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Competition &
Consumer
Commission

Airport quality of service monitoring

Discussion paper for review of quality of
service monitoring

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Australian Competition and Consumer Commission
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Contents

Contents	3
Glossary	5
Summary	6
Part A: Background	7
1 Introduction to the ACCC’s quality of service monitoring	7
2 The Government’s response to the Productivity Commission’s 2011 inquiry	8
3 Legislative framework	9
3.1 Airports Act and Airports Regulations.....	10
4 Objectives of quality of service monitoring and the scope of this review	11
4.1 Objectives of quality of service monitoring	11
4.2 Scope of the review	12
5 Review process	13
5.1 Indicative timeframe.....	13
5.2 Making a submission to the ACCC	13
Part B: Issues for discussion	15
6 Sources of information for subjective measures	15
6.1 Airline surveys.....	15
6.2 Passenger surveys	17
6.3 Border agency surveys	20
7 Review of quality of service criteria	21
7.1 Number of passengers during peak hour	22
7.2 Baggage trolleys	23
7.3 Check-in services and facilities.....	24
7.4 Security inspection.....	26
7.5 Outbound baggage system and baggage make-up, handling and reclaiming services and facilities	27
7.6 Facilities to enable the processing of passengers through customs, immigration and quarantine	29

7.7	Flight information, general signage and public-address systems.....	31
7.8	Public areas in terminals and public amenities (washrooms and garbage bins), lifts, escalators and moving walkways	32
7.9	Gate lounges and seating other than in gate lounges	33
7.10	Ground handling services and facilities	34
7.11	Aerobridge usage.....	35
7.12	Runways, taxiways and aprons	37
7.13	Aircraft parking facilities and bays	38
7.14	Airside freight handling, storage areas and cargo facilities	39
7.15	Airport management responsiveness	39
7.16	Airport access facilities (taxi facilities, kerbside space for pick-up and drop-off).....	41
7.17	Car parking service facilities	42
7.18	Airservices Australia data	44
8	Other issues	44
8.1	Overall quality of service ratings and rankings	44
8.2	Reporting requirements by airports	46

Glossary

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.
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.
Criteria	Measures used to monitor and evaluate the quality of an <i>aspect</i> . <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.
Matter	Records that monitored airport operators are required to keep. <i>Matters</i> are specified in Schedule 2 of the Airports Regulations 1997.
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.

Summary

This discussion paper is being circulated for consultation with interested parties to assist the Australian Competition and Consumer Commission (ACCC) in its review of quality of service monitoring that will apply to Brisbane, Melbourne, Perth and Sydney airports.

This review forms part of the implementation of the Australian Government's (the Government's) response to recommendations made by the Productivity Commission (PC) in its 2011 inquiry into the economic regulation of airport services. The ACCC believes that it is timely and appropriate to conduct a comprehensive review of the information currently collected for quality of service monitoring and the extent to which the information adequately supports the objectives of the monitoring program. In particular, a comprehensive review will allow the ACCC to consider whether changes in technology, market conditions, users' expectations, industry structure and other factors are adequately captured under the current approach.

The outcomes of this review will inform the need for changes to the ACCC's approach to quality of service monitoring and will be reflected in updates to the ACCC's *Airport quality of service monitoring guideline* (October 2008). The ACCC has consulted with the Department of Infrastructure and Transport (the DoIT) and the Treasury in preparing this paper.

This discussion paper has two parts:

- Part A provides background to the ACCC's quality of service monitoring, the need for this review, the objectives of the monitoring program and the scope of this review. The process for the ACCC's review, including the indicative timeframes and how to make a submission, are also detailed in this part.
- Part B details the issues on which the ACCC is seeking comments from interested parties, such as the relevance of existing quality of service measures for evaluating airport performance and the need for new or alternative quality of service measures.

Interested parties are invited to make written submissions to the ACCC on the issues raised in this discussion paper and on any other matter relevant to the ACCC's review of quality of service monitoring.

Submissions should be provided to the ACCC by close of business 19 December 2012.

