



11 January 2008

Mr David Salisbury
Director – Transport Monitoring Analysis
Australian Competition & Consumer Commission
GPO Box 520
Melbourne VIC 3001

Dear Mr Salisbury

Re: ACCC Draft Airports Reporting Guideline 2007-08 (Quality of Service)

Thank you for your letter of 5 December 2007 to Mr Geoff Dixon inviting Qantas to comment on the ACCC's Airport Quality of Service Monitoring, November 2007, Discussion Paper (the discussion paper).

Our comments, which follow the format of the discussion paper, are set out in the attachment to this letter.

Should you have any queries in relation to this material, please contact Jana Kadlec, General Manager Airport Development and Concessions on (02) 9691 6658.

Yours sincerely



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Qantas Comments – ACCC Draft Airports Reporting Quality of Service Guideline

1. Scope of Review

Qantas supports the items included in the discussion paper under Table 1: Aspects for the purpose of monitoring and evaluating quality of service. However, we also wish to make the following comments on a number of aspects.

1.1 Freight Facilities

There are no measures included in the discussion paper to address the quality of service aspects associated with Freight Facilities. Qantas recommends that the ACCC include measures of the services and facilities provided by Airport Operators for the handling of freight.

1.2 Refuelling Facilities

Qantas also recommends that monitoring of the quality of service with respect to refuelling facilities be included as a separate item in the guideline. The ability to evaluate this aspect over time would be useful to us.

1.3 Ground Service Equipment

Qantas understands this term to incorporate the provision of facilities by the Airport Operator for the purpose of parking and storage of ground support equipment (GSE) by airlines and ground handling operators. To Qantas' knowledge there is no Airport Operator in Australia that performs ground handling functions.

1.4 Airport Access

The current quality of service Aspects and associated criteria include kerbside space and taxi facilities. There are, however, no measures included for the quality of service associated with the access roads or traffic management systems provided by the Airport Operator as part of the aeronautical infrastructure.

Qantas recommends extending the quality of service measures to include access road and traffic management systems.

2. Approach to Quality of Service Monitoring

2.1 Objectives of quality of service monitoring

Qantas endorses the objectives of quality of service monitoring as set out in the discussion paper.

2.2 Responsibility for quality of service standards – the issue of control

Qantas agrees that it is necessary for the quality of service monitoring to continue to include services over which an Airport Operator may not have direct control or may only have partial control.

The Airport Operator, as owner of the head lease, has a large degree of control over the allocation of infrastructure among users (including both aeronautical and non aeronautical). Airlines operate at an Airport under Conditions of Use and are subject to infrastructure allocation procedures that include “use it or lose it” provisions. Therefore it is unlikely that there will be under utilisation of infrastructure such as check-in counters.

Airport Operators through investment and commercial decisions determine the allocation of area and infrastructure and have the ability to impact on the quality of service.

2.3 Quantitative and subjective measures

Qantas endorses the comments in the discussion paper regarding the quantitative and subjective measures. The concerns expressed by some Airport Operators would be largely addressed by the inclusion of both quantitative and subjective measures.

2.4 Authoritative international benchmarking exercises

Qantas supports the position of DoTARS that there is value in airports choosing to adopt a consistent approach to submitting the Airport Service Quality (ASQ) passenger survey data conducted by the Airport Council International (ACI) for inclusion in the ACCC annual quality of service monitoring report.

Subject to maintaining a high degree of quality and meaningful quality of service information, Qantas does not object to the ACCC proposal to continue its practice of accepting, in lieu of passenger surveys conducted by Airport Operators, surveys of passengers conducted on an authoritative and independent basis that may be used in international benchmarking exercises.

2.5 Australian Customs Service and Airline perception survey information

2.5(a) ACS Perception Survey

Qantas strongly agrees that the ACCC should continue to include in its monitoring program information from a quality of service monitoring survey of airport services and facilities completed by the ACS.

