



Australian
Competition &
Consumer
Commission

Airport quality of service monitoring guideline

Statement of reasons

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Australian Competition and Consumer Commission
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Glossary and abbreviations

AAA	Australian Airports Association
ACCC	Australian Competition and Consumer Commission
ACI	Airports Council International
Airport Monitoring Report	ACCC's annual Airport Monitoring Report
Airports Act	<i>Airports Act 1996</i>
Airports Regulations	<i>Airports Regulations 1997</i>
Airservices	Airservices Australia
Aspect	Passenger-related and aircraft-related services and facilities that are to be monitored and evaluated. <i>Aspects</i> are listed in the Airports Regulations 1997
ASQ	Airport Service Quality
ATIA	Australian Taxi Industry Association
Availability	Describes the size, number or capacity of the services and facilities provided by an airport operator. An assessment of availability gives an indication of whether airport operators are undertaking adequate investment in the capacity of services and facilities.
BARA	Board of Airline Representatives of Australia
Border agencies	The border agencies surveyed by the ACCC as part of the monitoring program include: Australian Customs and Border Protection Service; Department of Immigration and Citizenship; and Department of Agriculture, Fisheries and Forestry, Biosecurity. Note the latter agency was not included in the border agencies making a joint submission to the revised guidelines with DoIT.
CCA	<i>Competition and Consumer Act 2010</i>
Criteria	Measures used to monitor and evaluate the quality of an aspect. <i>Criteria</i> are determined by the ACCC, in consultation with the Department of Infrastructure and Transport and the Treasury, and are published in the ACCC's monitoring guidelines
DoIT	Department of Infrastructure and Transport
Government	Australian Government
Matter	Quality of service matters about which airport-operator companies are required to keep records. <i>Matters</i> are specified in Schedule 2 of the Airports Regulations 1997.
Monitored Airports	Those airports which are subject to quality of service monitoring and are specified in Part 8 of the Airports Regulations: currently Brisbane,

Melbourne, Perth and Sydney airports.

PC	Productivity Commission
Proposed guideline	<i>Proposed changes to the guideline for quality of service monitoring at airports</i> , ACCC, March 2013
Revised guideline	Revised <i>Guideline for quality of service monitoring at airports</i> , ACCC, June 2013
Standard	Describes the physical condition of the services and facilities provided by an airport operator. An assessment of standard gives an indication of whether services or facilities meet the expectations of users

1 Introduction

The Australian Competition Consumer Commission (ACCC) has conducted a review of the guideline for quality of service monitoring at Brisbane, Sydney, Melbourne and Perth airports. The review has resulted in a number of amendments to the existing guideline. This paper sets out the ACCC's reasons for amendments to the guideline.

The ACCC has been directed by the Australian Government (the Government) to monitor the supply of aeronautical and car parking services and facilities provided by some of Australia's major airports. The ACCC's monitoring role involves price (including financial account reporting) and quality of service monitoring at these airports.

In fulfilling its price and quality of service monitoring roles, the ACCC publishes an annual Airport Monitoring Report, which presents the monitoring results and observations about the airport operators' performance. The ACCC presents the Airport Monitoring Reports to the Government, provides a copy of the report to the monitored airport operators, and makes the report publicly available on its website at www.accc.gov.au/aviation.

The ACCC undertakes its price monitoring function in accordance with ministerial directions made pursuant to Part VIIA of the *Competition and Consumer Act 2010* (CCA), while its quality of service monitoring function is provided for in Part 8 of the *Airports Act 1996* (Airports Act).

The *Airports Regulations 1997* (Airports Regulations) sets out further details regarding these monitoring functions, the airports to be monitored and the information the monitored airport operators are required to give the ACCC.

More specifically the Airports Act and Airports Regulations set out the requirements for the ACCC to monitor the quality of service at the airports as follows:

- The ACCC monitors and evaluates the quality of *aspects* of services and facilities at certain airports. The *aspects* and airports to be monitored are specified in the Airports Regulations.
- The Airports Regulations also set out a list of *matters* about which the monitored airport operators are required to keep a record and provide a copy to the ACCC. These *matters* are objective measures and are specified in Schedule 2 of the Airports Regulations.
- The ACCC monitors and evaluates the quality of the *aspects* in accordance with the *criteria*. The *criteria* incorporate both objective and subjective quality of service measures and are determined by the ACCC in consultation with the Department of Infrastructure and Transport (DoIT) and the Treasury. The ACCC publishes a guideline that sets out the *criteria*.

One of the main objectives of the ACCC's airport monitoring program is to track changes over time in the quality and in prices, costs and profits of airport services over which airport operators have significant control. Thus, airport quality of service monitoring is designed to provide information that complements the ACCC's price monitoring function under Part VIIA of the CCA by tracking changes in the quality of service provided by monitored airports which can be viewed alongside changes in prices, costs and profits. Results from the ACCC's quality of service monitoring are used to compare relative changes in airport operators' performances over time. Importantly, however the ACCC does not set minimum service standards which the airports are assessed against.

2 Background to the review of quality of service monitoring

In 2012 the Government, in response to the Productivity Commission's (PC) 2011 inquiry into the economic regulation of airport services, asked the ACCC to review and update the objective *criteria* used in the quality of service monitoring program. The ACCC agreed that it was timely and appropriate to undertake a comprehensive review of the information collected through its quality of service monitoring program and to examine the extent to which the information collected supports the objectives of the monitoring program.

The ACCC's review of the quality of service monitoring program included a consultative process and provided an opportunity for interested parties to provide input into the review at two stages. In November 2012, the ACCC released a discussion paper and invited interested parties to make written submissions to the issues raised and any other related matters. Following consideration of the submissions, the ACCC released in March 2013 its *Proposed changes to the guideline for quality of service monitoring at airports* (proposed guideline), which provided a second opportunity for interested parties to make written submissions on the proposed changes to the quality of service monitoring program.

In developing the revised guideline the ACCC considered submissions received in response to the discussion paper and the proposed guideline. This document accompanies the revised guideline for quality of service monitoring at airports June 2013 (revised guideline) and outlines the main issues raised by interested parties in relation to the two consultation papers. It also sets out the reasons for the ACCC's approach taken in its revised guideline.

Section 2 of the revised guideline describes issues that the ACCC has considered in reviewing the quality of service monitoring program. The quality of service monitoring program uses a range of subjective and objective measures in its assessments of an airport operator's performance. Following the format set out in the discussion paper and the proposed guideline, this document has separated out the discussions regarding the subjective and objective measures into sections 4 and 5 respectively.

3 Considerations in the review of quality of service monitoring

The ACCC determines the quality of service *criteria* in consultation with the DoIT and the Treasury. In determining the inclusion of the *criteria* in the quality of service monitoring program, the ACCC has considered that the *criteria* should:

- fall within the *aspects* listed in the Airports Regulations
- relate to the price monitoring and financial reporting program
- relate to services and facilities provided by, or which could be influenced by, airport operators
- support the objectives of quality of service monitoring
- provide useful information either by itself or provide some explanation to quality outcomes—with consideration of unnecessary compliance burdens
- be measurable, verifiable and not susceptible to manipulation.

In conducting its review of the quality of service monitoring program, the ACCC has also considered whether there have been any changes in technology, users' expectations, market conditions and industry structure that should be captured under the *criteria*. The ACCC has also had regard to the likely compliance costs of introducing additional *criteria*.

For the purpose of its quality of service monitoring program, the ACCC has classified airport activities into four main categories; passenger-related services and facilities, aircraft-related services and facilities, landside-related services and facilities, and management performance and responsiveness. In general terms, the ACCC has considered that the following types of *criteria* are appropriate as a measurement of the service quality within these categories:

- measures of capacity utilisation for major facilities, particularly in peak periods
- direct measures of waiting times at major passenger processing stages
- standards of services and facilities made available in terminals and associated with landside access
- availability and standard of aircraft-related services and facilities provided to airlines (excluding safety-related issues covered by the Civil Aviation Safety Authority).

The ACCC intends to obtain Information for these *criteria* through subjective survey data from various airport users and objective data from airport operators. It should be noted that the *criteria* are designed to be used in combination with each other, rather than in isolation. For example, the subjective survey results may assist the understanding of the objective *criteria*.

4 Subjective measures

The ACCC will continue to use subjective measures in its quality of service monitoring program. While subjective measures may tend to be more difficult to quantify than objective measures, they provide additional context for assessing an airport operator's performance or changes in the level of service of a particular service or facility. For example, a change in an objective measure by itself may be difficult to interpret as it may not adequately reflect changes in quality or changes in users' expectations, which would be far better captured by a subjective measure used in an airport users' survey.

As such the ACCC's revised guideline continues to stipulate the use of a range of airport users' surveys as a complement to the objective measures collected as part of the monitoring program. The ACCC will continue to undertake surveys of airlines, as well as begin consultation with landside operators, while airport operators will be expected to continue surveying passengers. Importantly, as discussed below, the ACCC will cease surveying border agencies¹. All survey participants will be asked to rate the airport operators' performance on a scale from 1 to 5, as shown in table 3.1. Importantly, the ACCC considers that ratings of satisfactory and above would represent service at an efficient level.

Table 4.1: Rating of satisfaction for airport services and facilities

1	2	3	4	5
Very poor	Poor	Satisfactory	Good	Excellent

¹ The border agencies surveyed by the ACCC as part of the monitoring program were: Australian Customs and Border Protection Service; Department of Immigration and Citizenship; and Department of Agriculture, Fisheries and Forestry, Biosecurity. Note the latter agency was not included in the border agencies making a submission to the revised guidelines in conjunction with the DoIT.

4.1 Airline surveys

As part of its quality of service monitoring program the ACCC surveys domestic and international airlines that use the monitored airports. The ACCC sends the 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 airport operators. The availability refers to the capacity of an airport's services or facilities and is intended to provide an indication of whether the airport operator is undertaking adequate investment. The standard describes the physical condition of an airport's services or facilities and is intended to provide an indication of their ability to perform the intended function.

The ACCC also requests that the domestic and international airlines provide commentary to their survey results explaining their ratings of the availability and standard of the services and facilities they have used. Together, these measures and any non-confidential commentary (along with the objective data) are presented in the Airport Monitoring Reports and may provide an indication of whether airport operators are unduly lowering the quality or range of services offered, inefficiently providing services, and/or undertaking unnecessary expenditure.

The ACCC review sought comment on whether the current approach and use of airline surveys in the ACCC's quality of service monitoring program remained appropriate. In particular, the review sought comment on whether the ACCC's approach of not weighting survey responses remained appropriate.

4.1.1 Issues raised in submissions to discussion paper and the proposed guideline

In response to the discussion paper a number of the monitored airport operators and the Australian Airports Association (AAA), which represents the interests of both monitored and non-monitored airports, suggested that the current approach and coverage of the airline surveys was not appropriate.

For example, the AAA and the monitored airport operators submitted that relationships between airports and airlines are complex and that airlines have an inherent conflict of interest. According to the AAA and the airport operators, airlines cannot quarantine their commercial objectives and tactics to provide independent responses to the airline surveys. Other stakeholders suggested that the ACCC does not take proper account of these issues and questioned its practice of not disclosing the identity of airlines participating in the surveys.

Perth Airport's submissions to the discussion paper and the proposed guideline raised a number of issues with the monitoring program and in particular the use of airline surveys. The airport noted that the approach taken by the ACCC fails to take into consideration the fact that airlines have significant influence over the level and timing of capital investment at the airport, which in turn can impact on service quality outcomes.

Perth Airport's submission to the proposed guideline suggested that if airline surveys are to be retained and remain a vital part of the ACCC's monitoring program then the process needs to be materially amended to create greater transparency and opportunity for airport operators to address the views of the airlines. In particular, Perth Airport suggested that if an airline was to rate a service or facility below satisfactory then the airline should be required to demonstrate that they have brought their concerns to the attention of the airport operator and that they have not refused to support active attempts by the airport operator to address these problems or opposed investment proposals. Perth Airport suggested that where airlines cannot demonstrate these criteria have been met, the ACCC should request that the airlines revise their rating.

Perth Airport also suggested that the current process whereby the ACCC circulates the individual chapter including airline rating and comments to the airports for their review and comment prior to finalising the report does not address the airport's key concerns. Perth Airport

claimed that this process provides insufficient detail for airports to respond to airline commentary.

Perth Airport's submission to the proposed guideline reiterated stakeholders' earlier concerns, and disagreed with the proposed guideline's conclusion that there were sufficient checks and balances in place to manage the opportunity for airlines to engage in gaming behaviour. Perth Airport suggested that these issues could be addressed by the following:

- the airport operators should be given more time to consider the airlines' ratings and comments contained in the individual airport chapters and be afforded an opportunity to engage with the ACCC in line with the process proposed above
- in respect to the airline survey results, the Airport Monitoring Reports should: list the airlines that participated in the surveys, provide a breakdown of responses for each area surveyed, list the names of airlines that rated a service or facility below satisfactory and include any supporting commentary, and finally outline the result of any correspondence between the ACCC and airlines regarding any specific services or facilities
- Perth Airport suggested that if the airports have any concerns regarding airline bias and are able to support those concerns, then the ACCC should require the airlines to provide more information and/or discount the survey results altogether.

In response to the proposed guideline, the AAA echoed the views it had expressed in its earlier submission and some of Perth Airport's comments. That is, in the AAA's opinion, airlines hold significant market power over airports. According to the AAA, not only do airlines actively represent almost the sole source of aviation income they effectively have vetoes over much of the significant aviation developments and infrastructure via the workings of the Airports Act.

While the monitored airport operators and their representatives have expressed their objection to the use of airline surveys in the monitoring program, Qantas and Board of Airline Representatives of Australia (BARA), the peak industry body representing the interest of international airlines operating in Australia, have supported their use. In particular, Qantas and BARA noted that airlines remain the primary customer of the airports and have first-hand experience in measuring both the effectiveness and efficiency of the airports' operations. Moreover, they noted that airlines are uniquely placed in that they can delineate between the services which are provided solely by the airport operator and those provided by, or in conjunction with, a third party. The DoIT and border agencies in response to the proposed guideline also supported the ACCC's continued use of airline surveys in the monitoring program.

In regards to the issue of weighting survey results, the majority of stakeholders were generally supportive of the ACCC's non-weighted approach of airline survey results in the Airport Monitoring Reports, noting that weighting by passenger numbers would place undue weight and importance on the views of larger airlines at the expense of airlines with more limited services.