Submissions by email are preferred. They can be sent to airport.group@acc.gov.au.

If submissions are provided in PDF format, parties are asked to also provide a copy in Microsoft Word format.

Alternatively, submissions can be mailed to:

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

For more information on making a submission to the ACCC, see section 5 of this paper.

If you have any questions about the content of this paper or the process for making a submission, please send an email to airport.group@acc.gov.au or contact Renée Coles on (03) 9290 6921.

Part A: Background

Part A of this discussion paper provides an introduction to the ACCC's quality of service monitoring (section 1) and the Government's response to the PC's 2011 inquiry into the economic regulation of airport services (section 2). Section 3 outlines the legislative framework under which the ACCC conducts its quality of service monitoring, while section 4 details the objectives of the ACCC's monitoring and the scope of this review. The process for the ACCC's review, including the indicative timeframes, is outlined in section 5.

1 Introduction to the ACCC's quality of service monitoring

The ACCC has monitored quality of service at major Australian airports since 1 July 1997. Quality of service monitoring was originally introduced to complement price cap regulation that was established by the Government as a transitional regulatory framework when it privatised the major Australian airports. Although the move to privatisation was intended to improve efficiency, the Government was concerned that the airports might be in a position to exercise their market power. While price caps were intended to ensure that prices did not increase excessively, quality of service monitoring was intended to ensure that airport assets were not allowed to run down at the expense of service standards. The Government stated that it would determine the subsequent ongoing regulatory framework after a detailed review.

In 2002, the PC conducted an inquiry into the regulatory framework for airports. The PC found that Brisbane, Melbourne, Perth and Sydney airports had substantial market power in the provision of some aeronautical services. However, the PC found that, due to commercial constraints, the potential for abusing that market power did not warrant a heavy-handed regulatory regime. Based on recommendations made by the PC, the Government decided to replace price cap regulation with price monitoring arrangements. Quality of service monitoring was retained under the price monitoring arrangements.¹

In its 2002 inquiry, the PC also recommended that the ACCC introduce a number of objective quality of service measures to complement the existing (and largely subjective) measures, such as surveys of airport users. The ACCC conducted a review of the quality of service monitoring program in 2002 in response to the recommendations made by the PC. Consequently, since 2002-03, the ACCC has reported on an increased number of quality of service measures that complement the measures derived from surveys of airport users.

The PC conducted a scheduled review of the regulatory framework for airports in 2006. The PC found that the existing regulatory framework had resulted in some positive outcomes, including that it had been easier for airports to undertake the infrastructure investment needed to meet the growth in demand for air travel in Australia. Nevertheless, the PC also found that some non-price outcomes had been less than satisfactory and commercial relationships between certain airports and their customers were strained. Following the PC's 2006 review, the Government decided to retain the price and quality of service monitoring arrangements. The Government also asked the ACCC to consider the PC's recommendations to examine opportunities to improve and streamline monitoring.²

¹ Costello, P (then Treasurer), *Productivity Commission report on airport price regulation*, media release no. 24, Canberra, May 2002.

² Costello, P (then Treasurer), *Productivity Commission report – review of price regulation of airport services*, media release no. 32, Canberra, April 2007.

The ACCC conducted a review of the quality of service monitoring program in 2007 to examine: the use of surveys of airport users; overlap in existing quality of service measures; and international benchmarking. Consequently, the ACCC made some changes to the process for surveys of airport users, which were reflected in the ACCC's *Airport quality of service monitoring guideline* (October 2008).

Further information on the PC's 2002 and 2006 inquiry and the development of the ACCC's *Quality of service monitoring guideline* (October 2008) is available on the ACCC's website at: www.accc.gov.au/aviation.

2 The Government's response to the Productivity Commission's 2011 inquiry

On 15 December 2010 the Government asked the PC to inquire into the economic regulation of airport services provided by major Australian airports.

