey	Good
	Circulation space for inbound baggage reclaim	Passenger survey	Satisfactory
	Information display for inbound baggage reclaim	Passenger survey	Good
	<i>Number of arriving passengers per m² of inbound baggage reclaim area (peak hour)</i>	<i>Objective indicator</i>	<i>n/a</i>
	Findability of baggage trolleys	Passenger survey	Satisfactory
	<i>Number of passengers per baggage trolley (peak hour)</i>	<i>Objective indicator</i>	<i>3.8 passengers</i>
Information	Flight information display screens	Passenger survey	Good
	<i>Number of passengers per flight information display screen (peak hour)</i>	<i>Objective indicator</i>	<i>7.1 passengers</i>
	<i>Number of passengers per information point</i>	<i>Objective indicator</i>	<i>304.0 passengers</i>
	Signage and wayfinding	Passenger survey	Good
Gate lounges	Seating in lounge area (quality and availability)	Passenger survey	Satisfactory
	<i>Number of departing passengers per seat in gate lounges (peak hour)</i>	<i>Objective indicator</i>	<i>0.5 passengers</i>
	Crowding in lounge area	Passenger survey	Good
	<i>Number of departing passengers per m² of lounge area (peak hour)</i>	<i>Objective indicator</i>	<i>0.05 passengers</i>
Amenities	Standard of washrooms	Passenger survey	Good
	<i>Number of departing passengers per washroom (peak hour)</i>	<i>Objective indicator</i>	<i>101.3 passengers</i>
Security	Quality of security search process	Passenger survey	Good
	<i>Number of departing passengers per security clearance system (peak hour)</i>	<i>Objective indicator</i>	<i>101.3 passengers</i>

Notes: The rating categories are: very poor, poor, satisfactory, good, and excellent.
 The definition for peak hour for passengers differs in 2013-14 from previous years. For 2013-14, peak hour is defined as the time of peak hour for the highest total number of passenger movements including both arriving and departing passengers. In previous years, there were two peak hours, which were the 'time of peak hour for arriving passengers' and the 'time of peak hour for departing passengers'

As outlined in section 4.1.2, T2 opened in March 2013. Consequently 2013-14 is the first year for which data relating to services and facilities provided by Perth Airport at this terminal are included in the ACCC's monitoring program. This table is included for information, and comparisons over time will commence in the 2014-15 airport monitoring report.

Domestic terminal (T3)**Table 4.3.5: Perth Airport—indicators of quality of passenger-related services and facilities—domestic terminal (T3): 2013-14, 1-year change and change since 2009-10**

Category	Indicator	Data source	Indicator result 2013-14	1-year change	Change since 2009-10
Check-in	Check-in availability	Airline survey	Satisfactory	▼*	—
	Check-in standard	Airline survey	Satisfactory	▼*	—
	Check-in waiting time	Passenger survey	Good	▲	—
	<i>Number of departing passengers per check-in desk, kiosk and bag drop facility (peak hour)</i>	<i>Objective indicator</i>	<i>7.7 passengers</i>	▲	▲
Baggage	Baggage processing facilities availability	Airline survey	Satisfactory	—	▼*
	Baggage processing facilities standard	Airline survey	Poor	▼*	▼**
	Circulation space for inbound baggage reclaim	Passenger survey	Satisfactory	▲	▼*
	Information display for inbound baggage reclaim	Passenger survey	Good	—	▼
	<i>Number of arriving passengers per m² of inbound baggage reclaim area (peak hour)</i>	<i>Objective indicator</i>	<i>2.5 passengers</i>	<i>n/a</i>	<i>n/a</i>
	Findability of baggage trolleys	Passenger survey	Satisfactory	▲	▲
	<i>Number of passengers per baggage trolley (peak hour)</i>	<i>Objective indicator</i>	<i>4.5 passengers</i>	▼	▼
Information	Flight information display screens	Passenger survey	Good	▲	▲
	<i>Number of passengers per flight information display screen (peak hour)</i>	<i>Objective indicator</i>	<i>12.3 passengers</i>	▲	▲
	<i>Number of passengers per information point</i>	<i>Objective indicator</i>	<i>674.0 passengers</i>	▲	▲
	Signage and wayfinding	Passenger survey	Good	▲	▲
Gate lounges	Seating in lounge area (quality and availability)	Passenger survey	Good	—	▲*
	<i>Number of departing passengers per seat in gate lounges (peak hour)</i>	<i>Objective indicator</i>	<i>0.3 passengers</i>	▲	▲
	Crowding in lounge area	Passenger survey	Good	▲	▼
	<i>Number of departing passengers per m² of lounge area (peak hour)</i>	<i>Objective indicator</i>	<i>0.1 passengers</i>	▲	▲▼
Amenities	Standard of washrooms	Passenger survey	Good	—	—
	<i>Number of departing passengers per washroom (peak hour)</i>	<i>Objective indicator</i>	<i>134.5 passengers</i>	<i>n/a</i>	<i>n/a</i>
Aerobridges	Aerobridges availability	Airline survey	Satisfactory	▲*	—
	Aerobridges standard	Airline survey	Satisfactory	▲*	—
	<i>Number of arriving domestic passengers per aerobridge (peak hour)</i>	<i>Objective indicator</i>	<i>101.3 passengers</i>	▼	▲
	<i>Number of departing domestic passengers per aerobridge (peak hour)</i>	<i>Objective indicator</i>	<i>67.3 passengers</i>	▲	▲
Security	Quality of security search process	Passenger survey	Good	▲	▲
	<i>Number of departing passengers per security clearance system (peak hour)</i>	<i>Objective indicator</i>	<i>89.7 passengers</i>	▲	▲

Notes: The rating categories are: very poor, poor, satisfactory, good, and excellent. For each indicator for the period specified: ▲ indicates an improvement; ▼ indicates a decline; — indicates no change. *Rating changed by a category over the period. The definition for peak hour for passengers differs in 2013-14 from previous years. For 2013-14, peak hour is defined as the time of peak hour for the highest total number of passenger movements including both arriving and departing passengers.

Key observations on subjective and objective indicators of passenger-related services and facilities at the domestic Terminal 3 (T3) from table 4.3.5 are:

Overall

- In 2013-14, passengers rated most subjective indicators of Perth Airport’s T3 as ‘good’, while airlines rated most subjective indicators of Perth Airport’s T3 as ‘satisfactory’.

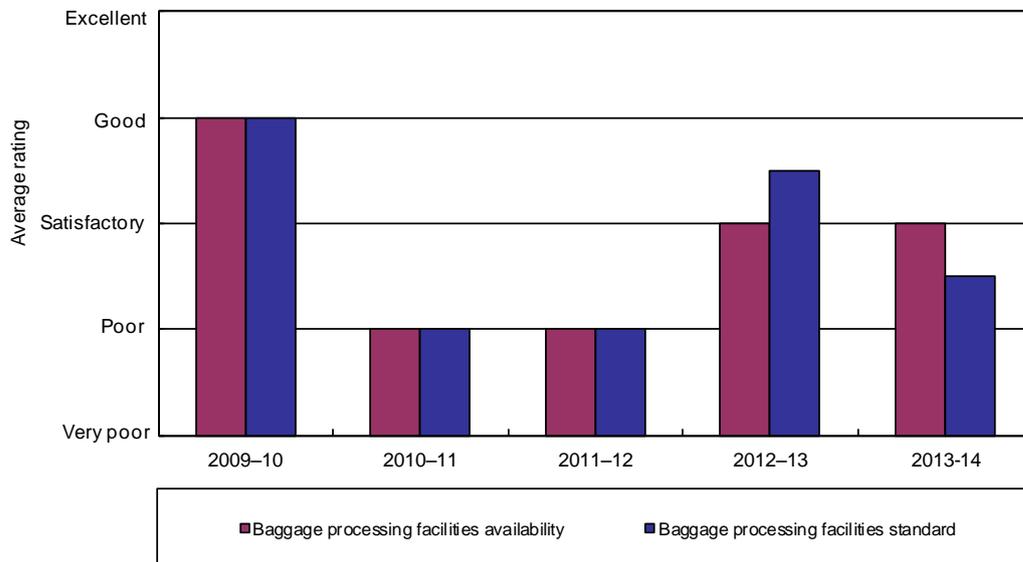
Check-in

- Airlines’ ratings of both check-in availability and standard decreased from ‘good’ in 2012-13 to ‘satisfactory’ in 2013-14.
 - One airline noted that Perth Airport’s check-in equipment has been faulty during the year. Another airline acknowledged that the airport has supported it in securing additional check-in desks during peak times.
- Passengers’ rating of check-in waiting time increased within the ‘good’ range in 2013-14 and has been rated as ‘good’ in each year since 2009-10.

Baggage

- As shown in chart 4.3.11, airlines’ rating of the availability of baggage processing facilities was unchanged at ‘satisfactory’ in 2013-14, while the rating of the standard of baggage processing facilities decreased from ‘satisfactory’ in 2012-13 to ‘poor’ in 2013-14.
 - An airline stated that there are reliability issues with the baggage system and that there are frequent baggage belt breakdowns. It was acknowledged that Perth Airport is currently reviewing this issue.
- Airlines’ ratings of the availability and standard of baggage processing facilities have both declined from a rating of ‘good’ in 2009-10.

Chart 4.3.11: Perth Airport—baggage processing facilities (domestic services (T3)): 2009-10 to 2013-14



Source: Airline surveys

Information

- Passengers’ ratings of flight information display screens and signage and wayfinding both increased within the ‘good’ range during 2013-14, and have been rated as ‘good’ in each year since 2009-10.

- The number of flight information display screens increased from 52 in 2012-13 to 55 in 2013-14.

Aerobridges

- Airlines' ratings of both the availability and standard of aerobridges at T3 increased from 'poor' in 2012-13 to 'satisfactory' in 2013-14. This is the first time that airlines have rated either the availability or standard of aerobridges as higher than 'poor' since 2009-10, when they were both rated as 'satisfactory'.
 - In commentary to the surveys, one airline noted that aerobridges are in good condition.

4.4 Car parking services monitoring results

4.4.1 Activity

Table 4.4.1 outlines the number of car parking spaces available, the annual throughput of car parking facilities and the average daily throughput of car parking facilities at Perth Airport from 2003-04 to 2013-14.

Table 4.4.1: Perth Airport—number of car park spaces and average daily throughput: 2003-04 to 2013-14

		2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Number of car park spaces	T3/T4 short-term	1 195	1 645	1 207	1 207	1 377	1 377	1 719	1 719	1 769	1 714	1 714
	T3/T4 long-term	NA	614	1 542	1 907	3 997	5 670	6 055	7 082	8 485	8 796	8 796
	T1/T2 short-term	1 077	1 077	1 007	1 007	663	663	663	663	663	961	1 145
	T1/T2 long-term	NA	NA	NA	NA	1 778	1 778	1 778	3 792	3 792	4 600	6 374
	Staff	927	931	991	991	991	1 311	1 311	1 295	917	972	972
	Total airport	3 199	4 267	4 747	5 112	8 806	10 799	11 526	14 551	15 626	17 043	19 001
Annual throughput of car park facilities (thousand)¹³⁸	T3/T4 short-term	1 003	950	947	997	961	1 019	990	1 054	1 054	1 030	902
	T3/T4 long-term	NA	NA	75	87	84	121	173	230	343	387	363
	T1/T2 short-term	641	680	667	666	647	685	715	733	720	747	847
	T1/T2 long-term	NA	NA	NA	NA	29	32	48	66	67	93	138
	Total airport	1 643	1 630	1 689	1 750	1 721	1 858	1 926	2 083	2 185	2 257	2 249
Average daily throughput of car park facilities	T3/T4 short-term	2 739	2 602	2 595	2 731	2 626	2 792	2 712	2 888	2 879	2 822	2 472
	T3/T4 long-term	NA	NA	205	237	230	333	475	630	938	1 060	994
	T1/T2 short-term	1 750	1 862	1 828	1 825	1 766	1 876	1 959	2 007	1 968	2 047	2 320
	T1/T2 long-term	NA	NA	NA	NA	80	89	130	181	184	254	377
	Total airport	4 490	4 464	4 628	4 793	4 702	5 089	5 276	5 706	5 970	6 182	6 162

¹³⁸ Annual throughput data for staff car parking was unavailable.

Key observations from table 4.4.1 are:

Car parking spaces

- The total number of car parking spaces at Perth Airport grew by 11.5 per cent in 2013-14 to 19 001 spaces.
 - This growth was due to expansions in both short-term and long-term spaces in the T1/T2 precinct. Perth Airport stated that it is planning for further expansion of T1/T2 precinct car parking spaces to accommodate for an increase in midweek flights for the mining sector and Virgin Australia’s relocation to the T1 pier.
- In 2013-14, Perth Airport’s car parking facilities included 1714 short-term spaces in T3/T4 (9.0 per cent of total car parking capacity), 8796 long-term spaces in T3/T4 (46.3 per cent), 1145 short-term spaces in T1/T2 (6.0 per cent), and 6374 long-term spaces in T1/T2 (33.5 per cent). Perth Airport also provided 972 staff car parking spaces (5.1 per cent).

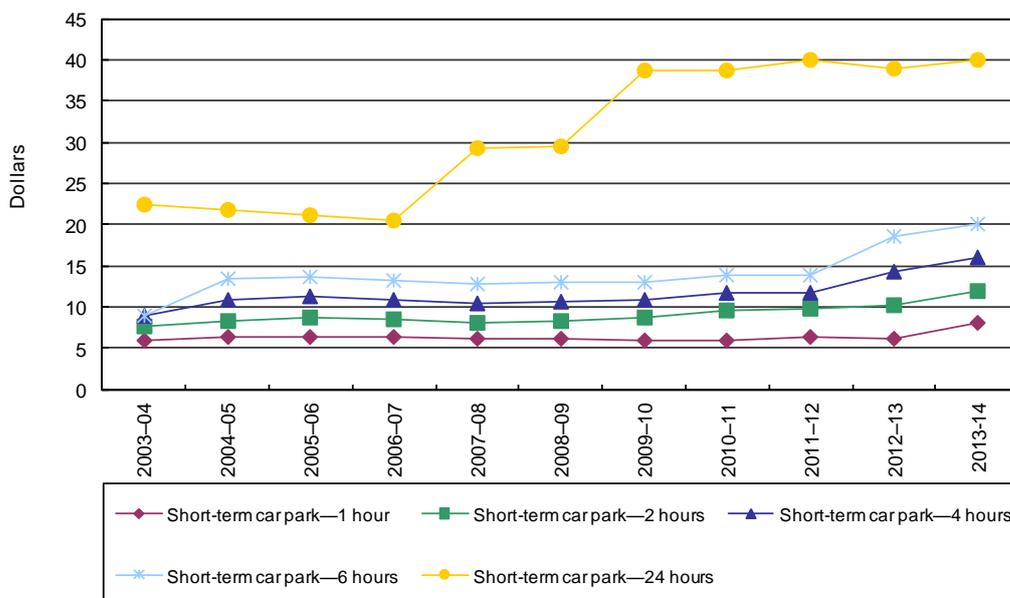
Car parking throughput

- The average daily throughput in the T3/T4 short-term car park decreased by 12.4 per cent in 2013-14 to 2472 cars per day. The average daily throughput in the T3/T4 long-term car park decreased by 6.2 per cent in 2013-14 to 994 cars per day.
- The average daily throughput in the T1/T2 short-term car park increased by 13.3 per cent in 2013-14 to 2320 cars per day. The average daily throughput in the T1/T2 long-term car park increased by 48.4 per cent in 2013-14 to 377 cars per day.

4.4.2 Prices

The following charts show changes in Perth Airport’s ‘drive-up’ parking rates in real terms to the end of 30 June 2014. Perth Airport has indicated that it intends to introduce an online booking system for car parking reservations during 2014-15. Perth Airport stated that it has not yet defined its pricing strategy for pre-booked car parking products.

Chart 4.4.1: Perth Airport—prices at short-term car parks in real terms: 2003-04 to 2013-14

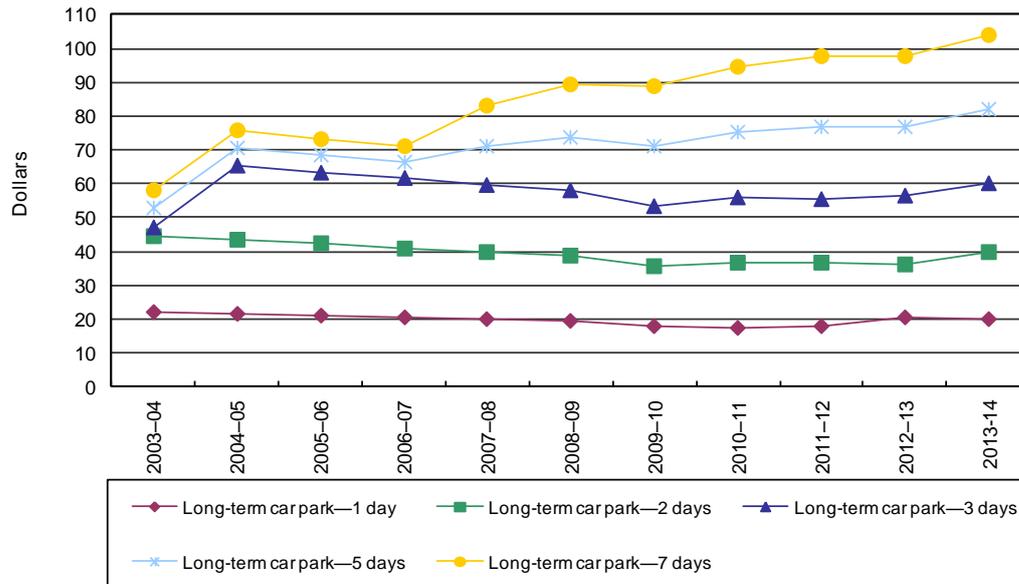


Note: Real values in 2013-14 dollars

Key observations from chart 4.4.1 are:

- In 2013-14, Perth Airport increased every short-term car parking price point at the T1/T2 precinct and the T3/T4 precinct. The increase in prices ranged from 2.5 per cent in real terms (for 8-24 hours parking) to 29.8 per cent in real terms (for one hour's parking).
- Since 2003-04, all of Perth Airport's short-term car parking price points have increased in real terms, with increases ranging from 7.3 per cent for eight hours' parking and 146.0 per cent for seven hours parking.

Chart 4.4.2: Perth Airport—prices at long-term car parks in real terms: 2003-04 to 2013-14



Note: Real values in 2013-14 dollars

Key observations from chart 4.4.2 are:

- Perth Airport increased all of the long-term car parking price points at the T1/T2 precinct and the T3/T4 precinct in 2013-14, with the exception of one day's parking (which was unchanged in nominal terms). The increase in prices ranged from 6.2 per cent in real terms for three days' parking to 11.3 per cent in real terms for two days' parking.
- Since 2003-04, the prices for one and two days' parking have both decreased by 10.6 per cent in real terms while all other price points have increased in real terms. The increases since 2003-04 have ranged from 26.7 per cent in real terms for three hours' parking to 79.7 per cent in real terms for seven days' parking.

4.4.3 Revenues, costs and profits

Table 4.4.2 outlines Perth Airport's revenues, operating expenses and operating margin for car parking and the total airport from 2003-04 to 2013-14.

Table 4.4.2: Perth Airport—revenues, operating expenses and operating margins for car parking and total airport services in real terms: 2003-04 to 2013-14

		2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Revenue (\$million)	Car parking	14.1	16.6	19.8	22.0	28.2	33.1	36.9	44.2	53.2	60.1	64.8
	Total airport	153.2	180.9	215.1	290.0	240.9	192.7	274.4	318.3	758.3	676.2	381.7
	Car parking % of total	9.2	9.2	9.2	7.6	11.7	17.2	13.4	13.9	7.0	8.9	17.0
Operating expenses (\$million)	Car parking	3.9	4.9	6.0	9.1	7.9	11.9	11.9	14.6	17.3	19.3	20.2
	Total airport	65.2	95.5	86.6	100.3	79.6	106.0	116.7	132.6	153.1	178.9	190.9
Operating margin (\$million)	Car parking	10.1	11.7	13.8	12.9	20.3	21.1	25.0	29.5	35.9	40.8	44.6
	Total airport	88.0	85.3	128.5	189.6	161.3	86.7	157.8	185.6	605.2	497.3	190.9
Operating margin % of revenue	Car parking	72.1	70.5	69.7	58.5	72.0	63.9	67.8	66.9	67.5	67.9	68.8
	Total airport	57.5	47.2	59.7	65.4	67.0	45.0	57.5	58.3	79.8	73.5	50.0
Revenue per space (\$)		4 394	6 102	6 174	6 873	3 198	3 061	3 199	3 034	3 402	3 525	3 409
Operating expenses per space (\$)		1 226	1 798	1 874	2 854	895	1 106	1 031	1 004	1 105	1 133	1 064
Operating margin per space (\$)		3 167	4 304	4 300	4 019	2 304	1 955	2 168	2 030	2 297	2 392	2 345

Note: Real values in 2013-14 dollars

Key observations from table 4.4.2 are:

- Car parking revenue increased by 7.8 per cent in real terms to \$64.8 million in 2013-14. This increase was mainly driven by price increases, as total throughput of Perth Airport's car parks declined by 0.3 per cent during 2013-14. Since 2003-04, car parking revenue has increased by an average of 16.5 per cent per year in real terms.
 - Car parking revenue represented 17.0 per cent of total airport revenue. Car parking revenue as a percentage of total airport revenue was abnormally low in the previous two years due to increased total airport revenue as a result of asset revaluations.¹³⁹
- Car parking operating expenses increased by 4.7 per cent in real terms to \$20.2 million in 2013-14. From 2003-04 to 2013-14, car parking operating expenses increased by an average of 17.8 per cent per year in real terms.
- Car parking operating margin increased by 9.3 per cent in real terms to \$44.6 million in 2013-14. Since 2003-04, car parking operating margin has increased by an average of 16.0 per cent per year in real terms.
- Car parking operating margin as a proportion of car parking revenue was 68.8 per cent in 2013-14. In comparison, total airport operating margin as a percentage of total airport revenue was 50.0 per cent.

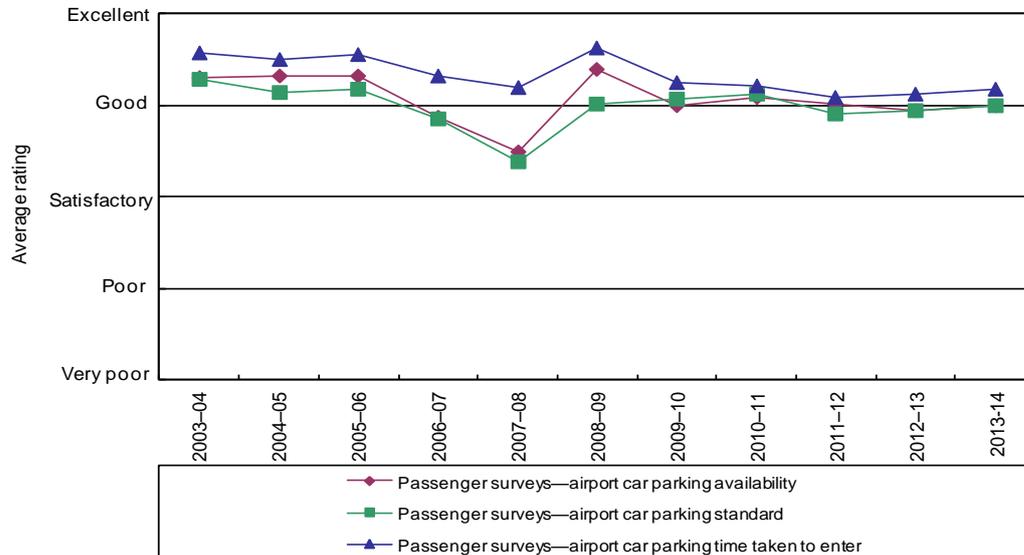
Per car park space

- Car parking revenue per car park space decreased by 3.3 per cent in real terms to \$3409 in 2013-14, due to a faster increase in car parking spaces than car parking revenue. Prior to a large expansion of car parking capacity in 2007-08, revenue per car park space averaged around \$5886 per year in real terms. However, since 2007-08, revenue per car park space has averaged around \$3261 per year in real terms.
- Car parking operating expenses per car park space decreased by 6.1 per cent in real terms to \$1064 in 2013-14.
- Car parking operating margin per car park space decreased by 2.0 per cent in real terms to \$2345 in 2013-14.

¹³⁹ For more information on these asset revaluations refer ACCC Airport Monitoring Report 2012-13, p.161.

4.4.4 Quality of car parking facilities

Chart 4.4.3: Perth Airport—T1/T2 precinct passenger survey ratings of the quality of car parking facilities: 2003-04 to 2013-14

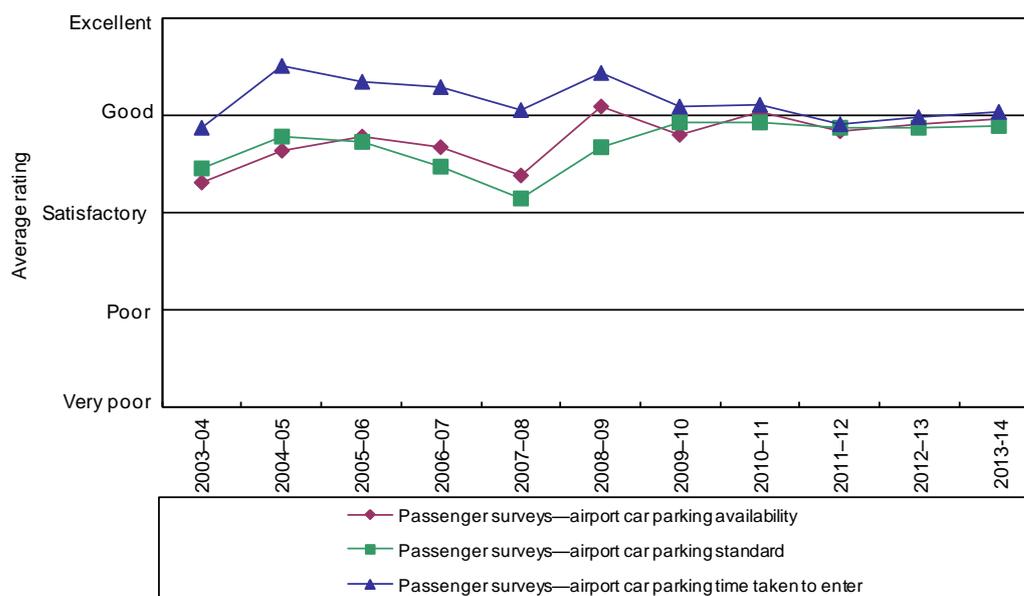


Source: Passenger surveys

Key observations from chart 4.4.3 are:

- T1/T2 passengers’ ratings of both car parking availability and standard increased from just below ‘good’ in 2012-13 to ‘good’ in 2013-14.
- T1/T2 passengers’ rating of the time taken to enter Perth Airport’s car parks increased slightly within the ‘good’ range in 2013-14.

Chart 4.4.4: Perth Airport—T3/T4 precinct passenger survey ratings of the quality of car parking facilities: 2003-04 to 2013-14



Source: Passenger surveys

Key observations from chart 4.4.4 are:

- In 2013-14, T3/T4 passengers' ratings of both car parking availability and standard increased within the 'satisfactory' range and remained at just below 'good'.
- T3/T4 passengers' rating of the time taken to enter Perth Airport's car parks increased from just below 'good' in 2012-13 to 'good' in 2013-14.

4.4.5 Other transport options

In addition to car parking options, there are a number of alternative transport options to and from Perth Airport, including public and private buses, taxis and private cars. Perth Airport imposes a landside access charge on some of these alternative transport options.

In 2013-14, Perth Airport provided 123 designated spaces for passenger pick-up and drop-off for landside operators at the T1/T2 precinct, and 34 spaces at the T3/T4 precinct.

Table 4.4.3 outlines the 2013-14 landside access charges, as well as the indexed average list prices between 2009-10 and 2013-14 (with 2013-14 as the base year). Table 4.4.4 presents the revenue that Perth Airport received from its landside charges.

Table 4.4.3: Perth Airport—landside access charges in 2013-14 and indexed average access charges in real terms: 2009-10 to 2013-14

Transport option	Average list prices (\$) 2013-14	Indexed average list prices (2013-14 base year = 100)				
		2009-10	2010-11	2011-12	2012-13	2013-14
Public bus	No charge	NA	NA	NA	NA	NA
Private bus	No charge	NA	NA	NA	NA	NA
Off-airport car parking	No charge	NA	NA	NA	NA	NA
Taxis (per pick-up)	2.00	110.8	107.5	105.1	102.7	100.0
Private car (per entry)	3.00	81.3	78.8	105.1	102.7	100.0

Note: Real prices in 2013-14 dollars

Table 4.4.4: Perth Airport—revenues from landside access charges in real terms: 2009-10 to 2013-14

Transport option	2009-10	2010-11	2011-12	2012-13	2013-14
Public bus	\$0	\$0	\$0	\$0	\$0
Private bus	\$0	\$0	\$0	\$0	\$0
Off-airport car parking	\$0	\$0	\$0	\$0	\$0
Taxis	\$1 883 857	\$2 043 004	\$2 135 692	\$2 347 013	\$2 345 000
Private car	\$66 489	\$164 429	\$240 567	\$322 522	\$295 000
Total	\$1 950 346	\$2 207 433	\$2 376 260	\$2 669 535	\$2 640 000

Note: Real values in 2013-14 dollars

Key observations from tables 4.4.3 and 4.4.4 are:

- Terminal drop-off and pick-up
 - Public drop-off and pick-up areas are available at all terminals, free of charge. However, for security reasons, vehicles dropping-off or picking-up passengers must be attended at all times and observe a two-minute maximum waiting time. Perth Airport

- also provides two 'Park and Wait' areas, which provide 90 minutes of wait time for a gold coin donation.
- Perth Airport provides 55 designated spaces for passenger pick-up and drop-off at the T1/T2 precinct, and 50 spaces for passenger pick-up and drop-off at the T3/T4 precinct.
 - Public buses
 - There are two public bus routes that operate to/from the airport's T3/T4 precinct, originating from Kings Park and the Esplanade Bus Port. Bus fares depend on the number of public transport zones travelled.¹⁴⁰ Travelling to the airport from Perth's CBD requires a zone 1 and 2 ticket that currently costs \$4.40.¹⁴¹ Perth Airport does not charge for public bus access.
 - Off-airport parking and private bus operators
 - A number of off-airport car parking facilities service Perth Airport. Off-airport parking prices sampled by the ACCC ranged from \$20¹⁴² to \$48¹⁴³ for one-day parking and \$60¹⁴⁴ to \$90¹⁴⁵ for three-day parking.
 - There are also several private bus operators connecting the airport to Perth CBD. One such service, Perth Airport Connect, charges \$15 for a one-way trip.¹⁴⁶
 - Taxis
 - Perth Airport charges a \$2 fee on taxis departing the airport, which has remained unchanged since 2009. The number of taxis accessing the airport has increased in each year since 2009-10, and totalled almost 1.3 million taxis in 2013-14.
 - Private cars, hire cars and valet parking
 - Private car operators, such as limousines, are charged a fee of \$3 for access to the airport, unchanged in nominal terms since 2011-12.
 - Perth Airport also charges car rental operators and valet parking operators a percentage of the operator's turnover. Perth Airport earned almost \$13.0 million from car rental operators in 2013-14, while earning around \$1.8 million from valet operators.

Quality of service surveys of landside operators

In response to the 2011 Productivity Commission's inquiry into the economic regulation of airport services, the Government's response included directing the ACCC to review and update the objective criteria in its quality of service monitoring program. The ACCC has completed this review and one of the outcomes was a decision to monitor the quality of service provided by airports to companies requiring landside access, such as taxis, buses and off-airport parking operators. The ACCC is interested in these operators' views as airport operators control access to the airport land that these operators require for their businesses. Further, the landside of monitored airports is considered a bottle neck in the supply of services to companies seeking access.

The overall average rating of landside operator responses was 'satisfactory' in 2013-14.

¹⁴⁰ Transperth, *Transperth Zone Map*, viewed 24 November 2014, http://www.transperth.wa.gov.au/Portals/0/Asset/Documents/Tickets%20&%20Fares/Transperth_zone_map.pdf

¹⁴¹ Transperth, *Transperth fares*, viewed 24 November 2014, <http://www.transperth.wa.gov.au/tickets-fares/fares>

¹⁴² Hamer Airport Parking, *Parking fees calculator*, viewed 24 November 2014, <http://www.airport.com.au/our-parking-services/fees-calculator/>

¹⁴³ Airport Security Parking, *Quick quote*, viewed 24 November 2014, <https://www.airportsecurityparking.com.au/>

¹⁴⁴ Hamer Airport Parking, *Parking fees calculator*, viewed 24 November 2014, <http://www.airport.com.au/our-parking-services/fees-calculator/>

¹⁴⁵ Airport Security Parking, *Quick quote*, viewed 24 November 2014, <https://www.airportsecurityparking.com.au/>

¹⁴⁶ Perth Airport Connect, *Prices*, viewed 24 November 2014, <http://perthairportconnect.com.au/prices.html>

Commentary received from off-airport parking operators indicated that access is good at the T1/T2 precinct, although the airport imposes fast pick-up and drop-off conditions. Off-airport parking operators noted that there is no dedicated space for their businesses at the T3/T4 precinct and that they are required to work around larger bus companies for space at the kerbside.

Industry groups (including bus and taxi industry groups) stated that the facilities at the T3/T4 precinct are satisfactory. However, it was stated that there is no kerbside taxi rank at T1, which impacts negatively on passenger quality and perceptions. Industry groups also noted that there is a lack of landside parking positions at T1.

In terms of management responsiveness, some stakeholders stated that Perth Airport is responsive, while others stated that they have not received any support from the airport. Off-airport parking operators suggested that the airport is not focusing on the T3/T4 precinct and has its priorities on the T1/T2 precinct.

5. Sydney Airport

Key points - 2013-14

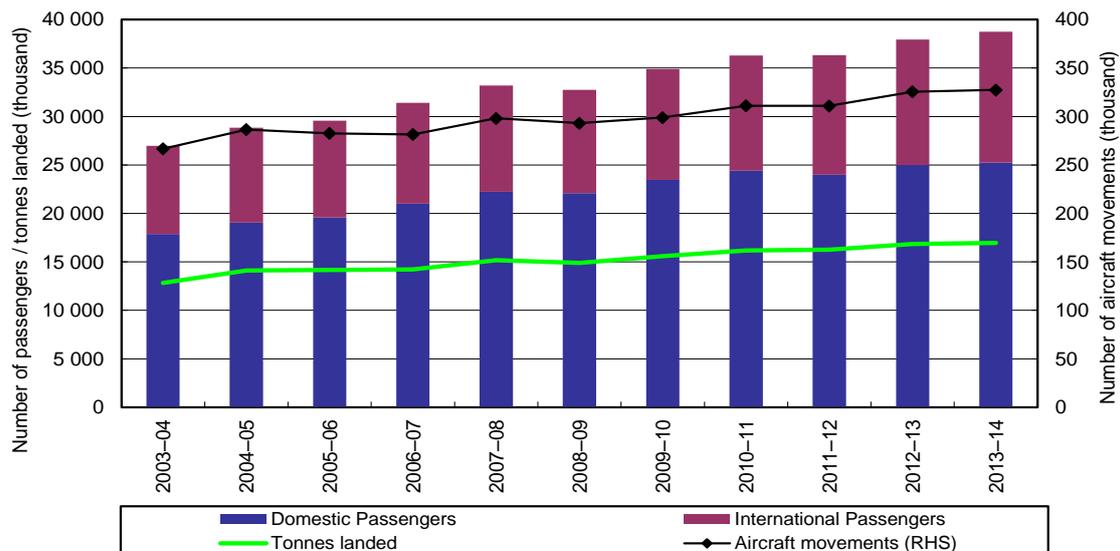
- Total passenger numbers at Sydney Airport increased by 2.1 per cent to 38.7 million passengers.
- Total aeronautical revenue increased by 2.9 per cent in real terms to \$621.0 million. On a per passenger basis, aeronautical revenue increased by 0.8 per cent to \$16.03 per passenger.
- Total aeronautical operating margin increased by 3.6 per cent in real terms to \$309.7 million, while aeronautical operating margin per passenger increased by 1.4 per cent to \$8.00 per passenger.
- Rate of return on aeronautical non-current assets increased by 0.5 percentage points to 12.0 per cent.
- Sydney Airport's average overall quality of service rating remained unchanged at 'satisfactory'.
- Total car parking operating margin increased by 11.8 per cent in real terms to \$88.1 million. On a per car park basis, car parking operating margin decreased by 4.9 per cent to \$5221 per car park space.

5.1 Airport overview and major investments

5.1.1 Activity

Chart 5.1.1 presents the volume of passengers, tonnes landed and total aircraft movements for the period of 2003-04 to 2013-14.