Qantas suggested that a system of weighting could also result in future disagreements over the overall measurement of airport operator's quality of service, distracting from the underlying value of the monitoring reports.

The DoIT and border agencies were the only stakeholders that raised concerns with the ACCC's approach of not weighting the airline survey results. In response to the discussion paper, the DoIT and border agencies questioned whether each airline survey response should be given the same weighting and suggested that the ACCC consider adopting a system of weighting to take into consideration either number of passengers, flight movements, total weight of aircraft using the airport, or some other measure. The DoIT and border agencies' supplementary submission again reiterated its support for a system of weighting, suggesting that it would eliminate the potential for gaming behaviour by airlines.

4.1.2 ACCC's view

While the ACCC acknowledges that airlines may have a commercial interest to under-report on quality outcomes at the airports, the ACCC considers that airlines have a unique relationship with airport operators and provide valuable insight into the operators' conduct. The ACCC also recognises that airlines may have an influence over the level and timing of capital investment at airports, which can impact service quality. However, the ACCC requests surveys to be reviewed and submitted by the airlines' head offices, rather than operational managers. The ACCC considers that this provides additional assurance that the survey results reflect airlines' views on commercial negotiations and their willingness to pay for aeronautical infrastructure.

It should be noted that the ACCC currently asks airlines to provide details of problems raised with the airport operators in their commentary, including steps taken by the airport operator to address these concerns.

Regarding the AAA's comments, the ACCC notes that although airlines are almost the sole source of aviation income, they are not the sole source of income earned by airport operators. Airport operators provide services other than aeronautical services. Notably, aeronautical revenue amounted to less than 55 per cent of total airport revenue for each of the monitored airport operators in 2011-12.

Importantly, while airline surveys in conjunction with objective indicators provide useful insights to the ACCC about the airport operators' performance, they are not the only indicator used in assessing the airport operators' performance. In performing its monitoring role, the ACCC observes the levels and trends of a range of indicators over time, including price, costs, margins, returns on assets, investment and quality of service results (both subjective and objective).

Airlines have an on-going and direct relationship with airport operators and are able to delineate between services provided wholly by the airport operators and those provided in conjunction with other service providers. Airlines can provide feedback on a wide range of services and facilities offered at the airport and their ratings provide a more direct indicator of whether airport operators are meeting the reasonable expectations of users.

As such the ACCC will continue to survey domestic and international airlines as part of the quality of service program.

The ACCC's quality of service monitoring program can consider the performance of airport operators based on observations from the monitoring results over time. One of the main objectives of quality of service monitoring is to consider changes in service levels over time in a price monitoring environment and to improve the transparency of airport operators' performance.

Perth Airport's suggestions for changes to airline surveys would appear to increase the cost of the monitoring program. Furthermore, a more investigative role by the ACCC will not only increase the scope of the ACCC's activities, raising compliance costs for stakeholders, but will also increase its complexity and potentially render the monitoring program cumbersome, impractical and reduce its timeliness.

The ACCC's Airport Monitoring Reports are intended to increase transparency and promote negotiations; they are not intended to be an interactive instrument of negotiation. The role of the ACCC in its quality of service monitoring function is not to identify protagonists or take sides in negotiations or dispute management processes between airports and airlines. Among other things, the ACCC is aware that the contributions of companies to the monitoring program, including comments, are subject to confidentiality. The ACCC is not privy to the contractual arrangements between airport operators and airlines (nor does it consider that it should be). Further, it is possible that a decision by the ACCC to include or exclude certain survey results based on the factors suggested by Perth Airport could be seen as a proxy for a judgment by the ACCC on these commercial matters. It is unclear how disclosing the identities of airlines

that have responded to surveys will promote the objectives of the quality of service monitoring program of highlighting trends in airport operators' performances to enhance transparency and understanding of changes in service levels in the broader context of the ACCC's price monitoring functions.

It is pertinent to note that the ACCC provides airport operators with the opportunity to clarify airlines' ratings and comments by circulating a draft version of an airport operator's individual chapter in the Airport Monitoring Report prior to finalising the report. Perth Airport noted that this does not provide airport operators with sufficient detail to respond to airline commentary. However, as noted, the ACCC will not reveal the identities of individual airlines in relation to specific ratings or commentary. The ACCC considers that draft versions of an airport operator's individual chapter provides sufficient information for the airport operator to respond to and explain possible reasons for airline commentary, changes in ratings and movements in data. Providing additional rounds of consultation to allow for airport operators to review and comment on airline responses would add to the complexity of the monitoring program and reduce its timeliness.

In undertaking the airline surveys, the ACCC will continue to request that survey results be reviewed and submitted by the airlines' head offices, rather than by operational managers. The ACCC will also continue to request that airline survey results of below 'satisfactory' are accompanied by commentary justifying their ratings. The ACCC considers that its monitoring program includes sufficient built-in checks and balances to minimise the possibility of gaming to materially affect the monitoring results.

In relation to the issue of applying a weighting system to the airline survey results, the ACCC notes that the majority of stakeholders were supportive of the current non-weighted approach. The ACCC agrees with stakeholder concerns that a system of weighting may provide an opportunity for larger airlines to manipulate the results, giving them increased importance compared with smaller users. Giving an equal weighting to smaller airlines also ensures that the monitoring program is able to report equitably on the quality of aeronautical services provided to what is an increasingly important sector of the aviation industry.

As noted in the proposed guideline, the ACCC also considers that changing to a weighting system would likely create unnecessary complexity to the Airport Monitoring Report. Moreover, while the ACCC acknowledges that different airlines may use different types of services and facilities at an airport, it is unclear how a system of weighting by passengers, flight movements or total weight of aircraft is likely to take this into consideration.

The ACCC also agrees with comments made by Qantas in its response to the discussion paper that a system of weighting could result in future disagreements over the overall measurement of airport operators' quality of service, distracting from the underlying value of the Airport Monitoring Reports.

Given these concerns and the support of the majority of stakeholders for the current non-weighted approach, the ACCC does not propose to introduce a system of weighting to the airline surveys.

4.2 Passenger surveys

As part of the monitoring program the airport operators arrange for annual passenger surveys to be conducted—usually by an external provider—and then submit the results of the surveys to the ACCC as part of its annual reporting. As noted in the discussion paper and proposed guideline, neither the content of the passenger surveys nor the methodology are prescribed by the ACCC or set out in the Airports Act or Airports Regulations. This allows the airport operators to choose a service provider that best suits their needs and tailor the survey questions to their own commercial purposes.

The ACCC calculates and reports on the passengers' average ratings for each of the services and facilities covered in the passenger surveys in the Airport Monitoring Reports alongside related objective measures, and where applicable the airline and other airport users' ratings.

In relation to passenger surveys the ACCC review sought feedback on whether the current approach and use of passenger surveys in the ACCC's quality of service monitoring program remained appropriate. The review also sought comment on whether greater standardisation of passenger surveys should be adopted and whether industry groups would be best placed to undertake this work.

4.2.1 Issues raised in submissions to discussion paper and the proposed guideline

The majority of stakeholders largely supported the ACCC's approach and coverage of the passenger surveys. However the ACCC received diverging views from the monitored airport operators and the AAA regarding the standardisation of the passenger surveys. Brisbane and Sydney airports noted that they would support a more standardised approach to passenger surveys and would commit to agreeing on a common rating scale and set of questions. The AAA and Perth Airport on the other hand did not see any benefits in the industry being tied to a particular system indefinitely, and noted that a more appropriate and relevant system may become available in the future. The monitored airport operators and the AAA, however, acknowledged that currently the monitored airport operators all use the Airports Council International's (ACI) Airport Service Quality (ASQ) survey.

BARA noted that any decision to standardise the passenger surveys would be a matter for the airport operators. Qantas suggested that standardising the format and distribution of passenger surveys would enable airports' performance across the country to be benchmarked, which could assist in establishing a minimum acceptable standard of performance expected from a capital city airport.

The ACCC's proposed guideline did not propose to change the current approach to the passenger surveys. This was partly due to the lack of stakeholder support regarding the proposal to mandate either the service provider or a core set of questions for all passenger surveys, and partly in recognition that airport operators have generally been forthcoming in providing the ACCC passenger survey results consistent with questions set out in the reporting templates.

Perth Airport and the AAA were the only stakeholders that provided comments on passenger surveys in response to the proposed guideline. While both stakeholders reiterated points made in their earlier submissions, Perth Airport noted that it agreed with the ACCC's conclusion that no change to the current approach is needed.

4.2.2 ACCC's view

As noted in the proposed guideline, the ACCC recognises that the monitored airport operators currently all use the ACI ASQ surveys and provide passenger survey results in line with those set out in the ACCC's quality of service monitoring reporting template. The ACCC continues to support the current approach, as it provides airport operators with flexibility in selecting the most appropriate service provider consistent with their operational and commercial needs. Among other things, this allows the airports to meet their reporting obligations to the ACCC without adding significantly to their compliance costs.

The ACCC also considers that there do not seem to be grounds for prescribing a level of detail and coverage beyond this approach. That said, airport operators should not be prevented from adding tailored questions to the surveys that meet their own commercial purposes.

In relation to the suggestion that a standardised approach may facilitate benchmarking of airport services, the ACCC notes that the role of quality of service monitoring is to complement the ACCC price monitoring role rather than to set minimum levels of service standards.

Furthermore the proposed guideline noted that formal benchmarking of an airport operator's absolute level of performance is a complex exercise and would only indirectly assist the ACCC's price monitoring role. Revealing trends in an individual airport operator's performance over time is a more useful adjunct to price monitoring than making judgments about performance against a benchmark.

4.3 Border agency surveys and facilities to enable the processing of passengers through customs, immigration and quarantine

The ACCC has previously evaluated this *aspect* using a combination of objective measures provided by the airport operators and ratings from passenger surveys, as well as the border agency survey results. Survey results were used to provide context to the movement in objective indicators for this *aspect*.

The ACCC has surveyed border agencies that used the services and facilities provided by the airport operators covered in the monitoring program. This involved the border agencies providing a rating of the adequacy and standard of the services and facilities provided by airport operators. The border agencies were also asked to provide comments to further explain their ratings.

In relation to border agency surveys, the ACCC's review sought feedback on whether the approach and use of border agency surveys in the ACCC's quality of service monitoring program remained appropriate. In addition, the ACCC sought comment on whether an alternative form of monitoring the passenger travel outcomes separate to the ACCC's monitoring program would be sufficient in addressing quality of service issues.

The ACCC's review also sought feedback on whether the objective *criteria* and passenger survey questions related to the *aspect* 'facilities to enable the processing of passengers through customs, immigration and quarantine' remained appropriate.

4.3.1 Issues raised in submissions to discussion paper and the proposed guideline

The majority of stakeholders supported discontinuing border agency surveys as part of the quality of service monitoring program. The majority of stakeholders also supported the discontinuation of the ACCC collecting and reporting on information related to 'facilities to enable the processing of passengers through customs, immigration and quarantine' and the removal of this *aspect* from the monitoring program.

BARA was the only stakeholder to express support for the continuation of border agency surveys in their current format. BARA noted in its response to the discussion paper that the information provides useful insights into the extent to which even users with statutory rights may receive services and facilities below a satisfactory level.

The AAA noted in both rounds of consultation that the relationships between border agencies and airports are governed by laws with provision for strong recourse if the airports do not comply. Border agencies prescribe the required resources that have to be provided by the airport and, according to AAA, the ACCC's quality of service monitoring plays little part in either the level of services provided to these agencies, or the level of services these agencies themselves provide.

The DoIT and border agencies agreed with the ACCC that border agency surveys in their current form serve little purpose in identifying misuse of market power and are not the best indicator of quality of service.

The DoIT and border agencies also stated that border agency surveys should be replaced with the collection of objective *criteria*. In particular, the DoIT and border agencies noted that this would provide the Government and public with a level of comfort that future needs are being accommodated, as well as providing border agencies with relevant data over time to assist in commercial negotiations with airports. The DoIT and border agencies noted that the inclusion of additional objective measures would not add significantly to the cost of monitoring, as the required information is available from the border agencies and airports. The measures that the DoIT and border agencies suggested were:

- square metre per passenger in arrivals hall by airport
- square metre per passenger in departures area by airport
- square metre per passenger in baggage hall by airport
- square metre per passenger in secondary examination areas by airport
- square metre provided for border agencies' support functions per passenger (including interview rooms, back of house, etc).

In response to the discussion paper, Qantas also recommended that additional objective indicators could be included in the monitoring program, which in its opinion would more closely measure the airport operators' performance in relation to this *aspect*. However, in its submission to the proposed guideline, Qantas supported the ACCC's recommendation to cease reporting on this *aspect* and acknowledged that border agencies rather than airport operators would be in a better position to address concerns such as the performance of these processing areas.

Perth Airport commented on the DoIT and border agencies' suggestion to include additional objective measures, noting that the suggested measures may not be very useful in assisting the ACCC in its price monitoring processes. In particular, Perth Airport noted that the square metres provided in the various areas only changes materially as a result of major re-developments and would trend downwards over time until there is eventually a significant jump following a re-development.

4.3.2 ACCC's views

The relationship between airport operators and border agencies is not characterised by the imbalance of bargaining power that is typical of their relationship with other airport users. Airport operators have statutory obligations to provide certain services to border agencies which limit their ability to exercise market power in dealing with border agencies.² In particular, these obligations mean that border agencies can have recourse to their statutory rights to influence the level of services and facilities they receive at an airport.

As such, the ACCC considers that surveying border agencies on the availability and standard of various services and facilities will not provide significant insight in identifying whether airport operators are exercising market power. The proposed guideline recommended the discontinuation of border agency surveys in the quality of service monitoring program. The ACCC received strong support for this proposal and in light of this support and in recognition that these surveys do not support the ACCC's monitoring objectives the ACCC will cease undertaking border agencies' surveys as part of its monitoring program.

² These statutory obligations stem from the following: *Customs Act 1901*, *Migration Act 1958*, *Quarantine Act 1908* and the *Airports Act 1996*.

The ACCC's proposed guideline also questioned the value in reporting only on objective data provided by airport operators in relation to the *aspect* 'facilities to enable the processing of passengers through customs, immigration and quarantine'. The proposed guideline noted that reporting only on objective data might make it difficult for the monitoring results to be put in their proper context or to make an assessment over whether the provision of these services and facilities are meeting users' expectations.