The PC's final inquiry report was submitted to the Government on 14 December 2011. In its inquiry report, the PC found that there had been a number of positive outcomes under the existing price monitoring regime, including strong investment in new aeronautical assets, a generally good level of service provision, and reasonable aeronautical charges, revenues and profits compared to international benchmarks.

Nevertheless, the PC also found that Brisbane, Melbourne, Perth and Sydney airports retain sufficient market power to be of policy concern. In particular, the exercise of market power could be reflected in unduly high prices for airport services, or unduly low quality or range of services offered, inefficiently provided services or wasteful expenditures. Such outcomes would adversely affect airlines, passengers and other industries. The PC also noted that, while some technological innovations and changing industry practices have likely reduced airports' market power over some aeronautical services, the benefits from refining the current monitoring coverage are unlikely to outweigh the costs.³

The PC therefore recommended the continuation of the existing price and quality of service monitoring arrangements with some amendments to the regime. In particular, the PC made a number of recommendations in relation to the quality of service monitoring program, which are outlined in table 2.1.

The Government responded to the PC's inquiry report on 30 March 2012. In its response, the Government agreed with the PC's recommendation to continue price and quality of service monitoring until 2020 and, among other things, asked the ACCC to undertake a review of the quality of service monitoring program by June 2013. The Government's response to the PC's recommendations in relation to the quality of service monitoring program is outlined in table 2.1.

Table 2.1: The Government's response to the PC's recommendations

PC's recommendations	Government's response
9.8: There should be a further period of price and quality of service monitoring at Australia's major airports when the current arrangements end in June 2013. The new arrangements should continue to apply to Brisbane, Melbourne, Perth and Sydney airports until June 2020 and be subject to review in	Agreed. Monitoring creates transparency and public confidence in the oversight of airports, and provides an evidence base for action if airports inappropriately use their market power. The commitment to extend the monitoring of airport prices and the quality of services at the monitored

³ Productivity Commission, *Economic regulation of airport services*, inquiry report no. 57, Canberra, December 2011.

June 2018.	airports for eight years affords the aviation industry an extended period of regulatory and investment certainty. As a condition of removal from the current monitoring regime, Adelaide Airport will be required to join the 2nd tier price and quality of service reporting process established by the National Aviation Policy White Paper (December 2009).
10.1: Quality of service monitoring should continue to apply to the price monitored airports until June 2020. However, specific improvements are warranted (outlined below).	Agreed. Quality of service monitoring should continue until 2020.
10.1(a): The objective criteria should be reviewed and updated by June 2013.	Agreed. The ACCC will be asked to review and update objective criteria by June 2013.
10.1(b): The ACCC should work with the industry to explore means of standardising the passenger survey across airports, while maintaining low compliance costs.	Agreed in principle. The ACCC should work with industry to consider standardising passenger surveys. The Government response noted, however, that the ACCC is an independent statutory authority responsible for enforcing the CCA and other relevant legislation. Ultimately any decision to work with industry to consider standardising passenger surveys is a matter for the ACCC.
10.1(c): Where an airport has submitted itself to independent dispute resolution, and has service level agreements with airlines covering the majority of its passengers, which stipulate methods for recourse in the event of a failure to meet a standard, the airline survey should no longer be conducted for that airport.	This recommendation related to another recommendation, which the Government noted.
10.1(d): Government agencies should no longer be surveyed as part of the program. Any relevant variables that were previously in the government agencies survey can be obtained through objective measures and passenger surveys.	Agreed in principle. Government agencies should no longer be surveyed, but the coverage of surveys, including surveys of airlines and government border agencies, and the circumstances in which they may or may not be conducted, should be considered alongside the review of the objective criteria.

3 Legislative framework

The monitored airports (Brisbane, Melbourne, Perth and Sydney airports) are subject to price monitoring arrangements under ministerial directions made pursuant to Part VIIA of the *Competition and Consumer Act 2010* (CCA) and the financial accounts reporting provisions of Part 7 of the *Airports Act 1996* (Airports Act). In addition, Part 8 of the Airports Act and the *Airports Regulations 1997* (Airports Regulations) provides for the ACCC to monitor quality of services at the airports (see section 3.1). The ACCC publishes guidelines that set out the price and quality of service monitoring arrangements, which are available on the ACCC's website at www.accc.gov.au/aviation.