Chart 5.1.1: Sydney Airport—volume of passengers, tonnes landed and aircraft movements: 2003-04 to 2013-14¹⁴⁷



¹⁴⁷ Unless otherwise stated, the source for tables and charts in this chapter is data obtained from Brisbane Airport through the ACCC's monitoring process

Key observations from chart 5.1.1 are:

- Total passenger numbers increased by 2.1 per cent to 38.7 million passengers in 2013-14. This increase was driven mostly by international passengers.
 - International passenger movements increased by 4.2 per cent to around 13.5 million. The aggregate (or total number) increase in international passengers exceeded that of domestic passengers during 2013-14 and this has only occurred one other time since 2003-04 at Sydney Airport.
- Aircraft movements totalled 327 358 in 2013-14, representing an increase of 0.5 per cent on 2012-13. Tonnes landed at Sydney Airport increased by 0.6 per cent during 2013-14 to 17.0 million tonnes.

5.1.2 Terminal configurations and car parking facilities

Terminal configurations

Sydney Airport has one international terminal and two domestic terminals:

- The international terminal (T1) is a common-user terminal that is used by all international airlines. As at 30 June 2014, there were around 34 international airlines using T1.
- Terminal 2 (T2) is a common-user terminal currently used by a number of domestic and regional airlines including; Jetstar, Virgin Australia, Regional Express, Tigerair, Vincent Aviation, SkyTrans, QantasLink and Brindabella.
- The Qantas domestic terminal (T3) is occupied and operated by Qantas under a domestic terminal lease and therefore is not subject to ACCC monitoring.

Car parking facilities

Sydney Airport provides three major car parking facilities:

- The international terminal has a multi-level car park (and an on-grade area) that provides both short-term and long-term car parking and is located opposite the international terminal.
- The domestic terminals have multi-level car parks that provide both short-term and long-term car parking.
- There is also a long-term car park (Blu Emu car park) located at a distance from the terminals, which is serviced by a shuttle bus.

5.1.3 Major airport investments

Tables 5.1.1 and 5.1.2 provide details of major investments at Sydney Airport. Sydney Airport’s planned investments are also outlined in its 2014 Master Plan, which was approved on 17 February 2014 by the Australian Government.¹⁴⁸ The Master Plan is a 20-year forward looking document that identifies, for example, development objectives and future aviation requirements, and is required to be updated every five years and approved by the Minister for Infrastructure and Regional Development.

Table 5.1.1: Sydney Airport—major investments in aeronautical services and facilities

Major investments completed during 2013-14			
Description of investment	Value (\$m)	Started	Completed
T1 improvements			
- Six new aerobridges	10-20	Q2 2013	Q2 2014
- Pier C improvements	10-20	Q2 2013	Q1 2014
Airfield			
- SW Sector – new aprons and upgraded aprons	20-50	Q1 2013	Q2 2014
- Low visibility strategy works program	20-50	Q3 2013	Q1 2014
- NW Sector – new apron and extension to Taxiway A	10-20	Q1 2013	Q4 2013
Major investments underway in 2013-14			
Description of investment	Value (\$m)	Started	Expected completion
T1 improvements			
- Baggage projects	20-50	Q2 2013	Q2 2015
- Two new Code F baggage reclaims	20-50	Q2 2013	Q4 2014
T2 and T1 Smoke and Fire System enhancements	10-20	Q4 2013	Q2 2016
Airfield improvements			
- Low visibility strategy works program	5-10	Q2 2014	Q2 2015
Major investments planned to commence after 2013-14			
Description of investment	Value (\$m)	Expected start	Expected completion
T1 improvements			
- Upgrades to seating, wayfinding and terminal presentation	>50	Q4 2013	Q3 2016
- Upgrades to baggage reclaims and reclaim hall	20-50	Q1 2015	Q4 2016
T2 improvements			
- Taxiway strengthening for larger aircraft	20-50	Q4 2014	Q4 2015
- Two additional aprons for SE sector	20-50	Q1 2015	Q1 2016
- Fire system and public address system upgrade	5-10	Q4 2014	Q2 2016

Key observations from table 5.1.1 are:

- Sydney Airport completed a number of airside investments during 2013-14 including runway and taxiway enhancements, new aprons, and capacity increases to Terminal 1. This included the installation of six new aerobridges.
- Major investments underway included various baggage projects, such as new baggage reclaims and an early baggage drop-off storage area. Other current projects include low visibility works on the airfield, which will improve centre line and taxiway lighting on Runway

¹⁴⁸ Sydney Airport Master Plan, <https://www.sydneyairport.com.au/corporate/master-plan.aspx>

16L/34R. Major investments planned for after 2013-14 include Terminal 1 improvements, such as wayfinding, baggage reclaim, gate lounges and baggage screening. Other projects planned after 2013-14 include the construction of two additional aprons and strengthening of taxiways to accommodate larger aircraft.

Table 5.1.2: Sydney Airport—major investments in car parking and landside access services

Major investments completed during 2013-14			
Description of investment	Value (\$m)	Started	Completed
Multi-level car park in T2/T3	10-20	Q1 2013	Q4 2013
Widening Airport Drive approach to T1 Departures Rd	1-2	Q3 2013	Q4 2013
T1 – Review of Environmental Factors	1-2	Q2 2013	Q4 2013
Major investments underway in 2013-14			
Description of investment	Value (\$m)	Started	Expected completion
T1 ground transport improvements	10-20	Q1 2014	Q4 2014
Additional entry to T1 taxi holding bay	1-2	Q3 2013	Q4 2013
T2/T3 ground access solutions and hotel	2-5	Q3 2013	Q4 2014
Major investments planned to commence after 2013-14			
Description of investment	Value (\$m)	Expected start	Expected completion
Road improvements to T2/T3 precinct	>50	Q2 2015	Q4 2018
T2/T3 parking improvements – incl. expansion of car park	>50	Q4 2015	Q4 2019
T1 ground transport improvement projects	>50	Q2 2015	Q4 2019

Key observations from table 5.1.2 are:

- During 2013-14 Sydney Airport completed the construction of a new T2/T3 multi-level car park. Other completed projects included the widening of the T1 drop-off zone.
- Major investments planned to commence after 2013-14 include road access improvements, an expansion of T2/T3 car parking spaces and new pedestrian walkways, and improvements to T1 ground transport (such as a number of new exits).

5.2 Aeronautical price monitoring and financial performance results

5.2.1 Prices

Sydney Airport has formal agreements with airlines of terms varying between 5 and 17 years that commenced on various dates between 2002 and 2013. Under these agreements, aeronautical prices are commercially negotiated (frequently with reference to a building block methodology) and typically include increases in prices for inflation and components for new investment and services. The agreements are due to expire between 2014 and 2019.

Table 5.2.1 presents Sydney Airport's average aeronautical charges during 2013-14. The table also presents indexed average list prices in real terms between 2009-10 and 2013-14, with 2013-14 as the base year.

Table 5.2.1: Sydney Airport—schedule of average aeronautical charges in 2013-14 and indexed average list prices (including GST) in real terms from 2009-10 to 2013-14

	Average charge per unit \$	Indexed average list prices (2013-14 base year = 100)				
		2009-10	2010-11	2011-12	2012-13	2013-14
Aeronautical services - aircraft movement facilities and activities						
International passenger service charge (per passenger) ^{(a)*}	24.83	98.0	100.1	99.5	99.7	100.0
Domestic passenger service charge (per passenger) ^{(b)*}	4.17	98.3	98.4	98.7	99.5	100.0
Runway charge—non-passenger movements and GA (per MTOW)*	5.20	97.2	97.7	98.4	99.2	100.0
Runway charge—regional services (per MTOW)**	3.78	110.8	107.5	105.1	102.7	100.0
Landing charge—rotary-wing (per movement)	33.00	92.3	107.5	105.1	102.7	100.0
Apron charge—major aprons (per 15 minutes)	38.50	110.8	107.5	105.1	102.7	100.0
Apron charge—GA aprons—regional services (per day)	66.00	110.8	107.5	105.1	102.7	100.0
Apron charge—GA aprons—0 to 20 tonnes (per day)	132.00	55.4	89.6	87.5	94.2	100.0
Apron charge—GA aprons—20 to 40 tonnes (per day)	187.00	39.1	94.8	92.7	96.7	100.0
Apron charge—GA aprons—greater than 40 tonnes (per day)	286.00	25.6	99.2	97.0	98.8	100.0
Domestic terminal infrastructure charge	Commercial agreement	NA	NA	NA	NA	NA
Aircraft refuelling services	Commercial agreement	NA	NA	NA	NA	NA
T3 domestic terminal infrastructure	Commercial agreement	NA	NA	NA	NA	NA
Light and emergency aircraft maintenance	Commercial agreement	NA	NA	NA	NA	NA
Aeronautical services – passenger processing facilities and activities						
International security charges—including passenger screening, checked bag screening and additional security measures (per passenger) ^(c)	4.77	117.9	109.2	100.9	100.8	100.0
T2 domestic passenger facilitation charge (per passenger) ^(d)	9.44	95.7	92.8	90.7	95.8	100.0
T2 regional passenger facilitation charge (per passenger) ^(d)	4.95	110.8	107.5	105.1	102.7	100.0
T2 domestic security charges—including passenger screening, checked bag screening and additional security measures	1.96	121.7	109.9	96.8	94.6	100.0

	Average charge per unit \$	Indexed average list prices (2013-14 base year = 100)				
		2009-10	2010-11	2011-12	2012-13	2013-14
(per passenger) ^(e)						
T2 regional security charges—including passenger screening and checked bag screening (per passenger) ^(f)	0.96	110.8	107.5	105.1	102.7	100.0
T2 new investment charge (per passenger) ^(g)	0.44	110.8	107.5	105.1	102.7	100.0
International check-in counters (per hour)	24.31	99.8	99.6	100.5	99.9	100.0
Terminal access roads (per vehicle) ^(h)	3.75	88.7	86.0	98.0	102.7	100.0
Minimum charges						
Minimum charge for runway use (per movement)	66.00	92.3	107.5	105.1	102.7	100.0
Minimum charge for regional services (0-5 tonnes)	22.00	110.8	107.5	105.1	102.7	100.0
Minimum charge for regional services (5-10 tonnes)	45.38	110.8	107.5	105.1	102.7	100.0
Minimum charge for regional services (over 10 tonnes)	55.00	110.8	107.5	105.1	102.7	100.0

Notes: Real indexed prices in 2013-14 dollars

NA Not applicable.

* Minimum charge for runway use is applicable.

** Minimum charge for regional air services is applicable.

(a) Charged per arriving and departing international passenger, excluding transfer and transit passengers, and infants and positioning crew. Applies to runway use and terminal facilities.

(b) Charged per arriving and departing domestic passenger, excluding infants and positioning crew. Applies to runway use, however, commercially agreed charges also applied.

(c) Charged as a component of the international PSC, and recovers the cost of passenger screening, checked bag screening and additional security measures. This charge includes an element that relates to security charges.

(d) Levied per arriving and departing passenger, excluding infants and positioning crew. This is a scheduled charge—specific arrangements apply under commercial agreements with major users.

(e) Applies to domestic users of T2 to recover the cost of passenger, checked bag screening and additional security measures. This charge includes an element that relates to security charges—note comments in (d) above.

(f) Applies to regional users of T2 to partly recover the cost of passenger and checked bag screening.

(g) Levied per arriving and departing domestic passenger in T2.

(h) Levied on vehicle pick-ups to recover costs associated with the provision of ground access facilities.

Key observations from table 5.2.1 are:

- The majority of Sydney Airport's aeronautical charges decreased in real terms during 2013-14, with the main exceptions being the international and domestic per passenger charge. All list price decreases were directly due to the conversion of nominal prices into real, as these prices remained unchanged in nominal terms.
- The international and domestic passenger service charges both had marginal increases in real terms during 2013-14. These increases were 0.3 and 0.5 per cent respectively.
- Runway charges for non-passenger movements and general aviation increased by 0.8 per cent to \$5.20 (per maximum take-off weight) in 2013-14.
- The largest percentage increase in Sydney Airport's list prices during 2013-14 was the increase to general aviation apron charges for 0 to 20 tonnes, which increased by 6.2 per cent to \$132.

- Charges for regional services including runway, apron, security and passenger all decreased in real terms by 2.6 per cent during 2013-14.

Aeronautical services to regional air services

Declaration 93 under s.95X of the *Competition and Consumer Act 2010* (CCA) declares the provision of aeronautical services and facilities to regional air services by Sydney Airport to be notified services.¹⁴⁹ As such, Sydney Airport must notify the ACCC if it intends to increase the price of such services.

In assessing notifications from Sydney Airport for an increase in charges for regional air service, Direction 34 requires the ACCC to give special consideration to the Australian Government's policy that the total revenue weighted percentage increase in prices over the three years from 1 July 2013, or part thereof (including new or restructured prices) paid by operators of regional air services to Sydney Airport should not exceed the total percentage increase in the Consumer Price Index (CPI) over that same period.¹⁵⁰

In August 2013, the ACCC issued its decision not to object to a price notification from Sydney Airport for regional air services.¹⁵¹ Sydney Airport's proposal resulted from a decision by Qantas to move its QantasLink operations from T2 to T3. The proposed charges were the same as those previously notified or currently applying to regional airlines at T2.

5.2.2 Revenues, costs and profits for aeronautical and total airport services

Table 5.2.2 outlines the revenues, operating expenses and operating margins for aeronautical services, government mandated security services and the total airport in real terms from 2003-04 to 2013-14.

¹⁴⁹ Declaration No. 93 took effect on 1 July 2013 for a period of three years and replaced Declaration No. 92, which took effect on 1 July 2010 for a period of three years.

¹⁵⁰ Direction No. 34 took effect on 1 July 2013 for a period of three years and replaced Direction No. 32, which took effect on 1 July 2010 for a period of three years.

¹⁵¹ ACCC, (2013), *Airservices Australia price notification ACCC decision*, June, Commonwealth of Australia <http://www.accc.gov.au/system/files/ACCC%20decision%20on%20Airservices%20Australia%20price%20notification%20of%2030%20May%202013.pdf>

Table 5.2.2: Sydney Airport—revenues, operating expenses and operating margins for aeronautical services, government mandated security services, and total airport services in real terms: 2003-04 to 2013-14

		2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Revenue (\$million)	Total aeronautical	373.4	402.7	417.0	453.5	503.5	506.1	542.8	564.0	570.9	603.8	621.0
	Security services	41.4	48.5	58.9	74.5	82.0	82.9	81.7	80.8	80.3	83.4	83.0
	Security % of total aeronautical	11.1	12.0	14.1	16.4	16.3	16.4	15.0	14.3	14.1	13.8	13.4
	Total airport	717.0	819.0	903.9	1 028.6	1 203.5	1 278.5	999.0	1 034.8	1 054.7	1 103.1	1 145.5
	Aeronautical % of total airport	52.1	49.2	46.1	44.1	41.8	39.6	54.3	54.5	54.1	54.7	54.2
Operating expenses (\$million)	Total aeronautical	219.7	209.1	233.6	245.0	275.5	277.1	300.8	295.3	291.2	304.7	311.3
	Security services	29.8	37.8	42.4	74.5	82.0	82.9	81.7	80.8	80.3	83.4	83.0
	Total airport	308.9	298.1	319.4	344.0	380.8	382.9	411.9	407.3	404.3	414.2	415.1
Operating margin (\$million)	Total aeronautical	153.7	193.6	183.4	208.5	227.9	229.1	242.0	268.6	279.7	299.1	309.7
	Security services	11.6	10.8	16.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total airport	408.1	520.9	584.5	684.6	822.7	895.6	587.1	627.4	650.4	689.0	730.4
Operating margin % of total revenue	Aeronautical	41.2	48.1	44.0	46.0	45.3	45.3	44.6	47.6	49.0	49.5	49.9
	Total airport	56.9	63.6	64.7	66.6	68.4	70.0	58.8	60.6	61.7	62.5	63.8
Revenue per passenger (\$)	Total aeronautical	13.84	13.96	14.10	14.44	15.16	15.46	15.55	15.54	15.72	15.91	16.03
	Security services	1.53	1.68	1.99	2.37	2.47	2.53	2.34	2.23	2.21	2.20	2.14
Operating expenses per passenger (\$)	Total aeronautical	8.14	7.25	7.90	7.80	8.30	8.46	8.62	8.14	8.02	8.03	8.04
	Security services	1.10	1.31	1.43	2.37	2.47	2.53	2.34	2.23	2.21	2.20	2.14
Operating margin per passenger (\$)	Total aeronautical	5.69	6.71	6.20	6.64	6.86	7.00	6.93	7.40	7.70	7.88	8.00
	Security services	0.43	0.37	0.56	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Note: Real values in 2013-14 dollars

Key observations from table 5.2.2 are:

Revenue

- Aeronautical revenue increased by 2.9 per cent in real terms during 2013-14 to around \$621.0 million in 2013-14. Over the monitoring period from 2003-04 to 2013-14 aeronautical revenue has increased by an average of 5.2 per cent per year in real terms.
- Total airport revenue increased by 3.8 per cent in real terms to around \$1.1 billion in 2013-14. From 2003-04 to 2013-14, total airport revenue increased by an average of 4.8 per cent per year in real terms.
- In 2013-14, revenue from aeronautical services accounted for 54.2 per cent of total airport revenue. This is similar to the average since 2009-10 which has been around 54.4 per cent but above the long term average from 2003-04 which was 49.2 per cent.

Operating expenses

- Aeronautical operating expenses increased by 2.2 per cent in real terms to \$311.3 million in 2013-14 which is lower than the increase during 2012-13 of 4.6 per cent. The increase in aeronautical expenses during 2013-14 was mostly related to an increase in aeronautical salaries and wages which grew by 15.1 cent in real terms. Sydney Airport reported that aeronautical staff numbers grew by nearly 25 per cent during 2013-14 to 292.
- Total airport expenses grew by 0.2 per cent in real terms during 2013-14 to \$415.1 million. From 2003-04 to 2013-14, total airport operating expenses increased by an average of 3.0 per cent per year in real terms.

Operating margin

- Aeronautical operating margin increased by 3.6 per cent in real terms to \$309.7 million in 2013-14. Since 2003-04, aeronautical operating margin increased by an average of 7.3 per cent per year in real terms.
- Total airport operating margin increased by 6.0 per cent in real terms to \$730.4 million in 2013-14. From 2003-04 to 2013-14, total airport operating margin increased by an average of 6.0 per cent per year in real terms.

Per passenger

- Aeronautical revenue per passenger increased by 0.8 per cent in real terms to \$16.03 in 2013-14. Since 2003-04, aeronautical revenue per passenger has increased by an average of 1.5 per cent per year in real terms.
- The level of aeronautical operating expenses per passenger was virtually unchanged in real terms during 2013-14 and was \$8.04. In real terms, aeronautical operating expenses per passenger has decreased by an average of 0.1 per cent per passenger since 2003-04.
- Aeronautical operating margin per passenger increased by 1.4 per cent in real terms to \$8.00 per passenger in 2013-14. From 2003-04 to 2013-14, aeronautical operating margin per passenger has increased by an average of 3.5 per cent per year in real terms.

Line in the sand—*aeronautical revenue, operating expenses and operating margin values*

Since 2007-08, the ACCC has required airport operators to provide additional information relating to the aeronautical asset base under the 'line in the sand' (LIS) approach. Under this approach, the value of an airport's aeronautical asset base for monitoring purposes is the value of tangible non-current aeronautical assets reported to the ACCC as at 30 June 2005, plus new investments, less depreciation and disposals. Table 5.2.3 shows Sydney Airport's starting LIS asset base figures.

Table 5.2.3: Sydney Airport—starting line in the sand asset base as at 30 June 2005 (\$thousand) in real terms

	Land	Property, plant and equipment	Total line in the sand asset base
Sydney Airport	546 646	1 492 090	2 038 736

Note: Real values in 2013-14 dollars

Sydney Airport has stated in its regulatory accounts that, similar to the previous year, the value of leasehold land for LIS aeronautical assets includes the value of landfill (that is, the land under the runway). The reported value for this landfill as at 30 June 2014 was \$156.8 million.

As noted in previous airport monitoring reports, this value was not included in the asset base provided by Sydney Airport as at 1 July 2005 (from which the ACCC's LIS asset base was derived). The ACCC therefore presents the LIS approach for Sydney Airport with and also without the value of landfill. Table 5.2.4 present the revenues, operating expenses and operating margins for aeronautical services under the LIS approach.

Table 5.2.4: Sydney Airport—revenues, operating expenses and operating margin for aeronautical services under the LIS approach, both excluding and including the value of landfill in leasehold land in real terms: 2007-08 to 2013-14

		2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Revenue (\$million)	Excluding landfill	503.5	506.1	542.8	564.0	570.9	603.8	621.0
	Including landfill	503.5	506.1	542.8	564.0	570.9	603.8	621.0
Operating expenses (\$million)	Excluding landfill	264.8	269.0	300.2	291.5	283.1	284.5	298.4
	Including landfill	267.1	271.3	302.4	292.9	285.1	286.5	300.2
Operating margin (\$million)	Excluding landfill	238.7	237.1	242.6	272.5	287.8	319.2	322.7
	Including landfill	236.4	234.8	240.5	271.1	285.9	317.3	320.8
Operating margin as a % of revenue	Excluding landfill	47.4	46.8	44.7	48.3	50.4	52.9	52.0
	Including landfill	46.9	46.4	44.3	48.1	50.1	52.6	51.7

Note: Real values in 2013-14 dollars

Key observations from table 5.2.4 are:

- Under the LIS methodology and excluding the value of landfill in leasehold land, operating expenses for aeronautical services were around \$298.4 million in 2013-14. This is 4.1 per cent lower than the non-LIS expense figure (shown in table 5.2.2). This is because depreciation of tangible assets is generally lower under the LIS approach. The aeronautical operating margin under the LIS approach was \$322.7 million, which is 4.2 per cent higher than the non-LIS margin.
- Again, using the LIS methodology but including the value of landfill in leasehold land, operating expenses for aeronautical services were around \$300.2 million in 2013-14. This is 3.6 per cent lower than the non-LIS expense figure. The aeronautical operating margin under the LIS approach and including the value of landfill in leasehold land was \$320.8 million.

5.2.3 Assets for aeronautical and total airport services

Table 5.2.5 outlines Sydney Airport's tangible non-current assets for aeronautical services and the total airport from 2003-04 to 2013-14. Sydney Airport's tangible non-current assets for aeronautical services and total airport services under the LIS approach are presented in table 5.2.6.

Table 5.2.5: Sydney Airport—non-current assets for aeronautical services and total airport services in real terms: 2003-04 to 2013-14

		2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Investment property (\$million)	Aeronautical	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total airport	0.0	841.2	1 238.2	2 993.8	4 826.6	5 343.8	0.0	0.0	0.0	0.0	0.0
Land (\$million)	Aeronautical	568.6	546.6	941.1	932.7	892.3	856.1	827.8	794.0	767.6	742.2	805.4
	Total airport	2 130.4	2 059.0	1 354.1	1 342.8	1 285.0	1 232.3	1 189.6	1 140.4	1 101.8	1 064.7	1 024.1
Property, plant and equipment (\$million)	Aeronautical	1562.6	1 492.1	1 797.8	1 822.5	1 793.3	1 998.2	2 050.1	1 911.3	1 832.2	1 794.1	1 750.9
	Total airport	2 050.6	1 989.2	2 535.0	2 472.2	2 529.4	2 718.5	2 706.1	2 581.6	2 560.5	2 517.9	2 505.2
Intangibles (\$million)	Aeronautical	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total airport	0.0	0.0	1 789.3	1 718.7	1 644.3	1 576.7	1 523.4	1 460.4	1 411.0	1 363.3	1 311.5
Other tangible non-current assets (\$million)	Aeronautical	0.0	0.0	26.7	32.1	39.7	40.9	48.7	46.3	39.3	35.2	33.8
	Total airport	97.0	1 010.4	810.6	2 397.2	3 972.2	4 293.0	4 182.3	5 088.5	5 834.4	6 493.0	10 032.2
Total tangible non-current assets (\$million)	Aeronautical	2 131.2	2 038.7	2 765.6	2 787.3	2 725.2	2 895.2	2 926.6	2 751.7	2 639.1	2 571.5	2 590.2
	Total airport	4 278.0	5 899.8	5 937.9	9 206.0	12 613.2	13 587.5	8 078.0	8 810.5	9 496.8	10 075.6	13 561.6
Total non-current assets (\$million)	Aeronautical	2 131.2	2 038.7	2 765.6	2 787.3	2 725.2	2 895.2	2 926.6	2 751.7	2 639.1	2 571.5	2 590.2
	Total airport	4 278.0	5 899.8	7 727.2	10 924.7	14 257.5	15 164.2	9 601.4	10 271.0	10 907.8	11 438.9	14 873.1

Note: Real values in 2013-14 dollars

Key observations from table 5.2.5 are:

Aeronautical non-current assets

- The value of aeronautical tangible non-current assets at Sydney Airport increased by 0.7 per cent in real terms during 2013-14 to around \$2.6 billion. This increase was directly due to higher values for land which increased by 8.5 per cent in real terms during 2013-14. The value of property, plant and equipment depreciated by 2.4 per cent in real terms during 2013-14.

Total airport non-current assets

- Total airport non-current assets for the total airport increased in value by 30.0 per cent in real terms to \$14.9 billion in 2013-14. Total non-current airport assets excluding intangibles increased by 34.6 per cent in real terms in 2013-14. Both increases relate to the growth in non-current receivables which grew by 48.6 per cent in real terms during 2013-14.
- Total airport non-current assets have increased in value by 247.7 per cent in real terms over the period from 2003-04 to 2013-14. When excluding intangibles, the increase in the value of total airport non-current assets is 217.0 per cent in real terms over the same period.

Line in the sand asset values

Table 5.2.6: Sydney Airport—non-current assets for aeronautical services under the LIS approach, both excluding and including the value of landfill in leasehold land in real terms: 2007-08 to 2013-14

		2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Investment property (\$million)		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Land (\$million)	Excluding landfill	1 290.0	1 230.7	1 378.4	1 146.5	1 108.2	1 071.5	1 183.5
	Including landfill	1 486.1	1 418.7	1 570.0	1 321.1	1 276.9	1 234.5	1 340.3
Property, plant and equipment (\$million)		1 388.5	1 623.9	1 689.2	1 570.2	1 510.7	1 503.7	1 485.7
Intangibles (\$million)		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other tangible non-current assets (\$million)		39.7	40.9	48.7	46.3	39.3	35.2	33.8
Total tangible non-current assets (\$million)	Excluding landfill	2 718.1	2 895.5	3 116.3	2 763.0	2 658.3	2 610.3	2 702.9
	Including landfill	2 914.3	3 083.5	3 308.0	2 937.6	2 826.9	2 773.3	2 859.7

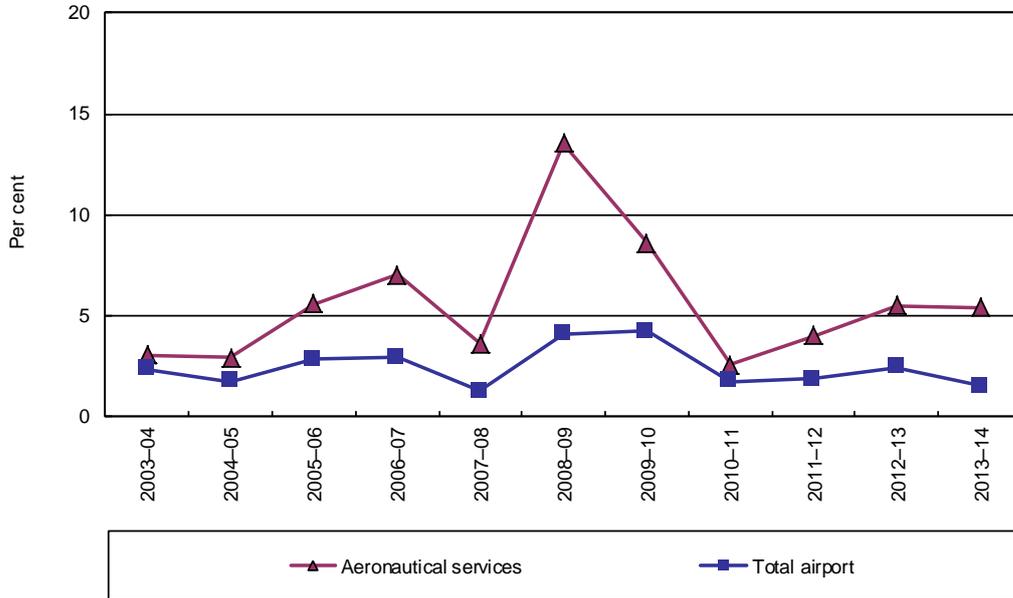
Note: Real values in 2013-14 dollars

Key observations from table 5.2.6 are:

- Under the LIS methodology and excluding the value of landfill in leasehold land, the value of aeronautical tangible non-current assets was around \$2.7 billion in 2013-14, or around 4.4 per cent higher than the non-LIS value (shown in table 5.2.5). The value of land was 46.9 per cent higher under the LIS methodology whereas the value of property, plant and equipment was 15.1 per cent lower.
- Under the LIS methodology and including the value of landfill in leasehold land, the value of aeronautical tangible non-current assets was around \$2.9 billion in 2013-14 or around 10.4 per cent higher than the non-LIS value. Land value when landfill was included was 66.4 per cent higher than non-LIS land values.

5.2.4 Additions as a percentage of tangible non-current assets

Chart 5.2.1: Sydney Airport—additions as a percentage of tangible non-current assets for aeronautical and total airport services: 2003-04 to 2013-14

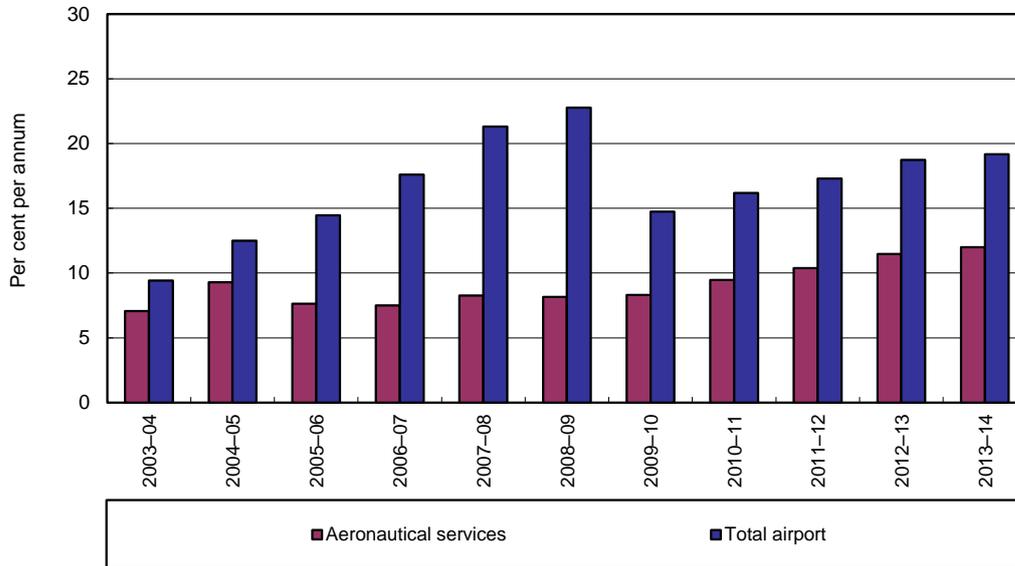


Key observations from chart 5.2.1 are:

- During 2013-14, additions to aeronautical tangible non-current assets represented around 5.4 per cent of total aeronautical tangible non-current assets. The major additions to aeronautical assets were buildings with an increase of \$34.7 million in real terms. Annual additions to aeronautical tangible non-current assets averaged around 5.8 per cent over the monitoring period.
- Additions to total airport tangible non-current assets represented around 1.5 per cent of total airport tangible non-current assets during 2013-14. The major additions to total tangible non-current assets during 2013-14 was the category 'buildings' with an increase of around \$16.5 million in real terms. Annual additions to total tangible non-current assets averaged around 2.4 per cent over the monitoring period.

5.2.5 Rates of return on tangible non-current assets

Chart 5.2.2: Sydney Airport—rate of return (EBITA) on tangible non-current assets for aeronautical services and total airport services in real terms: 2003-04 to 2013-14



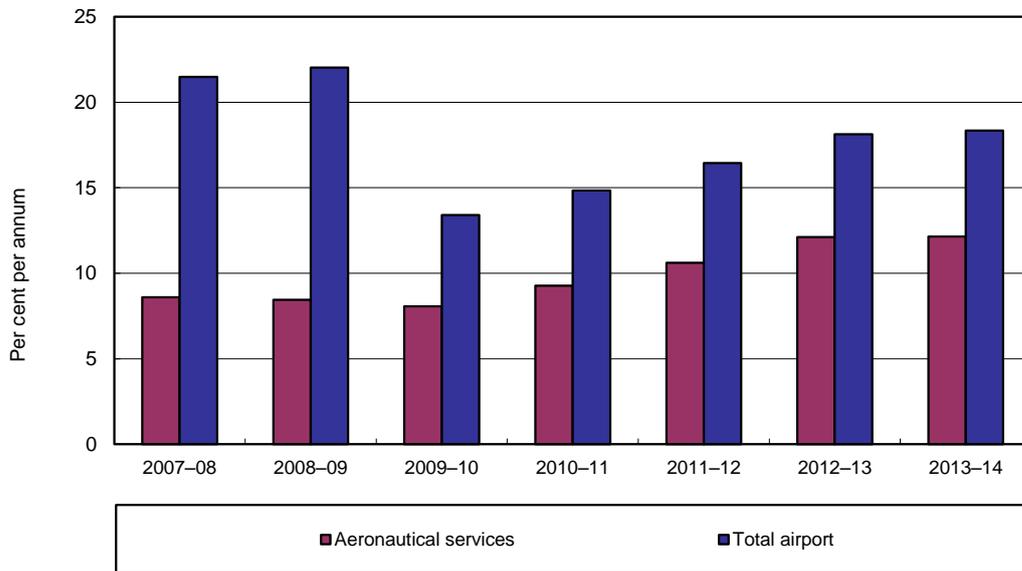
Note: Real values in 2013-14 dollars

Key observations from chart 5.2.2 are:

- During 2013-14, the rate of return on aeronautical tangible non-current assets¹⁵² increased in real terms by 0.5 percentage points to 12.0 per cent. This is the highest rate of return on average aeronautical tangible non-current assets that Sydney Airport has recorded over the monitoring period and is also the fifth year in a row where the rate has increased.

¹⁵² Defined as earnings before interest, tax and amortisation (EBITA) on average aeronautical tangible non-current assets

Chart 5.2.3: Sydney Airport—rate of return (EBITA) on tangible non-current assets for aeronautical services under the LIS approach and total airport services in real terms (excluding landfill): 2007-08 to 2013-14



Note: Real values in 2013-14 dollars

Key observations from chart 5.2.3 are:

- During 2013-14, the rate of return on average aeronautical tangible non-current assets under the LIS approach (and excluding landfill) was 12.1 per cent. This is just 0.1 percentage points higher than the non-LIS value (shown in chart 5.2.2). When landfill is included in the asset base, the rate of return on aeronautical tangible non-current assets was 11.4 per cent, slightly lower than when landfill was excluded for the LIS approaches.
- The rate of return on average tangible non-current assets for total airport services was 18.3 per cent, which is around 0.9 percentage points lower than the non-LIS value. When landfill is included, the rate of return on average total airport tangible non-current assets was lower at 17.6 per cent.

5.3 Aeronautical services quality of service monitoring results

5.3.1 Overall quality of service

Chart 5.3.1: Sydney Airport – average ratings for standard and availability of total airport services and facilities: 2009-10 to 2013-14 ¹⁵³



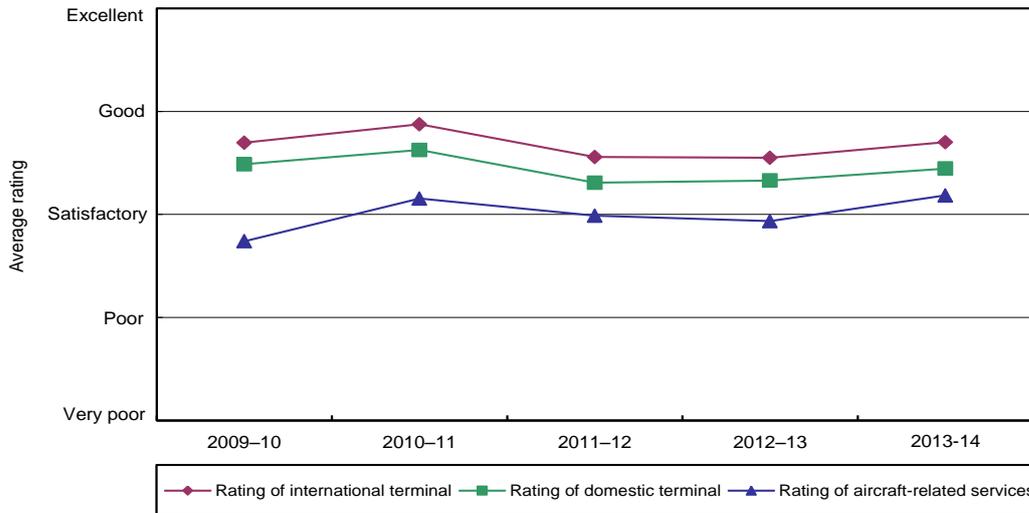
Source: Airline surveys, passenger surveys, and objective indicators obtained from Sydney Airport through the ACCC's monitoring process

Key observations from chart 5.3.1 are:

- Sydney Airport's average quality of service ratings for the standard of total airport services and facilities remained unchanged at 'satisfactory' during 2013-14. The average rating for the availability of total airport services increased marginally, but remained at 'satisfactory'.

