

**SUBMISSION FROM ANDREW'S AIRPORT PARKING (MELBOURNE & BRISBANE), BUSY BEAVER AIRPORT PARKING (MELBOURNE) AND GATEWAY AIRPORT PARKING (BRISBANE)
TO THE ACCC'S ENQUIRY INTO AIRPORT QUALITY OF SERVICE MONITORING**

Andrew's Airport Parking, Nudgee Road, Hendra, Brisbane ("AAPB")

Andrew's Airport Parking, Mickleham Road, Tullamarine ("AAPM")

Busy Beaver Airport Parking Tullamarine Park Rd, Tullamarine ("BBAP")

Gateway Airport Parking, MacArthur Avenue, Hamilton, Brisbane ("GAP")

(collectively "the Group, we, us, our")

Please find following the Groups submission in relation to clauses 6 (generally) also clauses 7.15, 7.16 and 7.17 specifically of the ACCC's Airport Quality of Service Monitoring:

Introduction

The Group are all off-airport car parking companies with branches located in close proximity (5-7 kilometres) to the international and domestic airports in Melbourne and Brisbane. Each business involves customers dropping their vehicles at our off-airport parking station and then being transported in a courtesy bus to their respective airport departure terminal. Upon return, the customers are collected from near their arrivals terminal and returned to their vehicles parked at each off-airport parking station.

Each business obtains airport access by way of a licence agreement granted by the airport operators. The licence agreement permits each business restricted airport precinct entry and usage rights, subject to payment of licence fees by each business to the airport operator.

Each business operates its car parking business in direct competition to on-site airport car parks operated by both of the above airports and other off-site airport car parking operators, giving the Australian travelling public the ability, to have a choice with respect to their Airport Parking needs.

Airport access is critical to the conduct of the Group businesses.

Since the privatisation of Melbourne Airport in 2001, and the commencement, at Brisbane Airport, of AAPB in 2006, GAP in 2010 and BBAP in 2011 each business of the Group has been paying access fees for courtesy buses to use the General Transport Operators ("GTO") lane at Brisbane Airport and the public collection and drop off lanes at Melbourne Airport. This is standard practice at most international and domestic airports around the world, and we are strongly aware of the need for major airports to charge such fees for the upkeep of their access roads and associated infrastructure.

What concerns our businesses most are the following matters each of which are significant concerns the ACCC should address in its ongoing service monitoring obligations. These concerns are:

1. The amounts that we (and no doubt others) are charged for airport access and the propensity of the airport operators to increase those access fees without any explanation or prior notification to off-site car parking operators like us;
2. The location and changes in location of collection and drop off points for our joint customer passengers;

3. The difference between management of Melbourne Airport compared to that of Brisbane Airport. In particular the Melbourne Airport Management Team (MAMT) have been proactive, consultative and above all have actively engaged with us in meaningful communications regarding their proposed changes and future developments that can, may or will have a direct impact on us and our commercial activities. Furthermore, MAMT have recently conducted surveys specifically in relation to the off airport parking operators and future changes. Following completion and collating of the results of this survey, MAMT again met with representatives of the Group to discuss their findings and gain our input into their suggested changes. Whilst we don't agree with everything they have suggested, they have taken on board our feedback and we are on the right road to building a mutually beneficial and respectful working relationship with the MAMT.

The Brisbane Airport Management Team (BAMT) on the other hand are almost exactly the opposite. They are not proactive, consultative and nor have they engaged in any meaningful communication with us. Any discussions we have had or endeavoured to have with BAMT have in our view been conducted by them in an unnecessarily and unreasonably strained manner. The BAMT's attitude appears to be very similar (even familiar) to that experienced by airlines as stated by the ACCC in its quality of service enquiry documentation as one of "take it or leave it". The discussions also seem to be done on a commercially inequitable basis even at times seemingly aware of the underlying market power they can exercise if necessary. Regrettably there have been a number of strained and difficult negotiations that we have encountered in our dealings with BAMT. These have created for us, unnecessary operational and commercial stress and burdens, not only on the AAPB and GAP business activities but also for our joint customer passengers. For example, BAMT do not conduct surveys involving our businesses and we believe do not otherwise conduct surveys of like businesses. They do not invite us (and we believe do not invite others) to contribute or have any input to any of their decision making processes that may impact on our business and joint customer passengers. Whilst BAMT have conducted some irregular meetings for the GTO operators, these meetings have been to simply inform us of what they have decided and are doing. Regrettably they rarely if at all take on board any later feedback, suggestions or alternate recommendations that we might make and which we believe and at times to our cost and detriment, are probably more sensible, efficient and customer passenger friendly.

