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Board of Airline  
Representatives  
of Australia Inc

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Mr David Salisbury  
Deputy General Manager  
Fuel, Transport and Prices Oversight Branch  
Australian Competition and Consumer Commission  
GPO Box 520  
Melbourne VIC 3001

Dear Mr Salisbury

#### **Airport quality service monitoring**

The Board of Airline Representatives of Australia (BARA) has reviewed the Australian Competition and Consumer Commission's (ACCC) discussion paper titled *Airport Quality of Service Monitoring, November 2012* (the Discussion Paper). BARA's response includes some initial comment on service quality monitoring and, then, responses to the individual issues raised by the ACCC. BARA's comments relate only to the views of international airlines and do not reflect views relating to services provided to domestic airlines (for example, domestic terminals).

BARA considers that the ACCC's service quality monitoring continues to provide important publicly available information about the quality of services and facilities provided by the operators of Sydney, Melbourne, Brisbane and Perth airports. BARA is generally satisfied with the current approach to service quality monitoring and does not consider that any significant changes are required. While changes to technology and markets have altered the needs of some passengers, the monitored services remain the core services and facilities used by the majority of airlines and passengers.

BARA notes that, in the recent review by the Productivity Commission (PC) of airport regulation, some concerns were expressed over the interpretation of the service quality outcomes by ACCC, rather than questioning the merits of service quality monitoring. Differences in interpretation always occur in assessing the price and non-price conduct of regulated industries. Importantly, the ACCC's monitoring reports provide sufficient detail such that any interested party has access to the necessary information on which to draw their own conclusions. BARA is supportive of the analysis undertaken by the ACCC and considers this analysis to be an integral component of the current 'light handed' economic regulation of major international airports.

## **Airport services and passengers**

The primary objective for an airport is to facilitate the safe and efficient movement of passengers and aircraft. In doing so, airports need to cater for a variety of passenger types. Some passengers will be experienced travelers, have passed through the airport many times and may have minimal luggage. They are also likely to take advantage new technologies to minimise the time they spend travelling between destinations. These passengers, therefore, are likely to be less reliant on the range and quality of the services provided by the airport operator (e.g. signage).

Other passengers, however, may be families travelling on holidays with a substantial amount of luggage and, for a number of the family members, the airport may be an unfamiliar environment. These passengers are likely to be more reliant on the range and quality of the services and facilities provided at the airport. These passengers require brightly lit terminals, well designed and maintained toilet facilities, easy to find baggage trolleys, clear signage and adequate seating. It is important to note that the ability of airlines to meet schedules and, hence, passenger expectations are, in part, determined by the ability of less experienced travelers to arrive at their departure gate on time.

While improvements in technology and changes in markets will reduce the reliance of some passengers on the range and quality of airport services, a large proportion of passengers are highly reliant on the services and facilities provided. This has implications for the coverage of services included in the ACCC's service quality monitoring. In particular, services should remain subject to monitoring unless it can be demonstrated that the service is only required by a small minority of passengers.

## **Airport services and airlines**

The airlines remain the primary customers of airports, recognising that both the airlines and airports jointly contribute to the overall air transport service provided to passengers. Airline staff use many of the facilities provided by the airport daily (e.g. aerobridges), while the efficiency of aircraft operations is in part determined by the capacity and quality of the runway, taxiway and apron infrastructure.

Airlines are best placed to comment on the quality of services provided by airport operators. Airlines are uniquely placed in that they can delineate between the services provided by airport operator and those provided by airlines.

BARA's comments on the specific issues raised by the ACCC in its Discussion Paper are provided below.

### **1. Airline surveys, coverage and individual service level agreements**

BARA supports the current approach and use of airline surveys in the ACCC's quality of service monitoring. As noted earlier, the airlines are the principal customers of the monitored airports. Airline views on service quality are paramount to assessing whether an airport is operating efficiently and effectively in terms of the fundamental requirement of the movement of passengers and freight.

BARA considers that the non-weighting of survey responses remains the most practical way of generating overall service quality outcomes and does not support the development of a system of weights. Any weighting system is likely to create future disagreement over the overall service quality outcomes, distracting from the underlying value of the monitoring reports.

BARA considers that the coverage of services and facilities captured in the airline surveys remains appropriate. There have been no substantial changes in technologies, market conditions or user expectations that justify changes to the coverage of services. As described earlier, while changes in technology and markets provide additional options for some passengers, most passengers make use of the services covered by service quality monitoring.

In negotiating commercial agreements with airport operators, BARA seeks to include a service level agreement (SLA) with commercial consequences based on actual outcomes achieved. The quality of SLAs varies considerably across airport operators. In most instances, airport operators only provide high level statements regarding service quality and do not link prices and returns to actual outcomes achieved. As an example, the terms and conditions of use for Brisbane Airport are available on the Brisbane Airport Corporation website. The SLA with Australia Pacific Airports Melbourne can be considered more extensive compared to other airport operators.