In fulfilling its monitoring role, the ACCC publishes an annual Airport Monitoring Report that presents the monitoring results and any observations about the performance of the airport

operators. The ACCC gives the Airport Monitoring Reports to the Government, the monitored airports, and makes them publicly available on its website at www.accc.gov.au/aviation.

3.1 Airports Act and Airports Regulations

The Airports Act and the Airports Regulations set out the requirements for the ACCC to monitor the quality of services at the airports as follows:

- The ACCC is to monitor and evaluate 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 *aspects* are listed in two tables: passenger-related services and facilities; and aircraft-related services and facilities. There are 16 *aspects* relating to services and facilities such as airport access, car parking, check-in, aerobridges and aircraft parking.
- The ACCC's monitoring and evaluation of the quality of an *aspect* must be against the *criteria*, which are determined by the ACCC in consultation with the DoIT and the Treasury. The *criteria* incorporate both objective and subjective quality of service measures. As noted above, the ACCC publishes a guideline that sets out the *criteria*.
- The monitored airports are required to keep records of objective quality of service measures (termed *matters*) and give a copy of those records to the ACCC. The *matters* are specified in Schedule 2 of the Airports Regulations.
- Information pertaining to the subjective quality of service measures is obtained through surveys of airlines, border agencies and passengers. The ACCC conducts the surveys of airlines and border agencies, while the airports conduct the surveys of passengers and then provide the results to the ACCC. The subjective measures are not specified in the Airports Regulations.

An example of how the *aspects*, *matters*, subjective measures and *criteria* are related is shown in table 3.1.

Table 3.1: Example of *aspect*, *matters*, subjective measures and *criteria* used in the ACCC's quality of service monitoring

Aspect	Matters	Criteria
Check-in services and facilities	<ul style="list-style-type: none"> • Number of hours during the financial year with more than 80 per cent of check-in desks in use • Percentage of hours with more than 80 per cent of check-in desks in use • Total number of hours during the financial year when any check-in desks was open • Number of check-in desks on 30 June in the financial year 	<ul style="list-style-type: none"> • Percentage of hours with more than 80 per cent of check-in desks in use • Airline surveys—average rating of availability of check-in services and facilities • Airline surveys—average rating of standard of check-in services and facilities • Passenger surveys—average rating for check-in waiting time
	Subjective measures	

	<ul style="list-style-type: none"> • Surveys of airlines about the availability and standard of check-in services • Surveys of passengers about perceptions of check-in waiting time 	
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As can be seen in the above example, not all of the *matters* are ultimately incorporated into the *criteria*. However, the information provided by the additional *matters* can assist with the interpretation of movements in the *criteria*. For example, there may be a decrease in the criterion ‘airline surveys—average rating of availability of check-in services and facilities’ in a particular period. Commentary to the airline surveys may also have noted that there was a reduction in the number of check-in desks provided by the airport. In this instance, a comparison of the *matter* ‘number of check-in desks on 30 June in the financial year’ with previous years can assist the ACCC in its analysis and interpretation of the results.

It is important to note that the *aspects* for quality of service monitoring are also relevant to the declaration of aeronautical services and facilities provided by Sydney Airport to regional air services. In particular, Declaration no. 92 refers to aeronautical services and facilities as applying under Part 7 of the Airports Regulations. While the *aspects* for quality of service monitoring are listed in Part 8 of the Airports Regulations, Parts 7 and 8 are intended to be complementary and broadly cover the same aircraft-related and passenger-related services and facilities. In this review, the ACCC is cognisant of the fact that there may also be other legislation (such as security requirements) that refers to the definitions applying under the Airports Regulations. Therefore, any recommendations to change the Airports Regulations arising from this review will need to take into account any wider implications of doing so. This is discussed further in section 4.2.