More recently the BAMT attempted to relocate our domestic collection point to another point located past the current Qantas Valet parking area, which for our joint Qantas customer passengers would have been acceptable. However, for our joint Virgin customer passengers, it was an unacceptable decision to expect them to walk the considerable extra distance especially the elderly, those with heavy bags and the young families with small children. BAMT cited many reasons for the change including traffic congestion, complaints from other operators that our fee structure was not the same as theirs and in general that we were not paying enough money via our yearly fee agreements to continue to use the current GTO collection area compared to the other operators that use this GTO area. We argued that we were a high end user and are in the top few who pay the most amounts in access fees on a yearly basis to use this area. However BAMT were adamant that we should pay the same price as a user who uses the GTO area once or twice a month – we disagreed with this. BAMT also attempted to use traffic congestion issues as another reason to move us away from the current GTO area and even after pointing out to BAMT that the area we used was not congested and that the congestion and congested areas were a direct result of the public, at peak times, using the public pick up and set down lane, they still did not agree. More recently at the domestic terminal, BAMT closed their newly created public collection area, after being open only a short time. It was located next to the second rear multi stack car park. It was closed (we understand by BAMT) due to a massive number of public complaints about the extended distance they were expecting people like those above to walk.

As we did not agree to the move to this new collection area, we attempted to suggest other alternatives to BAMT, all of which were promptly rejected. Again we attempted to have discussions with BAMT about this. Regretfully those discussions and negotiations were again unnecessarily difficult, strained and prolonged. Thankfully a solution was found that in the end was our idea, where we suggested that we use the GTO area on a reduced time frame. Our current licence agreement allows us to enter and remain in this area for 25 minutes – we suggested reducing the time to 10 minutes under the same fee arrangement and BAMT agreed to trial this suggested solution commencing in January 2013. Whilst we believe this is a fair and reasonable outcome, BAMT have only agreed to trial this solution for 3 months. It is likely therefore that we will again be engaged with the BAMT in more ongoing difficult and strained discussions with the underlying tone of “take it or leave it” with market power issues being evident again.

Even after the above was adopted, which represents a loss to us, BAMT then proceeded to inform us that our fees would be increasing in 2014 when both licence agreements for AAPB and GAP expire. Whilst we understand that fees need to increase, we believe that again the underlying attitudes and tone will simply and unnecessarily continue yet again. These attempts to further increase our fees which we believe are already excessive, will again jeopardise the level of service provided to our joint customer passengers.

In view of the large number of joint customer passengers that off-site operators handle each year and especially in view of the size and number of off-site airport parking numbers, the ACCC should consider including as part of its objective survey of airport services and facilities (or forming part of a standardised passenger survey), a distinct category to allow for a survey of taxi, hire car and off-site airport car park operators of the quality of airport services and facilities. It could be similar in nature to the Border Agency Surveys and also include a rating scale adequacy measure.

For the first five years, the licence fees paid by AAPB for access to Brisbane Airport have increased by 134%, which is an average annual rate of nearly 27% – over eight times the current average CPI of 3%. This is despite the fact that there has been a significant expansion in the number of off-airport site parking operators doing business at the airport, which should have the effect of reducing the per-operator costs of infrastructure maintenance and improving joint customer passenger service.

As both airports are the major competitors of off-airport parking operators, it may be that there are benefits other than direct revenue increases for the airports themselves. By increasing airport access fees, the airport operators can restrict or even prevent their off-site rivals from charging competitive rates, as well as enabling the airport operators themselves to charge higher fees for their own on-site parking facilities. It may be no coincidence then that Brisbane, Melbourne and Sydney airports charge the highest car parking rates in Australia, and also the highest access fees for off-airport site car parking operators.

In releasing its Airport Monitoring Report 2009-10 in February 2011, the ACCC said its findings suggest that Melbourne Airport “*imposes excessive access levies and controls the available space for [off-airport parking and private bus] operators, [which] affects those operators’ own prices, convenience and, therefore, attractiveness to consumers*”.¹ While it found only “*mixed indicators*” that Brisbane and Sydney airports are earning monopoly rents, its consultation with the industry “*suggests that levies imposed by Brisbane and Sydney airports on off-airport parking and private bus operators reduce the ability of these businesses to compete with on-airport car parking to some degree*”.²

¹ <http://www.accc.gov.au/content/index.phtml/itemId/971558/fromItemId/142>

² ACCC, Airport Monitoring Report 2009-10, p.72. Available at: www.accc.gov.au/content/index.phtml/itemId/970895

As all of Australia's international and domestic airports continue to grow and expand, it is clear that their operators must develop close, meaningful, commercially realistic and transparent relationships with the operators of commercial off-airport car parking sites. We believe that such cooperation holds a critical key to the future of joint customer passenger convenience, efficiency, access to and affordability of the airports themselves, and the reputation of Australia's travel industry as a whole. For this reason, we would urge the ACCC – as well as all Australian airport operators – to give full and proper consideration to the recommendations in this submission.