However, we do not support the view that the ACS response can act as a proxy for other government agencies that operate from within the monitored airport. The Australian Quarantine and Inspection Service in particular, but also the Department of Immigration and Citizenship, have a significant role in the provision of services to passengers at these airports, and the views of these agencies should be reflected. It may be appropriate for the ACS to be the primary submitter of views, but if this is the case, it should reflect a clear and coordinated consultative process.

While the Passenger Facilitation Taskforce is currently considering and progressing a number of issues associated with inwards and outwards passenger clearance processes, Qantas believes that ongoing monitoring of QSM matters concerning these issues through the ACCC reports would be of value.

2.5(b) Airline Perception Surveys

Qantas is concerned at the views expressed by Airport Operators as set out in the discussion paper. Qantas contributes to airline perception surveys responsibly and

no motive to misrepresent responses to the surveys or to provide responses that lack openness and transparency.

Airlines are the principal customers of Airport Operators. While passengers are able to provide quality of service feedback on the “landside” services and facilities, there is a lack of visibility by passengers of the “airside” facilities.

When negotiating aeronautical passenger charges, airlines consider the basket of services and facilities that the passenger will receive. The airlines’ view is, therefore, essential in determining whether an airport is operating in accordance with the service expectations.

Qantas submits that in order to effectively and holistically assess the quality of service of an airport:

- The ACCC should continue to seek perception survey responses from airlines
- The ACCC should not restrict the range of responses to a more limited range of aspects of airport services and facilities
- Qantas would not object to a review of alternative criteria to evaluate airport performance with the inclusion of criteria that reflect peak demand performance for the services and facilities.

3. Approach to determining criteria

3.1 Government response

Subject to the continued provision of relevant quality of service information, Qantas does not object to initiatives that will reduce the administrative and financial burden of quality of service monitoring including the elimination of any unnecessary overlap between airline and passenger perception surveys and between these surveys and other quantitative indicators. In many instances, however, the overlap is a useful tool to assist in robust analysis and interpretation of survey results.

3.2 Major aviation industry trends

Qantas endorses the ACCC proposal to include additional guidance to airlines when completing user perception surveys to ensure that survey results are meaningful and relevant.

3.3 Principles for determining criteria

Qantas supports the ACCC approach to the principles for determining criteria, subject to comments included under section 3.1 above.

3.4 Coverage of quality of service criteria

Qantas submits that the technological improvements and investment in airport IT systems has, and will continue to deliver more accurate and readily available information.

4. Review of Quality of Service Criteria

Comments on Table 2 “Current quality of service aspects and associated criteria” are included under the relevant headings below.

4.1 Aerobridges, check in and security clearance

4.1(a) Aerobridges

Qantas endorses the ACCC's current approach to measurements of the Aerobridge aspect. Qantas also supports its application to domestic operations.

A possible reason for not including aerobridges quality of service monitoring for domestic operations in the past is that prior to the demise of Ansett, domestic operations were primarily conducted under Domestic Terminal Leases and were therefore provided by the airlines rather than the Airport Operator.

4.1(b) Check-In

Qantas endorses the ACCC current approach to measurement of the check-in aspect. Qantas submits that as Airports have significant peaks, a qualitative measure incorporating total hours may provide misleading results. Qantas recommends that the quantitative measures should be refocussed to measure period of peak activity.

If the qualitative measure is refocussed to incorporate peak hour activity, then Qantas would not object to a change in measure of percentage of hours of check-in desk in use from 80% to 85%-90%.

Qantas also recommends that as the Airport Operator manages the contract with the check-in IT providers that this aspect of IT up-time is included in the quality of service measures.

The ACCC monitoring of the check-in aspect should allow for changes in process in the future such as bag drop facilities.

4.1(c) Security clearance

The provision of the security search process is the responsibility of the Airport Operator (Security Instrument Holder). While the Airport sub-contracts this service, the Airport Operator remains responsible for infrastructure and staffing. Qantas therefore recommends that the only amendment to the criteria related to this aspect is that the definition of "security clearance system" includes facilities and labour.