4 Objectives of quality of service monitoring and the scope of this review

This review of the quality of service monitoring program is intended to consider whether information currently collected adequately supports the objectives of the monitoring program. As background, this section details the objectives of the monitoring program (section 4.1), and the scope of this review (section 4.2).

4.1 Objectives of quality of service monitoring

The quality of service monitoring aims to gather and report on *criteria* that facilitate assessments of changes in service quality over time at an airport and, where appropriate, comparisons across airports. The quality of service monitoring is a complement to prices monitoring. As noted in section 2, the PC found that Brisbane, Melbourne, Perth and Sydney airports retain sufficient market power to be of policy concern and the exercise of that market power could adversely affect airlines, passengers and other industries. In particular, the concern is that the airports may have the incentive and ability to achieve inefficiently high profits by adjusting either prices or quality, or some combination of the two. The monitoring program aims to increase the transparency of the airports’ performance in these areas.

The ACCC considers that the objectives of the quality of service monitoring program, while minimising the cost of compliance for airport operators, are to:

- assist the assessment of an airport operator’s performance in a prices monitoring environment;

- improve the transparency of airport performance to:
 - discourage airport operators from deteriorating standards for services in those areas where the airport operator has significant market power;
 - provide information to users of airport services and facilities as a basis for improved consultation and negotiation on pricing and investment proposals; and
 - assist the Government in its industry analysis.

The ACCC monitors those facilities and services provided by, or which could be influenced by, the airport operator and for which the airport operator may have significant market power. These services are primarily aeronautical services—that is, those services that relate directly to the movement of passengers and freight (to some extent) for which off-airport services are not close substitutes (for example, runways and baggage handling facilities). Some non-aeronautical services, such as car parking and airport access facilities, are also monitored.

It should be noted that the quality of service monitoring program does not include domestic terminals owned and/or operated by airlines under Domestic Terminal Leases (DTLs) as the airport operators do not influence the quality of services provided in these terminals. For example, the Qantas domestic terminals at Melbourne, Perth and Sydney airports as well as the Qantas and Virgin domestic terminals at Brisbane Airport are leased and operated by those airlines and are not subject to monitoring.

4.2 Scope of the review

In this review, the ACCC will consider its approach to quality of service monitoring that will apply to Brisbane, Melbourne, Perth and Sydney airports. For the reasons outlined above, this review will not cover the terminals at those airports that are operated under DTLs.

The Government has asked the ACCC to:

- review and update the objective *criteria*;
- explore means of standardising passenger surveys across airports; and
- consider whether government agencies (such as border agencies) and airlines surveys should continue to be conducted and used in quality of service monitoring.

As demonstrated in section 3.1, the *aspects, matters*, subjective measures and *criteria* are all closely related and provide supporting information for each other. Consequently, the ACCC has decided that a comprehensive review, which considers all components of the ACCC's quality of service monitoring, is necessary to address the Government's response and ensure that the objectives of quality of service monitoring are met.

The ACCC believes that it is timely and appropriate to conduct a comprehensive review of the information currently collected for quality of service monitoring and the extent to which the information adequately supports the objectives of the monitoring program. A comprehensive review will allow the ACCC to consider whether changes in technology, market conditions, users' expectations, industry structure and other factors are adequately captured under the current quality of service monitoring program. In particular, the ACCC will consider whether there should be any changes to the type and nature of information collected and used. For example, there may be new or alternative indicators that would better capture measures of quality of services provided by the airport. Alternatively, there may be current quality of service measures that are no longer relevant to the monitoring regime and should be removed.

The ACCC will be consulting with the DoIT and the Treasury on the outcomes of this review. Any necessary amendments to the Airports Regulations following the ACCC's review will need to be in turn progressed by the DoIT and the Treasury. Importantly, as noted above, the *aspects* listed in the Airports Regulations are also relevant to the declaration of aeronautical services and facilities provided by Sydney Airport to regional air services. There may also be other legislation that relies on the definitions applying under the Airports Regulations. Therefore, any changes to the Airports Regulations will necessarily need to be considered in the context of the potential for broader implications on other parts of the legislative framework.