¹⁵³ In this report, the boarder agency survey data is no longer included in the data series, which may result in changes in the ratings for the previous years.

Chart 5.3.2: Sydney Airport—average ratings for international and domestic terminal services, and aircraft-related services and facilities: 2009-10 to 2013-14



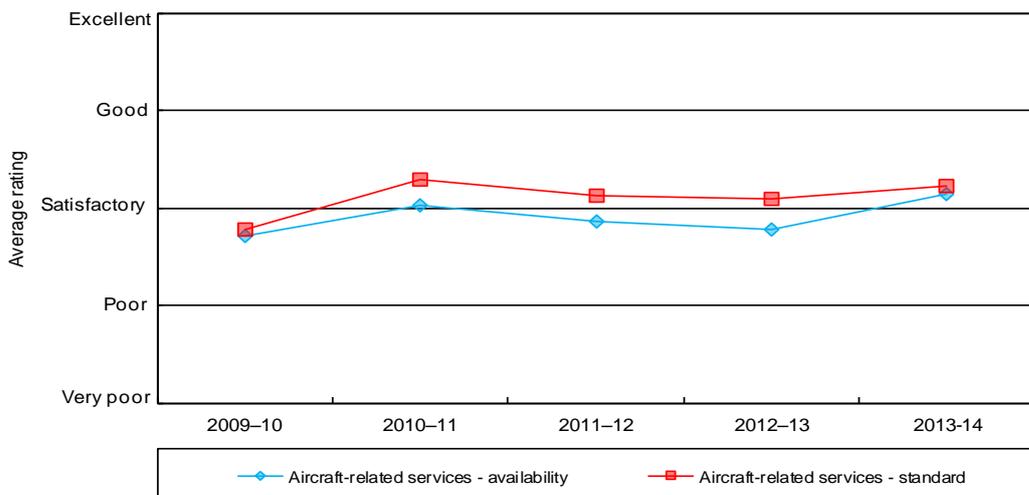
Source: Airline surveys, passenger surveys, and objective indicators obtained from Sydney Airport through the ACCC's monitoring process

Key observations from chart 5.3.2 are:

- Sydney Airport's average quality of service rating for international terminal services increased slightly during 2013-14, but remained in the 'satisfactory' range.
- Ratings for Sydney Airport's domestic terminal services also increased slightly during 2013-14, and remained rated as 'satisfactory'.
- The rating for aircraft-related services and facilities increased from 'poor' in 2012-13 to 'satisfactory' during 2013-14.

5.3.2 Aircraft-related services and facilities

Chart 5.3.3: Sydney Airport—average ratings for availability and standard of aircraft-related services and facilities: 2009-10 to 2013-14



Source: Airline surveys

Key observations from chart 5.3.3 are:

- Airlines' ratings for availability of aircraft-related services and facilities increased from a 'poor' rating in 2012-13 to 'satisfactory' in 2013-14.
- Airlines' ratings for standard of aircraft-related services and facilities also increased during 2013-14 but remained in the 'satisfactory' category.

Table 5.3.1: Sydney Airport—ratings of quality of individual aircraft-related services and facilities: 2013-14 and 1-year change and change since 2009-10

	Indicator	Rating category 2013-14	1-year change	Change since 2009-10
Runway	Availability	Satisfactory	▲	▲*
	Standard	Satisfactory	▲	▲*
Taxiways	Availability	Satisfactory	▲*	▼
	Standard	Satisfactory	▲	▲
Aprons	Availability	Satisfactory	▲*	▲*
	Standard	Satisfactory	▲*	▲
Aircraft parking	Availability of facilities and bays	Poor	▲*	▲
	Standard of facilities and bays	Poor	▲	▲
Ground handling	Availability of services and facilities	Satisfactory	▼	▲*
	Standard of services and facilities	Satisfactory	▼	▲*
Management responsiveness	Availability	Satisfactory	▲	▲*
	Standard	Satisfactory	▼	▲*

Source: Airline surveys

Notes: The rating categories are: very poor, poor, satisfactory, good and excellent.

For each indicator for the period specified: ▲ indicates an improvement; ▼ indicates a decline; — indicates no change. *Rating changed by a category over the period.

Key observations from table 5.3.1 on ratings of individual aircraft-related services and facilities are:

Runways

- Airlines' rating of the availability and standard of runways both increased during 2013-14 but remained at 'satisfactory'.
 - Some airlines commented that during peak periods the runways are heavily congested and are running at capacity, while other airlines noted that the availability of runways was satisfactory. Runway standard was thought to be either satisfactory or good and improved since CATII was introduced.

Taxiways

- The availability of taxiways, as rated by airlines, increased from 'poor' to 'satisfactory' during 2013-14. Airlines' ratings for the standard of taxiways increased marginally but remained at 'satisfactory'.
 - Some airlines noted that congestion on taxiways has led to delays although a number of airlines had no issues with taxi availability. Most airlines had no concerns with the standard of taxiways.

Aprons

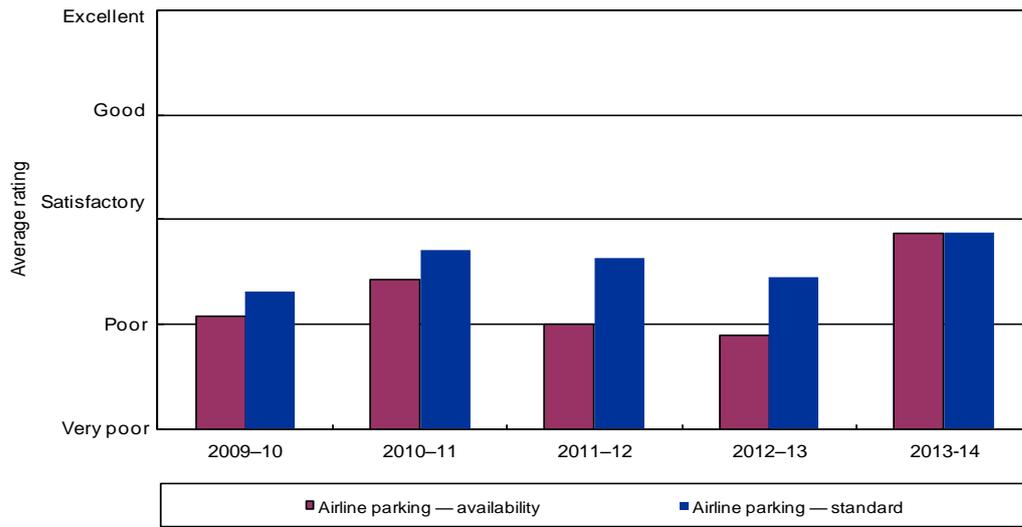
- The availability and standard of aprons as rated by the airlines both jumped from 'poor' to 'satisfactory' during 2013-14.

- A number of airlines raised issues around the lack of space in apron areas although others did not have concerns.

Aircraft parking bays

- As shown in chart 5.3.4, airlines increased their ratings of the availability and standard of aircraft parking facilities and bays during 2013-14. The rating for availability of aircraft parking facilities moved from ‘very poor’ to just under ‘satisfactory’, while the rating for standard of aircraft parking facilities increased within the ‘satisfactory’ range.

Chart 5.3.4: Sydney Airport—airlines’ rating for availability and standard of aircraft parking facilities and bays: 2009-10 to 2013-14



Source: Airline surveys

- Airlines provided considerable and varied commentary on the availability of aircraft parking facilities. A number of airlines noted the lack of availability of international terminal parking bays particularly during peak periods that led to parking on remote bays and some bussing operations. Some airlines noted that parking bay quality was of a good standard but others mentioned concerns such as too many parking restrictions.

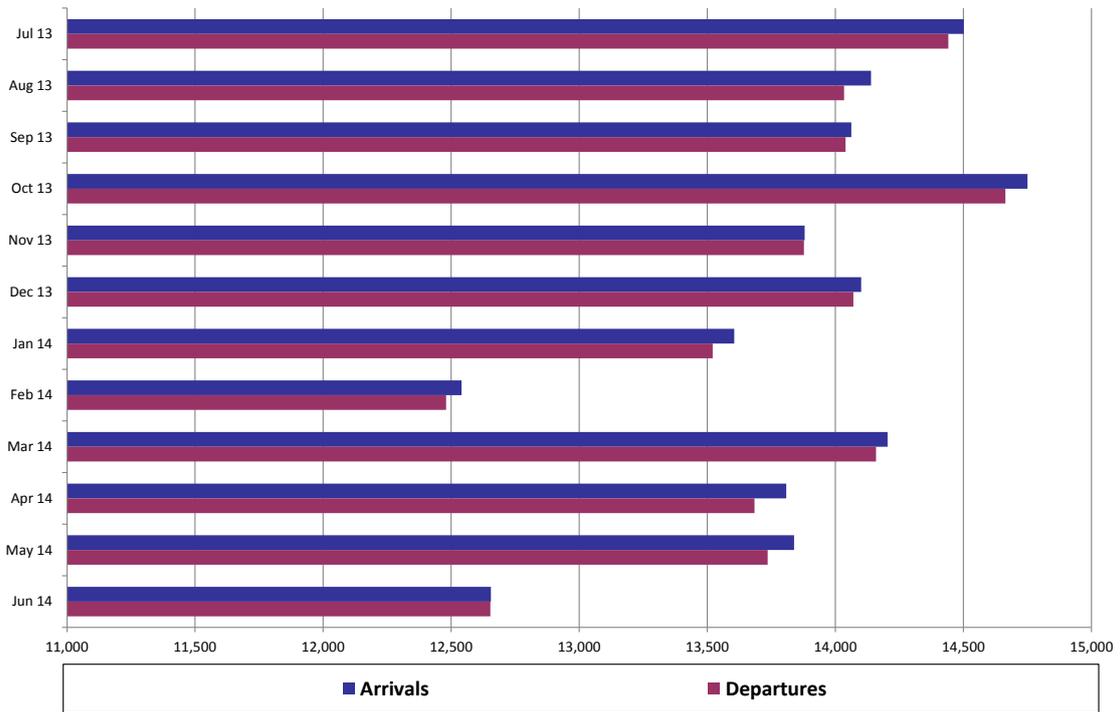
Management responsiveness

- Airlines’ rating of the availability of airport management increased slightly but remained at ‘satisfactory’ in 2013-14, while airlines’ rating of the standard of airport management decreased within the ‘satisfactory’ range.
 - Airline commentary on the availability of management noted that most had good working relationships with Sydney Airport and were approachable and available, but a number noted that issues discussed went unresolved.

Runway traffic and delays at Sydney Airport during 2013-14

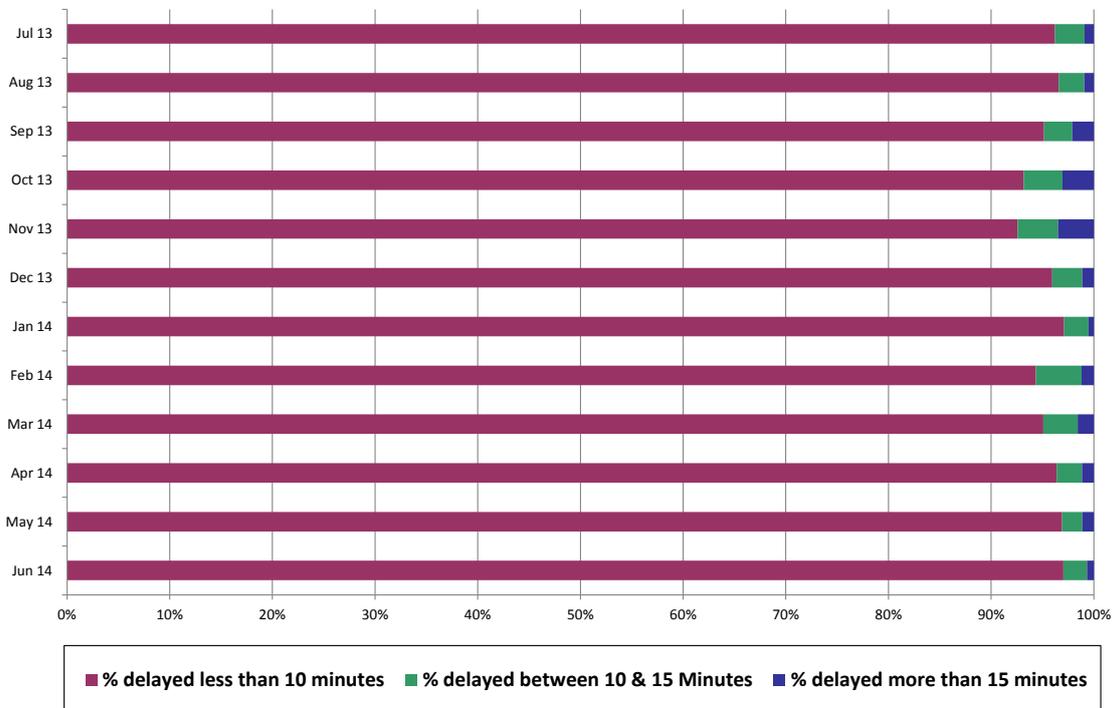
Charts 5.3.5 and 5.3.6 present Airservices Australia’s data on Sydney Airport’s monthly arrivals and departures and airborne delays for 2013-14.

Chart 5.3.5: Sydney Airport—monthly aircraft arrivals and departures: 2013-14



Source: Airservices Australia

Chart 5.3.6: Sydney Airport—airborne delays: 2013-14



Source: Airservices Australia

Key observations from charts 5.3.5 and 5.3.6 are:

- The average number of aircraft movements during 2013-14 was 27 620 per month. The highest number of monthly aircraft movements occurred in October 2013, with 29 414 aircraft arrivals and departures. The lowest number of monthly aircraft movements occurred in February 2014 with 25 020 aircraft movements.¹⁵⁴
- In 2013-14, the percentage of flights per month that were delayed more than 15 minutes averaged 1.5 per cent. This compares to an average of 2.5 per cent of flights delayed more than 15 minutes during 2012-13.

5.3.3 Passenger-related services and facilities

Chart 5.3.7: Sydney Airport—average ratings for availability and standard of passenger-related services and facilities: 2009-10 to 2013-14



Source: Airline surveys, passenger surveys, border agency surveys and objective indicators obtained from Sydney Airport through the ACCC's monitoring process

Key observations from chart 5.3.7 are:

- Sydney Airport's average quality of service rating for availability of passenger-related services and facilities increased marginally within the 'satisfactory' range during 2013-14.
- The standard of passenger-related services and facilities decreased slightly but remained at 'satisfactory'.
- Sydney Airport's average quality of service ratings for availability and standard of passenger-related services and facilities have remained within the 'satisfactory' range in all years in the reported period.

¹⁵⁴ In some periods there may be discrepancies between the number of arriving and departing aircraft. This is due to a number of factors, such as data temporality, the integrity of Airservices Australia's surveillance data and some specific types of aircraft movements not contributing towards the count. For more detail on these factors, see appendix A7.2.

Landside access

Table 5.3.2: Sydney Airport—ratings of quality of landside access services and facilities: 2013-14 and 1-year change and change since 2009-10

Terminal	Indicator	Rating category 2013-14	1-year change	Change since 2009-10
International	Kerbside pick-up and drop-off facilities	Satisfactory	▼	▼
	Taxi facilities waiting time	Satisfactory	▼	—
	Kerbside space congestion	Poor	▼*	▼*
Domestic	Kerbside pick-up and drop-off facilities	Satisfactory	▼	▼
	Taxi facilities waiting time	Satisfactory	—	▲
	Kerbside space congestion	Poor	▼	▼

Source: Passenger surveys

Notes: The rating categories are: very poor, poor, satisfactory, good and excellent.

For each indicator for the period specified: ▲ indicates an improvement; ▼ indicates a decline; — indicates no change. *Rating changed by a category over the period.

Key observations from table 5.3.2 on ratings of individual landside access services and facilities are:

International

- Passengers' ratings of kerbside pick-up and drop-off facilities decreased slightly during 2013-14 but remained at 'satisfactory' as did waiting time for taxis. Since 2009-10, passengers' ratings of kerbside pick-up and drop-off and taxi waiting time have remained fairly stable at 'satisfactory'
- Passengers' rating of kerbside space congestion decreased marginally from 'satisfactory' to just under 'satisfactory' during 2013-14. Since 2009-10, passengers' rating of kerbside space congestion has been 'satisfactory' in each year except for 2013-14.

Domestic

- Passengers' ratings of kerbside pick-up and drop-off facilities decreased slightly but remained at 'satisfactory' during 2013-14. There was no change in the rating for taxi facilities waiting time, which remained at 'satisfactory'. Since 2009-10, passengers' ratings of kerbside pick-up and drop-off and taxi waiting time have remained fairly stable at 'satisfactory'.
- Passengers' rating of kerbside space congestion decreased marginally and stayed at 'poor' during 2013-14. Since 2009-10, passengers' rating of kerbside space congestion has fluctuated between ratings of 'satisfactory' and 'poor'.

International terminal

Table 5.3.3: Sydney Airport—indicators of quality of passenger-related services and facilities – international terminal: 2013-14, 1-year change and change since 2009-10

Category	Indicator	Data source	Indicator result 2013-14	1-year change	Change since 2009-10
Check-in	Check-in availability	Airline survey	Satisfactory	▲*	▲*
	Check-in standard	Airline survey	Satisfactory	—	▲*
	Check-in waiting time	Passenger survey	Good	—	▲*
	<i>Number of departing passengers per check-in desk, kiosk and bad drop facility (peak hour)</i>	<i>Objective indicator</i>	<i>8.1 passengers</i>	▲	▲
Immigration	Waiting time in outbound Immigration area	Passenger survey	Good	▼	—
	<i>Number of departing passengers per outbound Immigration desk (peak hour)</i>	<i>Objective indicator</i>	<i>54.6 passengers</i>	▼	▼
	Waiting time in inbound Immigration area	Passenger survey	Satisfactory	—	▲
	<i>Number of arriving passengers per inbound Immigration desk (peak hour)</i>	<i>Objective indicator</i>	<i>26.4 passengers</i>	▲	▲
	Waiting time in inbound baggage inspection area	Passenger survey	Satisfactory	—	▲
	<i>Number of arriving passengers per baggage inspection desk (peak hour)</i>	<i>Objective indicator</i>	<i>22.1 passengers</i>	▲	▲
Information	Flight information display screens	Passenger survey	Good	▼	▲*
	<i>Number of passengers per flight information display screen (peak hour)</i>	<i>Objective indicator</i>	<i>5.2 passengers</i>	▲	▲
	<i>Number of passengers per information point (peak hour)</i>	<i>Objective indicator</i>	<i>636 passengers</i>	▲	▲
	Signage and wayfinding	Passenger survey	Satisfactory	—	▲

Notes: The rating categories are: very poor, poor, satisfactory, good and excellent.
 For each indicator for the period specified: ▲ indicates an improvement; ▼ indicates a decline; — indicates no change. *Rating changed by a category over the period.
 The definition for peak hour for passengers differs in 2013-14 from previous years. For 2013-14, peak hour is defined as the time of peak hour for the highest total number of passenger movements including both arriving and departing passengers. In previous years, there were two peak hours, which were the 'time of peak hour for arriving passengers' and the 'time of peak hour for departing passengers'.

Table 5.3.3: Sydney Airport—indicators of quality of passenger-related services and facilities – international terminal: 2013-14, 1-year change and change since 2009-10 (cont.)

Category	Indicator	Data source	Indicator result 2013-14	1-year change	Change since 2009-10
Baggage	Baggage processing facilities availability	Airline survey	Poor	▼	▼*
	Baggage processing facilities standard	Airline survey	Poor	—	▼
	<i>Average throughput of outbound baggage system (per hour)</i>	<i>Objective indicator</i>	<i>1190 items</i>	▲	▲
	Circulation space for inbound baggage reclaim	Passenger survey	Satisfactory	▼	—
	Information display for inbound baggage reclaim	Passenger survey	Satisfactory	▼	▼
	<i>Number of arriving passengers per m² of inbound baggage reclaim area (peak hour)</i>	<i>Objective indicator</i>	<i>0.2 passengers</i>	n/a	n/a
	Findability of baggage trolleys	Passenger survey	Satisfactory	—	▲
	<i>Number of passengers per baggage trolley (peak hour)</i>	<i>Objective indicator</i>	<i>0.9 passengers</i>	▲	▲
Gate lounges	Seating in lounge area (quality and availability)	Passenger survey	Satisfactory	—	▲
	<i>Number of departing passengers per seat in gate lounges (peak hour)</i>	<i>Objective indicator</i>	<i>0.4 passengers</i>	—	—
	Crowding in lounge area	Passenger survey	Satisfactory	▲	▲
	<i>Number of departing passengers per m² of lounge area (peak hour)</i>	<i>Objective indicator</i>	<i>0.2 passengers</i>	—	—
Amenities	Standard of washrooms	Passenger survey	Satisfactory	▼	▼
	<i>Number of departing passengers per washroom (peak hour)</i>	<i>Objective indicator</i>	<i>3 passengers</i>	n/a	n/a
Aerobridges	Aerobridges availability	Airline survey	Poor	▲	▼
	Aerobridges standard	Airline survey	Poor	—	▲
	<i>Percentage of international passengers arriving using an aerobridge</i>	<i>Objective indicator</i>	<i>96.8%</i>	▲	▲
	<i>Percentage of international passengers departing using an aerobridge</i>	<i>Objective indicator</i>	<i>96.2%</i>	▼	▼
Security	Quality of security search process	Passenger survey	Good	▼	▲*
	<i>Number of departing passengers per security clearance system (peak hour)</i>	<i>Objective indicator</i>	<i>98.7 passengers</i>	▼	▲

Notes: The rating categories are: very poor, poor, satisfactory, good and excellent. For each indicator for the period specified: ▲ indicates an improvement; ▼ indicates a decline; — indicates no change. *Rating changed by a category over the period. The definition for peak hour for passengers differs in 2013-14 from previous years. For 2013-14, peak hour is defined as the time of peak hour for the highest total number of passenger movements including both arriving and departing passengers. In previous years, there were two peak hours, which were the 'time of peak hour for arriving passengers' and the 'time of peak hour for departing passengers'.

Key observations on subjective and objective indicators for services and facilities at the international terminal from table 5.3.3 are:

Overall

- During 2013-14, most passenger ratings for services and facilities at the international declined. Airline responses were more varied, with some ratings improving and others declining or showing no movement.

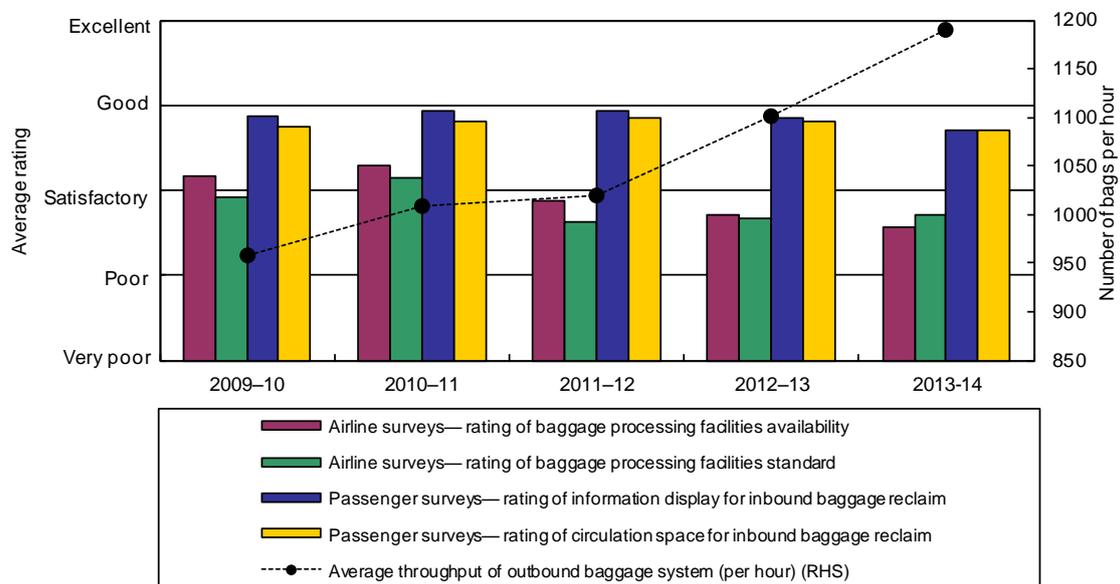
Check-in

- Airlines’ rating of check-in availability increased from ‘poor’ to ‘satisfactory’ during 2013-14. Their ratings of the standard of check-in facilities remained unchanged at ‘satisfactory’.
 - In commentary to the survey, a number of airlines noted improvements in the past 12 months in counter availability. However, others noted that during peak periods there are constraints on counter availability that can lead to long queues. Airline comments on the standard of check-in were generally favourable. A number of airlines commented that the further introduction of better technology such as kiosk and auto bag drops would be crucial for passenger processing.
- Passenger’s ratings of check-in waiting time remained at ‘good’ during 2013-14. Passenger ratings for check-in waiting time have consistently been rated at just below ‘good’ or ‘good’ in each year of the reported period.

Baggage

- As shown in chart 5.3.8, ratings by airlines on the availability of baggage processing facilities decreased within the ‘poor’ range in 2013-14, while airlines’ rating of the standard of baggage processing facilities remained unchanged within the ‘poor’ range.

Chart 5.3.8: Sydney Airport—baggage processing facilities (international services): 2009-10 to 2013-14



Source: Airline surveys, passenger surveys and objective indicators obtained from Sydney Airport through the ACCC’s monitoring process

- Airlines’ ratings for the availability and standard of bag processing facilities have been ‘poor’ for the past three years. While some airlines noted baggage processing facilities were ‘satisfactory’, a number of other airlines expressed concerns that overall, there is insufficient space to accommodate all arriving flights. Others noted that the baggage

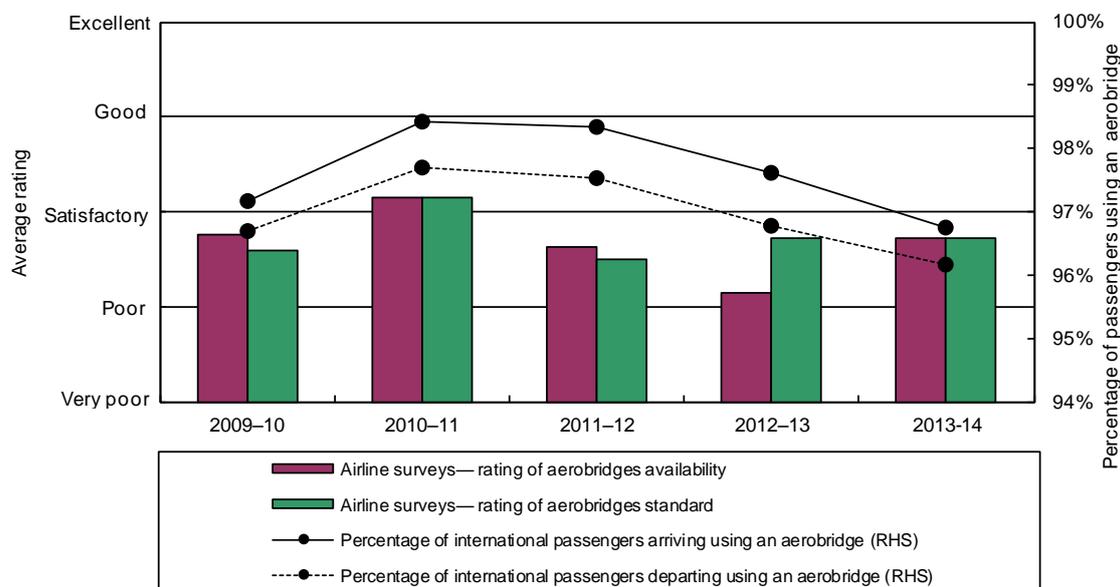
system was aging and this was resulting in frequent breakdowns. A number of airlines expressed concerns in relation to the reliability and speed of baggage transfer between the international and domestic terminals.

- While showing a slight decline within the ‘satisfactory’ category, passengers have consistently rated information display for inbound baggage reclaim and circulation space for inbound baggage reclaim as ‘satisfactory’ over the entire monitoring period.

Aerobridges

- As shown in chart 5.3.9, airlines’ ratings of the availability of aerobridges increased within the range of ‘poor’ during 2013-14. There was no change in airlines’ perceptions of the standard of aerobridges during 2013-14, which remained at ‘poor’.
 - While some airlines noted that there had been improvements to aerobridge availability, a number noted delays in waiting for aerobridges and also considered that more aerobridges are required to cater for more airlines flying into Sydney Airport. While one airline noted that the standard of aerobridges was good, virtually every other airline that commented expressed concerns including cleanliness, the need for refurbishment or major overhaul and a number mentioned leaking on rainy days.

Chart 5.3.9: Sydney Airport—aerobridges (international services): 2009-10 to 2013-14



Source: Airline surveys and objective indicators obtained from Sydney Airport through the ACCC’s monitoring process

- The standard and availability of aerobridges at the international terminal has been rated by airlines as ‘poor’ in all years of the monitoring period except for 2010-11.
- The percentage of international passengers using an aerobridge has declined for each year since 2010-11. During 2013-14, 97 per cent of arriving international passengers and 96 per cent of departing international passengers used an aerobridge.

Domestic terminal

Table 5.3.4: Sydney Airport—indicators of quality of passenger-related services and facilities – domestic terminal: 2013-14, 1-year change and change since 2009-10

Category	Indicator	Data source	Indicator result 2013-14	1-year change	Change since 2009-10
Check-in	Check-in availability	Airline survey	Satisfactory	▲*	▲*
	Check-in standard	Airline survey	Poor	▼*	▼*
	Check-in waiting time	Passenger survey	Satisfactory	▼*	▲
	<i>Number of departing passengers per check-in desk, kiosk, and bag drop facility (peak hour)</i>	<i>Objective indicator</i>	<i>17.8 passengers</i>	▲	▲
Baggage	Baggage processing facilities availability	Airline survey	Satisfactory	▲*	▼
	Baggage processing facilities standard	Airline survey	Satisfactory	▲*	▲*
	<i>Number of arriving passengers per m² of inbound baggage reclaim area (peak hour)</i>	<i>Objective indicator</i>	<i>0.6 passengers</i>	n/a	
	Circulation space for inbound baggage reclaim	Passenger survey	Satisfactory	▼	▼
	Information display for inbound baggage reclaim	Passenger survey	Satisfactory	▼	▼
	Findability of baggage trolleys	Passenger survey	Satisfactory	—	▲
	<i>Number of passengers per baggage trolley (peak hour)</i>	<i>Objective indicator</i>	<i>14.4 passengers</i>	▼	▼
Information	Flight information display screens	Passenger survey	Satisfactory	▼*	▼*
	Signage and wayfinding	Passenger survey	Satisfactory	—	—
	<i>Number of passengers per flight information display screen (peak hour)</i>	<i>Objective indicator</i>	<i>13.5 passengers</i>	▼	▲
	<i>Number of passengers per information point (peak hour)</i>	<i>Objective indicator</i>	<i>1209.7 passengers</i>	▲	▲
Gate lounges	Seating in lounge area (quality and availability)	Passenger survey	Satisfactory	▲	▲
	Crowding in lounge area	Passenger survey	Satisfactory	▲	▲
	<i>Number of departing passengers per seat in gate lounges (peak hour)</i>	<i>Objective indicator</i>	<i>0.5 passengers</i>	▲	▲
	<i>Number of departing passengers per m² of lounge area (peak hour)</i>	<i>Objective indicator</i>	<i>0.2 passengers</i>	▲	▲
Amenities	Standard of washrooms	Passenger survey	Satisfactory	—	▼
	<i>Number of departing passengers per washroom (peak hour)</i>	<i>Objective indicator</i>	<i>6.8 passengers</i>	n/a	n/a
Aerobridges	Aerobridges availability	Airline survey	Satisfactory	▲*	—
	Aerobridges standard	Airline survey	Satisfactory	▲	▲
	<i>Number of arriving domestic passengers per aerobridge</i>	<i>Objective indicator</i>	<i>104.0 passengers</i>	▲	▼
	<i>Number of departing domestic passengers per aerobridge</i>	<i>Objective indicator</i>	<i>77.5 passengers</i>	▼	▼
Security	Quality of security search process	Passenger survey	Satisfactory	▼*	▲
	<i>Number of departing passengers per security clearance system (peak hour)</i>	<i>Objective indicator</i>	<i>129.2 passengers</i>	▲	▲

Notes: The rating categories are: very poor, poor, satisfactory, good and excellent.
 For each indicator for the period specified: ▲ indicates an improvement; ▼ indicates a decline; — indicates no change. *Rating changed by a category over the period.

Key observations on subjective and objective indicators of passenger-related services and facilities at the domestic terminal from table 5.3.4 are:

Overall

- During 2013-14, passenger rated surveys for the domestic terminal show that most responses either had a decline or no change. However, airline responses generally showed improvements overall.

Check-in

- Airlines' ratings of the availability of check-in facilities increased from 'poor' to 'satisfactory' during 2013-14. Airlines' rating of check-in standard dropped from 'satisfactory' to 'poor' during 2013-14. The majority of airlines were happy with the availability of check-in facilities. Some airlines did note though that the conventional check-in counter allocation did not meet their operational needs during peak periods.
- Passengers' rating of check-in waiting time decreased slightly during 2013-14 and dropped from 'good' to 'satisfactory'.

Baggage

- Airlines' ratings of the availability and standard of baggage processing facilities both increased from 'poor' to 'satisfactory' during 2013-14'. In commentary to the surveys, some airlines noted capacity constraints and relatively frequent breakdowns with baggage processing facilities.
- There were slight declines in passengers' ratings of circulation space and information displays for inbound baggage reclaim but both remained at 'satisfactory' during 2013-14.

Information

- Passengers' rating of flight information display screens dropped from 'good' to 'satisfactory' during 2013-14, while passengers' rating of signage and wayfinding remained unchanged at 'satisfactory' in 2013-14.

Aerobridges

- Airlines' rating of the availability of aerobridges increased from 'poor' to 'satisfactory' during 2013-14, while airlines' rating of the standard of aerobridges increased, but remained at 'satisfactory' in 2013-14. Airline commentary on aerobridges in the domestic terminal was varied with some having no concerns and others noting access problems to aerobridge bays. One airline noted that the standard of aerobridges were generally functional and reliable.

5.4 Car parking services monitoring results

5.4.1 Activity

Table 5.4.1 outlines the number of car parking spaces available, the annual throughput of car parking facilities and the average daily throughput of car parking facilities at Sydney Airport from 2003-04 to 2013-14.

Table 5.4.1: Sydney Airport—number of car park spaces and average daily throughput: 2003-04 to 2013-14

		2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Number of car park spaces	Domestic terminal	2 700	3 045	3 420	3 662	3 662	3 688	3 458	3 244	3 207	3 599	4 446
	International terminal	1 700	1 560	1 817	1 374	1 356	2 234	2 170	2 360	1 882	3 257	6 301
	Long-term (Blu Emu)	2 688	4 361	4 593	4 577	4 577	4 577	4 194	4 307	5 694	5 817	6 117
	Staff	1 485	1 202	1 256	1 256	1 256	1 911	2 326	2 414	2 333	3 149	n/a
	Total airport	8 573	10 168	11 086	10 869	10 851	12 410	12 148	12 271	13 116	15 822	16 864
Annual throughput of car park facilities (thousand)¹⁵⁵	Domestic terminal	1 123	1 165	1 156	1 195	1 203	1 128	1 146	1 561	1 513	1 548	1 926
	International terminal	1 603	1 659	1 629	1 626	1 665	1 648	1 761	1 888	1 983	2 179	2 388
	Long-term (Blu Emu)	142	169	169	180	218	212	229	232	228	246	240
	Total airport	2 868	2 993	2 954	3 001	3 086	2 988	3 136	3 681	3 724	3 973	4 554
Average daily throughput of car park facilities	Domestic terminal	3 069	3 191	3 168	3 273	3 286	3 091	3 139	4 278	4 133	4 240	5 277
	International terminal	4 381	4 546	4 463	4 455	4 549	4 515	4 824	5 171	5 418	5 969	6 543
	Long-term (Blu Emu)	389	464	462	494	594	581	628	634	624	673	659
	Total airport	7 839	8 201	8 093	8 222	8 429	8 187	8 591	10 083	10 175	10 882	12 479

¹⁵⁵ Annual throughput data for staff car parking was unavailable.

