Friday, 29 July 2022

Attention: John Rouw
Australia Competition & Consumer Commission
GPO Box 520
Melbourne VIC 3001

Via email: airportsandports@accc.gov.au

RE: Airport quality indicators – consultation paper

I refer to your letter dated 27 June 2022 and invitation to consider and respond to the Australian
Competition and Consumer Commission (**ACCC**) consultation paper, Airport Quality Indicators,
dated June 2022. I thank you for the additional time provided to comment on this paper, as
confirmed via email on 15 July 2022.

Brisbane Airport Corporation Pty Limited (**BAC**) welcomes the opportunity to contribute to this
process in the interest of building a shared understanding of performance within the sector and sets
out its comments in this response.

The Intent of Airport Quality Monitoring

As outlined in Airport Quality Indicators – consultation paper ('consultation paper'), the Australian
Government replaced a price regulation regime with a price monitoring regime in 2002. The intent of
the monitoring regime was to assess whether airport operators exercised market power to the
detriment of the community. In addition, there have been numerous Productivity Commission reviews
since this time, with each review concluding that on balance, airports have not abused their market
position.

BAC's view is that monitoring of aeronautical services at Brisbane Airport should continue to
complement the price monitoring regime. However, consistent with previous correspondence to the
ACCC, the integrity of any monitoring regime cannot be compromised by arbitrary interpretations of
financial and Quality of Service (QoS) data, which in many cases render the conclusions of limited
validity.

It is imperative that any inquiry into the efficacy and effectiveness of the current measurement
regime is consistent with the intent of the regulatory framework (which is to provide an objective,
transparent and balanced observation of airport performance).

Brisbane Airport has consistently ranked highly on the quality of aeronautical, car parking and
landside access services. The most recent ACCC price monitoring report indicates that Brisbane
Airport has consistently been ranked as 'good' for overall quality, standard and availability of services
(covering aeronautical services, car parking and landside access). BNE's consistent performance
has been further recognised by its recent award of 'Best Airport Australia/Pacific' and 'Best Airport
Staff' by independent consumer ratings agency Skytrax, placing BNE in the world's Top 30
international airports. These rankings have been achieved despite a period of unprecedented losses
incurred by Brisbane Airport as the effects of the pandemic decimated both international and
domestic passenger volumes.

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BAC believes that, on balance, the current monitoring regime has provided insight into passenger and customer requirements. However, given the intent of this inquiry, we believe that there are considerations that should be taken into account as part of the QoS monitoring framework, as outlined below.

Use

BAC uses a range of performance metrics across its operations, which cover all aspects of our business (including aviation, ground support, terminal operations and ancillary support services). The primary focus of all these metrics is to deliver a positive, seamless and welcoming experience to all through excellence in our service delivery and infrastructure.

Given the scale and complexity of airport operations, no one set of legislated metrics can provide a truly accurate picture of airport performance. We therefore consistently review our monitoring and evaluation framework to ensure that the following principles are met:

- We are safe and secure

- We are smart and intuitive

- We place the customer at the centre of our business

- We create value

- We are sustainable

The application of this framework represents an extensive commitment by BAC to identify, measure and evaluate our performance. The ACCC's monitoring and evaluation of airport quality complements this framework, but does not define it, as we believe that any framework should be flexible enough to adapt to rapidly changing customer needs and industry developments.

We are confident that in administering our framework, customer views are gathered and proactively incorporated into our planning, investment, and operations. One example of this is in the development of our Domestic Terminal Security Upgrade Project, where we have engaged extensively with airline customers to gather feedback on all aspects of the design for the proposed works. This feedback extends to gaining an understanding of diverse customer needs, particularly accessibility and cultural considerations. Feedback at the design and delivery stages of this project will also be incorporated into BAC's reporting framework to ensure that our facilities and services are inclusive and accessible to all individuals.

In reviewing the QoS monitoring framework, it must be acknowledged that ratings for airport services and facilities, while providing cursory observations into airport performance, may not provide comprehensive insights into how activities of airports meet customer and community needs. We therefore believe that the best way to use QoS ratings and financial indicators is to consider them in the wider context of an airport's activities, noting results should not be used selectively to serve an underlying narrative.

Expectation and Outcomes

Without doubt, the single greatest issue for airports over the past 10 years has been the COVID 19 pandemic. Australia's aviation sector was hit first, hit hard and will be one of the last to recover from COVID 19. Up until recently, Australia's closed borders meant that international passenger numbers stayed on average between 97-98% below pre-pandemic levels Whilst it appears that the sector is now on the path to recovery, there remains considerable risks associated with potential new virus variants and the associated impact on travel activities. We believe that any QoS framework needs to account for these extreme events, and the ongoing effects of such events in an airport's ability to a deliver a consistently high standard of service over a reporting period.