In response to the proposed guideline, the DoIT and border agencies were the only stakeholders to support the continued collection of objective data in relation to this *aspect*, and in fact, suggested additional objective measures to be added to this *aspect*, as noted above. The DoIT and border agencies noted that reporting on these additional objective data would:

- provide the Government and the public a level of comfort that the future needs of border agencies are being met
- that publishing this information would assist border agencies in their negotiations with the airport operators
- ensure that the provision of these services is not undermined by the short term commercial interest of the airport operators.

In response to these points, the ACCC considers that the statutory obligations faced by airport operators provide adequate safeguard of border agencies' interests in their negotiations with airport operators. It is not the objective of quality of service monitoring to establish absolute levels of service standards. The ACCC notes that, among other things, border agencies' statutory obligations provide them with access to more direct tools to ensure that the future needs of border agencies are being accommodated.

That said, the ACCC acknowledges that while information on these objective indicators does not assist the ACCC in its assessment of an airport operator's performance or further the monitoring objectives, it may provide additional assistance to border agencies in their negotiations with airport operators.

As such, while the ACCC will cease surveying border agencies, it will continue to publish in its Airport Monitoring Reports the objective indicators pertaining to this *aspect*, although it will not use these measures in its overall analysis.

4.4 Landside operators surveys

Airport operators control access to airport land. Airport land is a bottleneck facility essential to the supply of services in downstream markets, such as those provided by operators of alternative services to on-airport car parking that require landside access to pick-up and/or drop-off airport users at the terminal.

Importantly, airport operators have the ability to impede 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 alternatives to an airport operator's own car parking services, and allow the airport operator to profitably sustain higher prices.

The ACCC currently collects and reports 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 survey information from landside operators for the purposes of the quality of service monitoring program.

In its 2011 inquiry into the economic regulation of airport services, the PC found that airport access fees do not appear excessive³ although information about terms and conditions of access is less transparent. The PC recommended that the ACCC should monitor and publish ground transport access charges and the associated revenues for ground transport operators and the monitored airports should be required to publish on their websites the general prices and terms and conditions of access for transport operators. In response to this recommendation, the Government agreed that extending the monitoring parameters for car parking would provide more comprehensive information about competition and demand for alternative means of accessing airports. The Government also noted that any decision on whether to monitor other aspects such as ground transport access charges and associated revenues would be a matter for the ACCC.

The proposed guideline sought comments on the ACCC's suggestion to commence surveying of landside operators on the quality of service provided to them by the airport operators.

4.4.1 Issues raised in submissions to the proposed guideline

In summary, the airport operators and their representatives did not generally support the ACCC's proposal to include landside operator surveys in the quality of service monitoring program. On the other hand, the DoIT, the border agencies, the Australian Taxi Industry Association (ATIA) and the NSW Taxi Council, and Qantas⁴ did support the ACCC's proposal to include landside operators.

Those opposed to including landside operator surveys, such as Perth Airport, suggested that many taxi operators are independently owned and operated and in the airports' experience industry bodies for taxis have little influence over their members. As a result, Perth Airport stated that if the ACCC were to survey or consult with industry bodies, their views would reflect that of the industry body and not necessarily the views of the majority of individual operators. Brisbane Airport noted that it would be difficult to select a good and fair representative sample out of its landside operators, as it currently has 600 different operators at its airport.

Perth Airport also noted that most landside operators are small businesses and have little or no understanding of the tradeoffs between investment in infrastructure and charges associated with the services provided by airport operators. Perth Airport noted that these small operators generally believe that they should have free access to infrastructure immediately proximate to the terminal, which will make it likely that survey responses will be negative. Perth Airport also noted that results from these surveys would not be useful as they would be influenced by gaming behaviour by these operators. Brisbane Airport also raised this issue, and noted that its relationship with landside operators can be complex and characterised by conflicting interests. This is because Brisbane Airport's aim is to manage traffic and congestion, while landside operators would like unlimited access and availability of the sometimes limited capacity. Brisbane referred to its Annual Customer Service Survey and regular meetings with landside transport operators as means of addressing issues with the airport's facilities and services.

Melbourne Airport stated there is no evidence that airports are impeding competition through excessive charges or restrictive terms and conditions for landside access. Both Melbourne Airport and the AAA noted that there is a variety of landside operators involved across different transport modes in intense competition with each other for access to the airport. They also noted that this competition can occur within the same transport mode between individual operators and drivers.

Melbourne Airport and the AAA also noted that access for landside operators is influenced by a range of factors beyond airport operators' control. The AAA stated that respondents would be unlikely to distinguish between services provided by government, problems that must be solved by government (for example, traffic congestion and inadequate access routes to the airport),

³ Productivity Commission (2011), *Economic Regulation of Airport Service*, Inquiry Report Number 57, finding 11.5, page LIII.

⁴ Although Qantas were supportive of including taxi services and facilities in the quality of service monitoring, they were not supportive of including other public transport such as buses.

and those services and facilities provided by airport operators (for example, pick-up and drop-off points). The AAA suggested that responses to surveys would likely be a mixed opinion of the entire experience, reflecting more on the off-airport issues rather than the actual pick-up and drop-off points. As a result, the AAA suggested that it would only be reasonable for airport operators to explain low scores where poor government planning, funding, operations, investment or infrastructure could share in the purpose for the low score.

Sydney Airport did not support the proposal to include landside operators, stating airport users have a wide range of choices in accessing the airport. It argued as airport operator, Sydney Airport has little influence over the quality, accessibility and price of these landside access services. It stated that passengers would be the best-informed group to assess the price, convenience and availability of these services. Sydney Airport was concerned surveys of landside access providers were open to self-selection bias and conflict of interest, and would have small sample sizes, limiting the usefulness of the results. Both Melbourne and Sydney airports noted they had made significant investments in recent years to improve access for landside operators.

The AAA also noted that there is little an airport operator would be able to do without a master plan approval, local government funding of complementary infrastructure projects or willingness for the operators and users of the facilities to pay for the construction. The AAA suggested that airport operators have limited pricing discretion in these circumstances.

However, the introduction of landside operator surveys was supported by a number of industry bodies, and the DoIT and border agencies.

The ATIA stated that it endorses the ACCC's view that the taxi industry and its passengers can provide valuable insight on taxi facilities and kerbside pick-up and drop-off points. The ATIA noted that the ACCC should require airport operators to collect objective data on the capacity of services and facilities provided to landside operators (see section 5.15.1).

The NSW Taxi Council also supported the introduction of landside operator surveys. It considered that the precinct coordination and governance arrangements for ground transport and how they interact with the overall operations of the precinct should be a key part of the overall monitoring of the airport. The NSW Taxi Council also noted that the performance of kerbside management staff should also form a key component of the monitoring program.

Qantas provided comment in response to the proposed guideline and expressed support for the inclusion of taxi services in the quality of service monitoring. They stated that taxi services are something that an airport operator has the ability to influence through the provision of dedicated parking and road infrastructure. However, Qantas did not support inclusion of other public transport alternatives in the landside quality of service monitoring as issues such as affordability, timeliness and regularity are not matters over which airport operators have sole influence.

4.4.2 ACCC's views

In summary, the ACCC considers that airports have the ability to control access to airport land and impede competition for alternatives to on-airport access and accordingly will consult with landside operators as part of the quality of service monitoring. Landside operators can provide feedback on a range of landside services and facilities offered at the airport, and should provide a useful indication of whether airport operators are meeting the reasonable expectation of users.

As noted by Melbourne Airport and the AAA, access for landside operators may be influenced by a range of factors beyond the airports' control. Again, the ACCC considers that useful insights about factors within an airport operator's control can be gleaned by consulting with landside operators through surveys using carefully targeted questions. The consultation process should assist delineating those services that are provided by the airport operators and those that are the responsibility of a number of different bodies, including government. The

ACCC agrees with the AAA that where ratings are low, respondents should be required to explain the reasons behind the score.

On the issue of gaming (as mentioned by Perth, Brisbane and Sydney airports), the ACCC acknowledges that businesses such as landside operators (and airlines) may have a commercial interest to under-report on quality outcomes at the airports. That said, the ACCC considers that landside businesses have a relationship with airport operators that may provide valuable insight into the airport operators' conduct.

The ACCC notes that landside operators would be able to provide valuable insight and context to the new objective indicators for this *aspect* (in conjunction with results from passenger surveys) discussed in more detail in section 5.15 and 5.16 of this paper. This information will also complement the price monitoring data the ACCC collects on airport operators' car parking businesses as well as on services and facilities provided to operators of off-airport car parking services.

While the ACCC supports the ATIA's view that the taxi industry would be able to provide appropriate feedback on the standard and quality of taxi facilities and kerbside space for pick-up and drop-off, it does not agree that additional objective indicators are required. The ACCC considers that information provided through a carefully targeted consultation process will suffice for this aspect. The ACCC does not consider that the additional benefits of obtaining data on objective indicators on the capacity and scope of facilities provided to landside operators beyond what might be collected through targeted questions will exceed the additional compliance costs.

The ACCC will seek landside operators' views through a survey using a set of targeted questions on the availability and standard of services and facilities provided by monitored airports, including taxi facilities, kerbside space for pick-up and drop-off and the airport operators' overall responsiveness or approach to addressing quality of service problems or concerns. The surveys will ask the operators to rate these services on a scale of 1 (Poor) to 5 (Excellent). Similar to airline surveys, availability refers to the capacity of an airport's landside services or facilities and is intended to provide an indication of whether the airport operator is undertaking adequate investment. The standard describes the physical condition of an airport's landside services or facilities and is intended to provide an indication of their ability to perform the intended function.

As per other quality of service responses by airlines and passengers, if a landside operator or representative organisation provides a rating below satisfactory, the ACCC will seek comments and additional information from the provider. The additional information sought by the ACCC includes whether the level of service is consistent with that agreed to in commercial negotiations, the steps the landside operator to inform the airport operator of its concerns, and the steps taken by the airport operator to address the concerns.

The ACCC's consultation process will include landside operators such as taxis, off-airport car parking operators and bus operators that offer landside services which compete with the on-airport car parking facilities. Given the large number of providers of taxi services at each airport, it would not be feasible to extend monitoring to include the views of individual taxi operators. Instead the ACCC proposes to consult with the relevant industry bodies such as taxi associations. The ACCC considers that the views of business representative organisations are representative of the views of their members.

The number of businesses or associations by landside grouping that the ACCC plans to seek responses from include:

- taxi operators: It is proposed that the relevant state representative taxi association would be in the best position to provide feedback on landside services. Feedback from individual taxi operators is not a viable option due to the numbers involved and the relatively large number of responses that would need to be processed

- bus operators: It is proposed again to seek feedback from the relevant state representative bus operators' association. Consideration will also be given to including one individual bus operator per airport who specialises in airport services
- off-airport car parking operators: As these types of landside operators do not appear to have industry representative bodies, the ACCC will survey three of the larger off-airport operators for each monitored airport.

As with other quality of service information, the ACCC will use the results of surveys of landside operators to gauge the levels of service provided by airport operators to firms offering alternatives to airports' on-airport car parking. The ACCC will use these data in the annual airport monitoring reports as a complement to price monitoring.

4.5 Ground handling service surveys

Certain ground handling services and facilities are not provided directly by the airport operators, but are provided by third party operators. However, in providing ground handling services and facilities, these operators rely on access to the airport.

The ACCC currently collects and reports on survey information about ground handling services and facilities from airlines. However, the ACCC has not previously collected any survey information from ground handling service providers for the purposes of the quality of service monitoring program.

In the proposed guideline, the ACCC proposed to collect information from ground handling service providers on the quality of service provided to them by the airport operators.

4.5.1 Issues raised in submissions to discussion paper and the proposed guideline

The majority of stakeholders, including airports and the AAA, opposed the ACCC's proposal to include ground handling service provider surveys in the quality of service monitoring program. Qantas was the only stakeholder to support the proposal to engage with ground handling service providers.

A number of the monitored airports and the AAA stated that it is the airlines that have direct commercial negotiations with ground handling service providers.

The AAA suggested that it is likely that the airlines may be fully in control of the people, processes, procedures, methodologies, tools and service levels to perform ground handling services.

Perth Airport noted that it has no commercial relationship with ground handling service providers apart from sub-lease agreements for land for storage and operations, and in some cases buildings. Sydney Airport noted that its relationship with ground handling service providers is almost entirely operational rather than commercial. Melbourne Airport stated that the commercial relationship between airlines and their ground handling service providers is an area where the airport operator has little role or visibility of the service standards and expectations between the parties.

Brisbane Airport noted that because ground handling service providers operate on behalf of airlines, airlines will be able to provide feedback about any potential issues on the availability and standard of services and facilities provided by airport operators. Sydney Airport also noted that the airlines' perspective on these issues are already covered in the airline surveys and that ground handling service provider surveys would be unlikely to produce any further measurable or reliable insights into airport operator performance. Melbourne Airport stated that the adequacy of investment in facilities is already appropriately measured through airline surveys.

Perth Airport noted that ground handling service providers have a strong bias to blame the airport operators for any shortcomings in their own services due to their contracts with airlines, which typically have penalties if the ground handler is the cause of delaying aircraft movements. Perth Airport stated that it is not involved in these agreements, but understands that ground handlers typically claim that delays are caused by airport infrastructure, air traffic control or another third party.

Perth Airport also suggested that it is motivated to provide space to ground handlers to ensure competition for these services to minimise airline costs. Perth Airport stated that its agreements with airlines specifically provide for airlines to introduce new ground handling service providers to the airport, provided that they meet appropriate safety and security requirements.

Sydney Airport suggested that if the ACCC were to conduct consultations with ground handling service providers, they should be designed to reflect the ground handling service providers' relationship with airlines and indirect relationship with airport operators.

Brisbane Airport noted that ground handling service providers should not provide a rating of whether the airport operator is undertaking adequate investment, because they have no visibility of the negotiation and consultation process between airport operators and airlines regarding the level and timing of capital investment.

Qantas on the other hand, noted that it supports the proposal to include ground handling service provider surveys of the larger ground handling companies where appropriate, as this may provide a greater scope of review of these facilities.

The ACCC did not receive any submissions from ground handling service providers operating at the monitored airports.

4.5.2 ACCC's views

Ground handling services and facilities are not always provided directly by the airport operators to the airlines and in some cases are provided by third party operators.