4.2 Government inspection

Refer comments under section 2.5.

4.3 Gate lounges, baggage services and flight information displays and signs

4.3(a) Gate lounges

Qantas has no objection to the ACCC removing passenger perception criteria concerning gate lounge crowding, given that passengers are already asked to respond to a question concerning standard and availability of seating.

4.3(b) Baggage services

Qantas supports the inclusion of average throughput of outbound baggage system bags during peak hour. While it would be Qantas' preference to maintain the average

throughput measurement in addition to the peak hour measurement, Qantas would not object to this measure being replaced by “peak hour” measures of criteria.

Qantas recommends that criteria should also be included to measure the reliability of baggage systems, for example the duration and frequency of baggage system failures. These measures would assist in measuring the maintenance standards of the Airport Operators.

As Airport Operators are also responsible for Checked Bag Screening (CBS), relevant criteria should be included to measure this aspect.

Qantas recommends that additional qualitative measures should be added to measure inbound baggage quality of service, including;

- number of reclaim units available per arriving aircraft during peak hour; and
- average belt presentation length per average aircraft size (based on passenger capacity).

4.3(c) Flight information displays and signs

Qantas recommends that an alternative or additional measure of this aspect would be the average distance between display screens. The key driver of information display screens is providing directions and passenger guidance and therefore the key criteria of this aspect is that signs are effectively placed and visible.

With reference to the calculation of peak passenger numbers, it may be more relevant to differentiate between outbound and inbound signage to ensure that Airport Operators focus on both elements.

Qantas recommends that a qualitative measure be retained to assist in interpreting the passenger survey results.

4.4 Baggage trolleys and washrooms

4.4(a) Baggage trolleys

Qantas recommends that the current measures adopted by the ACCC for the availability of baggage trolleys should be retained.

4.4(b) Washrooms

Qantas supports the proposal that the passenger perception survey response concerning washrooms should be extended to include two separate criteria of 1) cleanliness and 2) availability of facilities in line with the ASQ survey.

4.5 Car parking and airport access

4.5(a) Car parking

Qantas supports the current quality of service aspects and associated criteria for car parking.

4.5(b) Airport Access

Qantas recommends that the current quality of service aspects and associated criteria for airport access be extended to include access roads under the control of the Airport Operator.

The Airport Operator has direct control over the access roads through:

- the level of investment in road infrastructure; and
- the level of investment in commercial centres that share airport access roads.

4.6 Airport services and facilities

Qantas endorses the current quality of service aspects and associated criteria for runway, apron and taxiway systems.

4.7 Management responsiveness

4.8 Qantas supports the ACCC's proposal to continue to seek input from airlines and ACS on the issue of airport management responsiveness. The ability to comment on Airport Operators' willingness to respond to airline and ACS issues of quality of service via a formal process is key to managing service level improvements via commercial negotiations.

Qantas does not support condensing the airlines survey response criteria into a single question such as "management approach to quality of service concerns". Condensing the airline survey to a single question without the ability to support airline and ACS positions through specific criteria may limit the effectiveness of the survey.

5. Implementation and reporting

5.1 Information requirements

Qantas does not object to the ACCC's intention not to impose any regulatory requirement on the monitored airports that is additional to that which applied in the previous monitoring regime.

5.2 Provision for requiring further information

Qantas supports the ACCC provisions for requiring further information.

5.3 Analysis and interpretation

Qantas does not object to the amendment proposed by the ACCC to the basis of analysis and interpretation of data.

Inclusion of the service aspect on one graph assists in the analysis of the relevant data.

5.4 Publication by the ACCC

Qantas endorses the ACCC's position that "the publication of all available information is in the best interests of stakeholders and the general public".

Qantas also supports the inclusion of content of discussion in the published reports to the extent that the content is not submitted to the ACCC on a confidential basis.