Further, airports are complex environments, with numerous parties working together to provide a seamless operation. This includes staff directly employed by BAC (e.g. terminal managers) and indirectly through contract partnering arrangements (e.g. security screening; trolley collection; cleaning and maintenance). Government entities also operate within the airport, and directly influence the customer experience (e.g. Border Force, Federal Police, and Department of Agriculture, Water and Fisheries). As an added layer of complexity, certain areas of Brisbane Airport are operated and maintained by airlines directly, including the Qantas domestic check-in facilities. While BAC has control over some aspects of a terminal's operation (e.g. its direct contracted arrangements), it does not have control over all touchpoints of the passenger journey.

It is also important to consider that certain ground transport and mass transit services are not provided by the airport. For example:

(a) ride sharing is administered by ride sharing companies (e.g. Uber and Didi) with sub-contracting arrangements to individual drivers;

(b) Airtrain is administered under an agreement between the Queensland Government, Queensland Rail and Airtrain Pty Ltd; and

(c) other public transport options (like bus services) are administered by the Queensland Government.

This means that it is not possible for the airport to influence or guarantee levels of service to specific standards.

We believe that any monitoring framework should be built around these complex realities, understanding that objective measures around airport access facilities and subjective measures around waiting times, for example, need to be better calibrated to how modern airports function. Without this approach, it is unlikely that a monitoring regime will drive lasting outcomes within the sector.

Specific services and facilities, aspects, matters

When developing QoS indicators, the ability to invest in new infrastructure to improve passenger amenity is directly related to the airport's ability to efficiently recover these costs. In large part, this requires airports and airlines to reach commercial agreement on the efficient costs of providing a service, as well as the need for the service or service upgrade in the first place. It is not uncommon for airlines to seek airports to deliver only an 'average' level of service within general airport areas in the pursuit of reducing airport costs and incentivising passengers to seek out and utilise airline private lounges in search of an improved service offering. When considered in this light, it's questionable whether airlines are best placed to serve as agents for passengers on airport quality.

Similarly, establishing a true reflection of a passenger experience at an airport requires QoS monitoring across all passenger touch points. Current ACCC QoS monitoring fails to capture passenger experience beyond the scope of services provided by airports. QoS monitoring should consider the interaction of services provided by airlines and airline subcontractors. This is because airlines play a critical part in the airport experience, including check-in, baggage handling, flight information, and lounge services. It is therefore prudent to consider how to incorporate these measures to provide a better overall picture of performance at airport terminals.

Criteria and reporting of results

We believe that the overall approach to the ACCC's quality monitoring is sound. However, it is the application of the framework that needs to be more fully considered. It is important to consider the correlation between objective measures and the outcomes sought.

For example, measuring the number of departing passengers for each security clearance system does not reflect recent mandates set by the Australian Government to upgrade security screening at

all airports. The new security screening equipment is much larger than existing security equipment and requires a full scale redevelopment of the existing terminal at BNE. This will mean that invariably, the number of departing passengers for each security clearance system will increase as BAC seeks to undertake extensive construction works at its terminals, rendering some existing security screening equipment inoperable. What's more, feedback provided from other Australian airports suggests that the average screening time for new mandated security screening has increased, both as a function of the equipment itself, and the new procedures and protocols to be followed by passengers. Somewhat ironically, this also risks negative subjective passenger assessments of security inspection. These circumstances reflect decisions made by the Federal government that BAC is required to adhere to, rather than a commercial or operational decision of BAC. Therefore, the presence of objective indicators (and their associated measures), may not reflect actual performance, and may not provide an accurate picture to regulators of an airports' overall performance.

Consideration should also be given to the administrative and cost burdens attached to gathering, collating and reporting on both objective and subjective indicators. For example, BAC spends approximately $250,000 per annum to conduct passenger pulse and ACCC QoS monitoring surveys. This is due to the resource intensive nature of the surveys, requiring face to face interaction with passengers and the manual input and sorting of data. While the feedback from these surveys is incorporated into a range of internal metrics at BAC, we believe that better value can be achieved by seeking to leverage a range of passenger feedback mechanisms at BNE, and to incorporate these mechanisms into the QoS framework.

Approach to commercially sensitive information

Part of recommendation 9.4 in the 2019 PC report states that the Government should direct the ACCC to consult with airports and airlines to determine whether any of the information provided (as part of monitoring) is commercially sensitive and to develop approaches to reporting that balance disclosure with the need to protect sensitive information. In our interactions with ACCC officers to date, responses to our claims of confidential or commercially sensitive information have not been grounded in a transparent or objective framework to justify the ACCC's position. In fact, we have concerns that decisions made about sensitive information have been made arbitrarily, with little or no explanation of why information will be released despite our claims being clearly and comprehensively outlined. We believe that any information provided to the ACCC as part of the QoS framework should be handled in line with the ACCC's regulatory and administrative obligations concerning sensitive information. Without confidence in the process, it is unlikely that both parties can work collaboratively to fulfil the objectives of the current quality monitoring regime.

I trust that this information is of assistance. If you have any questions about this submission, please contact Mr Warren Briggs, Head of Finance & Treasury, on ███████████ or ███████████████████████. Mr Briggs will be pleased to assist.

Yours sincerely

David Malek
Chief Financial Officer