Key observations from table 5.4.1 are:

Car parking spaces

- The total number of car parking spaces at Sydney Airport grew by 6.6 per cent in 2013-14 to 16 864 spaces. During 2013-14 Sydney Airport opened a multi-storey public car park in the T2/T3 precinct providing an additional 964 car parking spaces.
- In 2013-14, Sydney Airport’s car parking facilities included 4446 domestic parking spaces (26.4 per cent of total car parking capacity), 6301 international parking spaces (37.4 per cent) and 6117 long-term parking spaces at the Blu Emu car park (36.3 per cent).

Car parking throughput

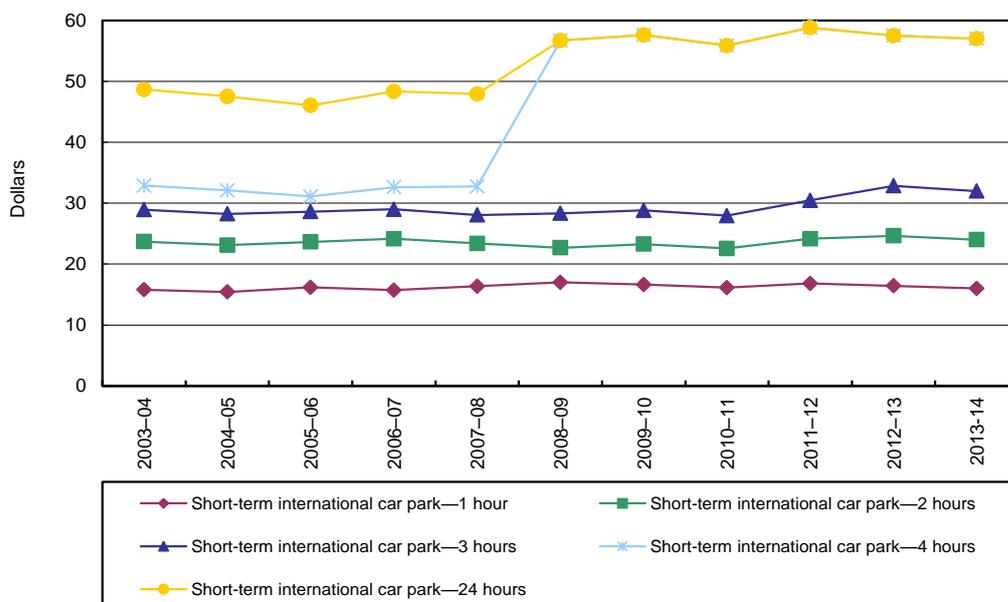
- The average daily throughput in the international car park increased by 9.6 per cent in 2013-14 to 6543 cars per day. The average daily throughput in the domestic car park increased substantially during 2013-14 by 24.5 per cent to 5277 cars per day. Total average daily throughput for all car parks increased by 14.7 per cent in 2013-14 to 12 479 cars.

5.4.2 Prices

The following charts present car parking drive-up rates by year at Sydney Airport and are presented in real terms. The ACCC notes that Sydney Airport (as do other monitored airports) provides an online booking system for car parking in addition to the drive-up rates. The online booking system usually offers a rate that is at a discount to the equivalent drive-up rate. Although there has been a relatively significant increase in the take-up of online booking since its implementation at Sydney Airport,¹⁵⁶ the majority of car parking revenue is still sourced from customers paying drive-up rates. The following charts show changes in Sydney Airport’s drive-up rates in real terms to the end of 30 June 2014.

International terminal – short-term parking

Chart 5.4.1: Sydney Airport—prices at international terminal car park in real terms: 2003-04 to 2013-14



Note: Real values in 2013-14 dollars

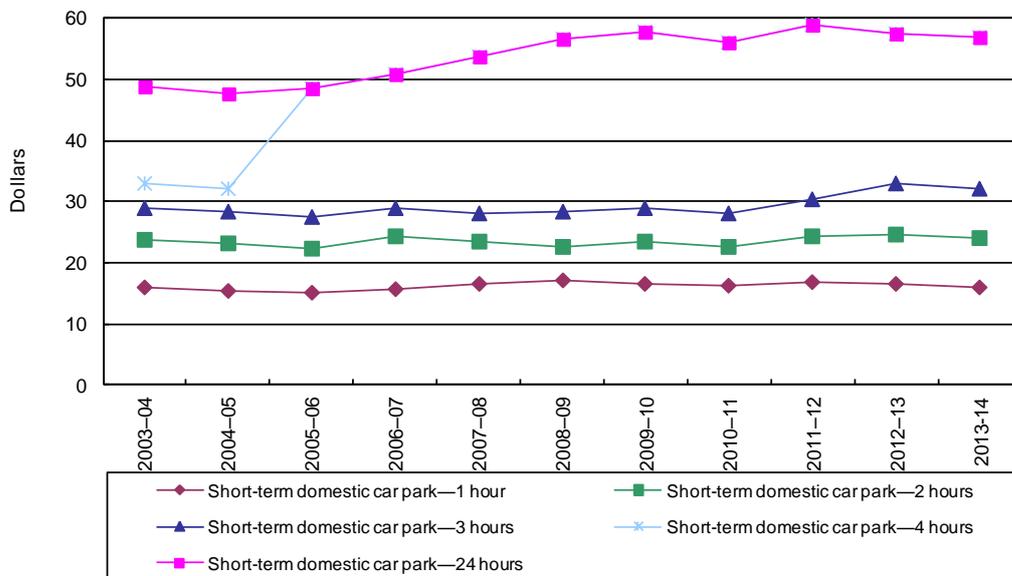
¹⁵⁶ Sydney Airport stated that approximately 25 per cent of total car parking revenue was earned through the online booking system. Sydney Airport noted that online bookings increased by 37 per cent during 2013-14.

Key observations from chart 5.4.1 are:

- Real prices for Sydney Airport’s international terminal car park decreased for all price points displayed as at 30 June 2014. All price points apart from the 4-24 hour price decreased by 2.6 per cent in real terms as at 30 June 2014. The 4-24 hour price point decreased by 0.9 per cent in real terms as at 30 June 2014.
 - As noted, Sydney Airport provides online bookings for car parking that provide discounts to drive-up rates. Sydney Airport stated that in 2013-14, online prices were around 37.5 per cent lower than for the corresponding drive-up rates for one to three hours parking at the international terminal car park.¹⁵⁷
- Since 2003-04, the movement in short-term parking prices has been small for parking up to two hours with all categories increasing by 1.4 per cent in real terms. However, the prices for four and five hours parking increased by 73.3 and 60.5 per cent respectively in real terms since 2003-04..This was mainly due to these price points increasing to the 24 hour rate in 2008-09.

Domestic terminal – short-term parking

Chart 5.4.2: Sydney Airport—prices at domestic terminal car park in real terms: 2003-04 to 2013-14



Note: Real values in 2013-14 dollars

Key observations from chart 5.4.2 are:

- Real prices for all price points presented in chart 5.4.2 decreased as at 30 June 2014. The one, two and three hour price points all decreased by 2.6 per cent in real terms as at 30 June 2014. The 4-24 hour price decreased by 0.9 per cent in real terms.
 - Sydney Airport opened an additional car park at its domestic terminals during 2013-14 that offers a daily parking rate of \$45, compared to \$57 at the standard domestic terminal car parks.
 - As noted, Sydney Airport provides online bookings for car parking that provide discounts to drive-up rates. Sydney Airport stated that in 2013-14, online prices were

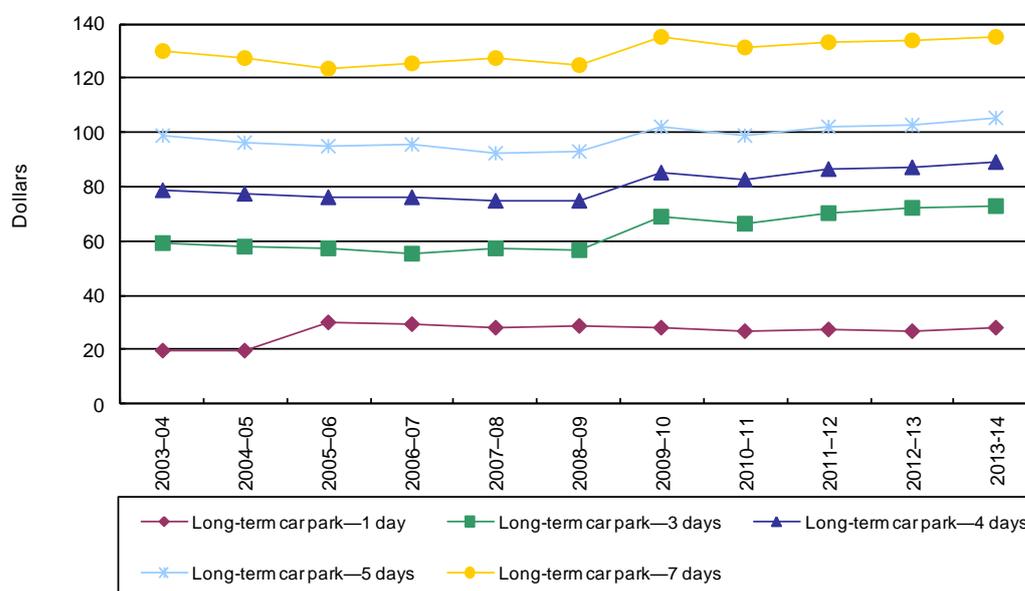
¹⁵⁷ Sydney Airport stated that its online prices may vary based on length of stay, booking period, car park selection, demand and how far in advance the booking is made.

around 37.5 per cent lower for one to three hours parking at the domestic terminal car parks than the corresponding drive-up rates.¹⁵⁸

- Over the period from 2003-04 to 30 June 2014, the zero up to two hour price points have increased by 1.4 per cent in real terms. The three hour price point increased by 10.6 per cent in real terms over the period and the 24 hour price point increased by 17.1 per cent in real terms. The largest increase occurred with the four hour price point which increased by 73.3 per cent over the period from 2003-04 to 30 June 2014. The increase in the four hour price point was largely due to this price increasing to the 24 hour rate in 2005-06.

Long-term parking—Blu Emu car park

Chart 5.4.3: Sydney Airport—prices at long-term (Blu Emu) car park in real terms: 2003-04 to 2013-14



Note: Real values in 2013-14 dollars

Key observations from chart 5.4.3 are:

- All price points as at 30 June 2014 increased in real terms. The largest increase was the 24 hour price point which increased by 4.8 per cent in real terms. The five day price point had an increase of 2.2 per cent in real terms.
 - As noted, Sydney Airport provides online bookings for car parking that provide discounts to drive-up rates. Sydney Airport noted that it provided an online booking discount for seven days parking during 2013-14, with an online price of \$99 compared to a drive-up rate of \$135.¹⁵⁹
- From 2003-04 to 2013-14, all price points increased. The largest increase was the one day price point which increased by just over 41.9 per cent in real terms. The three day price point increased by just under 23.3 per cent in real terms over the same period. The seven day price point had the lowest increase with 3.7 per cent in real terms.

¹⁵⁸ Ibid.

¹⁵⁹ Sydney Airport stated that its online prices may vary based on length of stay, booking period, car park selection, demand and how far in advance the booking is made.

5.4.3 Revenues, costs and profits

Table 5.4.2 outlines Sydney Airport’s revenues, operating expenses and operating margin for car parking and the total airport from 2003-04 to 2013-14.

Table 5.4.2: Sydney Airport—revenues, operating expenses and operating margins for car parking and total airport services in real terms: 2003-04 to 2013-14

		2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Revenue (\$million)	Car parking	71.5	84.8	89.0	94.8	100.9	100.2	105.4	105.3	105.5	114.5	120.0
	Total airport	717.0	819.0	903.9	1 028.6	1 203.5	1 278.5	999.0	1 034.8	1 054.7	1 103.1	1 145.5
	Car parking % of total	10.0	10.4	9.8	9.2	8.4	7.8	10.6	10.2	10.0	10.4	10.5
Operating expenses (\$million)	Car parking	19.5	18.7	18.7	21.1	29.1	27.1	29.8	31.0	32.6	35.8	32.0
	Total airport	308.9	298.1	319.4	344.0	380.8	382.9	411.9	407.3	404.3	414.2	415.1
Operating margin (\$million)	Car parking	52.0	66.1	70.3	73.6	71.8	73.0	75.6	74.3	72.9	78.8	88.1
	Total airport	408.1	520.9	584.5	684.6	822.7	895.6	587.1	627.4	650.4	689.0	730.4
Operating margin % of revenue	Car parking	72.7	78.0	79.0	77.7	71.2	72.9	71.7	70.6	69.1	68.8	73.3
	Total airport	56.9	63.6	64.7	66.6	68.4	70.0	58.8	60.6	61.7	62.5	63.8
Revenue per car park space (\$)		8 341	8 342	8 029	8 718	9 301	8 071	8 680	8 579	8 041	7 329	7 119
Operating expenses per space (\$)		2 278	1 838	1 690	1 945	2 683	2 186	2 456	2 526	2 484	2 262	1 897
Operating margin per space (\$)		6 063	6 504	6 339	6 773	6 619	5 885	6 224	6 503	5 557	4 977	5 221

Note: Real values in 2013-14 dollars

Key observations from table 5.4.2 are:

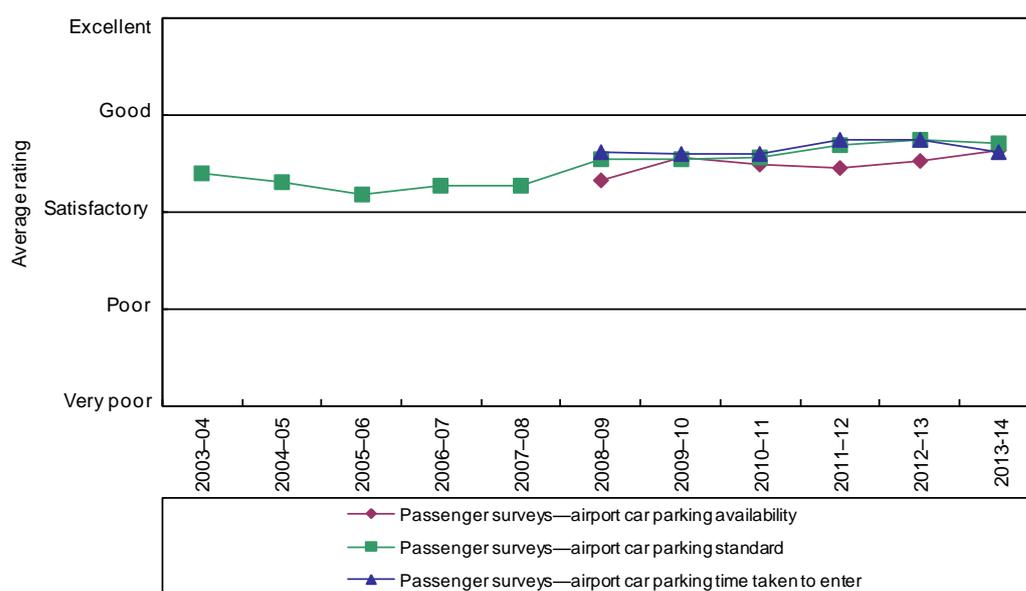
- Car parking revenue increased by 4.8 per cent in real terms to \$120.0 million in 2013-14. This was partly due to the throughput of Sydney Airport’s car parks increasing by 14.7 per cent during the year rather than car park price increases. Since 2003-04, car parking revenue has increased by an average of 5.3 per cent per year in real terms.
- Car parking operating expenses decreased by 10.6 per cent in real terms to \$32.0 million in 2013-14. However, since 2003-04, car parking operating expenses have increased by an average of 5.1 per cent per year in real terms.
- Car parking operating margin increased by 11.8 per cent in real terms to \$88.1 million in 2013-14, due to a larger absolute increase in car parking revenue than car parking operating expenses. Since 2003-04, car parking operating margin has increased by an average of 5.4 per cent per year in real terms.
- Car parking operating margin as a proportion of car parking revenue in 2013-14 was 73.3 per cent in 2013-14. In comparison, total airport operating margin as a proportion of total airport revenue was 63.8 per cent.

Per car park space

- Car parking revenue per car park space decreased for the fourth consecutive year and fell by 1.7 per cent in real terms to \$7119. The decrease was partly due to the number of car parking spaces increasing by 6.6 per cent during 2013-14. As noted in section 5.4.1, Sydney Airport opened a multi-storey public car park in the T2/T3 precinct providing an additional 964 car parking spaces during 2013-14.
- Car parking operating expenses per car park space decreased by 16.1 per cent in real terms to \$1897 in 2013-14.
- Sydney Airport’s car parking operating margin per car park space increased during 2013-14 by 4.9 per cent to \$5221.

5.4.4 Quality of car parking facilities

Chart 5.4.4: Sydney Airport—international passenger survey ratings of the quality of car parking facilities: 2003-04 to 2013-14

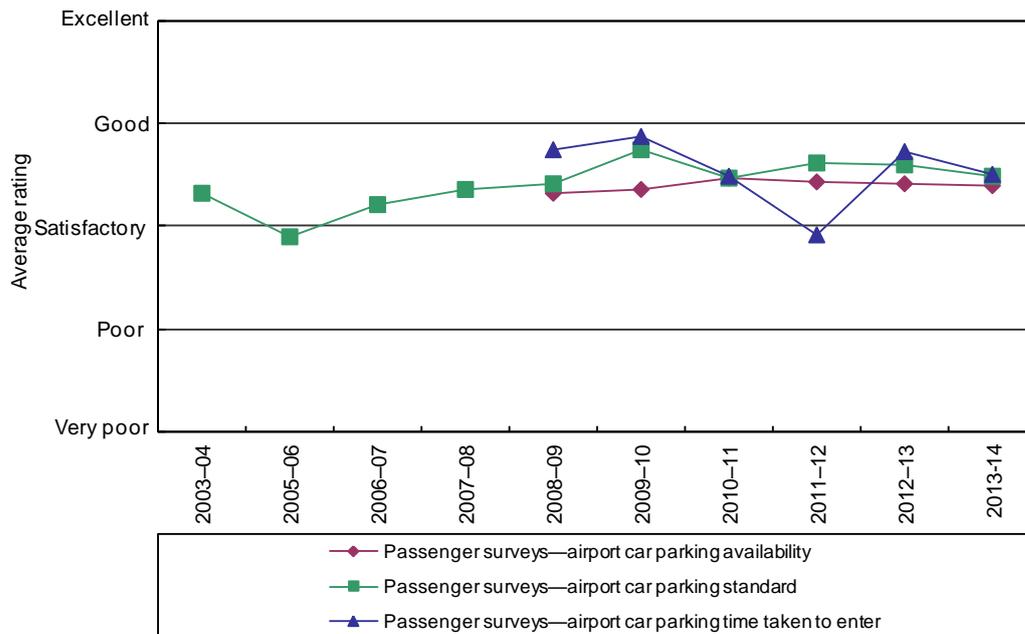


Source: Passenger surveys

Key observations from chart 5.4.4 are:

- In 2013-14, international passengers' rating of the availability of airport car parking at Sydney Airport increased slightly but remained rated 'satisfactory'. The standard of car parking by international passengers decreased slightly but remained at 'satisfactory'. There was a slight decrease in passenger's rating of time taken to enter the car park but this also remained at 'satisfactory'.

Chart 5.4.5: Sydney Airport—domestic passenger survey ratings of the quality of car parking facilities: 2003-04 to 2013-14



Source: Passenger surveys

Key observations from chart 5.4.5 are:

- In 2013-14, domestic passengers' rating of the availability and standard of airport car parking at Sydney Airport both had very marginal decreases but remained rated 'satisfactory'. There was also a slight decrease in passenger ratings for the time taken to enter domestic car parks but still remained also at 'satisfactory'.

5.4.5 Other transport options

In addition to car parking options, there are a number of alternative transport options to and from Sydney Airport, including train, taxis, buses and private cars such as limousines. Sydney Airport imposes a landside access charge on some of these alternative transport options. Sydney Airport noted that it does not charge these modes of transport for dropping off passengers.

Table 5.4.3 outlines the landside access charges from 2013-14, as well as the indexed average list prices between 2009-10 and 2013-14. Tables 5.4.4 and 5.4.5 present the tiered charges for landside access that were levied on limousines, private buses and off-airport car parking operators during 2013-14. Table 5.4.6 outlines the revenue that the airport received from its landside charges.

Table 5.4.3: Sydney Airport—landside access charges in 2013-14 and indexed average access charges in real terms: 2009-10 to 2013-14

Transport option	Average list prices (\$) 2013-14	Indexed average list prices (2012-13 base year = 100)				
		2009-10	2010-11	2011-12	2012-13	2013-14
Public bus	No charge	NA	NA	NA	NA	NA
Private bus	Various	NA	NA	NA	NA	NA
Off-airport car parking	Various	NA	NA	NA	NA	NA
Taxis (per pick-up)	3.75	88.7	86.0	98.0	95.9	100.0
Limousine (per entry)	4.75	81.7	79.2	99.5	97.3	100.0

Note: Real prices in 2013-14 dollars

Table 5.4.4: Sydney Airport—schedule of domestic terminal landside access charges for limousine, private bus and off-airport car parking: 2013-14

Vehicle type	Fee (including GST)			
	0-20 minutes	20-40 minutes	40-60 minutes	60+ minutes
Limousine	\$4.75	\$9.50	\$19.00	\$28.50
Bus (up to 14 seats)	\$5.50	\$11.00	\$22.00	\$33.00
Bus (15-29 seats)	\$8.00	\$16.00	\$32.00	\$48.00
	0-40 minutes	40-80 minutes	80-120 minutes	120+ minutes
Coach (30+ seats)	\$13.00	\$26.00	\$52.00	\$78.00

Table 5.4.5: Sydney Airport—schedule of international terminal landside access charges for limousine, private bus and off-airport car parking: 2013-14

Vehicle type	Fee (including GST)			
	0-75 minutes	75-150 minutes	150-225 minutes	225+ minutes
Limousine	\$4.75	\$9.50	\$19.00	\$28.50
	0-30 minutes	30-60 minutes	60-90 minutes	90+ minutes
Bus (up to 14 seats)	\$5.50	\$11.00	\$22.00	\$33.00
Bus (15-29 seats)	\$8.00	\$16.00	\$32.00	\$48.00
	0-40 minutes	40-80 minutes	80-120 minutes	120+ minutes
Coach (30+ seats)	\$13.00	\$26.00	\$52.00	\$78.00

Table 5.4.6: Sydney Airport—revenues from landside access charges in real terms: 2009-10 to 2013-14

Transport option	2009-10	2010-11	2011-12	2012-13	2013-14
Public bus	0	0	0	0	0
Train	0	0	0	0	0
Private bus and off-airport parking	485 370	458 897	1 781 669	1 939 239	2 114 000
Taxis	8 558 249	8 523 441	9 962 011	10 254 959	10 801 000
Limousine	849 952	991 948	1 817 387	1 856 041	2 084 000
Other	378 988	479 316	427 559	588 551	837 000
Total	10 272 559	10 453 602	13 988 626	14 638 790	15 836 000

Note: Real values in 2013-14 dollars

Key observations from tables 5.4.3 to 5.4.6 are:

- Terminal drop-off and pick-up
 - Many of the roads at Sydney Airport are designated no-stopping areas for security reasons. There are free drop-off areas on the departures levels at both the domestic and international terminals. Sydney Airport does not provide kerbside pick-up facilities at either the domestic or international terminals but does provide free parking at designated pick-up areas for periods of 10-15 minutes depending on the terminal.
- Off-airport parking and private bus operators
 - A number of off-airport car parking facilities offer services to Sydney Airport. Off-airport parking prices sampled by the ACCC ranged from \$50¹⁶⁰ for one-day car parking and from \$50¹⁶¹ to \$80¹⁶² for three-days car parking.
- Taxis
 - Sydney Airport applied a \$3.75 charge on each taxi picking up passengers from any of Sydney Airport’s taxi ranks in 2013-14 representing an increase of 4.3 per cent in real terms since 2012-13. Revenue from taxis increased by 5.3 per cent in real terms to around \$10.8 million in 2013-14.
- Train
 - The NSW State Government operates rail services through Sydney Airport using privately owned and operated train stations. Sydney Airport is not the owner or operator of these train stations and has no influence over prices charged for the service. The service costs around \$16.40 for a single trip and around \$32.80 for a return trip to Kings Cross.¹⁶³ A transfer between the two terminals costs \$5.40.¹⁶⁴
- Public buses
 - A public bus service to the airport runs between Bondi Junction and Burwood with stops at the international and domestic terminals, approximately every 20 minutes seven days a week.¹⁶⁵

¹⁶⁰ Sydney Airpark, viewed 26 November 2014, <http://www.sydneyairpark.com.au/> and Sydney Airport Security Parking, viewed 26 November 2014, <http://airport-parking.com.au/>

¹⁶¹ Sydney Airpark, viewed 26 November 2014, <http://www.sydneyairpark.com.au/> and; Sydney Airport Security Parking, viewed 26 November 2014, <http://airport-parking.com.au/>

¹⁶² Airport Express Car Parking, viewed 26 November 2014, <https://airportexpresscarparking.com.au/>

¹⁶³ Sydney Trains, Fare calculator, viewed 26 November 2014, http://www.sydneytrains.info/tickets/fare_calculator

¹⁶⁴ Sydney Trains, Fare calculator, viewed 26 November 2014, http://www.sydneytrains.info/tickets/fare_calculator

¹⁶⁵ Sydney Buses, Timetables & route maps: Bus 400, viewed 27 November 2014, http://www.sydneybuses.info/routes/400_20101128_tt.pdf

- Hire cars (i.e. rental vehicles) and limousines
 - Sydney Airport charges hire car operators various fees on a commercially agreed basis. During 2013-14, Sydney Airport's revenue from hire car operators increased by 0.3 per cent in real terms to \$9.0 million. Limousines were charged \$4.75 to access terminals.

Quality of service surveys of landside operators

In response to the 2011 Productivity Commission's inquiry into the economic regulation of airport services, the Government's response included directing the ACCC to review and update the objective criteria in its quality of service monitoring program. The ACCC has completed this review and one of the outcomes was a decision to monitor the quality of service provided by airports to companies requiring landside access, such as taxis, buses and off-airport parking operators. The ACCC is interested in these operators' views as airport operators control access to the airport land that these operators require for their businesses. Further, the landside of monitored airports is considered a bottle neck in the supply of services to companies seeking access.

The overall average rating of landside operator responses was 'satisfactory' in 2013-14.

Industry groups (including bus and taxi industry groups) were relatively favourable about facilities at both T1 and to a lesser extent at T2/T3. Industry groups noted that works underway at T1 will improve space for pick-up but there appears to be more parking needed particularly at peak periods or when major events occur.

Feedback on T2/T3 included the lack of availability of space for dropping off and picking up, although these industry groups conceded that this should be remedied after the proposed landside reconfiguration has been completed.

Industry groups were relatively positive regarding management availability and responsiveness. Industry groups state that they have good working relationships with the airport and issues raised are considered and addressed where possible.

A1. Regulatory accounts

This section presents the 2013–14 regulatory accounts—including the income statements, balance sheets and cash flow statements—for the four monitored airports: Brisbane, Melbourne, Perth and Sydney airports. In addition, the income statements and balance sheets under the 'line in the sand' (LIS) approach are presented for Brisbane and Sydney airports. Melbourne and Perth airports are not affected by the LIS approach. Under this approach, the value of an airport's aeronautical asset base for monitoring purposes is the value of tangible non-current aeronautical assets reported to the ACCC as at 30 June 2005 plus new investments, less depreciation and disposals. For more information regarding this approach, see appendices A4 and A7.

A1.1 Regulatory accounts for Brisbane Airport

Table A1.1.1: Brisbane Airport—income statement for the year ended 30 June 2014

Description	Audited financial statements \$'000	Aeronautical services \$'000	Non-aeronautical services \$'000
Revenue			
Aeronautical revenue	241 717	241 717	
Non-aeronautical revenue	322 353		322 353
Other			
<i>Total revenue</i>	<i>564 070</i>	<i>241 717</i>	<i>322 353</i>
Expenditure			
Salaries and wages	33 237	22 390	10 847
Depreciation/amortisation of land	1 044	571	473
Depreciation (excl. land)	80 662	50 538	30 124
Services and utilities	34 203	4 991	29 212
Contract services and maintenance	31 784	18 131	13 653
Security costs	27 171	27 171	
Consultants and advisors	4 849	3 146	1 703
General administration	23 855	11 499	12 356
Other costs			
<i>Total expenditure</i>	<i>236 805</i>	<i>138 437</i>	<i>98 368</i>
Operating profit/(loss)	327 265	103 280	223 985
Abnormal items	(16 714)		
Earnings before interest and tax (EBIT)	310 551		
Interest	(145 424)		
Earnings before tax and unrealised gains	136 995		
Change in fair value of investment property	28 132		
Earnings before tax (EBT)	165 127		
Tax charge	(50 102)		
Profit/(loss) after tax	115 025		
Dividends paid	(9 147)		
Shareholder loan interest	(33 827)		
Retained earnings	72 051		

Table A1.1.2: Brisbane Airport—income statement under the line in the sand approach for the year ended 30 June 2014

Description	Audited financial statements \$'000	Aeronautical services \$'000	Non-aeronautical services \$'000
Revenue—LIS			
Aeronautical revenue		241 717	
Non-aeronautical revenue			
Other			
<i>Total revenue—LIS</i>		<i>241 717</i>	
Expenditure—LIS			
Salaries and wages		22 390	
Depreciation/amortisation of land		484	
Depreciation (excl. land)		48 528	
Services and utilities		4 991	
Contract services and maintenance		18 131	
Security costs		27 171	
Consultants and advisors		3 146	
General administration		11 499	
Other costs			
<i>Total expenditure—LIS</i>		<i>136 340</i>	
Operating profit/(loss)—LIS		105 377	
Abnormal items			
Earnings before interest and tax (EBIT)—LIS			
Interest			
Earnings before tax and unrealised gains—LIS			
Change in fair value of investment property			
Earnings before tax (EBT)—LIS			
Tax charge			
Profit/(loss) after tax—LIS			
Dividends paid			
Retained earnings—LIS			

Table A1.1.3: Brisbane Airport—balance sheet for the year ended 30 June 2014

Description	Audited financial statements \$'000	Aeronautical services \$'000	Non-aeronautical services \$'000
Current assets			
Cash	24 273	10 375	13 898
Receivables	94 582	40 905	53 677
Inventories	785	785	
Other	7 142	2 210	4 932
<i>Total current assets</i>	<i>126 782</i>	<i>54 275</i>	<i>72 507</i>
Non-current assets			
Receivables			
Property, plant and equipment	2 358 542	1 662 175	696 367
Investment property	1 066 910		1 066 910
Land/pre-payment/pre-paid rent	86 211	46 829	39 382
Goodwill	823 014		823 014
Other	106 263	16 051	90 212
<i>Total non-current assets</i>	<i>4 440 940</i>	<i>1 725 055</i>	<i>2 715 885</i>
Total assets	4 567 722	1 779 330	2 788 392
Current liabilities			
Creditors	140 515		
Intercompany tax payable			
Provisions	6 148		
Other	33 918		
<i>Total current liabilities</i>	<i>180 581</i>		
Non-current liabilities			
Borrowings	2 427 743		
Provisions	1 346		
Deferred tax liability	637 838		
Other			
<i>Total non-current liabilities</i>	<i>3 066 927</i>		
Total liabilities	3 247 508		
Net assets	1 320 214		
Shareholders' equity			
Share capital	254 089		
Reserves	(2 451)		
Accumulated profits/(losses)	1 068 576		
Total shareholders' equity/(deficiency)	1 320 214		
Accumulated profit at start of year	1 005 672		
Movements			
Profit/(loss) for the year	72 051		
Other (dividends paid)	(9 147)		
Accumulated profit at end of year	1 068 576		

Table A1.1.4: Brisbane Airport—balance sheet under the line in the sand approach for the year ended 30 June 2014

Description	Audited financial statements \$'000	Aeronautical services \$'000	Non-aeronautical services \$'000
Current assets—LIS			
Cash		10 375	
Receivables		40 905	
Inventories		785	
Other		2 210	
<i>Total current assets—LIS</i>		<i>54 275</i>	
Non-current assets—LIS			
Receivables			
Property, plant and equipment		1 324 812	
Investment property			
Land/pre-payment/pre-paid rent		58 874	
Goodwill			
Other		16 051	
<i>Total non-current assets—LIS</i>		<i>1 399 737</i>	
Total assets—LIS		1 454 012	
Current liabilities—LIS			
Creditors			
Borrowings			
Other			
<i>Total current liabilities—LIS</i>			
Non-current liabilities—LIS			
Borrowings			
Provisions			
Deferred tax liability			
<i>Total non-current liabilities—LIS</i>			
Total liabilities—LIS			
Net assets—LIS			
Shareholders' equity—LIS			
Share capital			
Reserves			
Accumulated profits/(losses)			
Total shareholders (deficiency)—LIS			
Accumulated profit at start of year—LIS			
Movements—LIS			
Profit/(loss) for the year			
Other			
Accumulated profit at end of year—LIS			

Table A1.1.5: Brisbane Airport—cash flow statement for the year ended 30 June 2014

Description	Audited financial statements \$'000
Cash flows from operating activities	
Inflows	
Receipts from customers	519 079
Interest received	5 281
Outflows	
Payments to suppliers and employees	(195 020)
Interest paid	(183 815)
Income tax paid	(67 772)
<i>Net cash flow from operating activities</i>	<i>77 753</i>
Cash flows from investing activities	
Inflows	
Proceeds from sale of property, plant and equipment	148
Other	
Outflows	
Acquisition of property, plant and equipment	(291 414)
Other	(34 413)
<i>Net cash flow from investing activities</i>	<i>(325 679)</i>
Cash flows from financing activities	
Inflows	
Proceeds from borrowings	604 945
Other	
Outflows	
Repayment of borrowings	(370 000)
Payment of finance lease liabilities	
Dividends paid	(9 147)
Other	
<i>Net cash flows from financing activities</i>	<i>225 798</i>
Net increase/(decrease) in cash held	(22 128)
Cash at beginning of the reporting period	46 401
Cash at end of the reporting period	24 273

A1.2 Regulatory accounts for Melbourne Airport

Table A1.2.1: Melbourne Airport—income statement for the year ended 30 June 2014

Description	Audited financial statements \$'000	Aeronautical services \$'000	Non-aeronautical services \$'000
Revenue			
Aeronautical revenue	308 842	308 842	
Non-aeronautical revenue	378 982		378 982
Other (interest revenue not allocated)	6 463		
<i>Total revenue</i>	<i>694 287</i>	<i>308 842</i>	<i>378 982</i>
Expenditure			
Salaries and wages	37 423	26 115	11 308
Depreciation/amortisation of land	881	575	306
Depreciation (excl. land)	86 337	62 244	24 093
Services and utilities	64 767	23 994	40 773
Property/leasing maintenance	18 883	12 987	5 896
Security costs	34 227	34 227	
General administration	17 883	9 018	8 865
Other costs			
<i>Total expenditure</i>	<i>260 401</i>	<i>169 160</i>	<i>91 241</i>
Operating profit/(loss)	433 886	139 682	287 741
Change in fair value of investment property	(26 977)		
Earnings before interest and tax (EBIT)	406 909		
Interest	(152 219)		
Earnings before tax (EBT)	254 690		
Tax charge	(76 522)		
Profit/(loss) after tax	178 168		
Dividends paid	(164 038)		
Retained earnings	14 130		

Table A1.2.2: Melbourne Airport—balance sheet for the year ended 30 June 2014

Description	Audited financial statements \$'000	Aeronautical services \$'000	Non-aeronautical services \$'000
Current assets			
Cash	70 152		
Inventories	59	57	2
Receivables	57 561	36 958	20 603
Other	1 773		
<i>Total current assets</i>	<i>129 545</i>	<i>37 015</i>	<i>20 605</i>
Non-current assets			
Receivables			
Property, plant and equipment	1 791 062	1 328 550	462 512
Investment property	1 059 988		1 059 988
Land/pre-payment/pre-paid rent	72 910	45 190	27 720
Goodwill	669 545		
Other	106 225		
<i>Total non-current assets</i>	<i>3 699 730</i>	<i>1 373 740</i>	<i>1 550 220</i>
Total assets	3 829 275	1 410 755	1 570 825
Current liabilities			
Creditors	151 893		
Borrowings	99 300		
Provisions	4 909	3 412	1 497
Other	1 325		
<i>Total current liabilities</i>	<i>257 427</i>		
Non-current liabilities			
Borrowings	2 363 610		
Provisions	1 657	1 152	505
Other (incl. payables and deferred tax)	465 711		
<i>Total non-current liabilities</i>	<i>2 830 978</i>		
Total liabilities	3 088 405		
Net assets	740 870		
Shareholders' equity			
Issued capital	100 000		
Reserves	(39 442)		
Accumulated profits/(losses)	680 312		
Total shareholders' equity/(deficiency)	740 870		
Accumulated profit at start of year	666 182		
Movements			
Profit/(loss) for the year	178 168		
Other (dividend paid)	(164 038)		
Accumulated profit at end of year	680 312		

Table A1.2.3: Melbourne Airport—cash flow statement for the year ended 30 June 2014