AAP & GAP, Brisbane Operations

AAPB opened at Nudgee Road, Hendra Qld, in June 2006 and GAP at MacArthur Road, Hamilton Qld in July 2010. Our AAPB operation is a similar distance from the airport as our Melbourne AAPM operation, but, with fewer places, is about 25% smaller than our Melbourne operation. As parking rates are similar, all other costs and revenues reflect this lesser percentage.

The Domestic Terminal at Brisbane Airport provides a separate access lane for transport operators like AAPB and GAP, with vehicle entry restricted by an electronic vehicle recognition system to licensed operators. AAPB and GAP buses (and those of the other six current Qld off-airport parking operators) use this separate access lane to drop off and collect customers. Licensed off-airport parking operators are permitted to use the public pick-up lane for drop offs however no licensed off airport parking operators are permitted to conduct any collections from the public lanes at the Domestic Terminal.

At the International Terminal, which is a separate building located approximately 2 kilometres from the Domestic Terminal, AAPB & GAP are permitted to use the public drop-off lane to deliver our customers, but are required to use a separate pick-up area (also controlled by an electronic vehicle recognition system) to collect our customers. This collection area requires passengers to walk 200 metres from the terminal building and then look for the AAP bus (or those of another off-site parking operator) in a large and busy car-park entirely devoid of signage.

Since the inception of AAPB, Brisbane Airport has built 2 more multi stack undercover car parks and removed the only outdoor car park that was available directly in front of the Domestic terminal. This has left the Brisbane Airport with 2 multi stack car parks in front of the Domestic Terminal, 1 multi stack car park in front of the International and no available outdoor parking. It is our belief that these changes have put pressure on the revenues generated through these car parks due to the fact that consumers using Brisbane Airport can only park undercover at higher prices, for which many consumers can either not afford to pay or prefer to park outdoors at cheaper rates. With significant funds invested into building these car parks, coupled with what we believe to be a low occupancy rate, this in our view has put significant pressure on BAMT to increase their parking and other revenues.

Unlike Melbourne Airport, where concerns about accessibility and costs are either directed through an association of off-airport parking operators set up specifically to negotiate with the airport operator or directly to the MAMT, no such group or forum exists at Brisbane Airport. The BAMT has therefore been able to increase its access fees without any apparent transparent scrutiny by, or explanation to, or discussions with, or survey of individual off-airport site transport operators.

Access Fees: A Critical Bottom Line

For the first five years of AAPB's operation from 2006, access fees for its courtesy buses to access the secured GTO lane have, as already stated, risen by 134%.

While AAPB has grown steadily to become a successful private off-airport car parking company in Brisbane, its profits have been progressively eroded by the ever growing access fee charge, which if not reasonably, transparently and commercially managed by BAMT may threaten prospects for a long-term commercially sensible development strategy and success for all involved, including the ability for the Australian travelling public to have access to value for money Airport Parking.

For its part, Brisbane Airport appears to have avoided transparent scrutiny over the size and evolution of its off-site car parking related business and activities. Its declarations to the ACCC in 2009-10 raise more questions than they answer about the financial contributions of all registered off-airport parking providers, as collectively we are reported to have produced total revenue to the airport operator of \$128,000 in 2009-10³. Based on AAPB's airport usage expenses as above, it would appear that only a nominal amount has been received by Brisbane Airport from the other off-airport site operators, which combined together are considerably larger than AAPB's operations.

In addition, the data rendered to the ACCC by BAMT on modes of transport accessing the airport, omits to make reference to or recognise the sizeable contribution of its off-airport car parks, which are simply grouped together with the 83% of transport reported as '*private vehicles*'.⁴ Such an omission suggests BAMT may perhaps view the role of off-airport car parks more as hostile competitors than as economically complementary businesses providing a vital and value-adding service to its passengers. Whilst BAMT may maintain that the data it has reported to the ACCC is complete and accurate, and that it has no control over what data the Commission publishes, the BAMT data may have inadvertently led the ACCC to surmise that off-airport parking seems to be "*less popular with airport users at Sydney and particularly Brisbane airports*"⁵. This assertion was made despite the fact that, we estimate that there are over 5,000 off-airport parking spaces, or almost 40% of the total available parking spaces, at Brisbane Airport.

A Costly Comparison: Brisbane and Melbourne Airports

While our AAPB operation is 25% smaller by capacity than our Melbourne AAPM operation, AAPB now pays airport access fees that are 36% higher than those levied on our Melbourne operations. These fees have been the single largest factor in AAPB finding it necessary to increase our own parking charges over the past six years. These parking charge increases have been kept to a lesser level than the increases in our airport access charges in recognition of AAPB's competitive market, not to mention being held to a level that can compete with the airport's own parking facilities, which attract no access fees.