The ACCC notes that a number of the airports, including Perth and Sydney, stated that airports do not have a direct and ongoing commercial relationship with ground handling firms apart from sub-lease agreements for land and buildings owned by the airports.

The ACCC notes Qantas' view that additional consultation with selected ground handling firms could provide insight and another perspective on ground handling services.

However, it is not clear that the nature of the relationship between airport operators and ground handling firms is such that airport operators are able to exercise control over the quality of ground handling services provided by third-party firms at monitored airports.

On the one hand, airport operators provide the space, surrounds and supporting infrastructure so that the ground handling work can be conducted. It is also possible that ground handling service providers may have a relationship with airport operators in those cases where they rely on the airport operators for access to airport areas. On the other hand, the ACCC agrees with Brisbane Airport's position that airlines are in a good position to provide many ground handling services and engage directly with ground handling firms.

Perth Airport has also pointed out that in consulting in respect of ground handling facilities and services, the ACCC must be aware of the possibility that ground handling firms have a bias in seeking to blame airport operators when delays or problems occur. This is because of penalties that may be included in ground handling operators' arrangements with airlines.

On balance, the ACCC has decided that it will not include ground handling service operators in the quality of service monitoring program given uncertainties over the nature of the relationship between airport operators and ground handling firms, the lack of responses from ground

handling service firms to the ACCC's proposed guideline and the fact that the ACCC currently seeks ratings and feedback from airline surveys on ground handling services and facilities.

Instead, the ACCC intends to consult with ground handling firms on an informal basis on those occasions when additional background and context may be required on issues that arise from the monitoring of quality of service in relation to this aspect. Knowledge gained from these consultations will help complement information received from airline surveys on ground handling services and may be included in the ACCC's annual airport monitoring reports.

5 Objective measures

The Airports Regulations specify the *aspects* of airport services and facilities that are to be monitored by the ACCC. The ACCC's monitoring and evaluation of the quality of an *aspect* must be against the *criteria*, which incorporate both objective and subjective quality of service measures. Section 4 considered subjective quality of service data. This section outlines the results of the ACCC's review of the objective measures in the quality of service monitoring program and its reasoning for its decisions. Section 5 describes in greater detail the factors that the ACCC considered in determining the type and sources of information used in the *criteria* for each *aspect*.

5.1 Number of passengers during peak hour

A number of the *criteria* discussed below are dependent upon the number of passengers during peak airport periods. For example, the 'number of departing passengers per security clearance system during peak hour' is one of the *criteria* used by the ACCC to evaluate the quality of the *aspect* 'security clearance'.

Schedule 2 of the Airports Regulations sets out the definition of peak airport periods. The airport operators, in accordance with the ACCC reporting templates, have previously provided the ACCC with data on peak hours for arriving and departing passengers, as well as the passenger numbers during those periods.

The ACCC's review sought comment on whether the use and definition of peak periods measures remained appropriate for quality of service monitoring.

5.1.1 Issues raised in submissions to the discussion paper and the proposed guideline

In response to the discussion paper, Brisbane Airport raised concerns with the ACCC's approach for calculating the total number of passengers during peak hour. That is, for *aspects* such as baggage trolleys and flight information display screens, the ACCC has in the past used the total number of passengers arriving and departing in their respective peak hours (to calculate the number of peak hour passengers per baggage trolleys or flight information display screens), even in cases when these peak hours do not coincide. Brisbane Airport has noted that this approach would seem to be flawed and misleading.

In light of Brisbane Airport's comments, the proposed guideline suggested a modification of the ACCC's reporting templates to request additional information from airports on total number of passengers during peak periods in line with the requirements set out in the Airports Regulations.

Brisbane and Perth airports were the only stakeholders to provide comments in response to the proposed guideline proposal on the number of passengers during peak hours. Both airports supported the ACCC's intended approach in relation to this issue.

5.1.2 ACCC's views

The ACCC will not recommend any change to the definition of peak hour in the Airports Regulations. However the ACCC will modify its reporting templates to achieve consistency with the definition of peak hour in the Airport Regulations and request that airports supply information on:

- the time of peak hour for the highest total number of passengers movements (including both arriving and departing passengers)
- average number of total departing and arriving passengers during peak hour in the financial year.

As noted in the proposed guidelines, the ACCC will seek information on peak hours on the following basis:

Table 5.1: Example of the information the ACCC proposes to request from airports on peak hours and passengers movements during peak hours

	Peak hour	Number of passengers during peak hour
Arriving	Time of peak hour for arriving passengers	Average number of arriving passengers during peak hour in the financial year
Departing	Time of peak hour for departing passengers	Average number of departing passengers during peak hour in the financial year
Total	Time of peak hour for the highest total number of passenger movements (including both arriving and departing passengers)	Average number of total departing and arriving passengers during peak hour in the financial year

5.2 Baggage trolleys

The ACCC evaluates the 'baggage trolley' *aspect* on the basis of objective *criteria* on the number of passengers per baggage trolley during peak hour, along with subjective measures from passenger surveys on the 'findability' of baggage trolleys. The use of both objective and subjective *criteria* in relation to this *aspect* assists the ACCC to interpret the monitoring results.

The ACCC's review sought comment on whether the ACCC should continue seeking information and reporting on the quality of baggage trolleys; and if there were any new issues that the ACCC should be aware of in its evaluation of baggage trolleys for quality of service monitoring.

5.2.1 Issues raised in submissions to the discussion paper and the proposed guideline

Most stakeholders providing feedback in relation to the discussion paper acknowledged that recent trends such as increased use of wheeled suitcases, airline charges for checked baggage and the relative proportion of fly-in/fly-out and short-stay leisure passengers have reduced the relevance of baggage trolleys in domestic and, to a lesser extent, in international travel.

For example Perth Airport submitted that baggage trolleys continue to be part of passengers' experience for some but not the majority of passengers and that as such the ACCC should consider giving this *aspect* relatively limited weighting, if it continues to be included in the monitoring program. BARA, Qantas and the DoIT and border agencies expressed their support for the continued monitoring of this *aspect*, because it continues to contribute to overall passengers' amenities for some passengers, particularly international passengers that remain heavily reliant on these services.

While the proposed guideline acknowledged that recent trends in air travel have reduced passengers' reliance on baggage trolleys, the ACCC agreed with stakeholders that there are still a proportion of passengers that rely on these services. Additionally, as long as these services are provided directly by the airport operator to passengers, it is appropriate for the ACCC to retain this *aspect* in the monitoring program.

Brisbane and Perth airports were the only stakeholders to provide comments on this *aspect* in response to the proposed guideline. Brisbane Airport noted that it considers that this *aspect* should be excluded from the monitoring program due to the fall in passengers using this service, particularly in the domestic terminal. Similarly Perth Airport submitted that while it would have no objections in providing this data it reiterated its earlier comments that results from this *aspect* should be given limited weighting.

5.2.2 ACCC's views

The ACCC will continue collecting data and reporting on the baggage trolleys *aspect* as part of the quality of service monitoring program. While the ACCC acknowledges that recent trends in air travel have reduced passengers' reliance on baggage trolleys, it agrees that there are still a proportion of passengers that rely heavily on these services. Additionally the ACCC notes that these services are provided directly by the airport operator to passengers and that this *aspect* is prescribed by the Airports Regulations.

5.3 Check-in services and facilities

The information used in the *criteria* to evaluate the 'quality of check-in services and facilities' is drawn from a number of sources—including objective measures, airline surveys and passenger surveys. These sources of information are intended to be complementary so as to create a broad understanding of the factors influencing the quality of these services.

The ACCC review sought comment on whether the combination of objective measures provided by the airport operators and surveys of airlines and passengers about the quality of check-in services and facilities were sufficient to evaluate this *aspect*. The ACCC also sought comment on whether any new or alternative measures could be used to evaluate check-in services and facilities provided by airport operators.

5.3.1 Issues raised in submissions to the discussion paper and the proposed guideline

In response to the discussion paper the majority of stakeholders acknowledged that recent trends, such as the emergence of offsite check-in and the installation of check-in kiosks have reduced the reliance on traditional check-in services and facilities provided by the airport operator. Stakeholders generally agreed that the indicators used to measure this *aspect* needed to be updated to reflect changes in market conditions.

The ACCC received a variety of suggestions on how best to modify the *criteria* to reflect market conditions, with some stakeholders suggesting that the ACCC should commence reporting on common user self-service and bag-drop facilities, while others advocated the removal of all objective *criteria* for this *aspect*.

The monitored airports suggested that passenger surveys could replace objective measures for this *aspect* as passengers are able to provide an unbiased view of these services and a check

and balance against airlines' survey results. Qantas on the other hand acknowledged that passenger waiting times (and therefore survey results) can too easily be affected by the behaviour of airlines and agreed with the ACCC's discussion paper, in which the ACCC noted that it was minded to discontinue the use of passenger surveys for this *criteria*.

In regards to the objective *criteria* 'percentage of hours with more than 80 per cent of check-in desks in use' the monitored airports suggested that this measure does not necessarily inform an assessment of quality and fails to take into consideration that some airlines have requested the installation of check-in kiosks, rather than the use of traditional check-in desks. Qantas also agreed that recent changes in technologies for domestic check-in have diminished the relevance of this indicator. However, it noted that this is not the case for Qantas' international service and that traditional check-in services still remain a big part of its international processes.

The proposed guideline noted that the ACCC still considers that it is important to develop a measurement of the airport operator's performance in relation to this *aspect*. In light of issues raised in submissions and the emergence of alternative check-in services and facilities, the proposed guideline recommended that the DoIT consider amending the *matters* listed in the Airports Regulations. The proposed guideline suggested that the *matter* on the 'percentage of hours with more than 80 per cent of check-in desks in use' be removed and replaced with an objective indicator relating to the number of bag-drop facilities provided by the airport operator and the number of spaces provided by the airport operator for check-in facilities. The proposed guideline also sought stakeholder's comments on a proposal to measure 'the number of departing passengers per: check-in desk, bag-drop facility and spaces provided for check-in kiosks'.

In response to this proposal Melbourne Airport noted that the objective indicator measuring the number of passengers per various facilities would be of limited use as airlines continue to influence the provision of these services and facilities through agreements on investment, and that the efficient utilisation of these services and facilities is a matter for the airlines. Additionally the airport noted that it has introduced a new system to encourage more efficient utilisation of check-in facilities where counter charges are based on counters requested and allocated rather than counters used.

Perth Airport also did not support the inclusion of bag-drop facilities or space provided for check-in kiosks in the monitoring program and suggested that it would not add any value to the monitoring of quality of service. The airport suggested that the decision to invest in check-in kiosks and bag-drop facilities, particularly in common user facilities without a dominant airline, ultimately depends on airline support and that the airports cannot force airlines to invest in these new systems and processes. Further the airport noted that check-in desks, kiosks and bag-drop facilities are not additive and that these facilities are capable of processing more passengers compared to a traditional check-in desk. The airport concluded that the ACCC needs to be careful in drawing any inferences from its proposed new measures.

Qantas on the other hand supported the ACCC's proposal to recognise equipment such as check-in kiosks and bag-drops as important components of the check-in process and an alternative to traditional check-in desks. Qantas however noted that the way in which these technologies are likely to be deployed, and, in particular, whether equipment is more likely to be provided by the airport or the airline, can differ significantly between international and domestic terminals and as such suggested that there may be merit in using different measures at different terminals. For example, at the moment domestic flights are more likely than international flights to utilise alternatives to traditional check-in desks (such as check-in kiosks and/or bag-drops) and these are more likely to be provided by the airline so measuring the space available for airlines to install these is relevant. In contrast, international flights are currently more reliant on traditional check-in procedures provided by airport operators, although space for airlines to install their own alternative check-in/bag-drop facilities and/or airport provided common-user facilities are likely to become increasingly important. Qantas concluded that these differences and the fact that this technology is evolving quite quickly may mean that the ACCC needs to review the measures for this *aspect* earlier than the next scheduled review.

5.3.2 ACCC's views

As foreshadowed in the proposed guideline, and in light of support by stakeholders, the ACCC will recommend that the DoIT consider amending the Airports Regulations to remove the objective measure 'percentage of hours with more than 80 per cent of check-in desks in use' from the list of *matters* the airport operators are required to keep a record of and supply to the ACCC. The ACCC agrees with stakeholders' comments that this measure is no longer relevant given the emergence of alternatives to traditional check-in services and facilities. For the same reasons, the ACCC will also recommend that the DoIT consider amending the Airports Regulations to remove the objective measure 'total number of hours during the financial year when any check-in desk was open' from the list of *matters*.

Nevertheless the ACCC still considers that check-in services and facilities provided by the airport operator should be retained as part of the monitoring program as these services and facilities are essential to the movement of passengers, particularly international passengers. The ACCC acknowledges comments made by some of the airports in relation to the introduction of new indicators.

The ACCC considers that measuring an airport operator's performance in relation to this *aspect* is important. As noted in the proposed guideline, recent trends in both on-airport and off-airport check-in services and facilities have complicated the task of developing indicators that measure changes in levels of service provided by check-in services and facilities, as well as by emerging alternative facilities.

On balance, the ACCC considers that the best option is to introduce the measure described in the proposed guideline, 'the number of departing passengers per check-in desks, bag drop facilities and spaces provided for check-in kiosks'. Such a measure would encompass all check-in options available at the airport.

The ACCC considers that reporting on these indicators along with 'the number of departing passengers during peak hour' will enhance a broad understanding of the factors influencing the quality of check-in services and facilities. In order to report on these *criteria*, the ACCC will recommend that the DoIT consider amending the Airports Regulations to add additional objective measures to the *matters*, which will measure the number of bag-drop facilities and the number of spaces provided for check-in kiosk facilities on 30 June. It should be noted that the number of bag-drop facilities has previously been included in the measurement of the number of check-in desks as at 30 June each financial year.

If the ACCC were to only report on objective indicators relating to the number of check-in facilities, this may fail to adequately capture information regarding the availability of all check-in services and facilities provided by the airport operators in respect of this *aspect*. Therefore, the ACCC will continue to survey airlines for this *aspect*, as the results of these surveys may provide a useful complement to the objective data provided by airport operators. In particular, airline ratings and commentary on the availability and standard of check-in services and facilities provides useful insights into the airport operators' performance in relation to this *aspect* over time.