Description	Audited financial statements \$'000
Cash flows from operating activities	
Inflows	
Receipts from customers	735 052
Interest and bill discounts received	6 463
Outflows	
Payments to suppliers and employees	(236 137)
Interest and other costs of finance paid	(162 130)
Income tax paid	(73 320)
<i>Net cash flow from operating activities</i>	<i>269 928</i>
Cash flows from investing activities	
Inflows	
Proceeds from sale of property, plant and equipment	134
Other	
Outflows	
Acquisition of property, plant and equipment	(398 595)
Other	(18 099)
<i>Net cash flow from investing activities</i>	<i>(416 560)</i>
Cash flows from financing activities	
Inflows	
Proceeds from borrowings	784 929
Other	
Outflows	
Repayment of borrowings	(390 000)
Dividends paid	(164 038)
Other	(17 091)
<i>Net cash flows from financing activities</i>	<i>213 800</i>
Net increase/(decrease) in cash held	67 168
Cash at beginning of the reporting period	2 984
Cash at end of the reporting period	70 152

A1.3 Regulatory accounts for Perth Airport

Table A1.3.1: Perth Airport—income statement for the year ended 30 June 2014

Description	Audited financial statements \$'000	Aeronautical services \$'000	Non-aeronautical services \$'000
Revenue			
Aeronautical revenue	186 056	186 056	
Non-aeronautical revenue	195 680		195 680
Other			
<i>Total revenue</i>	<i>381 736</i>	<i>186 056</i>	<i>195 680</i>
Expenditure			
Salaries and wages	38 741	23 930	14 811
Depreciation/amortisation of land	653	199	454
Depreciation (excl. land)	34 925	23 455	11 470
Amortisation of intangibles	1 875		
Services and utilities	61 371	14 742	46 629
Property/leasing maintenance	8 320	3 577	4 743
Security costs	28 288	28 288	
Consultants and advisors	3 053	1 304	1 749
General administration	15 520	9 038	6 482
Other costs			
<i>Total expenditure</i>	<i>192 746</i>	<i>104 533</i>	<i>86 338</i>
Operating profit/(loss)	188 990	81 523	109 342
Abnormal items			
Earnings before interest and tax (EBIT)	188 990		
Interest	(177 400)		
Earnings before tax (EBT)	11 590		
Tax charge	(4 473)		
Profit/(loss) after tax	7 117		
Dividends paid	(88 000)		
Retained earnings	(80 883)		

Table A1.3.2: Perth Airport—balance sheet for the year ended 30 June 2014

Description	Audited financial statements \$'000	Aeronautical services \$'000	Non-aeronautical services \$'000
Current assets			
Cash	20 079		
Receivables	44 479	28 625	15 854
Accrued revenue	6 200	6 170	30
Other	14 089	313	13 776
<i>Total current assets</i>	<i>84 847</i>	<i>35 108</i>	<i>29 660</i>
Non-current assets			
Property, plant and equipment	1 024 317	701 587	322 730
Investment property	384 538		384 538
Land/pre-payment/pre-paid rent	603 836	16 211	587 625
Goodwill	443 598		
Deferred tax assets			
Intangibles			
Other financial assets	5 844		
<i>Total non-current assets</i>	<i>2 462 133</i>	<i>717 798</i>	<i>1 294 893</i>
Total assets	2 546 980	752 906	1 324 553
Current liabilities			
Creditors	49 544		
Borrowings			
Provisions	4 882	3 016	1 866
Other	3 930		
<i>Total current liabilities</i>	<i>58 356</i>		
Non-current liabilities			
Borrowings	1 506 426		
Provisions	513	317	196
Deferred tax liability	348 479		
Other			
<i>Total non-current liabilities</i>	<i>1 855 418</i>		
Total liabilities	1 913 774		
Net assets	633 206		
Shareholders' equity			
Share capital	161 865		
Reserves	6 560		
Accumulated profits/(losses)	464 781		
Total shareholders' equity/(deficiency)	633 206		
Accumulated profit at start of year	545 664		
Movements			
Profit/(loss) for the year	7 117		
Dividend paid	(88 000)		
Accumulated profit at end of year	464 781		

Table A1.3.3: Perth Airport—cash flow statement for the year ended 30 June 2014

Description	Audited financial statements \$'000
Cash flows from operating activities	
Inflows	
Receipts from customers	441 896
Interest received	2 882
Outflows	
Payments to suppliers and employees	(154 646)
Income tax paid	(38 612)
<i>Net cash flow from operating activities</i>	<i>251 520</i>
Cash flows from investing activities	
Inflows	
Proceeds from sale of property, plant and equipment	180
Other	
Outflows	
Acquisition of property, plant and equipment	(273 075)
Other	(1,382)
<i>Net cash flow from investing activities</i>	<i>(274 277)</i>
Cash flows from financing activities	
Inflows	
Proceeds from borrowings	1 081 000
Other	
Outflows	
Repayment of borrowings	(878 538)
Interest paid	(119 284)
Dividends paid	(88 000)
Other	
<i>Net cash flows from financing activities</i>	<i>(4 822)</i>
Net increase/(decrease) in cash held	(27 579)
Cash at beginning of the reporting period	47 658
Cash at end of the reporting period	20 079

A1.4 Regulatory accounts for Sydney Airport

Table A1.4.1: Sydney Airport—income statement for the year ended 30 June 2014

Description	Audited financial statements \$'000	Aeronautical services \$'000	Non-aeronautical services \$'000
Revenue			
Aeronautical revenue	621 031	621 031	
Non-aeronautical revenue	524 233		524 233
Other	244		244
<i>Total revenue</i>	<i>1 145 508</i>	<i>621 031</i>	<i>524 477</i>
Expenditure			
Salaries and wages	47 522	40 136	7 386
Depreciation/amortisation of land (incl freehold land)	12 312	9 454	2 858
Depreciation of tangibles (excl land)	191 989	135 702	56 287
Amortisation of intangibles	15 801		15 801
Services and utilities	56 989	35 649	21 340
Property/leasing maintenance	21 753	17 470	4 283
Security costs	61 749	61 005	744
Other costs	22 754	11 915	10 839
<i>Total expenditure</i>	<i>430 869</i>	<i>311 331</i>	<i>119 538</i>
Operating profit/(loss)	714 639	309 700	404 939
Abnormal items			
Earnings before interest and tax (EBIT)	714 639		
Net finance costs	(1 669 589)		
Earnings before tax (EBT)	(954 950)		
Income tax benefit	405 686		
Profit/(loss) after tax	(549 264)		
Dividends paid			
Retained earnings	(549 264)		

Table A1.4.2: Sydney Airport—income statement under the line in the sand approach for the year ended 30 June 2014 (excluding landfill in leasehold land)

Description	Audited financial statements \$'000	Aeronautical services \$'000	Non-aeronautical services \$'000
Revenue—LIS			
Aeronautical revenue	621 031	621 031	
Non-aeronautical revenue	524 233		524 233
Other	244		244
<i>Total revenue—LIS</i>	<i>1 145 508</i>	<i>621 031</i>	<i>524 477</i>
Expenditure—LIS			
Salaries and wages	47 522	40 136	7 386
Depreciation/amortisation of land (incl freehold land)	19 015	14 015	5 000
Depreciation	173 698	118 168	55 530
Amortisation of intangibles (excl land)			
Services and utilities	56 989	35 649	21 340
Property/leasing maintenance	21 753	17 470	4 283
Security costs	61 749	61 005	744
Other costs	22 754	11 915	10 839
<i>Total expenditure—LIS</i>	<i>403 480</i>	<i>298 358</i>	<i>105 122</i>
Operating profit/(loss)—LIS	742 028	322 673	419 355
Abnormal items			
Earnings before interest and tax (EBIT)—LIS	742 028		
Net finance costs	(1 669 589)		
Earnings before tax (EBT)—LIS	(927 561)		
Income tax benefit	405 686		
Profit/(loss) after tax—LIS	(521 875)		
Dividends paid			
Retained earnings—LIS	(521 875)		

Table A1.4.3: Sydney Airport—balance sheet for the year ended 30 June 2014

Description	Audited financial statements \$'000	Aeronautical services \$'000	Non-aeronautical services \$'000
Current assets			
Cash and cash equivalents	299 906		
Trade and other receivables	2 031 380	78 079	1 953 301
<i>Total current assets</i>	<i>2 331 286</i>	<i>78 079</i>	<i>1 953 301</i>
Non-current assets			
Trade and other receivables	9 614 179	29 745	9 584 434
Property, plant and equipment	2 378 686	1 750 913	627 773
Capital works in progress	126 544		
Land/pre-payment/pre-paid rent	1 024 132	805 448	218 684
Intangibles (excl land)	1 311 517		1 311 517
Other assets	418 031	4 085	413 946
<i>Total non-current assets</i>	<i>14 873 089</i>	<i>2 590 191</i>	<i>12 156 354</i>
Total assets	17 204 375	2 668 270	14 109 655
Current liabilities			
Trade and other payables	3 543 415		
Provisions	10 280	8 018	2 262
Borrowings	699 200		
Derivative financial instruments	118 575		
Other			
<i>Total current liabilities</i>	<i>4 371 470</i>		
Non-current liabilities			
Borrowings	12 926 485		
Provisions	1 399	1 091	308
Derivative financial instruments	41 926		
Deferred tax liability	492 407		
<i>Total non-current liabilities</i>	<i>13 462 217</i>		
Total liabilities	17 833 687		
Net assets	(629 312)		
Shareholders' equity			
Issued capital	2 044 149		
Cash flow hedge reserve	(130 738)		
Revaluation reserve	569 870		
Other reserves	103 828		
Accumulated losses	(3 216 421)		
Total shareholders' equity/(deficiency)	(629 312)		

Table A1.4.4: Sydney Airport—balance sheet under the line in the sand approach for the year ended 30 June 2014 (excluding landfill in leasehold land)

Description	Audited financial statements \$'000	Aeronautical services \$'000	Non-aeronautical services \$'000
Current assets—LIS			
Cash and cash equivalents	299 906		
Trade and other receivables	2 031 380	78 079	1 953 301
<i>Total current assets—LIS</i>	<i>2 331 286</i>	<i>78 079</i>	<i>1 953 301</i>
Non-current assets—LIS			
Trade and other receivables	9 614 179	29 745	9 584 434
Property, plant and equipment (excl freehold land)	2 063 733	1 485 659	578 074
Capital works in progress	126 544		
Land/pre-payment/pre-paid rent (incl freehold)	1 577 830	1 183 454	394 376
Intangibles			
Other assets	418 031	4 085	413 946
<i>Total non-current assets—LIS</i>	<i>13 800 317</i>	<i>2 702 943</i>	<i>10 970 830</i>
Total assets—LIS	16 131 603	2 781 002	12 924 131
Current liabilities—LIS			
Trade and other payables	3 543 415		
Provisions	10 280	8 018	2 262
Borrowings	699 200		
Derivative financial instruments	118 575		
Other			
<i>Total current liabilities—LIS</i>	<i>4 371 470</i>		
Non-current liabilities—LIS			
Borrowings	12 926 485		
Provisions	1 399	1 091	308
Derivative financial instruments	41 926		
Deferred tax liability	492 407		
<i>Total non-current liabilities—LIS</i>	<i>13 462 217</i>		
Total liabilities—LIS	17 833 687		
Net assets—LIS	(1 702 084)		

Table A1.4.5: Sydney Airport—cash flow statement for the year ended 30 June 2014

Description	Audited financial statements \$'000
Cash flows from operating activities	
Inflows	
Receipts from customers	1 270 522
Interest received	15 331
Outflows	
Payments to suppliers and employees	(331 875)
Borrowing costs paid	(718 742)
Swap interest received/(paid)	(146 950)
<i>Net cash flow from operating activities</i>	<i>88 286</i>
Cash flows from investing activities	
Inflows	
Proceeds from sale of property, plant and equipment	244
Other	115 353
Outflows	
Acquisition of property, plant and equipment	(242 040)
Capitalised borrowing costs	(8 723)
<i>Net cash flow from investing activities</i>	<i>(135 166)</i>
Cash flows from financing activities	
Inflows	
Proceeds from borrowings	1 699 047
Loans from other entities in wholly owned group	
Outflows	
Repayment of borrowings	(1 439 000)
Advances to other entities in wholly owned group	(34 647)
Debt establishment costs and other recurring finance costs	(24 126)
Finance lease payments	(1 560)
<i>Net cash flows from financing activities</i>	<i>199 714</i>
Net increase/(decrease) in cash held	152 834
Cash at beginning of the reporting period	147 072
Cash at end of the reporting period	299 906

A2. Indicators and statistics used in the report

The following section provides details on the indicators of airport quality of service (section A2.1), the quality of service statistics (section A2.2), detailed airport facilities data (section A2.3) and the individual airports' operational statistics (section A2.4).

A2.1 Indicators of airport quality of service

This section outlines the information provided by monitored airports relating to the base data and passenger perception surveys for the quality of service indicators. In addition, the information collected from airline user surveys and the resulting indicators are presented.

In response to the Productivity Commission's (PC) 2011 inquiry into the economic regulation of airport services, the Australian Government directed the ACCC to review and update the criteria in its quality of service monitoring program.¹⁶⁶ The ACCC completed this review in June 2013 and recommended a number of amendments¹⁶⁷ to the *Airports Regulations 1997*, which have applied since 1 July 2014.¹⁶⁸ These amendments introduced a number of new quality of service indicators.¹⁶⁹ In addition, the ACCC decided to cease surveying border agencies from the 2013-14 report onwards and commence surveying landside operators.¹⁷⁰

A2.1.1 Base data for the indicators provided by the airports

Table A2.1.1: Quality of service base data provided by the airports and the resulting objective indicators

Facility	Base data provided by airports	Objective indicator
Aerobridges usage	<ul style="list-style-type: none"> Number of aerobridges on 30 June in the financial year Total number of passengers who used aerobridges for embarkation (arrival) in the financial year Total number of passengers who embarked (arrived) in international aircraft in the financial year 	<ul style="list-style-type: none"> Percentage of passengers arriving using an aerobridge Percentage of passengers departing using an aerobridge

¹⁶⁶ Australian Government (2012), *Government response to the Productivity Commission Inquiry into the economic regulation of airport services*, 30 March 2012, <http://www.treasury.gov.au/PublicationsAndMedia/Publications/2012/Government-Response-Airport-Services>

¹⁶⁷ Amendments to the criteria in the quality of quality of service monitoring included the following new criteria: total areas of aprons, runways and aircraft parking bays; number of bag drop facilities and number of spaces provided for check-in kiosk facilities; and total area (international and domestic) at terminal kerbside for passenger pick up and drop of. Discontinued criteria included: percentage of hours when more than 80 per cent of check-in desks are in use; total number of hours during the financial year when any check-in desk was open; and average waiting time for inbound baggage reclaim.

¹⁶⁸ ACCC (2013), *Review of the Airport quality of service monitoring guideline 2013*, June 2013, <http://acc.gov.au/regulating-infrastructure/airports-aviation/review-of-the-airport-quality-of-service-monitoring-guideline-2013/final-guideline>

¹⁶⁹ Australian Government (2014), *Airports amendment (service monitoring) regulation 2014*, 29 May 2014, <http://www.comlaw.gov.au/Details/F2014L00623>

¹⁷⁰ Border agency survey ratings were included in the overall average ratings in previous reports, whereas landside operator ratings are not being included in the overall average ratings for 2013-14.

Facility	Base data provided by airports	Objective indicator
	<ul style="list-style-type: none"> • Total number of passengers who embarked (arrived) in the financial year • Number of arriving international aircraft that used aerobridges in the financial year • Total number of passengers who used aerobridges for disembarkation (departure) in the financial year • Total number of passengers who disembarked (departed) in international aircraft in financial year 	
Aircraft parking facilities and bays	<ul style="list-style-type: none"> • Number of aircraft parking bays on 30 June in the financial year • Total area of aircraft parking bays available (in square metres) on 30 June in the financial year • Total area of aprons available (in square metres) on 30 June in the financial year • Total area of runways (in square metres) on 30 June in the financial year 	<ul style="list-style-type: none"> • No direct objective indicator
Check-in services and facilities	<ul style="list-style-type: none"> • Number of check-in desks on 30 June in the financial year • Number of spaces provided for check in kiosk facilities on 30 June in the financial year • Number of bag drop facilities on 30 June in the financial year 	<ul style="list-style-type: none"> • Number of departing passengers per check-in desk, kiosk and bag drop facility (during peak hour)
Facilities to enable the processing of passengers through customs, immigration and quarantine	<ul style="list-style-type: none"> • Number of inbound Immigration desks on 30 June in the financial year • Number of baggage inspection desks on 30 June in the financial year • Number of outbound Immigration desks on 30 June in the financial year 	<ul style="list-style-type: none"> • Number of arriving passengers per inbound Immigration desk (during peak hour) • Number of arriving passengers per baggage inspection desk (during peak hour) • Number of departing passengers per outbound Immigration desk (during peak hour)
Security inspection	<ul style="list-style-type: none"> • Number of security clearance systems, including equipment required to process passengers and baggage, on 30 June in financial year 	<ul style="list-style-type: none"> • Number of departing passengers per security clearance system (during peak hour)
Gate lounges and seating in gate lounges	<ul style="list-style-type: none"> • Number of gate lounges on 30 June in the financial year • Number of seats in gate lounges on 30 June in the financial year • Total gate lounge area (in square metres) on 30 June in financial year 	<ul style="list-style-type: none"> • Number of departing passengers per seat in gate lounges (during peak hour) • Number of departing passengers per square metre of lounge area (during peak hour)
Inbound baggage systems, including reclaiming services	<ul style="list-style-type: none"> • Capacity of baggage handling system (in bags per hour) on 30 June in the 	<ul style="list-style-type: none"> • Number of arriving passengers per square metre of inbound

Facility	Base data provided by airports	Objective indicator
and facilities	financial year <ul style="list-style-type: none"> • Total number of bags handled by baggage handling system in the financial year • Total number of hours during the financial year for which baggage handling system was in use • Total number of planned interruptions to inbound baggage system in the financial year • Total number of hours of planned interruptions to inbound baggage system in the financial year • Number of unplanned interruptions to inbound baggage system in the financial year • Total number of hours of unplanned interruptions to inbound baggage system in the financial year • Total area (in square metres) provided for inbound baggage reclaim on 30 June in the financial year 	baggage reclaim area (during peak hour)
Outbound baggage system	<ul style="list-style-type: none"> • Capacity of baggage handling equipment (in bags per hour) on 30 June in the financial year • Total number of bags handled by baggage handling equipment in the financial year • Total number of hours during the financial year for which baggage handling equipment was in use • Number of planned interruptions to baggage handling equipment in the financial year • Total number of hours of planned interruption to baggage handling equipment in the financial year • Number of unplanned interruptions to baggage handling equipment in the financial year • Total number of hours of unplanned interruption to baggage handling equipment in the financial year 	<ul style="list-style-type: none"> • Average throughput of outbound baggage system (during peak hour)
Washrooms	<ul style="list-style-type: none"> • Number of washrooms on 30 June in the financial year 	<ul style="list-style-type: none"> • Number of departing passengers per washroom (during peak hour)
Baggage trolleys	<ul style="list-style-type: none"> • Number of working accessible baggage trolleys on 30 June in the financial year 	<ul style="list-style-type: none"> • Number of passengers per baggage trolley (during peak hour)
Flight information, general signage and public-address systems	<ul style="list-style-type: none"> • Number of flight information display screens on 30 June in the financial year • Number of information points on 	<ul style="list-style-type: none"> • Number of passengers per flight information display screen (during peak hour) • Number of passengers per information point (during peak

Facility	Base data provided by airports 30 June in the financial year	Objective indicator hour)
Peak hour*	<ul style="list-style-type: none"> • Time of peak hour for the highest total number of passenger movements including both arriving and departing passengers • Average number of arriving and departing passengers during peak hour in the financial year 	<ul style="list-style-type: none"> • Used in various objective indicators
Car parking services and facilities	<ul style="list-style-type: none"> • Number of days short-term car park is open in the financial year • Number of short-term car parking spaces available to the public (including disabled parking) on 30 June in the financial year • Total annual throughput of short-term car park in the financial year • Number of days long-term car park is open in the financial year • Number of long-term car parking spaces available to the public (including disabled parking) on 30 June in the financial year • Total annual throughput of long-term car park in the financial year • Number of car parking spaces for staff of airport clients on 30 June in the financial year 	<ul style="list-style-type: none"> • Used in conjunction with car parking financial data and analysis

Note: *Peak hour means:
(a) the hour that, on average for each day in the financial year, has the highest total number of passenger movements (including both arriving and departing passengers).

A2.1.2 Passenger perception surveys

Table A2.1.2: Information provided by airports' passenger perception surveys

Service	Measure
Check-in services and facilities	<ul style="list-style-type: none"> • Check-in waiting time • Average waiting time per passenger during average peak hour*
Facilities to enable the processing of passengers through customs, immigration and quarantine	<ul style="list-style-type: none"> • Waiting time in inbound Immigration area • Waiting time in inbound baggage inspection area • Waiting time in outbound Immigration area
Security inspection	<ul style="list-style-type: none"> • Quality of security search process
Gate lounges and seating other than in gate lounges	<ul style="list-style-type: none"> • Quality and availability of seating in lounge area • Crowding in lounge area
Baggage make-up, handling and reclaiming services and facilities	<ul style="list-style-type: none"> • Information display regarding inbound baggage location • Circulation space for baggage pick-up

Service	Measure
Baggage trolleys	<ul style="list-style-type: none"> Findability of baggage trolleys
Flight information, general signage and public-address system	<ul style="list-style-type: none"> Flight Information Display screens Signage and wayfinding
Public areas in terminals and public amenities	<ul style="list-style-type: none"> Standard of washrooms
Airport car parking	<ul style="list-style-type: none"> Standard of car park facilities Availability of car parking spaces Time taken to enter car park
Airport access	<ul style="list-style-type: none"> Congestion at kerbside taxi drop-off and pick-up Facilities for kerbside taxi drop-off and pick-up Standard of facilities for taxis

Note: *Refer to the note under table A2.1.1 for peak hour definition.

A2.1.3 Airline user surveys

Table A2.1.3: Information collected from airline user surveys and the resulting indicators

Facility	Airline satisfaction indicator
Airside	
Runways	<ul style="list-style-type: none"> Standard^(a) Availability^(b)
Taxiways	<ul style="list-style-type: none"> Standard Availability
Aprons	<ul style="list-style-type: none"> Standard Availability
Aircraft parking facilities and bays	<ul style="list-style-type: none"> Standard Availability
Ground handling services and facilities	<ul style="list-style-type: none"> Standard Availability
International terminal	
Aerobridges	<ul style="list-style-type: none"> Standard Availability
Check-in services and facilities ^(c)	<ul style="list-style-type: none"> Standard Availability
Baggage processing facilities	<ul style="list-style-type: none"> Standard Availability
Domestic terminal	
Aerobridges	<ul style="list-style-type: none"> Standard

Facility	Airline satisfaction indicator
	<ul style="list-style-type: none"> • Availability
Check-in services and facilities	<ul style="list-style-type: none"> • Standard • Availability
Baggage processing facilities	<ul style="list-style-type: none"> • Standard • Availability
Management^(d)	<ul style="list-style-type: none"> • Standard • Availability
Overall responsiveness or approach to addressing quality of service problems and concerns	

- Notes:
- (a) Standard relates to the ability of equipment to perform the function intended, the reliability of the equipment and the probability of it breaking down.
 - (b) Availability relates to the availability of infrastructure and equipment and the occurrence of delays in gaining access to those facilities.
 - (c) Check-in services and facilities include check-in counters, IT systems and queuing areas, and refers only to check-in services and facilities that are managed by the airport operator, not instances where an airline is the manager of the check-in service or facility.
 - (d) Management and consultation provided by airport operator for the listed services relates to airport operator's responsiveness and approach when dealing with quality of service issues with the airline, including addressing new and recurring quality concerns and keeping airlines informed of imminent changes.

A2.2 Quality of service statistics

This section provides the airports' quality of service statistics. The data are used to calculate the indicators of quality of service for each of the monitored airports.

Table A2.2.1 details the key statistics relating to passenger throughput for each of the monitored airports. Tables A2.2.2 and A2.2.3 present data relating to the number and size of key facilities at each airport. These data provide indicators for the scale of provision of services, but should not be interpreted as indicators of the adequacy or quality of facilities. The adequacy of facilities depends on the level of demand and the quality is a reflection of the condition of facilities.

A2.2.1 Airport traffic statistics

Table A2.2.1: Throughput of passengers at the airports during peak hour in 2013–14

Airport	Terminal	Peak hour times	Arriving/ departing	Average number of passengers in peak hour	Year total passengers
Brisbane	International	0900-1000	Arriving	1 088	2 420 844
			Departing	529	2 614 294
	Domestic	0800-0900	Arriving	465	2 456 507
			Departing	472	2 426 512
Melbourne	International	0900-0959	Arriving	1 123	3 946 269
			Departing	1 067	3 883 625
	Domestic (T3)	1800-1859	Arriving	837	3 531 557
			Departing	612	3 554 634
	Domestic (T4)	1700-1759	Arriving	309	1 117 547
			Departing	177	1 123 160

Perth	International	1700-1800	Arriving	604	2 078 422
			Departing	514	2 039 817
	Domestic (T2)	0600-0700	Arriving	0	627 819
			Departing	304	629 996
	Domestic (T3)	1000-1100	Arriving	405	1 217 565
			Departing	269	1 250 187
Sydney	International	0900-1000	Arriving	1 743	7 232 430
			Departing	2 073	6 962 829
	Domestic	1700-1800	Arriving	2 079	7 635 342
			Departing	1 550	7 571 355

A2.2.2 Basic airport facilities data

Comparing airside facilities across airports

Table A2.2.2: Airside facilities at the airports in 2013–14

Airport	Terminal	Number of aircraft parking bays	Number of aerobridges
Brisbane	International	19	14
	Domestic	19	2
Melbourne	International	29	15
	Domestic T3	26	10
	Domestic T4	3	0
Perth	International	10	6
	Domestic T2	36	0
	Domestic T3	25	4
Sydney	International	48	39
	Domestic*	55	20

Note: *The number of aircraft parking bays included parking bays at the domestic and other terminal

Comparing terminal facilities across airports

Table A2.2.3: Availability of terminal facilities at the airports (for terminal owned and operated by the airports) in 2013–14

Airport	Terminal	Number of check-in desks	Number of security clearance systems	Number of seats in gate lounges	Area of gate lounges (square metres)	Number of outbound bags handled	Number of baggage trolleys	Number of flight information display screens	Number of information points
Brisbane	International	96	53	1 972	18 120	3 098 242	1 980	438	1
	Domestic	16	12	850	4 560	807 441	320	176	1
Melbourne	International	112	9	3 416	7 438	4 224 596	2 397	112	1
	Domestic T3	23	5	1 207	3 195	1 922 808	425	38	0
	Domestic T4	10	2	388	855	433 775	50	6	0
Perth	International	44	3	727	2 168	1 840 759	1 170	62	1
	Domestic T2*	16	3	606	6 650	433 460	80	43	1
	Domestic T3	22	3	806	3 374	726 002	150	55	1
Sydney	International	212	21	5 011	10 386	8 250 127	4 473	738	6
	Domestic	50	12	3 364	6 691	3 967 831	252	269	3

Note: *Perth Airport's T2 Terminal opened in March 2013

A2.3 Detailed airport facilities data

This section provides the detailed facilities data—that is, number and size—for the airport operator owned and run terminals at each of the monitored airports. The data are used to calculate indicators of the quality of service and facilities presented and are discussed throughout this report.

A2.3.1 Detailed airport facilities data for Brisbane Airport

Table A2.3.1: Brisbane Airport—detailed facilities data for the international terminal

Indicator	2009–10	2010–11	2011–12	2012–13	2013–14
Number of aircraft parking bays	17	17	17	19	19
Number of aerobridges	15	15	15	15	14
Number of passengers who used aerobridges for arrival	2 224 354	2 317 376	2 457 421	2 428 672	2 588 773
Total number of passengers who arrived in international aircraft	2 227 313	2 319 977	2 460 493	2 432 392	2 602 048
Total number of passengers who arrived in the year	2 227 313	2 319 977	2 271 322	2 293 280	2 420 844
Number of arriving international aircraft that used aerobridges in the year	13 393	13 503	13 630	13 482	14 375
Number of passengers who used aerobridges for departure	2 260 002	2 294 736	2 409 292	2 459 234	2 597 760
Total number of passengers who departed in international aircraft	2 262 699	2 296 229	2 211 772	2 230 320	2 614 294
Total number of check-in desks	90	90	92	96	96
Total number of spaces provided for check-in kiosk facilities on 30 June in the financial year	NA	NA	NA	NA	10
Total number of bag drop facilities on 30 June in the financial year	NA	NA	NA	NA	0
Number of inbound Immigration desks	32	32	32	32	18 ¹⁷¹
Number of baggage inspection desks	38	38	38	38	38
Number of outbound Immigration desks	17	17	17	17	17
Number of security clearance systems	18	18	18	44	53
Number of gate lounges	16	16	16	16	16
Number of seats in gate lounges	1 972	1 972	1 972	1 972	1 972
Total gate lounge area (in square metres)	18 120	18 120	18 120	18 120	18 120
Capacity of inbound baggage handling system (in bags per hour)	9 000	9 000	9 000	9 000	9 000
Total area (square metres) provided	NA	NA	NA	NA	4 031

¹⁷¹ The number of inbound immigration desks decreased in 2013-14 following the introduction of the SMARTGATE (self-service kiosk).

Indicator	2009–10	2010–11	2011–12	2012–13	2013-14
for inbound baggage reclaim					
Total number of bags handled by inbound baggage handling system	2 054 007	1 987 661	2 410 526	2 205 462	2 334 444
Total number of hours during the year for which inbound baggage handling system was in use	6 570	6 570	6 570	6 570	6 570
Total number of planned interruptions to inbound baggage system	0	0	48	48	48
Total number of hours of planned interruptions to inbound baggage system in the year	0	0	288	288	288
Number of unplanned interruptions to inbound baggage system in the year	549	362	47	147	37
Total number of hours of unplanned interruptions to inbound baggage system in the year	12	7	23	74	20
Capacity of outbound baggage handling equipment (in bags per hour)	6 000	6 000	6 000	6 000	6 000
Total number of bags handled by outbound baggage handling equipment	2 626 858	2 362 391	2 842 104	2 694 590	3 098 242
Total number of hours during the year for which outbound baggage handling equipment was in use	8 030	8 030	8 030	8 030	8 030
Number of planned interruptions to outbound baggage handling equipment	48	121	48	48	48
Total number of hours of planned interruptions to outbound baggage handling equipment	96	80	288	288	288
Number of unplanned interruptions to outbound baggage handling equipment	5 302	3 641	1 047	756	471
Total number of hours of unplanned interruptions to outbound baggage handling equipment	156	188	523	378	235
Number of working accessible baggage trolleys	2 008	2 005	2 000	2 000	1 980
Number of washrooms on 30 June in the financial year	NA	NA	NA	NA	22
Number of flight information display screens	350	350	381	412	438
Number of information points	11	11	11	11	1 ¹⁷²
Time of peak hour for arriving passengers	0700–0759	0600–0659	0600–0659	0600–0659	NA
Time of peak hour for departing passengers	0800–0859	0900–0959	1000–1059	0900–0959	NA

¹⁷² Brisbane Airport decommissioned all other information points in 2013-14 pending its review on signage and wayfinding, which could potentially lead to introduction of digital solutions in future.

Indicator	2009–10	2010–11	2011–12	2012–13	2013-14
Time of peak hour for arriving and departing passengers					0900-1000
Number of arriving passengers during peak hour	1 421	1 248	1 228	1 093	1 088
Number of departing passengers during peak hour	1 151	1 032	993	797	529
Total area at terminal kerbside and at designated waiting areas for passenger pick-up and drop-off provided to the public at no charge(measured in terms of the number of standard car park spaces)	NA	NA	NA	NA	13
Total area at terminal kerbside for passenger pick-up or drop-off to landside operators such as taxis, and providers of other off-airport parking services (measured in terms of the number of standard car park spaces)	NA	NA	NA	NA	60

Note: *Due to a change in service provider, Brisbane Airport no longer captures the hours check-in counters are in use.

Table A2.3.2: Brisbane Airport—detailed facilities data for the domestic terminal

Indicator	2009–10	2010–11	2011–12	2012–13	2013-14
Number of aircraft parking bays	7	9	9	17	19
Number of aerobridges	2	2	2	2	2
Number of passengers who used aerobridges for arrival	883 841	901 818	645 413	640 793	549 728
Total number of passengers who arrived in domestic aircraft	NA	NA	NA	NA	NA
Total number of passengers who arrived in the year	1 197 683	1 529 996	1 800 797	2 327 870	2 456 507
Number of arriving domestic aircraft that used aerobridges in the year	NA	NA	4 244	4 525	4 174
Number of passengers who used aerobridges for departure	1 189 829	898 714	641 962	638 432	539 108
Total number of passengers who departed in domestic aircraft	NA	NA	1 794 528	2 319 916	2 426 512
Total number of check-in desks	16	16	16	16	16
Total number of spaces provided for check-in kiosk facilities on 30 June in the financial year	NA	NA	NA	NA	22
Total number of bag drop facilities on 30 June in the financial year	NA	NA	NA	NA	2
Number of hours when more than 80 per cent of check-in desks in use	NA	NA	NA	NA	NA
Total number of hours when any check-in desks are open	NA	NA	NA	NA	NA
Number of security clearance systems	5	5	5	10	12

Indicator	2009–10	2010–11	2011–12	2012–13	2013-14
Number of gate lounges	5	10	10	10	10
Number of seats in gate lounges	577	850	850	850	850
Total gate lounge area (in square metres)	3 522	4 560	4 560	4 560	4 560
Capacity of inbound baggage handling system (in bags per hour)	1 700	1 700	1 700	1 700	1 700
Total area (square metres) provided for inbound baggage reclaim	NA	NA	NA	NA	218
Total number of bags handled by inbound baggage handling system	NA	NA	NA	NA	NA
Total number of hours during the year for which inbound baggage handling system was in use	6 388	6 388	6 388	6 388	6 388
Total number of planned interruptions to inbound baggage system	0	0	48	48	48
Total number of hours of planned interruptions to inbound baggage system in the year	0	0	288	288	288
Number of unplanned interruptions to inbound baggage system in the year	21	2	11	22	3
Total number of hours of unplanned interruptions to inbound baggage system in the year	5	1	5	11	2
Capacity of outbound baggage handling equipment (in bags per hour)	3 000	1 620	1 620	1 620	1 620
Total number of bags handled by outbound baggage handling equipment	720 173	767 340	866 764	819 675	807 441
Total number of hours during the year for which outbound baggage handling equipment was in use	5 778	6 205	6 205	6 205	6 205
Number of planned interruptions to outbound baggage handling equipment	48	12	48	48	48
Total number of hours of planned interruptions to outbound baggage handling equipment	96	10	288	288	288
Number of unplanned interruptions to outbound baggage handling equipment	268	182	154	141	120
Total number of hours of unplanned interruptions to outbound baggage handling equipment	15	4	77	71	60
Number of working accessible baggage trolleys	450	110	210	340	320
Number of washrooms on 30 June	NA	NA	NA	NA	4

Indicator	2009–10	2010–11	2011–12	2012–13	2013-14
in the financial year					
Number of flight information display screens	47	57	106	188	176
Number of information points	1	1	1	1	1
Time of peak hour for arriving passengers	1100–1159	0800–0859	1100–1159	1700–1759	NA
Time of peak hour for departing passengers	1100–1159	0900–0959	0800–0859	0900–0959	NA
Time of peak hour for arriving and departing passengers					0800-0900
Number of arriving passengers during peak hour	636	691	635	487	465
Number of departing passengers during peak hour	443	644	658	552	472
Total area at terminal kerbside and at designated waiting areas for passenger pick-up and drop-off provided to the public at no charge(measured in terms of the number of standard car park spaces)	NA	NA	NA	NA	271
Total area at terminal kerbside for passenger pick-up or drop-off to landside operators such as taxis, and providers of other off-airport parking services (measured in terms of the number of standard car park spaces)	NA	NA	NA	NA	172

A2.3.2 Detailed airport facilities data for Melbourne Airport

Table A2.3.3: Melbourne Airport—detailed facilities data for the international terminal

Indicator	2009–10	2010–11	2011–12	2012–13	2013-14
Number of aircraft parking bays	23	27	27	29	29
Number of aerobridges	13	13	15	15	15
Number of passengers who used aerobridges for arrival	2 795 364	3 168 407	3 407 062	3 579 099	3 875 236
Total number of passengers who arrived in international aircraft	2 803 776	3 181 831	3 431 080	3 607 963	3 946 269
Total number of passengers who arrived in the year	2 803 776	3 181 831	3 431 080	3 607 963	3 946 269
Number of arriving international aircraft that used aerobridges in the year	14 566	15 784	16 872	17 198	18 879
Number of passengers who used aerobridges for departure	2 769 832	3 103 291	3 340 890	3 542 343	3 844 788
Total number of passengers who departed in international aircraft	2 778 167	3 142 768	3 391 767	3 542 343	3 883 625

Indicator	2009–10	2010–11	2011–12	2012–13	2013-14
Total number of check-in desks	92	116	116	132	112
Total number of spaces provided for check-in kiosk facilities on 30 June in the financial year	NA	NA	NA	NA	14
Total number of bag drop facilities on 30 June in the financial year	NA	NA	NA	NA	6
Number of hours when more than 80 per cent of check-in desks in use	96	152	76	679	NA
Total number of hours when any check-in desks are open	8 557	8 699	8 432	8 320	NA
Number of inbound Immigration desks	37	44	44	48	49
Number of baggage inspection desks	21	21	29	29	25
Number of outbound Immigration desks	24	24	24	24	24
Number of security clearance systems	6	7	7	9	9
Number of gate lounges	NA	NA	NA	NA	NA
Number of seats in gate lounges	2 721	2 900	3 316	3 416	3 416
Total gate lounge area (in square metres)	6 793	6 793	7 438	7 438	7 438
Capacity of inbound baggage handling system (in bags per hour)	3 400	3 400	4 760	5 440	5 440
Total area (square metres) provided for inbound baggage reclaim	NA	NA	NA	NA	772
Total number of bags handled by inbound baggage handling system	NA	NA	NA	NA	NA
Total number of hours during the year for which inbound baggage handling system was in use	8 030	8 760	8 760	8 760	8 760
Total number of planned interruptions to inbound baggage system	2	4	6	25	0
Total number of hours of planned interruptions to inbound baggage system in the year	200	1 140	16	110	0
Number of unplanned interruptions to inbound baggage system in the year	1	0	1	1	1
Total number of hours of unplanned interruptions to inbound baggage system in the year	1	0	6	3	16
Capacity of outbound baggage handling equipment (in bags per hour)	3 960	3 960	3 960	3 960	3 960
Total number of bags handled by outbound baggage handling	3 061 052	3 471 240	3 647 879	3 845 611	4 224 596

Indicator	2009–10	2010–11	2011–12	2012–13	2013–14
equipment					
Total number of hours during the year for which outbound baggage handling equipment was in use	8 760	8 760	8 760	8 760	8 760
Number of planned interruptions to outbound baggage handling equipment	3	3	154	156	177
Total number of hours of planned interruptions to outbound baggage handling equipment	84	70	1 769	439	500
Number of unplanned interruptions to outbound baggage handling equipment	25	62	18	49	48
Total number of hours of unplanned interruptions to outbound baggage handling equipment	32	145	58	129	185
Number of working accessible baggage trolleys	2 570	2 570	2 217	2 417	2 397
Number of washrooms on 30 June in the financial year	NA	NA	NA	NA	15
Number of flight information display screens	90	94	105	110	112
Number of information points	1	1	1	1	1
Time of peak hour for arriving passengers	0800–0900	0800–0900	0800–0859	0800–0859	NA
Time of peak hour for departing passengers	0000–0100	1100–1200	1100–1159	1000–1059	NA
Time of peak hour for total passengers					0900-0959
Number of arriving passengers during peak hour	997	1 094	1 293	1 342	1 123
Number of departing passengers during peak hour	780	1 016	1 154	1 063	1 067
Total area at terminal kerbside and at designated waiting areas for passenger pick-up and drop-off provided to the public at no charge(measured in terms of the number of standard car park spaces)	NA	NA	NA	NA	127 ¹⁷³
Total area at terminal kerbside for passenger pick-up or drop-off to landside operators such as taxis, and providers of other off-airport parking services (measured in terms of the number of standard car park spaces)	NA	NA	NA	NA	345 ¹⁷⁴

¹⁷³ This includes areas at the domestic terminal T3.