BARA does see merit in the ACCC providing summary information on SLAs as part of its monitoring arrangements. The information requested could include the coverage of services, the number and type of indicators and the extent there are commercial consequences linked to actual outcomes. BARA does not envisage that the information collected would be used directly in estimating an airport operator's overall service quality outcome at this stage. Instead, it would provide contextual information about the extent an airport operator has actively sought to enter into a meaningful SLA with airlines.

## **2. Passenger surveys**

BARA agrees with the ACCC that passenger surveys reflect passengers' perceptions of the overall quality of service provided by airlines, border agencies and airport operators. Passenger surveys, however, remain an important component of the service quality monitoring regime. Publicly available passenger surveys continue to provide important information about the quality of experience passengers have at Australia's major international airports. As noted by the ACCC, it is often necessary to analyse the outcomes from a range of sources in determining service quality levels.

BARA considers that it is a matter for the airport operators to decide if there is benefit in standardising passenger surveys for service quality monitoring purposes. While there would be comparison benefits with standardisation, there will always be limitations in making comparisons based on passenger surveys for the reasons noted earlier.

BARA considers that the coverage of services and facilities remains appropriate.

## **3. Border agency surveys**

BARA supports the ACCC continuing to survey border agencies and does not support the ACCC discontinuing the surveys. The views of border agencies remain an important source of information in assessing service quality.

Given their statutory rights of border agencies, one could reasonably expect that the airport operators provide at least satisfactory facilities to them. The fact that the facilities are sometimes rated less than satisfactory is, therefore, of policy concern. To BARA, it would seem that either the border agencies are not exercising their statutory rights sufficiently or, in practice, these rights are not as strong as required (e.g., the ability of border agencies to obtain appropriate signage).

BARA, therefore, considers that border agency surveys should continue. The publicly available information provides useful insights into the extent that, even users with statutory rights, can obtain facilities provided to a satisfactory level by airport operators.

#### **4. Peak hour passengers**

BARA considers that the current definitions for calculating peak hour passengers remains appropriate and does not propose any changes to the definition or calculation.

#### **5. Baggage trolleys**

Consistent with the initial comments, BARA considers that the ACCC should continue to undertake service quality monitoring of baggage trolleys. While improvements in technology and the growth of low cost carriers have reduced the need for baggage trolleys by some passengers, they remain an important service to many passengers, especially families and foreign leisure and VFR travelers who are likely to have substantial amounts of luggage.

While reductions in baggage trolley service quality may not have a large absolute impact across all passengers, it will disproportionately affect those passengers reliant on the service. As such, service quality monitoring of baggage trolleys should continue.

BARA considers that the current service quality measures could be improved. 'Findability' is not particularly appropriate; a trolley can always be found if one is prepared to search. The criteria should relate to availability, location and provision.

#### **6. Check-in services and facilities**

BARA supports the continued monitoring of check-in services and facilities. It should be noted that the allocation of check-in desks to airlines is subject to airport operator rules, thereby giving the airport operator the opportunity to limit their availability and instigate passenger delays.

BARA considers that the combination of objective measures provided by airport operators and surveys of airlines to evaluate the quality of check-in services and facilities should be enhanced by the addition of provision of CUSS and bag drop facilities.

Consistent with its initial comments under point 2, BARA considers that the ACCC should continue with passenger surveys addressing check-in service and facilities.

#### **7. Security inspection**

BARA supports the continued monitoring of security inspection. A further material issue that should be taken into account for the purposes of monitoring the service is queuing time, eg industry average circa 5 minutes to enter the security screening process. Whilst the number of security clearance facilities may be adequate, staffing levels may be deficient.

BARA also questions whether the 'quality' of the security search process asked of passengers is a known factor. A better approach may be to seek views about the dignity of the way in which the search was conducted.

## **8. Baggage systems**

BARA supports the continued monitoring of baggage systems. Investment by airport operators in baggage system infrastructure can have a material effect on the time taken by ground handlers to load bags onto aircraft and to unload and deliver bags to the baggage reclaim area.

BARA considers that the ACCC's proposed measures are suitable.

## **9. Customs, immigration and quarantine**

BARA considers that service quality monitoring of the facilities provided by airport operators to enable the processing of passengers through customs, immigration and quarantine should continue. While the passenger surveys undertaken by Customs provide important information on the overall service provided to passengers, airport operators still influence this outcome through the quality of the facilities provided. As stated above, the fact that the facilities are sometimes rated less than satisfactory is of policy concern.

## **10. Flight information, general signage and public-address systems**

BARA supports the continued monitoring of flight information, general signage and public address systems. As explained earlier, many passengers are highly reliant on the quality of these services. Reductions in service quality to these passengers would have a significant impact on the overall quality of their journey and also on the efficient operations of airlines. BARA does not consider that there are any new (material) issues that the ACCC should be aware of in its evaluation of the service, although it is noted that public address systems preferably should adopt automated voice delivery to ensure consistency and clarity of broadcast.