One might expect that the growing number of off-airport car parks opening in recent years would, through market forces alone, have reduced both parking prices and access fees. In fact, in both cases, the opposite has occurred. Five years after Brisbane introduced its GTO access fee for AAPB, no

³ Ibid, pp. 70, 161.

⁴ Ibid, p.67, Chart 3.5.1.

⁵ Ibid, p.67, Chart 3.5.1.

information has yet been forthcoming about how these charges are calculated, nor how they relate to the maintenance and servicing of access infrastructure. The airport itself has continued to grow exponentially; a recent federal report suggested that Brisbane will be the fastest growing airport in the country, with a projected 172% increase in passenger numbers to over 51 million passengers a year by 2029-30.⁶ Yet this thriving business continues to hold out for ever greater fees purely to enter the airport precinct.

Although AAPB has raised the issue a number of times with BAMT over the past five years, no explanation or justification has yet been given for the increases in airport access fees, nor has any action been taken to resolve the related issues of the location of collection and drop off points and non-existent operator signage. As the airport deals with each off-airport parking business individually, there is no information available on what each operator pays, or indeed whether there is any framework or formula for calculating a fair and reasonable impost for airport usage and access. Without such a framework, it is our contention that the existing system of charges is opaque, arbitrary, not transparent, and may even lead to uncompetitive behaviour. Our recommendation above that the ACCC should consider including as part of its objective survey of airport services and facilities (or forming part of a standardised passenger survey), a distinct category to allow for a survey of taxi, hire car and off site airport car park operators of the quality of airport services and facilities, may in some way partly address these issues and concerns.

While the Group realise that the airport operators have invested, and continue to invest, significant sums in the development of their traffic and passenger infrastructure, we would contend that any fees for the usage of individual facilities should – as is common business practice – relate to the upkeep and development of those specific facilities. In this case, the facilities that AAPB, GAP and other off-site car parks are using are two access lanes, the International Terminal collection area, the Domestic Terminal pick-up points (for between 4-6 minutes at a time), and an electronic vehicle recognition system.

A Formula for Success: Summary and Recommendations

The Group is in full agreement that both Melbourne and Brisbane Airports, as competitive commercial businesses, are fully entitled to charge off-airport parking operators access fees that are representative of the services they provide and the costs incurred by those services. However, we would contend that this fee must be fair and reasonable, and could perhaps have a direct relationship to the size and or revenue generated by each of the off-airport parking operators.

With a large number of off-airport parking businesses of various sizes generating vastly different revenues, there should be a framework or formula that is simple to calculate and simple to administer. Like any equitable commercial fee structure, this formula should be profitable for the service provider, and able to be verified as providing value for money for the customer – in this case, the off-airport parking operators. In this way, each operator will be able to support a fee that is relevant to the size and revenue of their individual business.

While we realise this is unlikely to be regarded as a competitive solution for the airport operator, we would contend that it would be a fair and reasonable impost for all of the reasons outlined in this submission. We would also contend that it would result in a significantly improved relationship between the airport operator and the growing number of off-airport parking operations – leading to a more

⁶ <http://www.brisbanetimes.com.au/queensland/takeoff-brisbane-flights-set-to-double-20100427-tp4i.html#ixzz1MD9D8ddo>

transparent business environment, greater sectoral collaboration, and, ultimately, more convenient and affordable parking options for all passengers using Brisbane and Melbourne Airport.

We believe there is cause for the longer term adoption of a national framework for access charges at all Australian Airports. The fact that glaring discrepancies currently exist, between both categories of access and the level of fees charged, indicates a lack of equity, transparency and regulation that reflects poorly on Australia as an international travel location. Without greater regulation and oversight, the current access fees impose a very high, if not unbearable, cost on a critical airport industry, and makes justification of any claims to be acting in the interests of passenger comfort and convenience, difficult to support.

We again also repeat our recommendation above that in view of the large number of joint customer passengers that off-site operators handle each year and especially in view of the size and number of off-site airport parking numbers, the ACCC should consider including as part of its objective survey of airport services and facilities (or forming part of a standardised passenger survey), a distinct category to allow for a survey of taxi, hire car and off-site airport car park operators as part of the assessment process in measuring that distinctive yet large part, of the quality of airport services and facilities and be similar in nature to the Border Agency Surveys including a rating scale adequacy measure.

In final summary, we firmly believe there needs to be further ongoing monitoring and measurement of access charges and the overall behaviour and treatment of the Off Airport Parking operators, This will hopefully ensure fair, equitable and reasonable treatment without strain or potential for the abuse of market power to arise. It should be conducted on the basis of mutual commercial relationships and dialogue for the benefit of the greater Australian Travelling Public. Being treated fairly and charged fair and reasonable access fees to access all Australian Airports will in turn ensure, that the Australian travelling public will continue to have a quality and value for money choice for their Airport Parking needs and that our services are being provided free from anticompetitive and potential abuse of market power behaviour.