5 Review process

This discussion paper is the first step in the ACCC's review process. The steps of the review process and an indicative timeframe are outlined in section 5.1, while section 5.2 provides details on how interested parties can make a submission to the ACCC.

5.1 Indicative timeframe

The ACCC has developed the following indicative timeframe and process for its review of quality of service monitoring and invites stakeholders to provide input into the review process at a number of stages.

Table 5.1: Indicative timeframe for the ACCC's review

Date	Action
14 November 2012	ACCC releases discussion paper for public consultation
19 December 2012	Closing date for submissions on discussion paper
February 2013	ACCC releases draft quality of service monitoring guideline for public consultation
March 2013	Closing date for submissions on draft quality of service monitoring guideline
May 2013	ACCC releases final quality of service monitoring guideline

5.2 Making a submission to the ACCC

This discussion paper has been prepared in consultation with the DoIT and the Treasury and has been developed to facilitate consultation with interested parties.

Interested parties are invited to make written submissions to the ACCC on the issues raised in sections 6, 7 and 8 of this discussion paper, and on any other matter relevant to the ACCC's review.

Submissions should be provided to the ACCC by close of business 19 December 2012.

Submissions by email are preferred. They can be sent to airport.group@acc.gov.au.

If submissions are provided in PDF format, parties are asked to also provide a copy in Microsoft Word format.

Alternatively, submissions can be mailed to:

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

To facilitate an informed, transparent and robust consultation process, the ACCC prefers that all submissions be made publicly available. Accordingly, submissions will be treated as public documents and published on the ACCC's website unless otherwise requested. Parties wishing to submit confidential information are requested to:

- clearly identify the information that is subject to the claim for confidentiality; and
- provide a non-confidential version of the submission.

Further information on the ACCC's collection, use and disclosure of information is available in the *ACCC/AER information policy* (October 2008), which is available on the ACCC's website.

If you have any questions about the content of this paper or the process for making a submission, please send an email to airport.group@acc.gov.au or contact Renée Coles on (03) 9290 6921.

Part B: Issues for discussion

Part B of this discussion paper details the issues for consideration in the ACCC's review and invites comments from interested parties. This part consists of three sections:

- Section 6 sets out the sources of information for subjective quality of service measures, such as surveys of airlines, border agencies and passengers. The section asks interested parties to provide comment on the current approach to the collection and use of the information collected through each of these surveys and how the surveys relate to the objectives of monitoring.
- Section 7 sets out the *aspects, matters*, subjective measures and *criteria* used in the ACCC's quality of service monitoring on a service-by-service basis. The section asks interested parties to provide comment on whether the measures achieve the objectives of monitoring. In particular, the extent to which changes in technology, market conditions and users expectations are adequately captured by these measures.
- Section 8 outlines other issues for consideration, including overall ratings and rankings for quality of service monitoring and reporting requirements by airports.

6 Sources of information for subjective measures

While objective quality of service measures are generally easier to verify, subjective quality of service measures can provide information about the extent to which the facilities provided meet the needs and expectations of users. In many cases, surveys of airport users is the most effective means of obtaining quality of service information that is of most relevance to the end user. For example, objective quality of service measures provide information about the number or size of facilities available, while surveys of airport users provide information about whether the level of service provided met their needs and expectations.

Importantly, as set out in Part A, the monitoring program is intended to increase the transparency of the airports' performance due to concerns that they may have the incentive and ability to: charge inefficiently high prices; unduly lower the quality or range of services offered; inefficiently provide services; and undertake wasteful expenditure. The ACCC therefore currently uses information obtained in surveys of airlines (section 6.1), passengers (section 6.2) and border agencies (section 6.3) to assist with the interpretation of objective measures and to see whether the airports may be exercising their market power to the detriment of users.

Survey respondents are asked to rate their level of satisfaction with the services and facilities provided by airport operators on a scale from 1 to 5, as shown in table 6.1.