## **11. Public areas and amenities**

BARA supports the continued monitoring of public areas and amenities. Public areas and amenities, especially toilet facilities, often represent significant components of an airport operator's capital program. Further, the inefficient or inadequate supply of such facilities is symptomatic of an airport operator achieving 'inefficiently high profits by adjusting prices or quality or some combination of the two'.

Clean and well maintained public amenities are important to passengers. BARA considers it essential that such facilities are provided to an appropriate standard and service quality monitoring is important in assessing an airport operator's performance in this regard.

## **12. Gate lounges and seating other than in gate lounges**

BARA supports the current measures used to assess gate lounges and seating other than in gate lounges. It is notable, however, that the survey of airlines does not address this aspect of quality of service delivery. Yet airlines directly observe seating 'issues' via the aircraft boarding process. BARA, therefore, suggests that surveys of airlines should address this matter.

BARA does not propose any additional service quality measures.

## **13. Ground handling services and facilities**

BARA supports the current measures used to assess ground handling services and facilities. BARA does not propose any additional service quality measures.

#### **14. Aerobridges**

BARA supports the current measures used to assess the quality of aerobridges. BARA does not propose any additional service quality measures.

It is unclear to BARA how additional measures related to the percentage of aircraft that use aerobridges will assist the ACCC in its assessment of the quality of the aerobridges themselves. Changes in the proportion of airlines that use aerobridges are likely to reflect changes in the mix of services offered by airlines and are unlikely to be related to changes in the quality of the aerobridges themselves.

However, BARA notes that passenger surveys conducted by airport operators do not include assessments of aerobridges. Yet passengers are capable of observing aerobridge standards as they relate aspects such as cleanliness, carpet quality and serviceability of air conditioning units.

#### **15. Runways, taxiways and aprons**

BARA supports the current measures used to assess runways, taxiways and aprons. BARA does not propose any additional service quality measures.

#### **16. Aircraft parking facilities and bays**

BARA supports the current measures used to assess aircraft parking facilities and bays. BARA does not propose any additional service quality measures.

#### **17. Airside freight handling, storage areas and cargo facilities**

BARA supports the current measures used to assess airside freight handling, storage areas and cargo facilities. BARA does not propose any additional service quality measures.

#### **18. Airport management responsiveness**

BARA supports the continuing monitoring of airport management responsiveness. BARA considers that the ACCC should continue to survey border agencies in assessing airport management responsiveness.

BARA considers that monitoring also should extend to the complaint and dispute resolution processes contained in the commercial agreements negotiated with airlines. For example, airlines could be asked to rate the effectiveness of the formal complaint and dispute resolution processes relating to both operational issues that may arise at the airport and any commercial issues with the airport operator.

#### **19. Airport access facilities**

BARA supports the ACCC developing a more comprehensive set of service quality indicators related to airport access facilities. In addition to the passenger surveys, the ACCC could seek information from:

- Taxi operators – covering the adequacy and quality of taxi waiting areas and the efficiency by which taxis can pick up and drop off passengers at the airport,

- Offsite parking providers – covering the adequacy and ability of the providers of alternative (competitive) facilities to pick up and drop off passengers at the airport.

The ACCC also could seek information from offsite parking providers about the adequacy of formal complaint and dispute resolution procedures, relating to both operational issues that may arise at the airport and any commercial issues with the airport operator.

## **20. Car parking facilities**

BARA notes that neither the survey of airlines nor the survey of border agencies addresses the matter of car parking services and facilities. Yet at some airports staff car parking issues have been long running. BARA suggests that the survey of car parking facilities and services be extended to airlines and border agencies.

## **21. Airservices Australia data**

BARA considers that the ACCC should continue to collect and report the data provided by Airservices Australia. The data usefully complements the airside service quality monitoring and provides publicly available insights into current and emerging capacity issues at Australia's major international airports.

## **22. Overall quality of service ratings and rankings**

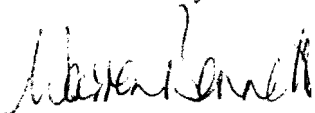
BARA supports the current approach used by the ACCC to calculate the overall quality of service ratings and rankings. While alternative forms of aggregation could be applied, any approach will have its strengths and weakness compared to the current method. BARA considers that the aggregated results closely represent actual service quality outcomes at the monitored airports. In addition, the current method of aggregation provides for an extended time period of analysis. Changing the method of aggregation could generate 'breaks' in the analysis, or require a recalculation of past outcomes. These sorts of outcomes are not consistent with the benefits of undertaking consistent service quality monitoring over a sustained period of time.

## **23. Reporting requirements by airports**

BARA has no comments as this is a matter between monitored airports and the ACCC.

Please contact BARA if you have any questions in relation to the above comments.

Yours sincerely



Warren Bennett  
**Executive Director**