¹⁷⁴ This includes the areas at the domestic terminal T3.

Table A2.3.4: Melbourne Airport—detailed facilities data for the domestic terminal (T3)

Indicator	2009–10	2010–11	2011–12	2012–13	2013-14
Number of aircraft parking bays	20	20	20	20	26 ¹⁷⁵
Number of aerobridges	11	11	11	11	10 ¹⁷⁶
Number of passengers who used aerobridges for arrival	3 340 089	3 340 089	3 304 603	3 148 549	3 116 432
Total number of passengers who arrived in domestic aircraft	NA	NA	NA	NA	NA
Total number of passengers who arrived in the year	3 475 267	3 495 484	3 667 085	3 570 630	3 531 557
Number of arriving domestic aircraft that used aerobridges in the year	NA	NA	47 171	25 307	25 052
Number of passengers who used aerobridges for departure	3 181 947	3 174 246	3 294 573	3 136 388	3 136 594
Total number of passengers who departed in domestic aircraft	NA	NA	3 655 952	3 558 173	3 554 634
Total number of check-in desks	38	38	38	39	23 ¹⁷⁷
Total number of spaces provided for check-in kiosk facilities on 30 June in the financial year	NA	NA	NA	NA	16
Total number of bag drop facilities on 30 June in the financial year	NA	NA	NA	NA	0
Number of hours when more than 80 per cent of check-in desks in use	NA	NA	NA	NA	NA
Total number of hours when any check-in desks are open	NA	NA	NA	NA	NA
Number of security clearance systems	5	6	6	6	5
Number of gate lounges	NA	NA	NA	NA	NA
Number of seats in gate lounges	1 239	1 207	1 207	1 207	1 207
Total gate lounge area (in square metres)	3 195	3 195	3 195	3 195	3 195
Capacity of inbound baggage handling system (in bags per hour)	2 040	2 040	2 040	2 040	2 040
Total area (square metres) provided for inbound baggage reclaim	NA	NA	NA	NA	118
Total number of bags handled by inbound baggage handling system	NA	NA	NA	NA	NA
Total number of hours during the year for which inbound baggage handling system was in use	7 300	7 300	7 300	7 300	7 300
Number of planned interruptions to	0	0	6	5	0

¹⁷⁵ Melbourne Airport provided six additional aircraft parking bays in 2013-14 following construction of an apron area infill over previously grassed area.

¹⁷⁶ Melbourne Airport removed one aerobridge due to construction of the new Terminal 4.

¹⁷⁷ This does not include 16 check-in kiosks, which were included in the figure for 2012-13.

Indicator	2009–10	2010–11	2011–12	2012–13	2013–14
inbound baggage system					
Total number of hours of planned interruptions to inbound baggage system in the year	0	0	23	210	0
Number of unplanned interruptions to inbound baggage system in the year	1	1	2	0	0
Total number of hours of unplanned interruptions to inbound baggage system in the year	4	4	6	0	0
Capacity of outbound baggage handling equipment (in bags per hour)	3 060	3 060	3 060	2 640	2 640
Total number of bags handled by outbound baggage handling equipment	2 094 680	2 084 237	2 031 339	1 902 803	1 922 808
Total number of hours during the year for which outbound baggage handling equipment was in use	6 205	7 300	7 300	7 300	7 300
Number of planned interruptions to outbound baggage handling equipment	0	0	23	416	42
Total number of hours of planned interruptions to outbound baggage handling equipment	0	0	55	124	104
Number of unplanned interruptions to outbound baggage handling equipment	4	3	6	28	16
Total number of hours of unplanned interruptions to outbound baggage handling equipment	5	4	12	82	60
Number of working accessible baggage trolleys	150	150	132	332	425
Number of washrooms on 30 June in the financial year	NA	NA	NA	NA	5
Number of flight information display screens	43	43	47	43	38 ¹⁷⁸
Number of information points	0	0	0	0	0
Time of peak hour for arriving passengers	1800–1900	1100–1200	1900–1959	1800–1859	
Time of peak hour for departing passengers	0700–0800	1200–1300	0800–0859	0900–0959	
Time of peak hour for total passengers					1800-1859
Number of arriving passengers during peak hour	861	857	850	859	837
Number of departing passengers during peak hour	814	736	880	817	612
Total area at terminal kerbside and	NA	NA	NA	NA	NA

¹⁷⁸ This does not include the screens in the Virgin's Business Lounge, which are not accessible to the general public.

Indicator	2009–10	2010–11	2011–12	2012–13	2013-14
at designated waiting areas for passenger pick-up and drop-off provided to the public at no charge (measured in terms of the number of standard car park spaces)					
Total area at terminal kerbside for passenger pick-up or drop-off to landside operators such as taxis, and providers of other off-airport parking services (measured in terms of the number of standard car park spaces)	NA	NA	NA	NA	NA

Table A2.3.5: Melbourne Airport—detailed facilities data for the domestic terminal (T4)

Indicator	2009–10	2010–11	2011–12	2012–13	2013-14
Number of aircraft parking bays	5	5	5	5	3 ¹⁷⁹
Number of aerobridges	0	0	0	0	0
Number of passengers who used aerobridges for arrival	0	0	0	0	0
Total number of passengers who arrived in domestic aircraft	NA	NA	NA	NA	NA
Total number of passengers who arrived in the year	974 644	1 095 762	553 637	1 033 695	1 117 547
Number of arriving domestic aircraft that used aerobridges in the year	NA	NA	NA	0	0
Number of passengers who used aerobridges for departure	0	0	0	0	0
Total number of passengers who departed in domestic aircraft	NA	NA	557 224	1 025 509	1 123 160
Total number of check-in desks	10	10	10	10	10
Total number of spaces provided for check-in kiosk facilities on 30 June in the financial year	NA	NA	NA	NA	0
Total number of bag drop facilities on 30 June in the financial year	NA	NA	NA	NA	0
Number of hours when more than 80 per cent of check-in desks in use	NA	NA	NA	NA	NA
Total number of hours when any check-in desks are open	NA	NA	NA	NA	NA
Number of security clearance systems	2	2	2	2	2
Number of gate lounges	NA	NA	NA	NA	NA
Number of seats in gate lounges	388	388	388	388	388

¹⁷⁹ Two aircraft parking bays were removed in 2013-14 due to the construction of the new Terminal 4 with alternative bays being allocated in the Terminal 3.

Indicator	2009–10	2010–11	2011–12	2012–13	2013–14
Total gate lounge area (in square metres)	855	855	855	855	855
Capacity of inbound baggage handling system (in bags per hour)	680	680	680	680	680
Total area (square metres) provided for inbound baggage reclaim	NA	NA	NA	NA	57
Total number of bags handled by inbound baggage handling system	NA	NA	NA	NA	NA
Total number of hours during the year for which inbound baggage handling system was in use	7300	7 300	7 300	7 300	7 300
Number of planned interruptions to inbound baggage system	0	0	1	1	0
Total number of hours of planned interruptions to inbound baggage system in the year	0	0	2	4	0
Number of unplanned interruptions to inbound baggage system in the year	0	3	2	0	1
Total number of hours of unplanned interruptions to inbound baggage system in the year	0	11	2	0	3
Capacity of outbound baggage handling equipment (in bags per hour)	1 320	1 320	1 320	1 320	1 320
Total number of bags handled by outbound baggage handling equipment	492 565	410 782	220 874	390 590	433 775
Total number of hours during the year for which outbound baggage handling equipment was in use	7 300	7 300	7 300	7 300	7 300
Number of planned interruptions to outbound baggage handling equipment	0	0	3	4	4
Total number of hours of planned interruptions to outbound baggage handling equipment	0	0	2	8	21
Number of unplanned interruptions to outbound baggage handling equipment	1	1	2	5	2
Total number of hours of unplanned interruptions to outbound baggage handling equipment	2	4	2	11	7
Number of working accessible baggage trolleys	30	30	60	60	50
Number of washrooms on 30 June in the financial year	NA	NA	NA	NA	3
Number of flight information display screens	5	5	5	5	6

Indicator	2009–10	2010–11	2011–12	2012–13	2013-14
Number of information points	NA	NA	0	0	0
Time of peak hour for arriving passengers	1400–1500	1600–1700	1500–1559	1700–1759	
Time of peak hour for departing passengers	0700–0800	1700–1800	1600–1659	0800–0859	
Time of peak hour for total passengers					1700-1759
Number of arriving passengers during peak hour	304	294	285	323	309
Number of departing passengers during peak hour	299	298	306	280	177
Total area at terminal kerbside and at designated waiting areas for passenger pick-up and drop-off provided to the public at no charge(measured in terms of the number of standard car park spaces)	NA	NA	NA	NA	20
Total area at terminal kerbside for passenger pick-up or drop-off to landside operators such as taxis, and providers of other off-airport parking services (measured in terms of the number of standard car park spaces)	NA	NA	NA	NA	0

A2.3.3 Detailed airport facilities data for Perth Airport

Table A2.3.6: Perth Airport—detailed facilities data for the international terminal

Indicator	2009–10	2010–11	2011–12	2012–13	2013-14
Number of aircraft parking bays	9	9	9	9	10
Number of aerobridges	5	5	5	4	6
Number of passengers who used aerobridges for arrival	1 509 780	1 652 788	1 752 432	1 865 861	1 988 468
Total number of passengers who arrived in international aircraft	1 511 513	1 657 722	1 767 996	1 908 296	2 078 422
Total number of passengers who arrived in the year	1 511 513	1 657 722	1 767 996	1 908 296	2 078 422
Number of arriving international aircraft that used aerobridges in the year	8 725	9 427	9 742	10 467	11 453
Number of passengers who used aerobridges for departure	1 485 575	1 607 148	1 707 384	1 798 436	1 976 189
Total number of passengers who departed in international aircraft	1 486 838	1 610 326	1 724 164	1 855 662	2 039 817
Total number of check-in desks	39	39	39	44	44
Total number of spaces provided for check-in kiosk facilities on 30 June in the financial year	NA	NA	NA	NA	0
Total number of bag drop facilities	NA	NA	NA	NA	0

Indicator	2009–10	2010–11	2011–12	2012–13	2013-14
on 30 June in the financial year					
Number of hours when more than 80 per cent of check-in desks in use	1	1	1	4 150	NA
Total number of hours when any check-in desks are open	112 211	112 211	112 211	8 395	NA
Number of inbound Immigration desks	18	18	18	18	18
Number of baggage inspection desks	28	28	18	18	11
Number of outbound Immigration desks	10	10	10	10	10
Number of security clearance systems	3	3	3	3	3
Number of gate lounges	1	1	1	1	1
Number of seats in gate lounges	689	582	722	804	727
Total gate lounge area (in square metres)	1 952	1 952	2 195	2 195	2 168
Capacity of inbound baggage handling system (in bags per hour)	962	962	962	962	3 600
Total area (square metres) provided for inbound baggage reclaim	NA	NA	NA	NA	266
Total number of bags handled by inbound baggage handling system	N/A	NA	NA	NA	NA
Total number of hours during the year for which inbound baggage handling system was in use	3 741	4 058	4 827	4 927	7 332
Number of planned interruptions to inbound baggage system	36	0	0	0	0
Total number of hours of planned interruptions to inbound baggage system in the year	72	0	0	0	0
Number of unplanned interruptions to inbound baggage system in the year	8	3	5	2	3
Total number of hours of unplanned interruptions to inbound baggage system in the year	41	1	1	1	1
Capacity of outbound baggage handling equipment (in bags per hour)	2 400	2 400	2 400	2 400	2 400
Total number of bags handled by outbound baggage handling equipment	1 388 642	1 529 894	1 574 849	1 673 716	1 840 759
Total number of hours during the year for which outbound baggage handling equipment was in use	8 030	8 395	8 395	8 395	8 606

Indicator	2009–10	2010–11	2011–12	2012–13	2013-14
Number of planned interruptions to outbound baggage handling equipment	0	0	0	0	6
Total number of hours of planned interruptions to outbound baggage handling equipment	0	0	0	0	12
Number of unplanned interruptions to outbound baggage handling equipment	3	2	2	3	8
Total number of hours of unplanned interruptions to outbound baggage handling equipment	7	3	3	12	26
Number of working accessible baggage trolleys	866	826	812	1 100	1 170
Number of washrooms on 30 June in the financial year	NA	NA	NA	NA	7
Number of flight information display screens	67	69	68	72	62
Number of information points	1	1	1	1	1
Time of peak hour for arriving passengers	1400–1459	1400–1500	0000–0100	0000–0100	
Time of peak hour for departing passengers	1500–1569	1600–1700	0700–0800	0700–0800	
Time of peak hour for total passengers					1700-1800
Number of arriving passengers during peak hour	491	497	527	508	604
Number of departing passengers during peak hour	458	404	427	498	514
Total area at terminal kerbside and at designated waiting areas for passenger pick-up and drop-off provided to the public at no charge(measured in terms of the number of standard car park spaces)	NA	NA	NA	NA	31
Total area at terminal kerbside for passenger pick-up or drop-off to landside operators such as taxis, and providers of other off-airport parking services (measured in terms of the number of standard car park spaces)	NA	NA	NA	NA	40

**Table A2.3.7: Perth Airport—detailed facilities data for the domestic terminal (T2)
(opened in March 2013)**

Indicator	2009–10	2010–11	2011–12	2012–13	2013-14
Number of aircraft parking bays				36	36
Number of aerobridges				0	0
Number of passengers who used aerobridges for arrival				0	0
Total number of passengers who arrived in domestic aircraft				NA	NA
Total number of passengers who arrived in the year				190 648	627 819
Number of arriving domestic aircraft that used aerobridges in the year				0	0
Number of passengers who used aerobridges for departure				0	0
Total number of passengers who departed in domestic aircraft				189 136	629 996
Total number of check-in desks				16	16
Total number of spaces provided for check-in kiosk facilities on 30 June in the financial year				NA	0
Total number of bag drop facilities on 30 June in the financial year				NA	0
Number of hours when more than 80 per cent of check-in desks in use				1 084	NA
Total number of hours when any check-in desks are open				1 566	NA
Number of security clearance systems				3	3
Number of gate lounges				1	1
Number of seats in gate lounges				520	606
Total gate lounge area (in square metres)				2 495	6 650
Capacity of inbound baggage handling system (in bags per hour)				1 200	3 600
Total area (square metres) provided for inbound baggage reclaim				NA	205
Total number of bags handled by inbound baggage handling system				NA	NA
Total number of hours during the year for which inbound baggage handling system was in use				1 260	4 015
Number of planned interruptions to inbound baggage system				0	0
Total number of hours of planned interruptions to inbound baggage system in the year				0	0
Number of unplanned interruptions to inbound baggage system in the year				0	0

Indicator	2009–10	2010–11	2011–12	2012–13	2013-14
Total number of hours of unplanned interruptions to inbound baggage system in the year				0	0
Capacity of outbound baggage handling equipment (in bags per hour)				2 400	2 400
Total number of bags handled by outbound baggage handling equipment				113 845	433 460
Total number of hours during the year for which outbound baggage handling equipment was in use				2 069	8 030
Number of planned interruptions to outbound baggage handling equipment				0	0
Total number of hours of planned interruptions to outbound baggage handling equipment				0	0
Number of unplanned interruptions to outbound baggage handling equipment				8	0
Total number of hours of unplanned interruptions to outbound baggage handling equipment				19	0
Number of working accessible baggage trolleys				60	80
Number of washrooms on 30 June in the financial year				NA	3
Number of flight information display screens				45	43
Number of information points				1	1
Time of peak hour for arriving passengers				1900–2000	
Time of peak hour for departing passengers				0600–0700	
Time of peak hour for total passengers					0600-0700
Number of arriving passengers during peak hour				370	0
Number of departing passengers during peak hour				419	304
Total area at terminal kerbside and at designated waiting areas for passenger pick-up and drop-off provided to the public at no charge(measured in terms of the number of standard car park spaces)	NA	NA	NA	NA	23
Total area at terminal kerbside for passenger pick-up or drop-off to landside operators such as taxis, and providers of other off-airport parking services (measured in terms of the number of standard car park	NA	NA	NA	NA	83

Indicator	2009–10	2010–11	2011–12	2012–13	2013-14
spaces)					

Table A2.3.8: Perth Airport—detailed facilities data for the domestic terminal (T3)

Indicator	2009–10	2010–11	2011–12	2012–13	2013-14
Number of aircraft parking bays	32	32	33	23	25
Number of aerobridges	2	2	4	4	4
Number of passengers who used aerobridges for arrival	560 247	535 509	955 813	1 051 257	1 062 663
Total number of passengers who arrived in domestic aircraft	NA	NA	NA	NA	NA
Total number of passengers who arrived in the year	1 231 366	1 393 585	1 514 698	1 410 636	1 217 565
Number of arriving domestic aircraft that used aerobridges in the year	NA	NA	9 259	8 245	5 463
Number of passengers who used aerobridges for departure	530 568	513 994	929 767	1 054 610	1 103 001
Total number of passengers who departed in domestic aircraft	NA	NA	1 510 405	1 416 722	1 250 187
Total number of check-in desks	22	22	22	22	22
Total number of spaces provided for check-in kiosk facilities on 30 June in the financial year	NA	NA	NA	NA	13
Total number of bag drop facilities on 30 June in the financial year	NA	NA	NA	NA	0
Number of hours when more than 80 per cent of check-in desks in use	185	185	185	2 201	NA
Total number of hours when any check-in desks are open	44 495	44 495	44 495	7 185	NA
Number of security clearance systems	3	3	3	3	3
Number of gate lounges	1	1	1	1	1
Number of seats in gate lounges	697	601	823	823	806
Total gate lounge area (in square metres)	1 572	1 990	2 269	2 269	3 374
Capacity of inbound baggage handling system (in bags per hour)	720	720	720	720	2 400
Total area (square metres) provided for inbound baggage reclaim	NA	NA	NA	NA	163
Total number of bags handled by inbound baggage handling system	NA	NA	NA	NA	NA
Total number of hours during the year for which inbound baggage handling system was in use	1 825	3 541	3 170	3 478	5 096
Number of planned interruptions to inbound baggage system	0	0	0	0	1

Indicator	2009–10	2010–11	2011–12	2012–13	2013-14
Total number of hours of planned interruptions to inbound baggage system in the year	0	0	0	0	2
Number of unplanned interruptions to inbound baggage system in the year	0	0	3	3	0
Total number of hours of unplanned interruptions to inbound baggage system in the year	0	0	36	12	0
Capacity of outbound baggage handling equipment (in bags per hour)	1 200	1 200	1 200	1 200	1 200
Total number of bags handled by outbound baggage handling equipment	995 400	1 056 498	1 129 826	966 687	726 002
Total number of hours during the year for which outbound baggage handling equipment was in use	7 300	7 300	7 300	7 300	6 240
Number of planned interruptions to outbound baggage handling equipment	3	0	0	0	4
Total number of hours of planned interruptions to outbound baggage handling equipment	5	0	0	0	26
Number of unplanned interruptions to outbound baggage handling equipment	4	10	9	8	4
Total number of hours of unplanned interruptions to outbound baggage handling equipment	9	7	59	56	9
Number of working accessible baggage trolleys	220	201	196	275	150
Number of washrooms on 30 June in the financial year	NA	NA	NA	NA	2
Number of flight information display screens	48	48	52	52	55
Number of information points	1	1	1	1	1
Time of peak hour for arriving passengers	1900–1959	1900–2000	1900–2000	1900–2000	
Time of peak hour for departing passengers	0600–0659	0600–0700	0600–0700	0600–0700	
Time of peak hour for total passengers					1000-1100
Number of arriving passengers during peak hour	389	434	500	394	405
Number of departing passengers during peak hour	498	606	561	501	269
Total area at terminal kerbside and at designated waiting areas for passenger pick-up and drop-off provided to the public at no charge(measured in terms of the	NA	NA	NA	NA	50

Indicator	2009–10	2010–11	2011–12	2012–13	2013-14
number of standard car park spaces)					
Total area at terminal kerbside for passenger pick-up or drop-off to landside operators such as taxis, and providers of other off-airport parking services (measured in terms of the number of standard car park spaces)	NA	NA	NA	NA	34

A2.3.4 Detailed airport facilities data for Sydney Airport

Table A2.3.9: Sydney Airport—detailed facilities data for the international terminal

Indicator	2009–10	2010–11	2011–12	2012–13	2013-14
Number of aircraft parking bays	44	44	45	45	48
Number of aerobridges	34	34	34	34	39
Number of passengers who used aerobridges for arrival	6 010 801	6 281 218	6 535 580	6 807 311	6 997 909
Total number of passengers who arrived in international aircraft	6 185 775	6 382 334	6 645 428	6 973 346	7 232 430
Total number of passengers who arrived in the year	6 185 775	6 382 334	6 645 428	6 973 346	7 232 430
Number of arriving international aircraft that used aerobridges in the year	33 008	29 640	30 740	31 017	31 410
Number of passengers who used aerobridges for departure	5 717 427	5 952 701	6 175 075	6 450 445	6 696 169
Total number of passengers who departed in international aircraft	5 912 336	6 092 209	6 331 183	6 664 926	6 962 829
Total number of check-in desks	192	192	192	212	212
Total number of spaces provided for check-in kiosk facilities on 30 June in the financial year	NA	NA	NA	NA	39
Total number of bag drop facilities on 30 June in the financial year	NA	NA	NA	NA	4
Number of hours when more than 80 per cent of check-in desks in use	NA	NA	NA	NA	NA
Total number of hours when any check-in desks are open	659 316	630 066	687 232	697 077	NA
Number of inbound Immigration desks	55	55	63	59	66
Number of baggage inspection desks	92	92	57	86	79
Number of outbound Immigration desks	38	38	38	38	38
Number of security clearance systems	18	18	20	21	21
Number of gate lounges	25	29	29	29	29

Indicator	2009–10	2010–11	2011–12	2012–13	2013-14
Number of seats in gate lounges	4 362	4 362	4 825*	4 946	5 011
Total gate lounge area (in square metres)	9 664	9 697	10 172	10 261	10 386
Capacity of inbound baggage handling system (in bags per hour)	10 800	10 800	10 800	10 800	10 800
Total area (square metres) provided for inbound baggage reclaim	NA	NA	NA	NA	11 675
Total number of bags handled by inbound baggage handling system	NA	NA	NA	NA	NA
Total number of hours during the year for which inbound baggage handling system was in use	6 935	6 935	6 222	6 205	6 205
Number of planned interruptions to inbound baggage system	0	0	0	0	0
Total number of hours of planned interruptions to inbound baggage system in the year	0	0	0	0	0
Number of unplanned interruptions to inbound baggage system in the year	1	1	2	0	1
Total number of hours of unplanned interruptions to inbound baggage system in the year	22	2	1	0	272
Capacity of outbound baggage handling equipment (in bags per hour)	10 800	10 800	10 800	10 800	10 800
Total number of bags handled by outbound baggage handling equipment	6 636 891	6 811 498	7 093 063	7 631 203	8 250 127
Total number of hours during the year for which outbound baggage handling equipment was in use	6 935	6 942	6 954	6 935	6 935
Number of planned interruptions to outbound baggage handling equipment	0	0	0	0	0
Total number of hours of planned interruptions to outbound baggage handling equipment	0	0	0	0	0
Number of unplanned interruptions to outbound baggage handling equipment	4	2	1	3	4
Total number of hours of unplanned interruptions to outbound baggage handling equipment	82	12	4	8	10
Number of working accessible baggage trolleys	4 788	4 573	4 510	4 501	4 473
Number of washrooms on 30 June in the financial year	NA	NA	NA	NA	691
Number of flight information	823	823	833	789	738

Indicator	2009–10	2010–11	2011–12	2012–13	2013–14
display screens					
Number of information points	4	4	5	5	6
Time of peak hour for arriving passengers	0700–0800	0600–0700	0700–0800	0700–0800	
Time of peak hour for departing passengers	0900–1000	0900–1000	1100–1200	1000–1100	
Time of peak hour for total passengers					0900-1000
Number of arriving passengers during peak hour	2 757	2 894	2 809	2 952	1 743
Number of departing passengers during peak hour	1 868	1 748	1 860	2 032	2 073
Total area at terminal kerbside and at designated waiting areas for passenger pick-up and drop-off provided to the public at no charge (measured in terms of the number of standard car park spaces)	NA	NA	NA	NA	112
Total area at terminal kerbside for passenger pick-up or drop-off to landside operators such as taxis, and providers of other off-airport parking services (measured in terms of the number of standard car park spaces)	NA	NA	NA	NA	85

Note: *This value was revised by Sydney Airport during 2012–13.

Table A2.3.10: Sydney Airport—detailed facilities data for the domestic terminal

Indicator	2009–10	2010–11	2011–12	2012–13	2013–14
Number of aircraft parking bays	39	47 ^(a)	49 ^(a)	55 ^(a)	55
Number of aerobridges	16	16	16	20	20
Number of passengers who used aerobridges for arrival	6 440 586	NA	7 146 512	6 953 567	7 087 175
Total number of passengers who arrived in domestic aircraft	NA	NA	NA	NA	NA
Total number of passengers who arrived in the year	6 826 156	7 713 943	7 804 323	8 040 816	7 635 342
Number of arriving domestic aircraft that used aerobridges in the year	NA	NA	50 288	50 433	54 783
Number of passengers who used aerobridges for departure	6 440 586	NA	6 875 306	7 189 957	7 027 793
Total number of passengers who departed in domestic aircraft	NA	7 253 184	NA	7 189 957	7 571 355
Total number of check-in desks	44	44	44	50	50
Total number of spaces provided for check-in kiosk facilities on 30 June in the financial year	NA	NA	NA	NA	37

Indicator	2009–10	2010–11	2011–12	2012–13	2013-14
Total number of bag drop facilities on 30 June in the financial year	NA	NA	NA	NA	0
Number of hours when more than 80 per cent of check-in desks in use	NA	NA	NA	NA	NA
Total number of hours when any check-in desks are open	255 484	259 311	266 085	286 977	NA
Number of security clearance systems	9	10	10	11	12
Number of gate lounges	22	22	22	31	32
Number of seats in gate lounges	2 037	2 037	2 037	2 451	3 364
Total gate lounge area (in square metres)	5 015	5 380	5 380	6 732	6 691
Capacity of inbound baggage handling system (in bags per hour)	3 600	3 600	3 600	3 600	3 600
Total area (square metres) provided for inbound baggage reclaim	NA	NA	NA	NA	3 436
Total number of bags handled by inbound baggage handling system	NA	NA	NA	NA	NA
Total number of hours during the year for which inbound baggage handling system was in use	6 935	6 205	6 222	6 023	6 023
Total number of planned interruptions to inbound baggage system	0	0	0	0	0
Total number of hours of planned interruptions to inbound baggage system in the year	0	0	0	0	0
Number of unplanned interruptions to inbound baggage system in the year	1	1	0	0	1
Total number of hours of unplanned interruptions to inbound baggage system in the year	6	1	0	0	5
Capacity of outbound baggage handling equipment (in bags per hour)	3 600	3 600	3 600	3 600	3 600
Total number of bags handled by outbound baggage handling equipment	3 695 991	3 969 540	3 965 923	3 852 309	3 967 831
Total number of hours during the year for which outbound baggage handling equipment was in use	6 935	6 858	6 594	6 753	6 753
Number of planned interruptions to outbound baggage handling equipment	0	0	0	0	0
Total number of hours of planned interruptions to outbound baggage handling equipment	0	0	0	0	0
Number of unplanned interruptions to outbound baggage handling	3	3	2	2	2

Indicator	2009–10	2010–11	2011–12	2012–13	2013-14
equipment					
Total number of hours of unplanned interruptions to outbound baggage handling equipment	68	10	8	13	7
Number of working accessible baggage trolleys	500	430	436	438	252
Number of washrooms on 30 June in the financial year	NA	NA	NA	NA	228
Number of flight information display screens	233	213	208	295	269
Number of information points	1	1	1	3	3
Time of peak hour for arriving passengers	1800–1900	1700–1800	1700–1800	1700–1800	
Time of peak hour for departing passengers	1800–1900	0800–0900	1800–1900	1800–1900	
Time of peak hour for total passengers					1700-1800
Number of arriving passengers during peak hour	1 955	1 836	1 751	1 880	2 079
Number of departing passengers during peak hour	1 906	1 761	1 795	1 797	1 550
Total area at terminal kerbside and at designated waiting areas for passenger pick-up and drop-off provided to the public at no charge(measured in terms of the number of standard car park spaces)	NA	NA	NA	NA	89
Total area at terminal kerbside for passenger pick-up or drop-off to landside operators such as taxis, and providers of other off-airport parking services (measured in terms of the number of standard car park spaces)	NA	NA	NA	NA	31

Notes: (a) The number of aircraft parking bays included parking bays at the domestic and other terminal.

A2.4 Airport operational statistics

This section provides individual airports' operational statistics including the number of passengers, aircraft movements and tonnes landed for the years ended 30 June 2010 to 30 June 2014. The operational statistics are used in calculations for indicators of both price and quality of service monitoring throughout the report.

A2.4.1 Brisbane Airport operational statistics

Table A2.4.1: Brisbane Airport—operational statistics for the year ended 30 June

Description	2009–10	2010–11	2011–12	2012–13	2013-14
Passengers					
Domestic passengers	14 913 590	15 800 845	16 516 320	16 843 522	17 053 880
International passengers (excluding transit passengers)	4 139 902	4 287 681	4 483 094	4 523 183	4 791 148
International transit passengers	188 004	159 248	182 720	212 366	221 420
Domestic on-carriage	7 516	10 029	17 646	24 349	26 866
Total passengers	19 249 012	20 257 803	21 199 780	21 603 420	22 093 314
Total aircraft movements	177 828	190 402	204 296	219 570	226 125
Total tonnes landed	6 760 029	7 229 745	7 530 644	7 974 697	8 484 659
Average staff equivalents					
Aeronautical services	155	164	166	177	195
Non-aeronautical services	75	65	73	75	86
Total average staff equivalents	230	229	239	252	281
Area (hectares)					
Aeronautical services	2 039	2 011	1 960	2 059	2 059
Non-aeronautical services	661	689	740	641	641
Total area (hectares)	2 700				
Total area of aprons (in square meters)					
International terminal	NA	NA	NA	NA	250 549
Domestic terminal	NA	NA	NA	NA	328 535
Total area of aircraft parking bays (in square meters)					
International terminal	NA	NA	NA	NA	114 602
Domestic terminal	NA	NA	NA	NA	66 000
Total area of runways (in square meters)	NA	NA	NA	NA	271 613

A2.4.2 Melbourne Airport operational statistics

Table A2.4.2: Melbourne Airport—operational statistics for the year ended 30 June

Description	2009–10	2010–11	2011–12	2012–13	2013-14
Passengers					
Domestic passengers	20 586 763	21 865 858	21 422 580	22 701 919	23 228 916
International passengers (excluding transit passengers)	5 538 736	6 287 710	6 784 203	7 098 743	7 753 622
International transit passengers	118 181	138 307	131 523	128 741	131 008

Description	2009–10	2010–11	2011–12	2012–13	2013-14
Domestic on-carriage	43 207	36 889	38 644	51 563	76 262
Total passengers	26 286 887	28 328 764	28 376 950	29 980 966	31 189 808
Total aircraft movements	195 914	206 070	207 070	217 738	225 348
Total tonnes landed	10 112 525	10 788 347	10 767 847	11 606 821	12 228 487
Average staff equivalents					
Aeronautical services	151	159	174	190	204
Non-aeronautical services	59	68	75	78	87
Total average staff equivalents	210	227	249	268	291
Area (hectares)					
Aeronautical services	1 773	1 773	1 773	1766	1 766
Non-aeronautical services	669	682	682	691	691
Total area (hectares)	2 442	2 455	2 455	2 457	2 457
Total area of aprons (in square meters)					
International terminal (T2)	NA	NA	NA	NA	187 845
Domestic terminal (T3)	NA	NA	NA	NA	133 493
Domestic terminal (T4)	NA	NA	NA	NA	34 862
Total area of aircraft parking bays (in square meters)					
International terminal (T2)	NA	NA	NA	NA	115 217
Domestic terminal (T3)	NA	NA	NA	NA	74 918
Domestic terminal (T4)	NA	NA	NA	NA	15 487
Total area of runways (in square meters)	NA	NA	NA	NA	319 615

A2.4.3 Perth Airport operational statistics

Table A2.4.3: Perth Airport—operational statistics for the year ended 30 June

Description	2009–10	2010–11	2011–12	2012–13	2013-14
Passengers					
Domestic passengers	7 469 832	8 185 872	9 140 418	9 900 200	9 843 341
International passengers (excluding transit passengers)	2 993 954	3 265 581	3 492 160	3 763 958	4 118 239
International transit passengers	9 634	3 960	5 167	6 914	6 692
Domestic on-carriage					
General aviation			680 927	1 018 215	947 981
Total passengers	10 473 420	11 455 413	13 318 672	14 689 287	14 916 253
Total aircraft movements	118 165	129 066	142 079	151 331	149 678
Total tonnes landed	4 487 161	4 854 582	5 431 274	6 284 455	6 678 717
Average staff equivalents					
Aeronautical services	105	108	139	154	176

Description	2009–10	2010–11	2011–12	2012–13	2013–14
Non-aeronautical services	87	87	92	102	109
Total average staff equivalents	192	195	231	256	285
Area (hectares)					
Aeronautical services	1 280	1 280	1 280	1 280	1 280
Non-aeronautical services	825	825	825	825	825
Total area (hectares)	2 105				
Total area of aprons (in square meters)					
International terminal (T1)	NA	NA	NA	NA	4 044
Domestic terminal (T2)	NA	NA	NA	NA	129 346
Domestic terminal (T3)	NA	NA	NA	NA	68 743
Total area of aircraft parking bays (in square meters)					
International terminal (T1)	NA	NA	NA	NA	68 775
Domestic Terminal (T2)	NA	NA	NA	NA	132 192
Domestic terminal (T3)	NA	NA	NA	NA	83 686
Total area of runways (in square meters)	NA	NA	NA	NA	263 216

A2.4.4 Sydney Airport operational statistics

Table A2.4.4: Sydney Airport—operational statistics for the year ended 30 June

Description	2009–10	2010–11	2011–12	2012–13	2013–14
Passengers					
Domestic passengers	23 359 636	24 322 578	23 906 033	24 897 885	25 181 242
International passengers (excluding transit passengers)	11 001 502	11 492 078	11 913 942	12 464 856	13 040 056
International transit passengers	440 717	408 546	417 197	394 158	398 440
Domestic on-carriage	102 982	71 539	83 156	91 493	56 790
Total passengers	34 904 837	36 294 741	36 320 328	37 848 392	38 676 528
Total aircraft movements	298 942	311 147	310 936	325 576	327 356
Total tonnes landed	15 594 451	16 185 326	16 247 960	16 847 134	16 955 227
Average staff equivalents					
Aeronautical services	221	223	219	234	292
Non-aeronautical services	107	110	107	100	64
Total average staff equivalents	328	333	326	334	356
Area (hectares)					
Aeronautical services	671	671	671	671	699
Non-aeronautical services	236	236	236	236	208
Total area (hectares)	907	907	907	907	907
Total area of aprons (in					

Description	2009–10	2010–11	2011–12	2012–13	2013-14
spare meters)					
International terminal (T1)	NA	NA	NA	NA	510 721
Domestic terminal (T2)	NA	NA	NA	NA	153 963
Total area of aircraft parking bays (in square meters)					
International terminal (T1)	NA	NA	NA	NA	322 687
Domestic terminal (T2)	NA	NA	NA	NA	109 600
Total area of runways (in square meters)	NA	NA	NA	NA	399 837

A3. Airport car parking statistics

This section compares car parking prices over time (section A3.1), and objective measures such as throughput and number of car park spaces available at each airport’s car parking facilities (section A3.2).