Table 6.1: Ratings of satisfaction for airport services and facilities

1	2	3	4	5
Very poor	Poor	Satisfactory	Good	Excellent

6.1 Airline surveys

The ACCC currently sends a survey to airlines that use the services and facilities provided by the airport operators covered in the monitoring regime. The ACCC sends the survey directly domestic airlines. In the case of international airlines, the ACCC sends the survey to the Board

of Airline Representatives (BARA), which then forwards the survey on to its members. The ACCC also sends the survey directly to international airlines where it is identified that they are not a member of BARA.

The airlines are asked to rate, on a scale from 1 to 5, the availability and standard of the services and facilities outlined in table 6.2 that are provided by the airport operators. The availability refers to the capacity of an airport's services or facilities and is intended to provide an indication of whether airport operators are undertaking adequate investment to in the capacity of services and facilities. 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 airlines are also asked to provide comments to explain their ratings. Together, these measures given an indication of whether airport operators are unduly lowering the quality or range of services offered; inefficiently providing services; and/or undertaking wasteful expenditure.

Table 6.2: Services and facilities covered by the airline surveys

Airside services and facilities	<ul style="list-style-type: none"> ● Runways ● Taxiways ● Aprons ● Aircraft parking facilities and bays ● Ground handling services and facilities ● Airside freight handling, storage areas and cargo facilities
International terminal services and facilities	<ul style="list-style-type: none"> ● Aerobridges ● Check-in services and facilities ● Baggage processing services and facilities
Domestic terminal services and facilities	<ul style="list-style-type: none"> ● Aerobridges ● Check-in services and facilities ● Baggage processing services and facilities
Airport management	<ul style="list-style-type: none"> ● Overall responsiveness or approach to addressing quality of service problems or concerns

The ACCC recognises the potential commercial incentive for airlines to deliberately under-report quality for the airports and, therefore, seeks to verify the airlines' responses. In the first instance, the ACCC asks the airlines to ensure that their survey responses are reviewed and submitted by their head office. This helps to ensure that survey ratings reflect negotiations on, for example, capital investment plans and service level agreements, as well as the airline's quality preferences and expectations. The ACCC also seeks comments and additional information from an airline if, for example, it gives an airport a rating of below satisfactory (that is, a rating of less than 3). 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 airline took to inform the airport operator of its concerns, and the steps taken by the airport operator to address the concerns.

The ACCC derives a simple average of the airlines' ratings for each of the service and facilities covered by the surveys. It should be noted that the ACCC treats all of the airline survey responses equally and does not apply any kind of weighting to the results. Importantly, there are limitations to both simple average and weighted average methods. For example, weighting of the airline survey results by passenger volume may provide more representative overall results. However, weighting of surveys could also provide a major user airline with greater ability to manipulate the results because its response would be given increased importance.

The ACCC presents the airlines' average ratings in the Airport Monitoring Reports as well as any non-confidential commentary provided by the airlines. The ACCC gives the airport operators an opportunity to provide comments on the airlines' ratings and commentary by giving the airports a draft of their respective chapters prior to finalising the report. The ACCC incorporates the airports' comments into the finalised report, particularly when they provide possible explanation for changes in ratings.

ACCC's preliminary comments

The ACCC considers airline surveys to be an important source of information about an airport operator's conduct and performance. As airport operators provide services directly to user airlines, airlines are in a good position to make an informed assessment of quality against price. Therefore, airline survey ratings can provide a more direct indication of whether an airport is meeting the expectations of its users.

The ACCC therefore proposes to continue to use airline surveys as one element of its quality of service monitoring where appropriate. While the ACCC is aware that some airports have suggested that their service level agreements negotiated with airlines negate the need for the ACCC to conduct airline surveys, the ACCC notes that an airport may exercise its market power in setting those agreements. Moreover, the airline surveys assist with the interpretation of objective measures and form an important part of the ACCC's analysis of the airports' conduct and performance. As discussed above, the ACCC takes steps to verify the airlines' responses and provides the airports with an opportunity to respond to non-confidential comments made by airlines about the quality of services they receive. .