As indicated in the discussion paper, the ACCC was minded to discontinue the use of passenger surveys in relation to this *aspect* as airports operators do not have direct control of the quality of the check-in services and facilities. For example, airports operators supply the desk and queuing space, while airlines provide the staff and negotiate with the airport operators on the number of desks available.

However, the majority of stakeholders supported retention of passenger surveys. As such, the ACCC will retain the use of passenger surveys in relation to check-in services and facilities as a source of additional context. In reaching this decision, the ACCC is mindful of the fact that the nature of the check-in function is undergoing change and that passenger survey results can be a useful adjunct to the objective indicators.

5.4 Security inspection

The ACCC measures the quality of security clearance with an objective indicator on the number of passengers passing through security clearance systems in the peak departing hour. As a complement to this objective data the ACCC also reports on passengers' perceptions about the security search process gathered via the passenger surveys coordinated by the airport operator.

The ACCC review sought comment on whether there were any new issues that the ACCC should be aware of in evaluating security inspection for quality of service monitoring.

5.4.1 Issues raised in submissions to the discussion paper and the proposed guideline

In response to the discussion paper the ACCC received a range of comments in relation to the provision of security inspection services. For example the monitored airports noted that security requirements are set by the Government and often involve invasive process that passengers do not like. The monitored airports submitted that the ACCC should be mindful of these factors when undertaking an evaluation of this *aspect*.

Qantas and BARA noted that the Government sets the airport security requirements and that the costs associated with these requirements are passed through to airlines regardless of their efficiency. As such Qantas and BARA suggest that airport operators should be required to report on queuing time for passengers passing through security inspection points during the peak departing hour, as this measure could indicate whether the airport has sufficient security lanes available and has appropriate staffing levels to deal with the peak period.

In consideration of these comments the proposed guideline noted that while changes in security requirements imposed by the Government may at least in the short term, impact on the time taken for passengers to pass through security inspection points. The airport operators have some incentive to ensure speedy passenger processing at security inspection points and avoid significant flow-on effects on scheduling for the whole airport. Additionally the proposed guideline noted that while security screening processes are set by the Government, the airport operators apply cost-based charges for security services; that is, airport operators do not seek to earn a return from the provision of these services. On balance the proposed guideline suggested that no additional reporting on this *aspect* was justified at this stage. The proposed guideline noted that it would be helpful if airport operators advised the ACCC of any new security requirements coming into effect during that reporting period which may affect these results. This information could be included in the Airport Monitoring Reports and would assist the ACCC in its assessment of this *aspect*.

Brisbane and Perth airports were the only stakeholders to provide comments on this *aspect* in relation to the proposed guideline. Both airports supported the ACCC's proposal that no additional measures be added to this *aspect* at this time.

5.4.2 ACCC's views

The ACCC will continue to report on the number of departing passengers per security clearance system during peak hour and passengers perceptions on the security search process in its monitoring and evaluation of this *aspect*. Additionally, the ACCC will continue to note in the Airport Monitoring Reports that while the Government sets the security requirements at the airports and that the airport operators set the security charges to recover the costs of these activities, the airport operators are responsible for the delivery of these requirements. As discussed above, if the airport operators were to advise the ACCC of changes to security screening requirements the ACCC would note this in its Airport Monitoring Reports.

5.5 Baggage system and baggage make-up, handling and reclaiming services and facilities

The ACCC evaluates the baggage make-up and handling facilities with a range of objective data provided by the airports and subjective measures gathered through the passenger and airline surveys.

The surveys of passengers and airlines provide two perspectives of the baggage systems. Airlines respond to the survey from the airside perspective (for example, the baggage belt systems available to transfer luggage from check-in to the aircraft). At the same time, passengers provide ratings on the available space around baggage reclaim areas in the terminals, which airport operators provide directly to passengers.

The ACCC's review sought comments on whether the combination of objective and subjective measures were sufficient to evaluate quality of baggage services and facilities. The ACCC sought comments on whether any new or alternative forms of measures should be considered.

5.5.1 Issues raised in submissions to the discussion paper and the proposed guideline

In response to the discussion paper the majority of stakeholders were generally supportive of the ACCC's approach in relation this *aspect*. As noted in the proposed guideline some stakeholders expressed opposing views in relation to the level of control airport operators have in relation to passengers waiting times for inbound baggage reclaims. For example Perth Airport suggested that airlines and their ground handling agents can influence the passenger waiting times for baggage collection, while BARA suggested that the airport's baggage system infrastructure can have a material effect on the time taken for ground handlers to load and unload bags to and from aircraft and baggage reclaim areas.

The proposed guideline discussed suggestions made by stakeholders to improve the measures for this *aspect* and proposed that the ACCC also report on the total area (in square metres) provided by the airport operator for baggage reclaim. The ACCC also proposed to discontinue seeking information from 'passenger surveys—average rating of the waiting time for inbound baggage reclaim' on the basis that the airport operator does not have sufficient influence over the waiting time.

The proposed guideline also sought comment from stakeholders on Qantas' suggestions that the ACCC should report on the average in-system time and longest in-system time of bags from the bag-drop to the baggage lateral, as it is in most cases that 'in-system' times are relatively independent of airline customer service practises.

Qantas in response to the proposed guideline clarified that the proposed objective indicator would measure the time from when the bag is placed on the conveyor belt after check-in to the time when the bag is dropped onto the baggage lateral for the ground handler to pick up and place on the aircraft. Qantas noted that this is a completely automated process and in the common user terminals at Sydney, Melbourne, Perth and Brisbane airports it is provided by the airport operators. Qantas further noted that measuring the efficiency of this *aspect* of baggage systems is an emerging standard which reflects the component of baggage handling which the airports have most control over and that modern baggage systems are increasingly able to track this information.

Melbourne Airport agreed that it already collects data for in-system time performance to measure the performance of its baggage system service provider and its performance against agreed service levels with its airlines. While Melbourne Airport is confident of its performance in this regard it notes that overall performance can be influenced by other parties such as ground

handlers who are responsible for inserting bags into the system and for clearing bags from the system.

Brisbane Airport strongly opposed Qantas' suggestion to include data about the average in-system and longest in-system time as the airport operator has very little control over this measure. Perth Airport on the other hand did not provide any specific feedback in relation to Qantas' suggested measures.

The majority of stakeholders were generally supportive of the ACCC's proposal to discontinue seeking information from 'passenger surveys—average rating of the waiting time for inbound baggage reclaim' and agreed that the airport operators do not have sufficient influence over the waiting time. The ACCC notes that Qantas and the DoIT and border agencies also expressed their support for the removal of this subjective measure in response to the discussion paper.

Brisbane Airport was the only stakeholder to provide comments to the ACCC in relation to its proposal to report on the total area (in square metres) provided by the airport operator for baggage reclaim. Brisbane Airport noted that while it supports the inclusion of this indicator, the airport suggested that the ACCC establish clear guidelines as to the reporting of the reclaim area so to ensure that all monitored airports are applying the same principles.

5.5.2 ACCC's view

The ACCC will continue to seek objective measures on the outbound baggage systems, and baggage make-up, handling and reclaiming services and facilities. The ACCC will also continue to seek information from the direct users of these services and facilities, such as airlines and passengers. The provision of baggage handling services and facilities is impacted by airports, airlines and ground handling operators. The ACCC notes that airport operators are responsible for ensuring the availability of baggage outbound deposit and inbound reclaim systems and for the maintenance of the facilities. However, the airlines or third party ground handling staff are responsible for operating the system and for loading and unloading the baggage from the aircraft and putting the baggage onto the reclaim systems.

For these reasons, the ACCC does not rely on a single measure of service level for this *aspect*, but gives consideration to a range of measures. In reviewing the service level indicators for this *aspect*, the ACCC has come to the view that changes to some of these measures are justified. For example, the ACCC will discontinue seeking information from 'passenger surveys—average rating of the waiting time for inbound baggage reclaim' on the grounds that the airport operators do not have sufficient influence over the waiting time. In reaching this decision, the ACCC has also taken into account stakeholders' support for the discontinuation of data collection for this *criteria*.

On the other hand, the ACCC will introduce the measure described in the proposed guideline on the total area (in square metres) provided by the airport operator for baggage reclaim, in line with the reporting requirements listed in Schedule 2 of the Airports Regulations. Specifically, the data collected will be an aggregated number of the total area (in square metres) for baggage reclaim across each relevant terminal. In measuring this area, it is important that an airport operator is consistent in the way that it collects this data every year. Each airport operator will be monitored and evaluated on changes in this measure over time, rather than against other airport operators where the method of collecting this data may not be exactly the same. It should be noted that this is a similar method to that undertaken in collecting the total gate lounge area (in square metres).

In regards to the outbound baggage system, the ACCC has considered Qantas' suggestion that as the baggage handling system is completely automated and under the control of airport operators, the ACCC should report on the average in-system time and longest in-system time of bags from the bag-drop to the baggage lateral. The ACCC considers that this measure could provide a useful insight into changes in the capacity of the outbound baggage system over time.

However, there was little support for the inclusion of ‘in-system time’ measures from stakeholders other than Qantas. Melbourne Airport was the only airport that acknowledged already collecting this data. The ACCC has no independent evidence that this system is now fully automated at all monitored airports and therefore completely under the control of the airport operators. To the extent that these indicators may be part of service level agreements between airports and airlines (as Melbourne Airport noted) then any deterioration in airports’ performances against this criterion should be reflected in airlines’ survey ratings on the availability and standard of baggage processing facilities.

On balance, the ACCC has decided not to introduce into its monitoring program objective data on ‘in-system time’ measures on baggage processing.

5.6 Flight information, general signage and public-address systems

The *aspect* of ‘flight information, general signage and public-address systems’ is measured in four ways, including two objective measures relating to the number of passengers per flight information display screen/information point and two passenger survey responses.

The ACCC’s review sought comments on whether the ACCC should continue seeking information and reporting on the quality of flight information, general signage and public-address systems; and if there were any new issues arising that the ACCC should be aware of in evaluating this *aspect*.

5.6.1 Issues raised in submissions to the discussion paper and the proposed guideline

In response to the discussion paper stakeholders recommended that the ACCC continue to seek information and report on the quality of flight information, general signage and public-address systems. A number of stakeholders also provided suggestions on how measurement of the quality of service provided by flight information display screens could be improved. The proposed guideline discusses these proposals and the ACCC’s views in detail and concludes that the ACCC will continue reporting on the two objective and subjective measures for this *aspect*.

Perth Airport was the only stakeholder to provide comments on this *aspect* in response to the proposed guideline. Perth Airport reiterated points made in its previous submission that reporting on the number of flight information display screens is not reflective of the quality of service provided. That is, a larger number, but poorly positioned number of screens could imply a higher level of service than a smaller number of well-positioned, properly sized screens and therefore Perth Airport suggested that passenger surveys are a more appropriate measure for this *aspect*.

The ACCC reiterates comments provided by Qantas in response to the discussion paper – that while improvements in flight information display screens may accompany a decrease in the number of displays, passengers per flight information display screen can be a useful indicator in interpreting changes to passengers’ ratings. However, Qantas considered that subjective passenger survey measures are more informative than objective *criteria* in understanding how effective these facilities are at an airport.

5.6.2 ACCC’s view

The ACCC will continue to report on the both objective and subjective measures for ‘flight information, general signage and public-address systems’ on the basis that it is an *aspect* specified in the Airports Regulations and the airport operators have direct influence over the service.

The ACCC notes that while passenger surveys may be more informative than objective measures, the ACCC will continue to report on both subjective and objective measures as the objective indicators provide context to the subjective results. For example, if passenger survey results fall, but the number of flight information display screens is unchanged then the ACCC may question whether the display screens are in the most appropriate location or whether the screens are in need of an update. Additionally the ACCC notes that wherever possible it prefers to use a combination of both subjective and objective data in its assessment of an airport operator's performance in respect to a particular *aspect*.

5.7 Public area in terminals and public amenities (washrooms and garbage bins), lifts, escalators and moving walkways

The ACCC previously has only used one subjective measure in relation to this *aspect*—a passenger survey question on washroom standard.

The ACCC's review sought comment on whether the ACCC should continue seeking information and reporting on the public areas in terminals and public amenities; and if any additional or alternative sources of information could be used in its evaluation of public areas in terminals and public amenities for quality of service monitoring.

5.7.1 Issues raised in submissions to the discussion paper and the proposed guideline

Stakeholders, in response to the proposed guideline and discussion paper, expressed their support for the ACCC to continue seeking information and reporting on public areas in terminals and public amenities. In particular stakeholders noted that the provision of these services are important and contribute to overall passenger amenity.

In response to the discussion paper some stakeholders suggested that the ACCC include new objective measures in the *criteria* for this *aspect*. The proposed guideline discussed these proposals in detail and proposed that the DoIT consider amending the Airports Regulations to include an objective indicator in relation to the number of washrooms, or the number of passengers per washroom.

Perth Airport and the DoIT including border agencies were the only stakeholders to provide comment on the proposal set out in the proposed guideline. Both submissions agreed with the proposed approach to continue reporting on the existing measures for public areas in terminals and public amenities, including the addition of an objective indicator in relation to the number of washrooms, or the number of washrooms per passenger.

5.7.2 ACCC's view

In light of comments provided in response to the proposed guideline the ACCC will continue to report on the existing measures for public areas in terminals and public amenities on the basis that it is an *aspect* specified in the Airports Regulations and the airport operators have direct influence over these services.

In addition, the ACCC will introduce the measure described in the proposed guideline on 'the number of passengers per washroom on 30 June each financial year during peak hour'. The ACCC acknowledges that the DoIT will need to consider any recommendations for regulation change on their merit and in consultation with the ACCC and the Treasury. If the DoIT considers it appropriate to make amendments to the Airports Regulations to require airport operators to collect and report on new objective indicators on the number of washrooms per passenger, the ACCC will use this objective data in its monitoring and evaluation of this *aspect*. The ACCC notes that wherever possible it prefers to use a combination of both subjective and

objective data in its assessment of an airport operator's performance in respect to a particular *aspect*.

5.8 Gate lounges and seating other than in gate lounges

The ACCC evaluates 'gate lounges and seating other than in gate lounges' with objective measures provided by the airport operators on the number of passengers per seat or per square metre of area during peak hour. These objective measures are complemented by subjective measures from passenger surveys on the quality and availability of seating as well as the congestion of lounge areas. The use of both objective and subjective *criteria* in relation to this *aspect* assists the ACCC to interpret the monitoring results.