A3.1 Comparison of car parking prices over time

The below sections provide car parking prices for the various car parking facility configurations at each of the monitored airports from 2009-10 to 2013-14.

A3.1.1 Brisbane Airport car parking prices

Table A3.1.1: Brisbane Airport—short-term international car park prices in real terms

Price point	Charge per unit \$(incl. GST) as at 30 June				
	2009–10	2010–11	2011–12	2012–13	2013-14
15 minutes*	N/A	2.15	2.10	2.05	2.00
30 minutes	6.65	6.45	6.30	6.16	6.00
1 hour	14.41	13.97	13.66	14.38	14.00
2 hours	17.73	17.20	16.81	17.46	18.00
3 hours	22.16	23.64	23.11	23.62	23.00
4 hours	24.38	26.87	26.26	26.71	26.00
24 hours	33.24	32.24	31.52	32.87	36.00

Note: *Brisbane Airport amended its car parking price structure in 2010-11.

Table A3.1.2: Brisbane Airport—short-term domestic car parking prices in real terms

Price point	Charge per unit \$(incl. GST) as at 30 June				
	2009–10	2010–11	2011–12	2012–13	2013-14
15 minutes*	N/A	2.15	2.10	6.16	6.00
30 minutes	6.65	6.45	6.30	6.16	6.00
1 hour	14.41	13.97	14.71	14.38	14.00
2 hours	17.73	17.20	17.86	17.46	18.00
3 hours	22.16	23.64	23.11	23.62	23.00
4 hours	24.38	26.87	26.26	26.71	26.00
24 hours	55.41	42.99	52.53	53.41	54.00

Note: *Brisbane Airport amended its car parking price structure in 2010–11.

Table A3.1.3: Brisbane Airport—long-term international car parking prices in real terms

Price point	Charge per unit \$(incl. GST) as at 30 June				
	2009–10	2010–11	2011–12	2012–13	2013-14
1 day	33.24	32.24	31.52	32.87	36.00
2 days	55.41	53.73	52.53	53.41	56.00
3 days	77.57	75.23	73.54	73.95	76.00
4 days	88.65	85.98	84.04	84.23	90.00
5 days	99.73	96.72	94.55	94.50	100.00
6 days	105.27	102.10	99.80	98.61	105.00
7 days	109.71	106.40	104.00	101.69	110.00

Table A3.1.4: Brisbane Airport—long-term domestic car parking prices in real terms

Price point	Charge per unit \$(incl. GST) as at 30 June				
	2009–10	2010–11	2011–12	2012–13	2013-14
1 day	38.79	42.99	42.02	43.14	43.00
2 days	60.95	64.48	63.03	63.68	63.00
3 days	83.11	85.98	84.04	84.23	83.00
4 days	105.27	107.47	105.05	104.77	103.00
5 days	127.44	128.96	126.06	125.31	123.00
6 days	144.06	139.71	136.57	135.58	133.00
7 days	155.14	150.46	147.07	145.85	143.00

A3.1.2 Melbourne Airport car parking prices¹⁸⁰

Table A3.1.5: Melbourne Airport—short-term car parking prices in real terms

Price point	Charge per unit \$(incl. GST) as at 30 June				
	2009–10	2010–11	2011–12	2012–13	2013-14
20 minutes	3.32	3.22	4.20	4.11	N/A
30 minutes	N/A	N/A	N/A	N/A	6.00
40 minutes	6.65	6.45	6.30	8.22	N/A
1 hour	13.30	12.90	12.61	12.33	14.00
2 hours	22.16	21.49	23.11	24.65	24.00
3 hours	27.70	30.09	29.41	28.76	28.00
4 hours	39.89	38.69	37.82	36.98	36.00
24 hours	55.41	55.88	57.78	57.52	56.00

Note: Melbourne Airport amended its car parking price structure in 2013–14.

¹⁸⁰ Note: In 2013-14 Melbourne Airport closed its Southern Business car park and opened the Value Long Stay car park.

Table A3.1.6: Melbourne Airport—long-term (uncovered) car parking prices in real terms

Price point	Charge per unit \$(incl. GST) as at 30 June				
	2009–10	2010–11	2011–12	2012–13	2013-14
20 minutes	11.08	10.75	10.51	Free	39.00
40 minutes	11.08	10.75	10.51	2.05	39.00
1 hour	11.08	10.75	10.51	4.11	39.00
1 day	32.14	31.17	30.46	29.79	39.00
2 days	50.97	49.44	51.48	50.33	49.00
3 days	76.46	74.15	72.49	70.87	69.00
4 days	76.46	74.15	72.49	70.87	75.00
5 days	76.46	74.15	72.49	70.87	79.00
6 days	76.46	74.15	72.49	81.14	89.00
7 days	85.33	82.75	80.89	81.14	99.00
8 days	98.63	95.65	93.50	101.69	109.00
9 days	109.71	106.40	104.00	101.69	114.00
10 days	126.33	133.26	114.51	111.96	119.00
11 days	137.41	144.01	125.01	122.23	124.00
12 days	148.49	154.76	135.52	132.50	129.00
13 days	159.57	165.50	135.52	132.50	134.00
14 days	170.66	176.25	135.52	132.50	139.00
Additional days	11.08	10.75	10.51	10.27	10.00

Table A3.1.7: Melbourne Airport—long-term multi-level car parking prices in real terms

Price point	Charge per unit \$(incl. GST) as at 30 June				
	2009–10	2010–11	2011–12	2012–13	2013-14
20 minutes	3.32	3.22	4.20	4.11	N/A
30 minutes	N/A	N/A	N/A	N/A	6.00
40 minutes	6.65	6.45	6.30	8.22	N/A
1 hour	13.30	12.90	12.61	12.33	14.00
2 hours	19.95	21.49	23.11	24.65	24.00
3 hours	26.60	30.09	29.41	28.76	28.00
4 hours	39.89	38.69	37.82	36.98	36.00
10 hours	54.30	55.88	57.78	57.52	56.00
1 day	55.41	55.88	57.78	57.52	56.00
2 days	105.27	106.40	104.00	118.12	115.00
3 days	109.71	149.38	146.02	123.26	120.00
4 days	109.71	149.38	146.02	133.53	130.00
5 days	109.71	149.38	146.02	143.80	140.00
6 days	109.71	149.38	146.02	143.80	140.00
7 days	109.71	149.38	146.02	143.80	140.00
8 days	125.22	170.88	167.03	164.34	160.00
9 days	140.74	192.37	188.04	184.89	180.00
10 days	156.25	213.87	209.05	205.43	200.00
11 days	171.76	235.36	230.06	225.97	220.00
12 days	187.28	256.85	251.07	246.51	240.00

Price point	Charge per unit \$(incl. GST) as at 30 June				
	2009–10	2010–11	2011–12	2012–13	2013-14
13 days	202.79	278.35	272.08	267.06	260.00
14 days	218.31	299.84	293.09	287.60	280.00
Additional days	15.51	21.49	21.01	20.54	20.00

Table A3.1.8: Melbourne Airport—Value Long Stay car parking prices in real terms*

Price point	Charge per unit \$(incl. GST) as at 30 June
	2013-14
0–20 minutes	39.00
20–40 minutes	39.00
40–60 minutes	39.00
1–2 hours	39.00
2–3 hours	39.00
3–4 hours	39.00
4–10 hours	39.00
10–24 hours	39.00
1–2 days	49.00
2–3 days	69.00
3–4 days	75.00
4–5 days	79.00
5–6 days	89.00
6–7 days	99.00
7–8 days	109.00
8–9 days	114.00
9–10 days	119.00
10–11 days	124.00
11–12 days	129.00
12–13 days	134.00
13–14 days	139.00
Additional days	10.00

Note: This car park opened in 2013-14.

Table A3.1.9: Melbourne Airport—Northern Business car parking prices in real terms

Price point	Charge per unit \$(incl. GST) as at 30 June				
	2009–10	2010–11	2011–12	2012–13	2013-14
0–1 day	55.41	64.48	57.78	66.76	65.00
1–2 days	110.82	128.96	115.56	123.26	120.00
2–3 days	166.22	193.45	173.33	184.89	180.00
3–4 days	221.63	257.93	231.11	246.51	240.00
4–5 days	277.04	322.41	288.89	308.14	300.00
5–6 days	332.45	386.89	346.67	390.31	380.00
6–7 days	387.85	451.37	404.45	431.40	420.00
7–8 days	443.26	515.86	462.23	493.03	475.00
8–9 days	498.67	580.34	520.00	554.66	530.00
9–10 days	554.08	644.82	577.78	616.28	585.00
10–11 days	609.48	709.30	635.56	677.91	640.00
11–12 days	664.89	773.78	693.34	739.54	695.00
12–13 days	720.30	838.27	751.12	801.17	750.00
13–14 days	775.71	902.75	808.89	862.80	805.00
Additional days	55.41	64.48	57.78	56.49	55.00

A3.1.3 Perth Airport car parking prices

Table A3.1.10: Perth Airport—short-term car parking prices in real terms

Price point	Charge per unit \$(incl. GST) as at 30 June				
	2009–10	2010–11	2011–12	2012–13	2013-14
5 minutes	4.32	4.30	N/A	N/A	N/A
15 minutes	N/A	N/A	Free	Free	Free
30 minutes	4.32	4.30	4.20	4.11	5.00
1 hour	5.98	6.02	6.30	6.16	8.00
2 hours	8.64	9.67	9.87	10.27	12.00
3 hours	9.75	10.75	10.72	12.33	14.00
4 hours	10.86	11.82	11.77	14.38	16.00
5 hours	11.97	12.90	12.82	16.43	18.00
6 hours	13.08	13.97	13.87	18.49	20.00
7 hours	38.79	15.05	14.92	20.54	22.00
8 hours	38.79	16.12	15.97	22.60	24.00
24 hours	38.79	38.69	39.92	39.03	40.00

Note: Perth Airport amended its car parking price structure in 2011–12.

Table A3.1.11: Perth Airport—long-term car parking prices in real terms

Price point	Charge per unit \$(incl. GST) as at 30 June				
	2009–10	2010–11	2011–12	2012–13	2013-14
30 minutes	4.32	4.30	17.86	20.54	20.00
1 hour	5.98	6.02	17.86	20.54	20.00
2 hours	8.64	9.67	17.86	20.54	20.00
3 hours	9.75	10.75	17.86	20.54	20.00

Price point	Charge per unit \$(incl. GST) as at 30 June				
	2009–10	2010–11	2011–12	2012–13	2013–14
4 hours	10.86	11.82	17.86	20.54	20.00
5 hours	11.97	12.90	17.86	20.54	20.00
6 hours	13.08	13.97	17.86	20.54	20.00
1 day	17.73	17.20	17.86	20.54	20.00
2 days	35.46	36.54	36.77	35.95	40.00
3 days	53.19	55.88	55.68	56.49	60.00
4 days	62.06	65.56	66.18	66.76	71.00
5 days	70.92	75.23	76.69	77.04	82.00
6 days	79.79	84.90	87.19	87.31	93.00
7 days	88.65	94.57	97.70	97.58	104.00
Additional days	N/A	N/A	10.51	10.27	11.00

A3.1.4 Sydney Airport car parking prices

Table A3.1.12: Sydney Airport—short-term international car parking prices in real terms

Price point	Charge per unit \$(incl. GST) as at 30 June				
	2009–10	2010–11	2011–12	2012–13	2013–14
15 minutes	Free	Free	Free	Free	Free
30 minutes	7.76	7.52	7.35	8.22	8.00
1 hour	16.62	16.12	16.81	16.43	16.00
2 hours	23.27	22.57	24.16	24.65	24.00
3 hours	28.81	27.94	30.46	32.87	32.00
4–24 hours	57.62	55.88	58.83	57.52	57.00

Table A3.1.13: Sydney Airport—short-term domestic car parking prices in real terms

Price point	Charge per unit \$(incl. GST) as at 30 June				
	2009–10	2010–11	2011–12	2012–13	2013–14
30 minutes	7.76	7.52	7.35	8.22	8.00
1 hour	16.62	16.12	16.81	16.43	16.00
2 hours	23.27	22.57	24.16	24.65	24.00
3 hours	28.81	27.94	30.46	32.87	32.00
4–24 hours	57.62	55.88	58.83	57.52	57.00

Table A3.1.14: Sydney Airport—long-term car parking prices in real terms

Price point	Charge per unit \$(incl. GST) as at 30 June				
	2009–10	2010–11	2011–12	2012–13	2013–14
1 day	27.70	26.87	27.31	26.71	28.00
2 days	49.87	48.36	51.48	51.36	52.00
3 days	68.71	66.63	70.38	71.90	73.00
4 days	85.33	82.75	86.14	87.31	89.00
5 days	101.95	98.87	101.90	102.71	105.00
6 days	118.57	114.99	117.66	118.12	120.00

Price point	Charge per unit \$(incl. GST) as at 30 June				
	2009–10	2010–11	2011–12	2012–13	2013–14
7 days	135.19	131.11	133.42	133.53	135.00
7-14 days (per day)	16.62	16.12	15.76	15.41	15.00
Additional days	16.62	16.12	15.76	10.27	10.00

A3.2 Comparison data on the airports' car parking facilities

This section provides comparison data on the airports' availability of car parking facilities (section A3.2.1), and the availability of car parking facilities over time at each of the individual airports (section A3.2.2). These data are used to calculate indicators for airport car parking quality of service throughout this report.

A3.2.1 Comparison of availability of car parking facilities across airports

Table A3.2.1: Availability of car parking facilities at the monitored airports in 2013–14

Airport	Number of short-term car parking spaces	Number of long-term car parking spaces	Number of staff car parking spaces
Brisbane*	1 119	9 818	3 038
Melbourne	7 279	14 500	2 627
Perth	2 859	15 170	972
Sydney	10 747	6 117	n/a ¹⁸¹

Note: *Brisbane Airport's international terminal has a single car park which caters for long and short term. Spaces are included in the long-term car parking.

A3.2.2 Availability of car parking facilities for monitored airports

Table A3.2.2: Brisbane Airport—availability of car parking facilities

Facility	2009–10	2010–11	2011–12	2012–13	2013–14
Short-term and long-term international car parking					
Number of days car park is open	365	365	366	365	365
Number of spaces available as at 30 June	1 740	1 740	1 740	2 202	2 202
Total annual throughput	673 359	662 429	662 953	751 197	750 904
Short-term domestic car parking					
Number of days car park is open	365	365	366	365	365
Number of spaces available as at 30 June	976	1 133	1 690	1 119	1 119
Total annual throughput	911 921	838 644	757 595	1 381 128	1 327 364
Long-term domestic car parking					

¹⁸¹ Sydney Airport staff car park spaces are now shared with the public in the multi-level car park at the international terminal.

Facility	2009–10	2010–11	2011–12	2012–13	2013–14
Number of days car park is open	365	365	366	365	365
Number of spaces available as at 30 June	4 410	4 410	6 948	7 616	7 616
Total annual throughput	510 567	533 451	533 150	651 592	725 367
Staff car parking					
Number of spaces available as at 30 June	2 484	2 484	2 484	3 038	3 038

Table A3.3.3: Melbourne Airport—availability of car parking facilities

Facility	2009–10	2010–11	2011–12	2012–13	2013–14
Short-term car parking					
Number of days car park is open	365	365	366	365	365
Number of spaces available as at 30 June	7 529	7 529	7 441	7 441	7 279
Total annual throughput	2 725 186	2 722 972	2 804 431	2 700 869	2 593 562
Long-term car parking					
Number of days car park is open	365	365	366	365	365
Number of spaces available as at 30 June	12 500	12 500	12 100	12 250	14 500
Total annual throughput	520 697	540 297	529 745	578 586	586 115
Staff car parking					
Number of spaces available as at 30 June	2 383	2 383	2 383	2 627	2 627

Table A3.3.4: Perth Airport—availability of car parking facilities

Facility	2009–10	2010–11	2011–12	2012–13	2013–14
Short-term domestic car parking					
Number of days car park is open	365	365	366	365	365
Number of spaces available as at 30 June	1 719	1 719	1 769	1 714	1 714
Total annual throughput	989 774	1 054 114	1 053 575	1 029 870	902 235
Short-term international car parking					
Number of days car park is open	365	365	366	365	365
Number of spaces available as at 30 June	663	663	663	961	1 145
Total annual throughput	714 963	732 594	720 463	747 030	846 693
Long-term domestic car parking					
Number of days car park is open	365	365	366	365	365
Number of spaces available as at 30 June	6 055	7 082	8 485	8 796	8 796

Facility	2009–10	2010–11	2011–12	2012–13	2013-14
Total annual throughput	173 418	229 819	343 466	386 909	362 755
Long-term international car parking					
Number of days car park is open	365	365	366	365	365
Number of spaces available as at 30 June	1 778	3 792	3 792	4 600	6 374
Total annual throughput	47 520	66 009	67 338	92 698	137 540
Staff car parking					
Number of spaces available as at 30 June	1 311	1 295	917	972	972

Table A3.3.5: Sydney Airport—availability of car parking facilities

Facility	2009–10	2010–11	2011–12	2012–13	2013-14
Short-term international car parking					
Number of days car park is open	365	365	366	365	365
Number of spaces available as at 30 June	2 170	2 306	1 882	3 257	6 301
Total annual throughput	1 760 870	1 887 542	1 983 140	2 178 851	2 388 328
Short-term domestic car parking					
Number of days car park is open	365	365	366	365	365
Number of spaces available as at 30 June	3 458	3 244	3 207	3 599	4 438
Total annual throughput	1 145 641	1 561 362	1 512 858	1 547 672	1 926 192
Long-term car parking					
Number of days car park is open	365	365	366	365	365
Number of spaces available as at 30 June	4 194	4 307	5 694	5 817	6 117
Total annual throughput	229 256	231 552	228 370	245 535	240 389
Staff car parking					
Number of spaces available as at 30 June	2 326	2 414	2 333	3 149	n/a

A4. History of airport regulation in Australia

The Australian Government established the Federal Airports Corporation (FAC) in the 1980s to operate airports on a commercial basis (section A4.1). Beginning in the 1990s, operation of the FAC operated airports was shifted to the private sector through long-term leases.

The newly privatised airports were initially subject to a transitory regulatory framework of price regulation (section A4.2). The Government implemented a change in the regulatory arrangements for the airports, which included price and quality of service monitoring, following the Productivity Commission's (PC's) inquiry into the price regulation of airport services in 2002 (section A4.3).

In 2006, the PC conducted a review of the price regulation of airport services. Following this review, the Government announced a further six year period of price and quality of service monitoring for airports (section A4.4).

In 2009, the Government released the *National Aviation Policy White Paper*, which resulted in the introduction of a self-administered price and quality of service monitoring regime for 'second-tier' airports (section A4.5).

In 2011, the PC conducted an inquiry into the economic regulation of airport services, where it found, among other things, that there was no evidence of systemic misuse of market power by the monitored airports. The Government agreed in principle with the PC's recommendations and announced that the current monitoring regime would continue to operate, with some enhancements, until 2020 (section A4.6).

A4.1 Government ownership of airports

The Government was originally responsible for developing and operating airport infrastructure in Australia. In the mid-1980s, following the findings of the Bosch inquiry regarding cost-recovery arrangements at airports, the Government decided to establish the FAC to manage and develop airports on a more commercial basis.¹⁸²

The FAC was required to achieve a reasonable rate of return on its assets and pay a reasonable dividend to the Government. Nevertheless, the FAC was still subject to a degree of regulatory oversight by the Government. The economic rationale for maintaining regulatory oversight by the Government was that any airport operator may possess significant market power and may use this power to restrict an airport's capacity, increase landing fees and earn monopoly profits.¹⁸³

Initially the FAC was required to notify the relevant Minister prior to imposing or varying an aeronautical charge. Then in 1991, the Government declared the FAC's aeronautical charges under s. 21 of the *Prices Surveillance Act 1983*. The declaration required the FAC to instead notify the Prices Surveillance Authority (PSA) prior to raising its aeronautical charges.

¹⁸² Bosch H (1984), *Aviation's Cost Recovery, Report of the Independent Inquiry 1984*, AGPS, Canberra.

¹⁸³ Industry Commission (1992), *Interstate Aviation*, report no. 25, Canberra, p. 91.

A4.2 Privatisation

In 1995, the Government decided to sell leases to operate all 22 FAC airports. The stated rationale was to improve the efficiency of airport investment and operations in the interests of users and the general community, and to facilitate innovative management.¹⁸⁴

The sale was completed in two phases, 'phase one' in 1997 and 'phase two' in 1998. Phase one included Brisbane, Melbourne and Perth airports, while phase two included Adelaide, Darwin and Canberra airports. Sydney Airport was corporatised in 1998, but not sold until 2002.

Although the move to privatisation was intended to improve efficiency, the Government was concerned that the airports might be in a position to exercise their market power in relation to the supply of aeronautical services. Accordingly, the privatisation of phase one and phase two airports was accompanied by a transitional regulatory framework. This was designed to constrain the potential for the newly privatised airports to exercise their market power for aeronautical services. The Government stated that it would determine the subsequent, ongoing regulatory framework after a detailed review.

The transitional regulatory framework was in the form of a price regulatory regime administered by the ACCC (under Part VIIA of the then Trade Practices Act 1974) and consisted of:

- price notification for aeronautical services
- a Consumer Price Index minus X price cap on aeronautical services
- prices monitoring of certain aeronautical related services
- cost pass-through provisions for necessary new investment and Government mandated security services.

The airports subject to price regulation were also subject to quality of service monitoring to ensure that airport assets were not allowed to run down at the expense of service standards.

A4.3 Productivity Commission inquiry into the price regulation of airport services (2002)

In December 2000, the Government referred the review of the regulatory arrangements for airports to the PC, which was concluded in 2002.

The Government accepted the PC's recommendation that price notification and price caps under the PSA be discontinued for all airports, with the exception of regional air services at Sydney Airport.¹⁸⁵ Additionally, the PC recommended that the ACCC monitor prices at Adelaide, Brisbane, Canberra, Darwin, Melbourne, Perth and Sydney airports for a five-year period, and that a review of price regulation of airport services be conducted at the end of that period to ascertain the need for future regulation.

The Government also supported the PC's recommendation that quality of service monitoring be continued at all price monitored airports, with some modifications. In particular, the PC noted that the quality of service monitoring framework had a greater emphasis on airport users' survey results rather than on the objective indicators and recommended that objective indicators be incorporated into the framework.

¹⁸⁴ Department of the Parliamentary Library, Australia (2003), *Turbulent Times: Australian Airline Issues 2003*, Research Paper No. 10, May 2003 <http://www.aph.gov.au/binaries/library/pubs/rp/2002-03/03rp10.pdf>

¹⁸⁵ Productivity Commission (2002), *Price regulation of airport services*, report no. 19, Canberra, January 2002.

A4.4 Productivity Commission review of price regulation of airport services (2006)

In 2006, the PC conducted a review of the price regulation of airport services, as foreshadowed by the Government in response to the PC's inquiry in 2002.

In its response to the PC's recommendations, the Government announced that the airport price and quality of service monitoring would continue for a further six year period and that, following this period, an independent review of the regulatory regime would be undertaken to ascertain the need for future regulation (see section A4.6).

The Government supported the PC's recommendation that the monitoring regime apply only to Adelaide, Brisbane, Melbourne, Perth and Sydney airports. Canberra and Darwin airports were excluded because the PC perceived these airports to have lower market power than the other monitored airports.

The Government also supported the PC's recommendation to implement a 'line in the sand' (LIS) approach to valuing the airports' asset bases for the purpose of monitoring. The LIS approach was intended to establish meaningful asset values to facilitate the monitoring of the airports' rates of return.¹⁸⁶ Under this LIS approach, the value of an airport's asset base for price monitoring purposes is:

- the value of tangible non-current aeronautical assets reported to the ACCC as at 30 June 2005, adjusted as necessary to reflect the proposed service coverage of the new regime;
- plus new investment;
- less depreciation and disposals.

A4.5 National Aviation Policy White Paper (2009)

On 16 December 2009, the Government released its *National Aviation Policy White Paper*. The paper outlined the policy settings and long-term approach the Government had taken to achieving its objectives for the aviation industry. The document included a number of proposals related to the monitoring of Australian airports.

The report concluded that the existing economic regulatory regime for Adelaide, Brisbane, Melbourne, Perth and Sydney airports, including price and quality of service monitoring and car park monitoring conducted by the ACCC, was to continue until at least 2013, with a full review by the PC in 2012.¹⁸⁷

The Government announced the introduction of a self-administered price and quality of service monitoring regime for 'second-tier' airports, which would initially apply to Canberra, Darwin, Gold Coast and Hobart airports. The Government encouraged Cairns Airport to also participate in the scheme, although it was not required to by legislation.

Under the self-administered scheme, participating airports would be expected to disclose on their website:

- prices of aeronautical services
- prices of car parking services

¹⁸⁶ Productivity Commission (2006), *Review of price regulation of airport services*, report no. 40, December 2006, p. 77.

¹⁸⁷ In December 2010, the Australian Government brought forward the PC's inquiry into the economic regulation of airport services, scheduled for 2012 as part of its response to the 2008–09 ACCC airport monitoring report (see section A4.6 for more information on the PC's 2011 inquiry).

- various quality of service outcomes
- complaint-handling processes and outcomes.

The Government intended that these airports would also publicly disclose results of their customer/passenger satisfaction surveys. The Government stated that it encouraged other airports not covered by the self-administered scheme to conduct customer/passenger satisfaction surveys and publicly disclose the results on their websites.

A4.6 Productivity Commission inquiry into the economic regulation of airport services (2011)

In December 2010, the Government brought forward the PC's review of the economic regulation of airport services, scheduled for 2012. The review was intended to examine the effectiveness and efficiency of the price and quality of service monitoring regime for airports and determine whether new arrangements were required.

The PC's inquiry report was submitted to the Government on 14 December 2011. In its inquiry report, the PC found that there had been a number of positive outcomes under the existing price monitoring regime, including strong investment in new aeronautical assets, a generally good level of service provision, and reasonable aeronautical charges, revenues and profits compared to international benchmarks. The PC found no evidence of any systemic misuse of market power by the airports, when considered alongside investment outcomes and international benchmarks.

Nevertheless, the PC found that Brisbane, Melbourne, Perth and Sydney airports retain sufficient market power to be of policy concern. The PC also noted that, while some technological innovations and changing industry practices had likely reduced airports' market power over some aeronautical services, the benefits from refining the current monitoring coverage were unlikely to outweigh the costs.¹⁸⁸

The PC therefore recommended the continuation of the existing price and quality of service monitoring arrangements with some amendments to the regime. In particular, the PC made a number of recommendations in relation to the quality of service monitoring program.

The Government tabled its response on 30 March 2012, and agreed in principle with the PC's recommendations to continue monitoring and improve the operation of the regime. The Government scheduled the next review of the economic regulation of airport services for 2018.

In response to one of the PC's recommendations, the Government asked the ACCC to conduct a review of quality of service monitoring, which was completed in June 2013. The Government also agreed in principle with the PC's recommendations that the ACCC take steps to make as much of its underlying methodology publicly available as possible and focus on trends over time at a given airport.

On 12 June 2012, the Government issued new directions pursuant to s. 95ZF (Part VIIA) of the *Competition and Consumer Act 2010* (CCA), directing the ACCC to monitor the prices, costs and profits related to the supply of aeronautical services and car parking services at the four specified airports, with Adelaide Airport being removed from the monitoring regime. The Government stated that these arrangements would continue until 2020.

¹⁸⁸ Productivity Commission (2011), *Inquiry into the economic regulation of airport services*, report no. 57, December 2011.

A5. Regulatory framework

The ACCC's regulatory role relating to the monitored airports began in 1997. Previously, the ACCC's role was specified in the *Prices Surveillance Act 1983* and involved administering price caps, assessing price notifications, price monitoring and quality of service monitoring.

The ACCC's current regulatory role involves monitoring the performance of the airports under directions pursuant to the *Competition and Consumer Act 2010* (CCA) as well as the *Airports Act 1996* and associated regulations. More specifically, the monitored airports are currently subject to:

- prices, costs and profits monitoring under directions made under the CCA¹⁸⁹
- financial accounts reporting under Part 7 of the Airports Act
- quality of service monitoring under Part 7 of the Airports Act.

In addition, Declaration 93 under s. 95X of the CCA requires Sydney Airport to notify the ACCC if it intends to increase the prices of its aeronautical services and facilities provided to regional air services. Declaration 93 was issued 12 June 2013, commenced on 1 July 2013 and will cease 30 June 2016.

A5.1 Prices, costs and profits monitoring

This section sets out in more detail the ACCC's role for prices, costs and profits monitoring for aeronautical and car parking services (section A5.1.1) and financial accounts reporting (section A5.1.2). Quality of service monitoring is set out in section A5.2.

A5.1.1 Aeronautical and car parking services monitoring

The ACCC is required to monitor the prices, costs and profits relating to the supply of two separate classifications of services by the monitored airports—aironautical services and car parking services.

A direction made pursuant to s. 95ZF of Part VIIA of the CCA, and issued on 12 June 2012, directs the ACCC to monitor the prices, costs and profits related to the supply of aeronautical services and facilities by Brisbane, Melbourne, Perth and Sydney Airports. This direction took effect on 1 July 2012 and replaced Direction 29, issued on 28 June 2007.

A direction made pursuant to s. 95ZF of Part VIIA of the CCA issued on 12 June 2012, directs the ACCC to monitor the prices, costs and profits relating to the supply of car parking by Brisbane, Melbourne, Perth and Sydney airports. This direction took effect on 1 July 2012 and replaced Direction 31, issued on 7 April 2008.

In performing its price, costs and profits monitoring function, the ACCC must also, under subs. 95G(7) of the CCA, have particular regard to the following matters:

- the need to maintain investment and employment, including the influence of profitability on investment and employment
- the need to discourage a person who is in a position to substantially influence a market for goods or services from taking advantage of that power in setting prices

¹⁸⁹ On 1 January 2011, the *Trade Practices Act 1974* was renamed the *Competition and Consumer Act 2010* (CCA).

- the need to discourage cost increases arising from increases in wages and changes in conditions of employment inconsistent with principles established by relevant industrial tribunals.

Finally, it is noted that Direction 34 under s. 95ZH of the CCA applies to an exercise of powers and performance of functions by the ACCC in relation to Declaration 93 and the direction of 12 June 2012. Under Direction 34, the ACCC must give special consideration to the Government's policy that the total revenue-weighted percentage increase in prices over the three years from 1 July 2013, or part thereof, paid by operators of regional air services at Sydney Airport should not exceed the total percentage increase in the Consumer Price Index over the same period. Direction 34 ceases on 30 June 2016.

A5.1.2 Financial accounts

Under Part 7 of the Airports Act and Part 7 of the *Airports Regulations 1997* (Airports Regulations), the ACCC collects annual regulatory accounting statements, including an income statement, balance sheet and statement of cash flows, from the four monitored airports, which the ACCC may publish as part of the prices, costs and profits monitoring results.

In particular, regulation 7.03 of the Airports Regulations, under subs. 141(2) of the Airports Act, stipulates that a specified airport must prepare a financial report, which includes an income statement, balance sheet and cash flow statement. These statements must separately show the financial details in relation to the provision and use of aeronautical and non-aeronautical services.

Under regulation 7.06 of the Airports Regulations, airports must lodge these accounts with the ACCC within 90 days of the end of the relevant accounting period.

A5.2 Quality of service monitoring

Part 8 of the Airports Act provides for the ACCC to monitor the quality of services and facilities at the specified airports and contains provisions relating to the quality of service monitoring and reporting. More specifically, Part 8 provides for:

- quality of service aspects to be specified in regulations
- the ACCC to monitor and evaluate the quality of the aspects of airport services and facilities, against criteria determined by the ACCC in writing
- records to be kept and retained in relation to quality of service matters
- information to be provided to the ACCC by airport operators and other relevant parties, including airlines, relevant to quality of service matters
- the ACCC to publish reports relating to the monitoring or evaluation of the quality of aspects of airport services and facilities.

Regulation 8.01A of the Airports Regulations specifies the particular aspects of airport services and facilities for which the ACCC is to monitor and evaluate quality of service.

For passenger-related services and facilities, these aspects include:

Access

- Airport access facilities (taxi facilities, kerbside space for pick-up and drop-off)
- Car parking service facilities
- Baggage trolleys

Departure

- Check-in services and facilities
- Security inspection
- Outbound baggage system

Arrival

- Baggage make-up, handling and reclaiming services and facilities (arrival)

Departure and Arrival

- Facilities to enable the processing of passengers through customs, immigration and biosecurity (quarantine)

Information and signage

- Flight information, general signage and public-address systems

Terminal facilities

- Public areas in terminals and public amenities (washrooms and garbage bins), lifts, escalators and moving walkways
- Gate lounges and seating other than in gate lounges

For aircraft-related services and facilities, the aspects required to be monitored and evaluated by the ACCC include:

- Ground handling services and facilities
- Aerobridge usage
- Runway, taxiways and aprons
- Aircraft parking facilities and bays
- Airside freight handling, storage areas and cargo facilities

Schedule 2 of the Airports Regulations splits each of the required aspects into a variety of measures for which the airports must keep data.

Regulation 8.03 of the Airports Regulations requires the specified airports to give the ACCC copies of the quality of service records for a financial year within 90 days after the end of that financial year.

A5.3 Amendments to the *Airports Regulations 1997*

On 1 July 2007, the Airports Act and Airports Regulations were amended in response to the PC's review of price regulation of airport services in 2006 and the Department of Transport and Regional Services (now the Department of Infrastructure and Regional Development) review of the Airports Act in 2005. These amendments applied to the 2007-08 ACCC airport monitoring report and subsequent reports.

The amendments were intended to refine the scope of monitoring. In particular, the definition of 'aeronautical services and facilities' was amended to align to the definition of aeronautical services and facilities contained in both Direction 27¹⁹⁰ and the Airports Regulations. The amended definition of 'aeronautical services and facilities' incorporated some services and facilities that were previously excluded from monitoring pursuant to an exclusion clause in the previous direction (direction no. 27) that covered certain leases and licences.

¹⁹⁰ Direction 27 of 26 June 2002 was replaced by Direction 29 on 1 July 2007 and a further Direction on 12 June 2012.

Further amendments to the Airports Regulations to clarify the meaning of 'peak hour' were implemented by the Government on 30 June 2009. Amendments were also made to the Airports Regulations in August 2012 to remove Adelaide Airport from the quality of service monitoring regime.

In June 2013, the ACCC completed a review of quality of service monitoring, as requested by the Government in its response to the 2011 PC's inquiry into the economic regulation of airport services. Following the completion of this review, the ACCC recommended a number of amendments to the Airports Regulations. On 1 July 2014 amendments were made to the Airports Regulations 1996 through the Airports Amendment (Quality of Service) Regulation 2014. These changes resulted in the addition of new objective indicators (such as, number of departing passengers per check-in desk, bag drop and check-in kiosk during peak hour), as well as the removal of some objective indicators (such as, the percentage of hours when more than 80 per cent of check-in desks are in use).