The ACCC's review sought comments on whether the existing *criteria* appropriately evaluates this *aspect* and if any additional or alternative sources of information could be used.

5.8.1 Issues raised in submissions to the discussion paper and the proposed guideline

Stakeholders, in response to the proposed guideline and discussion paper, expressed their support for the ACCC to continue seeking information and reporting on gate lounges and other seating. In particular stakeholders noted that the provision of these services are important and contribute to overall passenger amenity.

Additionally a number of stakeholders made some suggestions for improvement to either the objective or subjective measures for this *aspect*. These suggestions were discussed in the proposed guideline and the ACCC did not receive any subsequent comments in response to the proposed guideline.

5.8.2 ACCC's view

The ACCC proposes no changes to the current approach to measuring quality of service for this *aspect*. The ACCC will continue to use objective measures supplied by airport operators in addition to input from passengers on the issue of the quality of gate lounges. The ACCC notes that airport operators provide gate lounges and seating in gate lounges directly to passengers waiting to board aircraft, as well as 'meeters and greeters' waiting for passengers to disembark aircraft. These facilities are an important part of the services and facilities provided by the airport operators and relate directly to the movement of passengers.

5.9 Ground handling services and facilities

Subjective measures from airline surveys are currently the only source of information used by the ACCC to assess the quality of ground handling services and facilities. The airline surveys ask airlines to rate only those services where they are provided directly by the airport operator.

The ACCC's review sought comments on whether there were any additional sources of information, particularly objective measures that the ACCC could use in its evaluation of ground handling services and facilities for quality of service monitoring.

5.9.1 Issues raised in submissions to the discussion paper and the proposed guideline

In its submission to the ACCC proposed guideline, Qantas submitted that major ground handling companies could provide useful feedback in relation to this *aspect*. Qantas suggested that the views of major ground handling companies (such as Toll, Dnata and Menzies) where they have provided material level of service at one or more of the monitored airports during the year should be surveyed and included in the monitoring program.

In light of these comments the proposed guideline proposed that the ACCC undertake engagement with ground handling service providers in relation to this *aspect*. The proposed guideline noted that information gathered through these consultations would complement airline survey results in relation to this *aspect*.

However, monitored airports have argued against the inclusion of new subjective indicators in relation to ground handling services and facilities. In response to the discussion paper and the proposed guideline, the monitored airports noted that ground handling services and facilities are often not reliant on the airport operator and as such did not consider any additional indicators should be added to this *aspect*.

Perth Airport submitted that it did not consider that surveys of ground handling operators were necessary as ground handlers work closely with the airlines and that any feedback from these service providers would be included in the airline feedback.

The ACCC did not receive submissions from providers of ground handling services.

5.9.2 ACCC's view

The ACCC will continue to survey airlines on those ground handling services provided directly by the airport operator.

However, as noted in section 4.5, the ACCC has decided not to introduce surveys for ground handling firms on the grounds that it is uncertain that there is a direct relationship between airport operators and providers of ground handling services and that, as a result, it is unclear that airport operators are able to influence the quality of ground handling services at monitored airports.

The possibility of introducing objective indicators for ground handling services also failed to gain support among stakeholders.

As a result, the ACCC will not introduce objective indicators for this *aspect*. However, as noted in section 4.5.2, the ACCC will consult with ground handling firms in the event that additional context may be required on issues that arise in monitoring quality of service of this *aspect*.

5.10 Aerobridge usage

The ACCC, where possible currently uses objective *criteria* on aerobridge utilisation for arriving and departing passengers, along with subjective measures from airline surveys on the *availability* and *standard* of aerobridges. The use of both objective and subjective *criteria* in relation to this *aspect* assists the ACCC to interpret the monitoring results. The objective data aims to measure the quantity of aerobridges, while the subjective data provides feedback on the extent to which the *availability* of aerobridges is sufficient to meet the reasonable expectations of airport users.

The ACCC's review sought comments on whether there were any additional sources of information that the ACCC could use in its evaluation of aerobridges. For example whether there were alternative methods of measuring the standard of aerobridges and whether changes in users' demand for aerobridges were adequately represented in the current objective measures for this *aspect*.

5.10.1 Issues raised in submissions to the discussion paper and the proposed guideline

In response to the discussion paper many stakeholders noted that airline preferences for the use of aerobridges for the embarking or disembarking of passengers has changed and that the ACCC should either redefine or discontinue its current objective measures for this *aspect*. The monitored airports submitted that many airlines now request the removal of aerobridges to

either save time in boarding passengers or reduce costs in-line with the airline's business model. Qantas also noted that airlines are sometimes prepared to accept fewer aerobridge facilities to delay having to contribute to the construction of expensive infrastructure.

Despite the changes in users' preferences for aerobridges some stakeholders still expressed their support for the ACCC to continue to seek information and report on aerobridge usage in the Airport Monitoring Reports.

In response to the discussion paper the ACCC received a number of suggestions as to how the current objective measures could be improved to more accurately reflect users demand for these services. For example the DoIT and border agencies' submission was supportive of the inclusion of additional objective measures such as the 'percentage of aircraft using aerobridges' or the 'percentage of aircraft that requested the use of aerobridges' provided that they were based only on the number of aircraft capable of utilising aerobridge facilities. Likewise, Perth Airport noted that the current objective measures for aerobridge usage is misleading for domestic services as many aircrafts are incompatible with aerobridges. Perth Airport's submission went on to discuss some of the necessary considerations in developing an accurate measure for aerobridge requests and usage. For example it would be necessary to firstly determine which airlines specifically request aerobridges and for what percentage of services, then determine what percentage of availability was provided to airlines when an aerobridge was requested.

Other stakeholders suggested that the objective measures for this *aspect* should not only consider aerobridges but also fixed links. While one stakeholder suggested that passenger surveys should be extended to include questions on the standard of aerobridges.

In light of stakeholders comments the ACCC's proposed guideline recommended that the DoIT consider amending the Airports Regulations to require airports collect data on the 'percentage of aircraft that received the use of an aerobridge when requested' and that the airport passengers' surveys be modified to include a question on the quality of aerobridges.

In response to the proposal to extend passenger surveys to include questions on aerobridge quality, Perth Airport pointed out some practical difficulties in undertaking this. For example the interviewers would have to explain what an aerobridge is and since surveys are done in the departure lounge under the ACI methodology, passengers will need to think back to their last arrival/departure from that airport. Perth Airport also suggested that passengers spend very little time in the aerobridge and are unlikely to notice the quality unless there was a very obvious issue, such as a leak.

In regards to the proposal to modify the current objective indicators to include a measure on the 'percentage of aircraft that received the use of an aerobridge when requested' Brisbane Airport submitted that it would not be possible to provide this information as the airport does not capture information on airline requests for aerobridges but only collects information on actual usage.

Melbourne Airport also did not support the inclusion of the proposed indicator. The airport explained that despite having agreements in place with its airlines on the percentage of aircraft that will not use aerobridges, airlines still request aerobridge on the day regardless of their commercial agreements. Furthermore Melbourne Airport noted that the airline scheduling, ground operations and upgrades to airport infrastructure also affect aerobridge availability.

In response to the proposed guideline Perth Airport reiterated that aerobridges at its airport are not essential to the movement of passengers and that the airport has recently constructed a new domestic terminal with no aerobridges in line with its users' requests. Perth Airport expressed concerns that the proposed objective measures for this *aspect* would not adequately capture the unique demand characteristics at Perth Airport and that Perth Airport's ratings for this *aspect* would be (paradoxically) negative despite its sizable investments. Moreover Perth Airport noted that these limitations would not be remedied by simply referring to these features in the commentary in the Airport Monitoring Reports. Perth Airport recommended two solutions

to address these problems: that passengers and airlines operating from its new domestic terminal be excluded from this *aspect* or alternatively that 'covered walkways' at the new terminal are deemed as aerobridges for the purpose of this *aspect*.

On the other hand the DoIT and border agencies supported the ACCC's continued use of existing objective measures, as well as the introduction of the objective measure on the 'the number of airlines requesting and using aerobridges'.

5.10.2 ACCC's view

The ACCC will continue to use existing objective measures and input from airlines on the issue of aerobridge usage. The ACCC will not introduce new objective or subjective measures for this *aspect*.

Perth Airport's submission notes that its recently constructed domestic terminal does not have any aerobridges which according to Perth Airport reflects the preference of some airlines. Qantas also made similar comments in response to the discussion paper noting that airlines are sometimes prepared to accept fewer aerobridge facilities to delay having to contribute costly terminal expansions.

In an effort to take into consideration this shift in users' demand regarding aerobridges the ACCC proposed in the proposed guideline to include an additional objective indicator on the 'percentage of aircraft that requested the use of aerobridges' in the monitoring program. However, in response to the proposed guideline the airport operators have cast doubt on the feasibility of collecting and providing data on requests for aerobridges. Airport operators submitted that airports typically only keep records of when aerobridges are supplied and not when requests are rejected.

As noted above Perth Airport also made suggestions of how this *aspect* could be updated to take into consideration recent changes in users' demand for aerobridges. For example Perth Airport suggested that either the ACCC could exclude its newly constructed domestic terminal from this *aspect* or include covered walkways in the measures for this *aspect*. The ACCC notes that while these proposals might reflect the characteristics of Perth Airport and partly reflect changes in users' demand, the ACCC does not consider covered walkways a close substitute for aerobridges.

Aerobridges remain an important part of the services and facilities provided by airport operators, particularly for international flights but also for the majority of domestic flights at the monitored airports. Notably, airlines are charged for the use of aerobridges and, therefore, this *aspect* relates directly to the ACCC's prices monitoring role.

Nevertheless, the ACCC notes recent trends suggesting a move away from the use of aerobridges and will continue to consider this issue in its analysis of this *aspect*.

In respect to the proposed guideline suggestion to extend passenger surveys to include questions on aerobridge quality, the ACCC agrees with stakeholders' concerns about the ability of passengers to accurately recollect perceptions of the standard of aerobridges once they have disembarked from the aircraft. As such the ACCC will not extend the passenger surveys for this *aspect*.

5.11 Runways, taxiways and aprons

The ACCC has previously only relied upon subjective indicators from airline surveys in its evaluation of 'runways, taxiways and aprons'. As such the ACCC's review sought comments on whether there were any additional sources of information that the ACCC could use in its evaluation of runways, taxiways and aprons for quality of service monitoring.

5.11.1 Issues raised in submissions to the discussion paper and the proposed guideline

In response to the ACCC's discussion paper, the DoIT and border agencies suggested that additional objective measures such as square metres of aprons available and length and width of runways could be added to this *aspect*.

Qantas and BARA on the other hand supported the existing subjective indicators for this *aspect* and noted that the airlines subjective surveys are complemented by the Airservices Australia data which is included in the ACCC's Airport Monitoring Reports.

Some airports questioned whether airlines were in the best position to provide relevant feedback on the standard of runways, taxiways and aprons. In particular, some airports noted that some airline survey results do not always reflect periodic improvements in quality, such as enhanced lighting and additional taxiways. Some airports also noted that investment in large infrastructure projects such as runways, taxiways and aprons are often the result of extensive consultation with airlines and accordingly both airports and airlines jointly bear responsibility for the infrastructure provided.

In the proposed guideline, the ACCC proposed that the DoIT consider amending the Airports Regulations to request that airports operators collect and provide the ACCC with information on the square metres of apron available and the length and width of the runway. Brisbane Airport noted that while it is able to provide this information to the ACCC, benchmarking in this area is difficult due to the significant influence of local circumstances such as airside lay-out and differences in airline operators. Perth Airport also commented on this proposal, and suggested that such reporting would be unnecessary as any such expansion would be well known and understood by the industry well before it is implemented.

The DoIT and border agencies on the other hand reiterated its support for the continued use of airline surveys in conjunction with the additional objective measures 'square metres of aprons available at 30 June in the financial year' and 'length and width of runways at 30 June in the financial year'.

5.11.2 ACCC's view

The ACCC will continue to use subjective indicators from airline surveys in its evaluation of 'runways, taxiways and aprons'. In addition the ACCC will commence reporting on a new objective measure described in the proposed guideline on 'square metres of apron' and 'square metres of runway', available on 30 June each financial year. To develop a meaningful measure of changes over time, the ACCC will express these measures in terms of total annual number of aircraft movements.

The ACCC reiterates its views expressed in the proposed guideline that airlines are an important direct customer of these services, that runways, taxiways and aprons are essential to the operation of an airline and that runways, taxiways and aprons relate directly to the movement of passengers for which there are no off-airport substitutes. Additionally, airlines are charged for the use of these services and facilities and therefore reporting on this *aspect* relates directly to the ACCC's price monitoring role. As such, runways, taxiways and aprons are an essential *aspect* of services and facilities provided by airport operators and are an important part of the ACCC's quality of service monitoring. As noted, the DoIT and border agencies also suggested two additional objective *criteria* that could be used to measure this *aspect*, 'square metres of aprons available at 30 June in the financial year' and 'length and width of runways at 30 June in the financial year'.

While the ACCC acknowledges Perth Airport's comments that investment in infrastructure such as those covered in this *aspect* would be well known and understood by users before it is reported on, the ACCC nevertheless notes that reporting on when these facilities were last upgraded might provide a useful reference point for the reader of the report and would complement comments made by airlines in its survey responses.

The ACCC agrees with Brisbane Airport that benchmarking the size, length and width of an airport's apron and runway with another airport would be difficult due to geographical differences and differences in the demand characteristics at each airport. Nevertheless, the ACCC considers that including additional objective indicators, such as those proposed by the DoIT and border agencies is appropriate, as they would assist in providing additional context to airline ratings and commentary, and would be helpful in assessing long-term trends at a particular airport.

It is acknowledged that investment in certain aspects of an airport's infrastructure is lumpy and is it is unlikely that indicators of size of such infrastructure as runways, aprons and parking bays will exhibit significant change over time. Nevertheless, expressing these measures in terms of aircraft movements could provide useful context when considering information on changes in airside capacity over time.

In considering these measures the ACCC will also take into account information on the number of terminal gates operating at monitored airports. It is not proposed to formally collect data on these indicators of airport size and capacity through its reporting templates. Rather the ACCC will seek airports' cooperation in obtaining information on terminal gates in order to provide additional context for data on runways, aprons and parking bays.