A5.4 Monitoring guidelines

A5.4.1 Airport prices monitoring and financial reporting guideline

The ACCC published a revised version of its Airport prices monitoring and financial reporting guideline in June 2009. The purpose of the guideline is to specify the ACCC's price monitoring and financial reporting information requirements for airport operators. The guideline details that the information collected should allow the ACCC to gain reliable data relating to:

- the financial performance of the airport as a distinct reporting entity
- aeronautical and non-aeronautical services for each airport.

A5.4.2 Airport quality of service monitoring guideline

The ACCC published an Airport quality of service monitoring guideline in June 2013. The ACCC's approach to its quality of service monitoring role is outlined in the guideline. In addition to listing the quality of service matters and criteria, the guideline also highlights:

- regulatory requirements under the Airports Act and Airports Regulations
- objectives of quality of service monitoring
- process used in determining the quality of service criteria and the coverage of the criteria.

A6. Services provided by airports

Services and facilities provided by airports are categorised as either aeronautical (section A6.1) or non-aeronautical services (section A6.2).

A6.1 Aeronautical services

The ACCC's direction to monitor the prices, costs and profits related to the supply of aeronautical services and facilities by the monitored airports, refers to Part 7 of the Airports Regulations, which defines aeronautical services as those services and facilities at an airport that are necessary for the operation and maintenance of civil aviation at the airport. The definition further categorises aeronautical services as aircraft-related or passenger-related as outlined below.

Importantly, aeronautical services and facilities do not include services or facilities relating to the provision of a high-quality service to certain passengers (such as member only airline lounges), or that are unnecessary for the efficient operation of civil aviation.

A6.1.1 Aircraft-related services and facilities

Aircraft-related aeronautical services and facilities provided by airports include:

- runways, taxiways, aprons, airside roads and airside grounds
- airfield and airside lighting
- aircraft parking sites
- ground handling (including equipment storage and refuelling)
- aircraft refuelling (including a system of fixed storage tanks, pipelines and hydrant distribution equipment known as a joint user hydrant installation)
- airside freight handling and staging areas essential for aircraft loading and unloading
- navigation on an airfield (including nose-in guidance systems and other visual navigation aids)
- airside safety and security services and facilities (including rescue and fire-fighting services and perimeter fencing)
- environmental hazard control
- services and facilities to ensure compliance with environmental laws
- sites and buildings used for light or emergency aircraft maintenance.

A6.1.2 Passenger-related services and facilities

Passenger-related aeronautical services and facilities provided by airports include:

- public areas in terminals, public amenities, lifts, escalators and moving walkways
- necessary departure and holding lounges, and related facilities

- aerobridges and buses used in airside areas
- flight information signage and public-address systems
- facilities to enable the processing of passengers through customs, immigration and biosecurity (quarantine)
- check-in counters and related facilities (including any associated queuing areas)
- terminal access roads and facilities in landside areas (including lighting and covered walkways)
- security systems and services (including closed circuit surveillance systems) (see section A6.1.4)
- baggage make-up, handling and reclaiming facilities
- space and facilities, whether in landside or airside areas, that are necessary for the efficient handling of arriving and departing aircraft (for example, airline crew-rooms and airline operations centres).

A6.1.3 Basis of charging for aeronautical services

The basis of charging for aeronautical services is substantially different among airports. For example, airports levy charges on a number of bases, such as the number of passengers, maximum take-off weight (MTOW) and time.

While some airports levy charges for each aeronautical service component, other airports bundle some of those services. For example, Sydney Airport bundles its charges for international aircraft movements and access to its international terminal for passenger services. Melbourne Airport T2's aeronautical services contract bundles aircraft movement facilities and activities with passenger processing facilities and activities charges, while Perth Airport separates landing charges from terminal access charges.

Landing charges vary depending on the type of aircraft (such as rotary or fixed-wing), weight category and type of flight in terms of international, domestic or regional. All the price monitored airports set minimum charges for some types of aircraft, weight category and/or type of flight. Some airports have changed pricing structures for landing charges over time. For example, in 2007–08 Brisbane Airport changed its domestic landing charge from a per MTOW basis to a per passenger basis. In addition, Perth Airport changed its basis of charging for some general aviation landing from a per MTOW basis to a per passenger basis in 2011–12.

Charges for aircraft parking and access to aprons are set on the basis of a fixed charge per unit of time. Brisbane Airport sets different parking rates based on aircraft size—for example, aircraft parking fees are applied by aircraft weight (ranging from 0 to 5000 kg to 400 001 kg plus). Sydney Airport sets different rates for access to major and general aviation aprons.

Charges for access to terminals are generally levied on the basis of the number of passengers per aircraft and type of flight. For example, each of the monitored airports has different charges for passengers using international and domestic terminals.

For security services, charges are generally levied based on the number of international or domestic passengers. Melbourne and Perth airports levy a government mandated security charge for freight services on an MTOW basis. For Brisbane Airport, security charges are separate for the international, domestic and Qantas/Virgin Australia terminal users. There is also a degree of bundling of charges for security services. For example, Melbourne Airport levies charges for common-user passenger and baggage screening, as well as international passenger and baggage screening.

A6.1.4 Additional security systems and services

The *Aviation Transport Security Act 2004* and the *Aviation Transport Security Regulations 2005* were enacted to strengthen Australia's aviation security systems. This included a requirement that domestic checked bags be screened at major airports, commencing 1 January 2006.

In September 2007, the *Aviation Transport Security Regulations* were amended to require those airports that provide international air services to establish a liquids, aerosols and gels screening point at the airport. In November 2012, the *Aviation Transport Security Act* and *Aviation Transport Security Regulations* were amended to support the upcoming introduction of body scanning equipment at Australian international airports.

Additional security measures in the legislation and regulations have partly contributed to increases in the airports' costs (and associated revenues) as a result of the necessary investment in security equipment and personnel. This includes the equipment installed to ensure airports are capable of screening both international and domestic passengers as well as checked baggage. Melbourne Airport also identified investment in other security equipment such as the installation of overt and covert closed-circuit television security cameras to enhance the coverage of airport facilities.

In November 2013, the Government announced the *Aviation Safety Regulation Review*, which was intended to assess how Australia's safety regulatory system is placed to deal with forecast growth in passenger throughput in the aviation sector. The Review Report¹⁹¹ was released on 3 June 2014, and put forward 37 recommendations covering a number of key areas of aviation safety system including operations of the Civil Aviation Safety Authority and the Australian Transport Safety Bureau. On 3 December 2014, the Government released its response to the recommendations raised in the Review Report. In particular, the Government agreed to 32 of the report recommendations. The Government also committed to undertake a more detailed examination of a further four of the 37 recommendations.

A6.2 Non-aeronautical services

For the purpose of the ACCC's monitoring role under the direction of 12 June 2012, non-aeronautical services and facilities are those supplied by an airport operator that do not fall within the Part 7 (of the *Airports Regulations*) definitions of aeronautical services and facilities. For example, services and facilities such as retail outlets, hotels, corporate parks and factory outlets are classified as non-aeronautical. The ACCC's monitoring role does not extend to these services and facilities.

Car parking is a non-aeronautical service and is monitored by the ACCC under a separate direction made pursuant to s. 95ZF of Part VIIA of the CCA, issued on 12 June 2012. This directs the ACCC to monitor the prices, costs and profits relating to the supply of car parking by Brisbane, Melbourne, Perth and Sydney airports. This direction took effect on 1 July 2012 and replaced Direction 31, issued on 7 April 2008.

¹⁹¹Australian Government (2014), *Aviation Safety Regulation Review*, May
http://www.infrastructure.gov.au/aviation/asrr/files/ASRR_Report_May_2014.pdf

A7. Methodology in this report

This appendix sets out the methodology used by the ACCC in preparing the measures used in this report for price, costs and profits monitoring, financial reporting and quality of service monitoring.

A7.1 Prices, costs and profits

The information presented in chapters 2 to 5 of this report cover the annual financial performance of the monitored airports.

Monitoring primarily provides information about the performance of the airports to stakeholders (such as governments and users of the services) that would not otherwise be available. Monitoring also provides some information about the level and trends in the airports' prices, costs and profits. However, the monitoring results only provide for indirect indicators of economic efficiency and do not provide sufficient information to conclusively establish whether or not the airports are exercising their market power to earn monopoly rents.

In order to more conclusively determine whether or not the airports have earned monopoly rents, the ACCC would seek to assess the airports' economic returns against a benchmark of their efficient long-run costs. This is consistent with common regulatory practice and would include determining an economic value for assets, including land. However, it was not possible for the ACCC to assess the data provided by airports for consistency with these economic concepts as the monitoring information is based on accounting data and, importantly, is reliant upon the airports' own valuation of their assets. Further, the airports' valuations of their assets may be based on the present value of expected future net cash flows that in turn reflect the airports' market power in setting prices. Therefore, monitoring information cannot provide a reliable indicator of the airports' efficient long-run costs or economic returns, which is required to assess economic rents.

It should also be noted that comparisons of airports' revenues, prices, costs and profits are complicated by the various terminal configurations and domestic terminal leases (DTLs) at the monitored airports. In particular, passenger-related services and facilities provided within terminals at the monitored airports that are operated by airlines under DTLs are not included in the ACCC's monitoring. Therefore, the revenues, prices, costs and profits associated with the passenger-related services and facilities provided within these terminals are excluded from the results presented in this report.

A7.1.1 Aeronautical and total airport measures

The ACCC uses aeronautical revenue per passenger as an indicator of the airports' average prices, and operating margins and returns on aeronautical assets as an indicator of the airports' profitability. The ACCC observes both levels and trends of these indicators. Trends can provide some indication about the performance of the monitored airports and, in some instances, might raise concerns about the performance of particular airports.

The ACCC is not required to monitor non-aeronautical services.¹⁹² As a result, the ACCC does not report on the prices, costs and profits related to the supply of non-aeronautical services. However, the ACCC reports on total airport revenue, costs and profits for a number of reasons.

¹⁹² As noted above, car parking is the exception. This is under a separate direction made pursuant to s. 95ZF of Part VIIA of the *Competition and Consumer Act 2010*, issued on 12 June 2012.

These include the difficulties that exist in allocating costs and revenues between aeronautical and non-aeronautical services and the complementarity between airport services.

In addition, under a previous direction (Direction 27), some aeronautical services were included by some airports as non-aeronautical in their regulatory accounts. For example, Brisbane, Perth and Sydney airports included the revenue they derived from aircraft refuelling as non-aeronautical, while Direction 29, effective 1 July 2007, and its replacement Direction, effective 1 July 2012, require aircraft refuelling to be included as aeronautical. This demonstrates the complexities in comparing data across airports and over time.

Where appropriate the ACCC also reports on aeronautical revenues, operating expenses and margins excluding security charges. This is because Government security requirements do not reflect decisions made by airport operators and excluding these amounts provides a better indication of the charges imposed by the airports.

Prices

Ideally the ACCC would use a direct measure of prices in the form of a price index. However, in most cases it is not possible for the ACCC to compile such an index. For example, the price of using an airport cannot simply be measured by adding up the different charges in place at a given point in time because charges can be levied on different bases—such as on a per passenger basis or by aircraft weight. Also, airports might offer discounts for certain periods or to certain users, or there might be minimum and maximum charges in place which affect some users but not others.

In addition, the price changes for particular airport users might vary depending on the composition of the airport services they utilise, the times at which they use them and so on. For example, the costs to an airline of a domestic flight are likely to be different to those associated with an international one due to differing security and processing requirements. Similarly, changes in price structure by an airport might affect users in different ways—even to the point of effectively lowering the costs for one user while raising them for another.

Given the above complications, the ACCC's primary measure of the change in 'average' airport prices is aeronautical revenue per passenger. This relies on a consistent service definition and provides a measure of the cost to airlines expressed in terms of the most significant charging unit (i.e. passenger). The ACCC has reported on changes in aeronautical revenue per passenger since 2003-04 in the individual airport chapters (chapters 2 to 5). As noted, the ACCC also reports limited data on aeronautical revenue per passenger excluding security revenues, as this can provide a better indication of the average prices charged by the airports, and more closely reflects the airport operators' decisions.

The regulatory accounts for individual airports are included in appendix A1. The schedules of charges for each airport are included in the individual airport chapters (chapters 2 to 5). Where possible, the ACCC has reported on the percentage change in list prices for aeronautical services in real terms, with 2013-14 taken as the base year.

As noted, under the monitoring arrangements that applied until 30 June 2007, aircraft refuelling was classified as an aeronautical service under Direction 27¹⁹³, while it was not included within the definition of aeronautical services under the *Airports Act 1996*. In addition, clause (3) of Direction 27 provided an exemption for the provision of services that, on the date the airport lease was granted, were the subject of a contract, lease, licence or authority given under the common seal of the Federal Airports Corporation.

Prior to 2007, Brisbane, Perth and Sydney airports relied on the clause (3) exemption and did not provide separate information regarding aircraft refuelling. Information relating to aircraft refuelling was included by Brisbane, Perth and Sydney airports as non-aeronautical revenues and costs.

¹⁹³ ACCC (2008), *Airport quality of service monitoring guideline*, October 2008, Canberra, p. 3.

As a result, aeronautical revenue for Brisbane, Perth and Sydney airports is understated in 2006-07. For 2007-08, the definition of aeronautical services contained in the *Airports Regulations 1997* was amended to specifically include aircraft refuelling. As a result, all airports are now required to include information on aircraft refuelling as part of the information they submit in relation to aeronautical services.

Costs and profits

This report uses a number of measures to provide a general assessment of profitability. The use and interpretation of these measures are discussed below.

Operating margins

Aeronautical operating margin per passenger is defined as aeronautical revenue per passenger less aeronautical operating expenses per passenger (more specifically, aeronautical expenses excluding interest, tax and amortisation expenses, but including depreciation, divided by total passengers).

Total airport operating margin was also calculated and is defined as total airport revenue less operating expenses (more specifically, total expenditure excluding interest, tax and amortisation expenses but including depreciation).

The ACCC has reported on changes in aeronautical operating expenses per passenger and aeronautical operating margin per passenger since 2002-03 in the individual airport chapters (chapters 2 to 5). Aeronautical operating margin excluding security is not discussed because government mandated security revenue is set to recover the costs associated with security services and does not affect the overall profitability of the airports.

Operating margins provide a measure of airport operating performance, as distinct from financial performance. In this respect, it can provide a consistent approach to revealing trends in operating performance over time.

However, using operating margin as a measure of profitability does not take into account the full capital cost associated with the provision of services as it makes no allowance for a return on capital. Since it also includes non-cash items such as depreciation, operating margin does not provide a measure of net cash flow from airport operations either.

Rates of return

Most analyses of profitability focus on rate of return measures. The advantage of rate of return indicators is that they adjust for the amount of capital invested in providing the services and, thereby, in generating profits for the airport owners.

A number of factors are relevant to understanding what measure of return (or profit) is being used and what constitutes the base to which that return is compared. Two common types of rate of return measures are return on assets and return on equity. Within these two broad groupings are a number of alternative measures. For example, the returns may be pre- or post-tax or they may include or exclude interest expenses and/or depreciation and amortisation. In this report, the ACCC has used a return on assets measure, as outlined below.

Return on equity

Return on equity (calculated as profit after tax divided by total shareholder equity) is an indicator of the rate of return that an entity is providing to shareholders. However, the ACCC considers this measure currently to be of limited value in relation to the monitored airports because of the shareholder arrangements in place at the majority of Australian airports compared to publicly listed companies.

Shareholders at Australian airports are, generally speaking, also significant debt-holders. This means that some of the reported interest expense accrues to shareholders as interest income, rather than as dividends or capital growth, as would be the case if it took the form of equity.

The results generated from the return on equity measure at the monitored airports appear to show that shareholders earned significant negative returns on their investment, or held negative levels of equity, while continuing to trade. The low base of shareholder equity at some of these airports results in extreme and variable rates of return on equity. However, the airports have generally been earning positive profits before interest, tax, depreciation and amortisation (EBITDA).

Return on assets

Earnings before interest, tax and amortisation (EBITA) on the average value (of opening and closing balances) of tangible non-current assets is an indicator of the rate of return earned from all assets. The ratio provides a measure of the efficiency with which an entity uses its assets to produce operating profit before interest, tax and amortisation. Given the limitations in using a return on equity measure for the price monitored airports, the ACCC considers that a return on assets measure is a more useful indicator of an airport's rate of return and operating performance.

EBITA on average tangible non-current assets is not affected by management decisions regarding capital structure, which can significantly affect interest expenses and tax payable and, hence, post-tax returns. Financing decisions do not reflect the operating profitability of providing airport services. Therefore, measures of EBITA on average tangible non-current assets allow for a more comparable basis for contrasting operating performance across airports.

Only tangible non-current assets are used in this measure, to limit the extent to which airport owners' expectations of growth in value (as reflected in goodwill or lease premiums) obscure changes in the profitability of providing services. In particular, lease premiums paid could reflect the expectation of future price and profit increases that take advantage of the airports' monopoly power.

That said, notwithstanding the advantages in this measure of profitability, return on assets measures have the limitation of being affected by the airport operator's valuation of its assets. Since the ACCC's monitoring regime commenced, a number of airports have effected upward revaluations of their assets, thereby lowering the measure of return on assets. While such revaluations may be in accordance with relevant accounting standards, such standards allow a variety of accounting treatments (and outcomes). A line in the sand (LIS) measure was introduced in 2007-08 to reduce the effect of such revaluations. This is discussed below.

Finally, in preparing this report the ACCC has not attempted to evaluate the appropriateness of airport asset valuations, which would be necessary if prices were regulated. Asset valuation in the context of regulated prices is often a complex and contentious issue. However, this report does provide details of asset values reported by the airports over time.

'Line in the sand' aeronautical asset base

The ACCC has required airport operators to provide information regarding the aeronautical asset base under the LIS approach since 2007-08. Under this approach, the value of an airport's aeronautical asset base is the value of tangible non-current assets as at 30 June 2005, adjusted for depreciation, additions (or new investment) and disposals for subsequent reporting periods. This information was required in addition to the airport operators' regulatory accounts based on Australian International Financial Reporting Standards (AIFRS) (which include any revaluations to the assets recorded since 30 June 2005).

The ACCC's requirement for airport operators to provide this additional information put into effect the Government's response to the PC's review of price regulation of airport services in

2006. It was noted by the PC that some airports revalued assets for a range of non-price reasons. However, the PC recognised that the intention of revaluations is 'to provide a justification for higher charges at some stage in the future'. As such, the PC stated that it was inappropriate to base increases in aeronautical charges on asset revaluations. The PC proposed that a 'line in the sand' be established for future monitoring purposes to help eliminate the effect of revaluations by airports.

The LIS approach removes the effect of revaluations of aeronautical assets by airports for monitoring purposes. For example, after 30 June 2005, an upward revaluation of a tangible non-current aeronautical asset would be recognised in the regulatory accounts prepared under AIFRS but not in the LIS asset base. As a result, to the extent that subsequent revaluations took place, the LIS asset base will be lower. There is also a flow-on effect of a lower value of depreciation and, therefore, lower operating expenses.

Where applicable, the ACCC has provided details of the LIS values in the prices monitoring section of this report and comments regarding its effects. Airports have reported LIS values since 2007-08. It should also be noted that airport revaluations that occurred prior to the 30 June 2005 cut-off date remain in the LIS asset base. This means that the LIS asset values do not represent a reliable basis for assessing the returns of the monitored airports over the long-term.

A7.1.2 Airport car parking

The ACCC reports on real airport car parking prices, as well as the airports' car parking revenue, costs and profits.¹⁹⁴ In addition, the ACCC reports on changes in the supply of airport car parking, and the quality of airport car parking services. Car parking is monitored by the ACCC under a direction issued pursuant to s. 95ZF of Part VIIA of the CCA on 12 June 2012. It directs the ACCC to monitor the prices, costs and profits relating to the supply of car parking by Brisbane, Melbourne, Perth and Sydney airports. This direction took effect on 1 July 2012 and replaced Direction 31, issued on 7 April 2008.

It should be noted that comparisons of airport car parking prices, revenues, costs and profits are complicated by differences in the car parking configurations at different airports. Comparisons across airports will only be robust if they are done on a 'like-with-like' basis. In addition, simply tracking various price points for car parking may not provide a reliable indicator of changes in overall price levels. For example, an airport could lower the price for, say, four hours in a short-term car park and increase the price for two hours by the same amount. This might give the impression that, on average, prices have not changed. However, if significantly more customers use the two hour service then, overall, users would be paying higher prices for car parking.

The ACCC intends to assess the feasibility of collecting and reporting on online and average prices for airport car parking in future airport monitoring reports.

The ACCC observes levels and trends of these indicators, as they can provide some indication about the performance of the monitored airports and, in some instances, might raise concerns about the performance of particular airports.

However, the results from monitoring are far from conclusive. Importantly, the indicators are based on regulatory accounts prepared under standard accounting practices. Consequently it is difficult to interpret the results in terms of whether or not prices are generating revenue consistent with the efficient long-run costs of providing the services.

¹⁹⁴ All price and data outcomes are reported in real terms with 2013-14 as the base year.

Landside access charges and revenues

The ACCC is only required to monitor aeronautical and car parking services. However, the ACCC also collects information on landside access charges and revenues. Airport operators are able to control access to airport land and in particular, landside areas. This airport land is considered a bottleneck in the supply of services in downstream markets including operators of taxis, buses and off-airport parking services (who require landside access to drop-off and/or pick-up airport users at the terminals).

Importantly, airports may have incentives to obstruct competition from alternatives to on-airport car parking by imposing excessive charges or restrictive terms and conditions for landside access. In particular, excessive charges or restrictive terms and conditions can have the effect of shifting demand from those alternatives to an airport's own car parking services, and allow the airport to profitably sustain higher prices.

Therefore, in addition to the on-airport car parking information collected by the ACCC, the ACCC also collects information about airports' charges for operators who provide competing services to on-airport car parking as well as the amount of revenue received from those operators.

The ACCC observes levels and trends in the access charges imposed by the airports and the associated revenues. Observations made from trends can provide some indication about the performance of the monitored airports and, in some instances, might raise concerns about a particular airport's performance.

A7.2 Quality of service

The results for quality of service monitoring are presented in this report on a service-by-service basis. Quality of service monitoring is a complement to prices monitoring. It assists the assessment of airports' performance in a prices monitoring environment. In addition, it improves the transparency of airport performance with the aim of discouraging operators from deteriorating standards for services that are associated with significant market power.¹⁹⁵ Quality of service monitoring primarily provides information about the performance of the airports to stakeholders (such as governments and users of the services) that would not otherwise be available. Quality of service monitoring also provides some information about the level and trends in the airports' quality of service.

The ACCC has tried to cover the range of facilities subject to price monitoring in its quality of service monitoring. Broadly the facilities and services monitored for quality include:

- airside facilities such as runways, taxiways and aprons
- terminal facilities such as international departure lounges and baggage systems
- car parking
- taxi facilities and kerbside pick-up and drop-off points.

However, domestic terminals owned and/or operated by airlines are not within the scope of the quality of service monitoring program.

Given the diverse responsibility for delivery and quality of airport services, the ACCC is aware that, in some cases the results from the monitoring program may require qualification and further investigation. The ACCC is conscious that interpretation of the criteria used to measure quality of service may be complex and will take this into account in its analysis. Further, where there is the possibility of mitigating circumstances (whether favourable or otherwise) influencing the results of monitoring, the ACCC welcomes—and in some instances will seek—comments

¹⁹⁵ ACCC (2008), *Airport quality of service monitoring guideline*, October 2008, Canberra, p. 3.

and additional information from airport operators, particularly where falling levels of service quality are apparent over a number of periods. These discussions can be an important input into the ACCC's monitoring of airport quality and are reflected in the published reports.

A7.2.1 Issues concerning interpretation of results

A variety of factors outside the immediate control of the airport operator may influence the quality of service results. For example, the staffing and provision of IT equipment for check-in services by airlines and the staffing of Government inspection services by the on-airport Government border agencies may affect the quality results obtained for related services. Airservices Australia, airlines and other service providers may also affect quality outcomes such as causing delays in aircraft departure.

In addition, investment in terminal infrastructure is 'lumpy' and there may be a lag between an increase in passenger and flight numbers and an increase in the capacity of the terminal infrastructure. Such a lag could highlight capacity constraints in the results of some quality of service indicators and therefore identify areas for increased investment.

A7.2.2 Sources of information

The quality of service analysis in this report draws on information from a number of different sources, including:

- airport operators
- passenger perception surveys
- airlines' surveys
- landside operators (such as taxis and buses industry bodies and off-airport car parking operators) surveys
- Airservices Australia.

Airport operators

Airport operators provide the ACCC with a range of objective data related to the number or size of various facilities and throughput at those facilities. These include the number of passengers at peak hours (which can vary across airports), the number of aerobridges and the size of gate lounges. The ACCC has converted these numbers and sizes to indicators of quality of service, such as the number of passengers per square metre of lounge area during peak hour.

The derived objective indicators are shown in charts in the body of the report and in appendix A2 for each airport for the 2009-10 to 2013-14 reporting period. The data on which these objective indicators are based are detailed in appendix A2.

Measures relating to the size of facilities are generally presented as at the end of the relevant financial year, whereas measures of throughput—such as numbers of passengers or bags—relate to the whole financial year, unless otherwise specified, such as daily or during peak hour.

Passenger perception surveys

The passenger perception surveys arranged by each airport differ in their coverage and detail. However, these surveys must provide information consistent with that specified in the Airports Regulations and quality of service guideline. The areas covered include passenger check-in, security clearance, Government inspection, gate lounges, washrooms, baggage processing and trolleys, signage and wayfinding, car parking and airport access for arriving and departing passengers.

Surveys at most airports ask respondents to rate their level of satisfaction with the facilities on a scale from 1 to 5 (table A7.2.1).

Table A7.2.1: Ratings of satisfaction for airport facilities and services

1	2	3	4	5
Very poor	Poor	Satisfactory	Good	Excellent

The average ratings for each indicator in the passenger perception surveys are shown for each airport. The average ratings for domestic terminals and international terminals are presented over time where possible. The ACCC is also aware that passengers' perceptions are not necessarily a direct indicator of the quality of service that the airport operators provide. This is because passengers' perceptions of the airports' quality of service can be influenced by the services also provided by airlines and border agencies.

Airline survey

The ACCC conducts a survey of airlines to gain information on their perception of the quality of facilities they used at the monitored airports. The facilities and services covered by the survey include:

- terminal facilities—including aerobridges, check-in and baggage processing
- airside facilities—including runways, taxiways, aprons, aircraft gates and ground equipment sites.

Airlines are asked to rate two aspects of these facilities:

- availability—that is, the availability of infrastructure and equipment and the occurrence of delays in gaining access to those facilities
- standard—that is, the ability of equipment to perform the function intended, the reliability of the equipment and the probability of it breaking down.

The airlines are also asked to rate the airport operator's responsiveness or approach to addressing problems and concerns with the above facilities. Full details of the questions are contained in appendix A2.

The scale used for airline ratings is the same as that of the passenger perceptions surveys and shown in table A7.2.1 above. Ratings given by airlines were averaged across airlines (with equal weights) to give an average rating for each facility at each airport. In addition, airlines are given the opportunity to provide an explanation of their ratings for the availability and standard of each facility that they have rated.

The ACCC recognises the potential incentive for airlines to deliberately under-report quality for the airports and, therefore, attempts to verify the airlines' responses whenever possible. In particular, if an airline gives an airport a rating of below 'satisfactory', the ACCC seeks comments and additional information from the airline. Further, the ACCC provides the relevant airport operator with an opportunity to respond to non-confidential commentary by the airlines.

Under the ACCC monitoring regime, airlines are not required to provide survey information for the domestic facilities they operate under DTLs.

Interpretation of airline survey responses

The ACCC interprets the airline survey ratings as generally accounting for the airlines' willingness to pay for a given level of service.

Each airline survey response is reviewed and submitted by that airline's head office, which suggests survey ratings reflect negotiations of, for example, capital investment plans and any service level agreements, as well as the airline's quality preferences and budgetary constraints. In other words, it is assumed that the airline's rate of substitution between price and quality will be reflected in the survey results. An example of this may be a low cost carrier's preference not to use aerobridges in lieu of lower aeronautical charges

For example, it is expected that if an airport reduces the quality of its service but commensurately lowers prices (as could be the case in a competitive market), there would be no change in the rating given by the airlines.

On the other hand, if an airport increases its prices while the quality of its service is kept constant or decreases, it is expected that the airlines would rate the airport's service quality as lower than previously.

It is important to note that, in the ACCC airport monitoring reports, the ACCC treats the identity of the airlines as confidential and does not attribute the information provided from the airline survey to specific airlines. For example, the survey results are aggregated for each service and the report does not identify individual airlines. If the report refers to specific commentary or information that may reveal the identity of a particular airline, the ACCC will provide the airline with an opportunity to review the relevant section to ascertain whether it wants to claim confidentiality over the information before the report is published.

Landside operator survey

The ACCC has commenced surveying landside operators to gain information on their perception of the quality of landside access facilities provided by the monitored airports for the 2013-14 reference year. For a number of years, the ACCC has collected and reported on information about charges imposed by airport operators on landside operators as a complement to its price monitoring role. However, the ACCC has not previously collected subjective information from landside operators for the purposes of the quality of service monitoring program. The landside operators involved in the survey process include a selection of off-airport car parking operators and taxi and bus industry bodies.

The services and facilities covered by the survey include:

- taxi facilities
- terminal kerbside pick-up and drop-off facilities
- airport management responsiveness

Landside operators are asked to rate two aspects of these facilities:

- availability—that is, the availability of infrastructure and equipment and the occurrence of delays in gaining access to those facilities
- standard—that is, the ability of equipment to perform the function intended, the reliability of the equipment and the probability of it breaking down.

The scale used for landside operator ratings is the same as that of the passenger perceptions surveys and shown in table A7.2.1 above. Ratings given by landside operators were averaged to give an average rating for each facility at each airport. The ratings from off-airport car parking operators, taxi industry bodies, and bus industry bodies each contribute a third to the average rating. In addition, landside operators are given the opportunity to provide an explanation of their ratings for the availability and standard of each facility that they rate.

The ACCC recognises that access for landside operators may be influenced by a range of factors beyond the airport operators' control. However, the ACCC considers that useful insights about factors within an airport operator's control can be gleaned through surveys with carefully targeted questions. As with airline surveys, if a landside operator gives an airport a rating of

below 'satisfactory', the ACCC seeks comments and additional information from the operator. Further, the ACCC provides the relevant airport operator with an opportunity to respond to non-confidential commentary by landside operators.

Airservices Australia

Airservices Australia (Airservices) provides air traffic control and airport rescue and fire-fighting services at major airports in Australia.

Airservices provides certain data to indicate the adequacy of airport runways to handle aircraft traffic. Airservices currently records a number of measures regarding the number of arrivals, departures and airborne delays at Brisbane, Melbourne, Perth and Sydney airports.

The ACCC incorporates Airservices data in the quality of service section of the results chapter for each airport, to produce charts displaying runway traffic and delays.

Airservices' measures were devised as a guide to its own performance in handling air traffic, but they also give some indication of airport constraints and therefore the adequacy of runway infrastructure or management.

However, the full extent of capacity constraints cannot be observed from this data because there may be a number of factors that influence delays, such as weather conditions and aircraft mix. Potential demand in excess of capacity that might, for example, indicate the need for new infrastructure may therefore not be observed from this data. Airlines may not attempt or may not be permitted to schedule extra aircraft when capacity is clearly limited.

Airservices noted that there may be disparity between the number of arrivals and departures recorded in some periods due to a number of factors. Some factors that may influence this disparity are:

- Instrument Flight Rules (IFR) movements versus Visual Flight Rules (VFR) movements¹⁹⁶—the data collected is a distinct count of IFR movements. An arrival of an IFR flight may depart as a VFR flight and only be counted once, and vice versa. Airservices notes that this is especially common for helicopter operations.
- Data temporality—given that the capture of data is between select time periods, the subsequent movements may not be captured within the same time period. That is, an arrival will be counted as one, but its associated departure may not be counted within the same time period.
- Integrity of surveillance data—movement counts are based on runway arrival and departure times captured by Airservices' surveillance equipment. Airservices notes that it is not uncommon for actual runway times to not be captured for particular movements by the operational data systems, and are thus excluded from the aircraft movement counts.

A7.3 Limitations of monitoring

Monitoring does not directly restrict the airports from increasing prices and/or lowering service-quality. In particular, it does not provide the ACCC with a general power to intervene in the airports' setting of terms and conditions of access to the airports' infrastructure.

Instead, monitoring primarily provides information about the performance of the airports to stakeholders (such as governments and users of the services) that would not otherwise be

¹⁹⁶ Airservices Australia noted that IFR relates to rules and regulations to govern flights under conditions in which flight by outside visual reference is not safe. IFR flight depends upon flying by reference to instruments in the flight deck, and navigation is accomplished by reference to electronic signals. On the other hand, VFR flights are with reference to visual cues.

available. It provides some information about the level and trends in the airports' prices, profits and quality of service. However, for the reasons outlined below, the ACCC's monitoring of airports is limited in scope and does not allow a detailed assessment of the airports' performance to be undertaken and cannot be used to establish whether or not an airport has exercised market power to earn monopoly profits.

Monitoring information cannot be used to assess the appropriateness of the level of prices and profits

In undertaking an assessment of the level of prices and profits, it is common regulatory practice to undertake an assessment of the firm's economic returns against a benchmark of their efficient long-run costs for providing services. This involves a rigorous public process to determine an economic value of the firm's asset base—referred to as the regulatory asset base (RAB)—and to determine an efficient benchmark for the firm's return on capital—referred to as the weighted average cost of capital (WACC). Once a benchmark for efficient long-run costs and the revenues required to recover those costs has been established, the regulated firm's performance in subsequent years can be assessed.

In the case of airports, however, the benchmark for sufficient long run costs has not been set. Instead, the airports' asset values under monitoring are based on their accounting values rather than their economic value. Importantly, the accounting value of assets may include revaluation that have been undertaken at the airports' discretion and that can distort assessments of airports' performance. For example, in some years, some airports have effected upwards revaluations of their assets, which lower their apparent return on assets. Consequently, the airports' asset values under monitoring do not provide a reliable indicator of the airports' RAB, which is needed to make a meaningful assessment of whether the airports are earning monopoly rents.

In an attempt to partially address the issues associated with the airports revaluing their assets, a 'line in the sand' for asset valuations was introduced in 2007-08. This meant that asset values were not to be further revalued for monitoring purposes. As noted, the line in the sand asset values are derived from the airports' assets as at 30 June 2005 and exclude revaluations for monitoring purposes since that time. However, those airport revaluations that occurred prior to the 30 June 2005 cut-off date remain in the line in the sand asset base. This means that the line in the sand asset values do not represent a reliable basis for assessing the returns of the monitored airports in the long-term.

Judgement about the airports' performance cannot be made based on trends in the airports' prices, profits and quality of service alone

An airport that is already pricing at or near monopoly levels would only be expected to report gradual increases in prices and profitability over time.

Also, increasing profitability by increasing prices whilst lowering or holding quality of services constant over a sustained period of time might raise cause for concern about an airport's performance. However, increasing profitability may be attributable to any one or a combination of outcomes, including (1) lower unit costs due to increased efficiency in operations or economies of scale, (2) lower unit costs due to delaying or withholding investment to update or maintain facilities, or (3) increasing prices by more than unit costs. Importantly, not all of these situations would in isolation necessarily raise concerns about the exercise of market power, but monitoring cannot clearly distinguish between them.

Monitoring does not provide meaningful comparisons of the prices, profits and quality of service across airports

Because the airports have taken different approaches to valuing their assets, it is not meaningful to compare profitability between the airports based on reported return on assets. There are also some other specific reasons that make comparisons difficult.

For example, the ACCC's monitoring role for aeronautical services relates only to those terminals that are owned and operated by the airports. However, some of the airports' domestic terminals, such as the Qantas domestic terminals at Melbourne, Perth and Sydney airports, as well as the Qantas and Virgin Australia domestic terminals at Brisbane Airport are leased and operated by those airlines and are not subject to the ACCC's monitoring. Therefore, the revenues, prices, costs, profits and quality of service associated with those terminals are not included in the monitoring results presented in this report.

In the case of airport car parking, the range of services provided by the airports varies significantly with some parking provided in close proximity to the airport terminals for convenience, as well as some at a distance from the terminals. Comparisons of airport car parking prices, revenues, costs and profits are therefore complicated by these various car parking configurations. Importantly, highlighting differences across the airports will only be robust if comparisons are on a 'like-with-like' basis as far as is practicable.

A7.4 Consultation

The ACCC provides the monitored airports with the opportunity to provide comments in their quality of service and price monitoring submissions for the ACCC airport monitoring report. This process allows the airports to provide explanations as to why ratings or objective data have changed in the period. In addition, the monitored airports are given an opportunity to comment on their respective sections to ensure accuracy of the data presented in chapters 2 to 5. Where appropriate, the ACCC has incorporated these comments into the report, particularly where these comments provide a possible explanation for changes in ratings.