The ACCC acknowledges that the DoIT will need to consider any recommendations for regulation change on their merit and in consultation with the ACCC and the Treasury. If the DoIT considers it appropriate to make amendments to the Airports Regulations to require airports to collect and report on new objective indicators on the 'square metres of aprons available at 30 June in the financial year' and square metres of runways at 30 June in the financial year', the ACCC will use this objective data in its monitoring and evaluation of this *aspect*. The ACCC notes that wherever possible it prefers to use a combination of both subjective and objective data in its assessment of an airports operator's performance in respect to a particular *aspect*.

5.12 Aircraft parking facilities and bays

The ACCC evaluates the quality of 'aircraft parking facilities and bays' based on information obtained through surveys of airlines and objective data provided by the monitored airport operators. Together these indicators provide some information about the level of demand relative to capacity, which in turn might indicate, for example, the need for additional or new infrastructure.

The ACCC's review sought comments on whether there were any additional sources of information, particularly objective measures that the ACCC could use in its evaluation of aircraft parking facilities and bays for quality of service monitoring.

5.12.1 Issues raised in submissions to the discussion paper and the proposed guideline

Submissions received in response to the ACCC's discussion paper provided feedback and suggestions on alternative indicators which could be used to more accurately measure aircraft parking capacity relative to demand. As noted in the proposed guideline stakeholders suggested that a suitable alternative measure would need to consider not only the locations of the aircraft parking bay but also its ability to house different sized aircrafts and the demand characteristics at each particular airport. Suggestions ranged from reporting on the number of parking bays by precinct to reporting on the number of times an aircraft needs to be repositioned to and from its contact bays.

The DoIT and border agencies also made some recommendations to improve the objective measures for this *aspect*. The submission suggested that the ACCC consider reporting on the size of the parking bays, aircraft occupancy of parking bays both in an average hour and designated peak hour.

Given the complexities identified, the ACCC's proposed guideline sought comment on its proposal to request airports report not only on the number of aircraft bays available but also the size of these bays. Qantas noted its support for this proposal and suggested that trends in this measure over time will complement the airlines' feedback on availability of bays. Perth Airport also indicated its support for this proposal.

Brisbane Airport on the other hand questioned how this information would assist the ACCC in its assessments of the airport's apron quality as bay size is based on aircraft size. The airport suggested that any attempt to benchmark bay size would be difficult and irrelevant as bay sizes are reflective of the size of aircraft using that particular airport.

5.12.2 ACCC's view

The ACCC will continue to seek input from airlines on the issue of 'aircraft parking facilities and bays'. Aircraft parking facilities and bays are essential to the operation of airlines. As airport operators provide these services directly to airlines, they are an important *aspect* of the ACCC's quality of service monitoring. Information used in the ACCC's evaluation of this *aspect* can indicate whether there is a need for additional or new infrastructure.

As indicated in the proposed guideline, the ACCC will commence reporting on a new objective measure on 'square metres for aircraft parking bays available on 30 June each financial year'. To develop a meaningful measure of changes over time, the ACCC will express this measure in terms of total annual number of aircraft movements. The ACCC will amend its reporting templates to request that airport operators provide information on 'total area in square metres for aircraft parking bays on 30 June' in line with the requirements set out the Airports Regulations.

The ACCC agrees with Qantas and notes that trends in this measure will complement the airlines' surveys on the availability of aircraft parking bays. The ACCC agrees with Brisbane Airport that aircraft parking size at a particular airport should be determined by the size of the aircraft operating at that particular airport. Therefore the ACCC considers it appropriate that airline surveys are used to assist in the interpretation of these objective indicators. Airline surveys will provide an indicator of how well the current aircraft parking sizes are meeting user's demand.

5.13 Airside freight handling, storage area and cargo facilities

The ACCC collects information from airlines about the availability and standard of airside freight handling, storage areas and cargo facilities to evaluate the quality of this *aspect*.

The ACCC's review sought comment on whether there are additional sources of information, objective or subjective measures that the ACCC could use in its evaluation of airside freight handling, storage areas and cargo facilities for quality of service monitoring.

5.13.1 Issues raised in submissions to the discussion paper and the proposed guideline

The majority of stakeholders were supportive of the existing approach in monitoring this *aspect* and did not consider that any additional indicators were required.

The AAA was the only stakeholder to provide specific comments in response to this *aspect*. The AAA in response to the discussion paper noted that these facilities are predominantly the responsibility of airlines and freight handlers, and are generally not owned, managed or operated by the airport.

5.13.2 ACCC's view

The ACCC will continue to survey airlines to evaluate the quality of this *aspect* and does not propose any changes to the current approach. Airside freight handling, storage areas and cargo facilities are provided by the airport operators directly to the airlines, which have dedicated airfreight carriers for transporting cargo and passenger aircraft that also offer airfreight services. These services and facilities are therefore an important component of the quality of service that an airport operator provides.

5.14 Airport management responsiveness

The *criteria* used by the ACCC in its monitoring program includes an assessment of the airport operators' approach to addressing users' concerns. While airport management responsiveness is not an *aspect* specified in the Airports Regulations, the ACCC includes this measure as a way to gauge the commitment of airport operators to meet the reasonable needs of its users and to inform the Government about the airport operators' overall conduct. The ACCC has previously relied on airline and border agencies surveys to inform its assessment of the airport operators' management and responsiveness.

The ACCC's review sought comments on whether there were any additional or alternative sources of information and objective or subjective measures that could be used in the evaluation of airport management responsiveness. In particular, whether information about the airport operator's complaint handling process and/or processes for negotiating terms and conditions of access to, and investment in, aeronautical infrastructure could be included in the ACCC's monitoring program.

5.14.1 Issues raised in submissions to the discussion paper and the proposed guideline

The ACCC received a number of comments in relation to its suggestions in the discussion paper that airport operator's complaint handling process and/or processes for negotiating terms and conditions of access to, and investment in, aeronautical infrastructure could be included in the monitoring program. The majority of monitored airports opposed these suggestions. For example, Perth Airport explained that while it would be possible to provide information on complaints, it suggests that this information would be extremely difficult to use as complaints range from complex matters requiring material capital expenditure with long lead times through to relatively minor issues that can be quickly resolved. Likewise the airport did not support the inclusion of information relating to commercial negotiations, noting that the completion of commercial negotiations requires effective participation by both parties and that airlines can significantly influence the timeliness of negotiations.

Qantas also noted some practical difficulties with the ACCC's proposal. For example, negotiations between airlines and airports over new investment are typically held every five years or longer and as such information relating to these negotiations would not always be available for inclusion in the ACCC's annual Airport Monitoring Reports. Likewise while the airport's complaint handling process may be an appropriate measure of the airport's management responsiveness, airlines are not always aware of other complaints the airports receive (for example complaints from other airlines or passengers). Therefore, Qantas suggested that the ACCC would need to consider the most appropriate way to obtain this information and suggested that the airports could be required to maintain a confidential log of complaints categorised by issues raised and time taken to resolve the issue.

The proposed guideline acknowledged the difficulties and complexities relating to the inclusion of any information on commercial negotiations and/or the airport operator's complaint handling process. As such the proposed guideline did not consider any additional measures be added to the monitoring program at this stage.

Perth Airport was the only monitored airport to raise concerns in response to the discussion paper on the relevance of this measure and suggested that it should be excluded from the

monitoring program. In support of its position Perth Airport noted that responsiveness in resolving complaints goes both ways and that in its opinion, airlines have shown poor participation in forums that are designed to address complaints.

Apart from Perth Airport, the majority of stakeholders' submissions in response to the discussion paper were either silent on the appropriateness of this measures or supported the ACCC's current approach. As such the proposed guideline suggested that the ACCC will continue to survey users and include survey results on 'the airport operator's overall responsiveness or approach to addressing quality of service problems or concerns' in the monitoring program. The proposed guideline also proposed to extend this measure to include other airport users such as landside operators and ground handling service providers and to discontinue surveying border agencies in line with the proposed guideline's proposal to exclude border agencies from the monitoring program.

In response to the proposed guideline Perth Airport reiterated its earlier comments and noted its disagreement to include landside operators and ground handling operators in these surveys. The airport noted that both groups of operators are small, biased and have little understanding on the overall cost to deliver their requests.

5.14.2 ACCC's view

The ACCC will continue to seek input from airlines and other airport users on the issue of airport management responsiveness. While the ACCC acknowledges that this is not one of the *aspects* listed in the Airports Regulations, the collection of this information is consistent with the objectives of price and quality of service monitoring and the aeronautical pricing principles⁵:

- prices (including service level specifications and any associated terms and conditions of access to aeronautical services) should
 - be established through commercial negotiations undertaken in good faith, with open and transparent information exchange between the airports and their customers and utilising processes for resolving disputes in a commercial manner (for example, independent commercial mediation/binding arbitration)
 - reflect a reasonable sharing of risks and returns, as agreed between airports and their customers (including risks and returns relating to changes in passenger traffic or productivity improvements resulting in over or under recovery of agreed allowable aeronautical revenue)
- service-level outcomes for aeronautical services provided by the airport operators should be consistent with users' reasonable expectations.

As noted in section 4.4, the ACCC intends to commence consultations with landside operators in relation to this *aspect*. These businesses are likely to have a relationship with the airports and could provide insights into the airport operator's conduct. In regards to landside operators, the ACCC notes that this information would complement its monitoring role and would be consistent with the Government's response to recommendation 11.1 of the PC's 2011 inquiry report, in which it agreed in-principle with the reporting on landside transport access charges and associated revenues.

Apart from surveying landside operators and ground handling service providers in relation to airport management responsiveness, the ACCC does not propose to introduce other indicators on this *aspect*.

⁵ The aeronautical pricing principles set out the Government's expectations on the pricing behaviour that should apply to the provision of aeronautical services by major airports. Although the principles provide broad guidance on appropriate outcomes they have not been enacted in legislation. The aeronautical pricing principles were revised in the Government's response to the PC 2006, *Review of price regulation of airports services* and can be found at <http://www.treasurer.gov.au/DisplayDocs.aspx?pageID=&doc=pressreleases/2006/016.htm&min=phc>.

5.15 Airport access facilities (taxi facilities, kerbside space for pick-up and drop-off)

In its quality of service monitoring, the ACCC uses subjective measures from passenger surveys to evaluate airport landside access facilities. The ACCC has not previously received any objective information from the airports or surveyed any other user in relation to this *aspect*.

The ACCC's review sought comments on whether there were any additional or alternative sources of information, objective or subjective measures that could be used in the evaluation of airport landside access facilities. In particular, in the proposed guidelines the ACCC recommended that airports be required to collect data on the capacity of services and facilities provided to landside operators, such as the square metres or length of the taxi facilities or the designated pick-up and drop-off spaces used by off-airport operators. In addition, the review queried whether there was information available regarding the airports' complaint handling processes and/or the processes for negotiating terms and conditions of access to landside infrastructure that could be used in this *aspect*.

5.15.1 Issues raised in submissions to the discussion paper and the proposed guideline

In response to the discussion paper BARA, Qantas, Andrew's Airport Parking, and the DoIT and border agencies recommended that the ACCC develop a more comprehensive set of indicators related to airport landside access. Qantas noted that airport operators are often required to provide dedicated and expensive parking and road infrastructure for taxis and other landside operators and that the ACCC should consider an additional indicator that would cover these services. Qantas noted that taxi services are critical for business and leisure travellers, particularly if public transport options are limited or parking costs at the airport are prohibitive.

The monitored airport operators did not consider that any additional measures should be added to this *aspect*, while other stakeholders suggested that as a complement to passenger surveys the ACCC could seek information from:

- taxi operators – covering the adequacy and quality of taxi waiting areas and the efficiency with which taxis can pick up and drop off passengers at the airport
- off-airport parking providers – covering the adequacy and ability of the providers to pick-up and drop-off passengers at the airport.

The DoIT and border agencies' submission to the discussion paper noted that while they supported the continued use of passenger surveys in relation to this *aspect*, they also noted that airport operators are not entirely in control of passengers' waiting time for taxis. Conversely Qantas suggested that airport operators are able to significantly influence the accessibility of taxi services.

On balance the ACCC agreed with the DoIT and border agencies that airport operators are not entirely in control of passengers' waiting time for taxis. The proposed guideline therefore proposed the removal of passenger surveys on waiting time for taxis from the *criteria*. However, the proposed guideline recommended that the airport operators extend their passenger survey questions to include questions on the quality and congestion of public kerbside pick-up and drop-off facilities provided by the airport operator. The proposed guideline noted that passengers' responses to these questions would more accurately reflect the airport operators' performance in relation to this *aspect*.

In acknowledgment of comments made by stakeholders regarding the services and facilities provided by the airport operators in relation to this *aspect*, the proposed guideline suggested that the ACCC commence surveying landside operators regarding the availability and standard of these services and facilities. Additionally it was proposed that the DoIT consider amending

the Airports Regulations to require airport operators to collect and provide data on objective indicators such as the:

- capacity and availability of public pick-up and drop off facilities
- capacity of facilities provided for taxi services
- capacity of facilities provided for landside operators.

The ACCC received strong opposition from airport operators to its proposal to undertake landside operator surveys in relation to this *aspect*, which is discussed in more detail in section 3.4.5.

In addition to feedback on proposed landside operator surveys, Sydney, Brisbane and Perth airports provided specific feedback in relation to other measures discussed in the proposed guideline. For example, Brisbane Airport noted that while it is able to provide information on the capacity and availability of public pick-up and drop-off facilities, it expressed concerns that benchmarking these *criteria* would be difficult due to the significant influence of local conditions such as existing terminal buildings and road infrastructure. Perth Airport on the other hand suggested alternative wording of one of the passenger surveys. That is, instead of requesting passengers to rate the standard of facilities for taxis, the airport suggested that a more appropriate question would be to ask passengers to rate the 'facilities for kerbside taxi pick-up and drop-off'. Sydney Airport was concerned that objective indicators, including time-series data, could be misinterpreted as resulting from inadequate investment in landside access or poor quality services, especially if compared with other airports. Sydney Airport preferred passenger surveys, stating that these give the ACCC all the information it needs for monitoring.

The DoIT and border agencies, the ATIA, the NSW Taxi Council and Andrews Airport Parking supported the approach in the proposed guideline; however the ATIA and the NSW Taxi Council provided some additional suggestions in relation to the ACCC's proposal.

The ATIA supported the ACCC's recommendation that airport operators be required to collect and report on objective data on the capacity of services and facilities provided to landside operators (particularly taxis). The ATIA suggested that the objective measures should also include details on:

- central holding area data about size, facilities, control arrangements, ingress and egress arrangements, and proximity to terminal ranks
- terminal Ranks data about size, control arrangements for taxis, passenger queuing infrastructure and support, ingress and egress arrangements, and proximity to terminal baggage areas
- taxi drop-off area data about size, congestion management arrangements and proximity to terminal departure areas
- arrangements and infrastructure for wheelchair accessible taxis and the assistance provided to or from pick-up/drop-off points and the terminal building for persons with disability.

The NSW Taxi Council requested that the ACCC seek data on the total movement of passengers, including data on the movement of taxi vehicles, on a daily basis to and from Sydney Airport. The Council suggested that this information is important in determining the overall performance of the Sydney Airport precinct and therefore it should be made available as part of the monitoring program.

5.15.2 ACCC's view

Airport users require access to the airport land and terminals. Airport users can access airports by, for example, private vehicles, taxis, hire cars, buses, rental vehicles and bicycles. Further, users accessing the airport in private vehicles may be dropped off or picked up, or they may park on a short-term or long-term basis. Airport operators control access to a key input for the supply of these travel options—airport land—which is a bottleneck facility.

Given that landside access is critical for alternative travel options that compete directly with the airport operators' on-airport car parking services, the ACCC also reports on airport access as it is complementary to the ACCC's formal price monitoring role for car parking services. Moreover the provision of these services relates directly to the movement of passengers and is an essential *aspect* of the ACCC's monitoring function.

The ACCC therefore will continue to seek input from airport users on the issue of airport access and facilities. Given the issues raised by stakeholders regarding landside operators' access to airports and the facilities they are provided, the ACCC will engage with landside operators in relation to this *aspect*. As noted in section 4.4.2, the ACCC will engage with taxi operators, in particular their industry association, and other providers of alternative off-airport parking services through a consultation process involving a survey with a set of targeted questions on the availability and standard of services and facilities for taxi services and for passenger drop off and pick up.

The ACCC will seek operators' views on the availability and standard of airport access facilities to provide context to the monitoring data. The ACCC notes that the monitored airports will be given the opportunity to provide information regarding the services and facilities they provide to landside operators. Additionally the airports will also be given an opportunity to clarify or respond to points raised by landside operators when the individual airports chapters are circulated to airports prior to finalising the Airport Monitoring Report.

In recognition of the importance of landside access to airports, growing concern about possible congestion at some of the monitored airports, and as a complement to passenger surveys, the ACCC considers that it is appropriate to introduce additional objective indicators: one on capacity provided to landside operators, including taxis and providers of alternative off-airport parking services, and one on the capacity provided for public passenger pick-up and drop-off facilities.

As noted, in the proposed guidelines the ACCC recommended that airports be required to collect data on the capacity of services and facilities provided to landside operators, such as the square metres or length of the taxi facilities or the designated pick up and drop off spaces used by off-airport operators. Having regard to the fact that stakeholders did not raise specific concerns with the provision of this data, the ACCC recommends that the DoIT consider amending the Airports Regulations to include two additional objective indicators:

- the ACCC recommends that airports be required to collect data on the capacity of terminal kerbside services and facilities designated for passenger pick up and drop off provided to landside operators, such as taxis, and providers of other off-airport parking services, measured in terms of the number of standard car park spaces⁶

⁶ For the purposes of the ACCC's monitoring program for airport quality of service, the nominal length of a standard car park space is 5.4 metres. See Australian / New Zealand Standard (2004), *Parking facilities Part 1: Off-street car parking*, page 12, Standards Australia International Ltd.

- The ACCC recommends that airports report on the capacity of services and facilities designated for passenger pick-up and drop-off provided to the public at no charge, measured in terms of the number of standard car park spaces⁷:
 - at terminal kerbside
 - at designated waiting areas

The ACCC acknowledges concerns by stakeholders, notably Brisbane Airport, about difficulties with benchmarking criteria on this aspect. The approach by airports to providing services and facilities designed to deal with airport access may reflect a number of factors unique to each airport. Among other things, the configuration of airports, the topographic characteristics of airport sites and surrounding precincts, and the nature of the public (road and rail) transport system leading to airports impact on landside access issues.. As noted in the revised Guidelines, the objective of the ACCC's quality of service monitoring is to compare relative changes in airport operators' performances over time. The ACCC's quality of service monitoring program does not seek to benchmark the performance of services and facilities at one particular airport against another, nor does it seek to set the minimum standard of services at any particular airport. There are no provisions in the Airports Act or the Airports Regulations for the ACCC to set the standard of monitored services supplied by the airport operator.

5.16 Car parking services facilities

The ACCC evaluates car parking service facilities provided by the airport operators with both objective and subjective *criteria*.

The ACCC's review sought comment on whether there are additional or alternative sources of information, objective or subjective measures that the ACCC could use in its evaluation of airport car parking services.

5.16.1 Issues raised in submissions to the discussion paper and the proposed guideline

The majority of stakeholders made no substantive suggestions to change the exiting measures for this *aspect*. Qantas and BARA were the only stakeholders to suggest that additional measure relating to staff car parking be added to this *aspect*.

Perth Airport was the only airport to note that it does not currently capture or report on staff parking, as some staff bays are combined with public bays.

5.16.2 ACCC's view

The ACCC will continue to seek input from airport users on airport car parking services on the basis that it directly relates to the ACCC's prices monitoring role in relation to airport car parking. The ACCC will continue to request that monitored airports provided information on the number of staff parking spaces as at 30 June.

5.17 Airservices Australia data

Airservices Australia has previously provided on a voluntary basis data to the ACCC to indicate the adequacy of airport runways to handle airline traffic. This information has complemented airline surveys which provide information on users' perceptions of runway, taxiway and apron *availability* and *standard*. Airservices has advised the ACCC that as of April 2012, they will no longer collect the data previously supplied to the ACCC.

⁷ Ibid.

The ACCC's review sought feedback on the use of this data in the Airport Monitoring Reports and its proposal to discontinue publication of this measure in its current format.

5.17.1 Issues raised in submissions to the discussion paper and the proposed guideline

In response to the discussion paper the AAA and Brisbane Airport noted that it was unclear as to the precise nature of the Airservices data and as such did not consider it appropriate for the ACCC to collect and report on this data in the Airport Monitoring Reports. In response to the proposed guideline Brisbane and Perth airports indicated their support to discontinue the use of Airservices data in its current format in the Airport Monitoring Reports.

However, Qantas expressed its concerns with the possibility of not collecting and reporting on any Airservices data as part of the monitoring program. Qantas and the DoIT in conjunction with border agencies again noted that Airservices data provides an unbiased and impartial view as to the capacity and efficiency of Australia's airports and forms a check and balance against comments provided by airlines. Qantas urged the ACCC to explore alternative data options with Airservices which would provide an independent view of airport capacity.

5.17.2 ACCC's view

Given the views expressed by Qantas, the DoIT and border agencies the ACCC agrees that Airservices data could form a check and balance against comments provided by airlines in response to their perceptions of the *availability* and *standard* of runways, taxiways and aprons.

To this end, the ACCC is liaising with Airservices on alternative data sets, that could be used in the Airport Monitoring Reports and that would give some indication of airport capacity.

5.18 Overall quality of service ratings

As a means of communicating general observations about an airport's performance the ACCC has presented in its Airport Monitoring Reports an overall rating for quality of service alongside the price monitoring indicators. The ACCC has aggregated the quality of service results to derive an overall view of the average quality of service provided by the airport operators.

Importantly, however, while the overall ratings are presented in the ACCC Airport Monitoring Reports, they are not relied upon in the ACCC's analysis or assessment of the airport operators' conduct and performance. Rather, performance is monitored by assessing quality of service indicators for individual services, average results across a number of services from surveys of airlines, passengers and border agencies, in conjunction with the results of price monitoring.

The ACCC as part of its review has sought feedback on its approaches to calculating and reporting overall ratings in the Airport Monitoring Reports.

5.18.1 Issues raised in submissions to the discussion paper and the proposed guideline

The majority of monitored airports, the AAA and the DoIT and border agencies, in response to the discussion paper, noted that they were not supportive of the ACCC's approach in calculating and reporting on overall ratings and rankings in the Airport Monitoring Reports.

The BARA was the only stakeholder to express its full support for the ACCC's approach in calculating the overall rating and ranking for quality of service and its use in the Airport Monitoring Reports. Qantas on the other hand supported the calculation of overall ratings within each of the category groupings but did not support calculation of an overall rating for each airport, as it has the potential to distract from the findings of the survey in particular areas.

Likewise the DoIT and border agencies also expressed concerns regarding the use of overall quality of service measures in the Airport Monitoring reports. The submission suggested a number of alternative methods to display the overall results so as to prevent the reader from making any cross-airport comparisons.

Perth Airport expressed the strongest opposition to the ACCC's approach to calculating and reporting on overall ratings and rankings in the Airport Monitoring Reports. Perth Airport in its response to the discussion paper submitted that the ACCC should discontinue its overall quality of service calculations and reporting practices as they encourage the reader to assume the principal purpose of the Airport Monitoring Reports is to rank or compare airports. Perth Airport questioned the usefulness of these calculation and rankings, given the ACCC does not use this information in its analysis and appears to support the conclusions made in the 2011 PC inquiry report that trends over time at a given airport are more significant than comparisons across airports.

Perth Airport was the only stakeholder to provide comments on this issue in response to the proposed guideline. In its supplementary submission Perth Airport reiterated its previous concerns noting that the ACCC had not provided any rationale for its practice of ranking airports, or in fact explained how this practice is related to the ACCC's statutory mandate of identifying misuses of market power. Perth Airport's supplementary submission went on to suggest that these reporting practices were misleading, distracting and did not aid the Government, airlines or the public in their assessment of airport service quality. Perth Airport suggested that a more appropriate approach to reporting on quality of service and reporting on the monitoring results more generally would be for the ACCC to produce separate reports for each airport.

5.18.2 ACCC's view

The ACCC understands stakeholders' concerns about how monitoring information is reported and is mindful of these concerns when drafting the Airport Monitoring Reports.

Apart from BARA most stakeholders were not in favour of the ACCC continuing to publish an overall quality of service rating. In most cases the concern was expressed that these ratings gave the incorrect impression that one of the key objectives of the monitoring report is to provide relative rankings of airports' *overall* service levels. In brief, most stakeholders argued that the publication of the *overall* ratings in a single table or chart promoted the notion of cross-airport comparisons.

Transparency is an important element of the airport monitoring regime and to this end the ACCC seeks to communicate the report's findings to a wide audience. The ACCC considers that *overall* ratings, along with the price monitoring indicators, provide the ACCC with a useful means of communicating some general observations about the airports' performance. An *overall* rating provides a quick reference or means of indicating whether, on average, quality has changed at a particular airport.

The ACCC is mindful that the Airport Monitoring Reports are typically large and complex documents containing significant quantities of data and analysis. The *overall* ratings provide a snapshot of an airport's average performance across all its aeronautical services. A time series of these ratings show changes in an airport's average service levels over time. Publishing airports' *overall* ratings provides readers with a broad overview of changes in average service levels over time at each airport. The publication of *overall* ratings for each airport improves accessibility to some of the key findings in the Airport Monitoring Reports.

The ACCC stresses, however, that while the *overall* ratings are presented in the report, they are not used in the ACCC's analysis or assessment of the airports' conduct and performance. Importantly, the *overall* ratings are not used as measures of absolute standards of service.

That said, the ACCC proposes to continue the approach of focusing its analysis on trends over time for those aeronautical services and facilities that the airport operators have significant control.

Additionally it should be noted that in respect to consultation with landside operators and ground handling services providers, the ACCC does not intend to include information gathered from its consultation with these businesses in its *overall* rating of the airports' services and facilities.

The ACCC notes that changes to the quality of service monitoring program outlined in this paper may affect comparisons of overall results over time.

5.19 Reporting requirements by airports

Schedule 2 of the Airports Regulations sets out the *matters* the monitored airports are required to keep a record of and supply to the ACCC. The regulations also stipulate that this information needs to be verified by statutory declaration and supplied to ACCC within one month of the end of the financial year.

The ACCC as part of its review sought feedback from interested parties on the reporting deadline set out in these regulations. In particular the ACCC sought feedback from interested parties on its proposal that the DoIT consider amending the Airports Regulations to extend the reporting deadline for quality of service monitoring to 90 days following the end of the financial year. This would bring the reporting deadline for quality of service information in line with the reporting deadlines for price monitoring and financial reporting, which are also set out in the Airports Regulations.

5.19.1 Issues raised in submissions to the discussion paper and the proposed guideline

Perth and Brisbane airports both expressed their support for the ACCC's proposal for amending the Airports Regulations to extend the reporting deadline for quality of service monitoring data from one month after the end of the financial year to 90 days following the end of the financial year.

The DoIT, in its submission to the proposed guideline, agreed with the ACCC's proposal to extend the reporting deadline for quality of service monitoring information. However, the DoIT noted that it will need to consider any amendments to the Airports Regulations on their merit and in consultation with the ACCC and the Treasury. The DoIT also noted any such consideration would be subject to legal advice.

5.19.2 ACCC's view

Given stakeholders' support for aligning the reporting deadlines for quality of service and financial reporting, the ACCC recommends that the DoIT consider amending the Airports Regulations to this effect. The ACCC acknowledges that the DoIT will need to consider and if appropriate progress any amendments to the Airports Regulations.

If the DoIT consider there is merit in this change and the Airports Regulations are amended, the ACCC, following any such regulation change, will make the necessary changes to its information requests. At the time of writing this document, section 8.03 of the Airports Regulations requires the monitored airport operators to give a copy of its records to the ACCC within one month after the end of financial year. The ACCC anticipates that the Airports Regulations will be amended to extend this reporting deadline to 90 days following the end of the financial year. However, until such time, the monitored airport operators are advised that to ensure compliance with the Airports Regulations they will still need to provide quality of service monitoring data to the ACCC one month from the end of the financial year.

As noted in the ACCC's previous consultation documents, the ACCC has been willing to accept quality of service data after its due date if the airport operators have provided a reasonable explanation.