The ACCC seeks comment on:

- whether the current approach and use of airline surveys in the ACCC's quality of service monitoring, including the non-weighting of survey responses, remains appropriate;
- whether the coverage of services and facilities captured in the airline surveys remains appropriate (note that the information used in relation to individual services and facilities is covered in detail in section 7); and
- how information contained in service level agreements negotiated between airports and airlines could be used by the ACCC, if at all, in its quality of service monitoring.

6.2 Passenger surveys

The monitored airports currently arrange for passenger surveys to be conducted and then send the results to the ACCC as part of its annual reporting. The passenger surveys arranged by each airport differ in their coverage and detail, however the surveys must provide information consistent with that specified in the Airports Regulations and set out in the ACCC's *Airport quality of service monitoring guideline*. This flexibility is intended to allow the airport operators to keep their compliance costs to a minimum. The ACCC asks the airports to provide a full description of their survey methodology along with their results.

Surveys at most airports ask passengers to rate their level of satisfaction with the services and facilities outlined in table 6.3 on a scale from 1 to 5.

Table 6.3: Services and facilities covered by the passenger surveys

Check-in services and facilities	<ul style="list-style-type: none"> • Check-in waiting time
Facilities to enable the processing of passengers through customs, immigration and quarantine	<ul style="list-style-type: none"> • Waiting time in inbound Immigration area • Waiting time in inbound baggage inspection area • Waiting time in outbound baggage inspection area
Security inspection	<ul style="list-style-type: none"> • Quality of security search process
Gate lounges and seating other than in gate lounges	<ul style="list-style-type: none"> • Quality and availability of seating in lounge area • Crowding in lounge area
Inbound baggage systems, including reclaiming facilities	<ul style="list-style-type: none"> • Waiting time for inbound baggage reclaim • Information display for inbound baggage reclaim • Circulation space for inbound baggage reclaim
Baggage trolleys	<ul style="list-style-type: none"> • Findability of baggage trolleys
Flight information signage and public-address system	<ul style="list-style-type: none"> • Flight information display screens • Signage and wayfinding
Public areas in terminals and public amenities	<ul style="list-style-type: none"> • Standard of washrooms
Airport car parking	<ul style="list-style-type: none"> • Availability of car parking facilities • Standard of car parking facilities • Time taken to enter car park
Airport access	<ul style="list-style-type: none"> • Congestion at kerbside taxi pick-up and drop-off • Facilities for kerbside taxi pick-up and drop-off • Standard of facilities for taxis • Waiting time for taxis

The ACCC calculates passengers' average rating for each of the services and facilities covered by the passenger surveys. The ACCC presents the passenger survey ratings in the Airport Monitoring Reports alongside the objective indicators, airline survey ratings and border agency survey ratings where applicable. The ACCC invites the airport operators to provide comments on the passenger survey ratings when they submit their annual reports. The ACCC also provides the airport operators with an opportunity to make comments on the results by giving the airports a draft of their respective chapters prior to finalising the Airport Monitoring Report. The ACCC incorporates the airports' comments into the finalised report where appropriate.

ACCC's preliminary comments

The ACCC notes that passengers' perceptions of the quality of service that the airports provide can be influenced by the services also provided by the airlines and border agencies. There are only a limited number of services covered in the ACCC's quality of service monitoring that are provided directly by the airport operators to passengers. Therefore, ratings provided by passengers do not provide the most reliable indicator of whether an airport operator has provided quality of service at a satisfactory level.

Interestingly, the ACCC notes that the passenger survey ratings have generally tended to remain relatively stable from year to year and have been relatively unresponsive to reported changes in airport services and facilities, such as investment in infrastructure. For example, at Adelaide Airport an entire new terminal was built and came into operation in 2005-06, yet the passenger survey ratings increased only marginally within the satisfactory range. Meanwhile, other airports' ratings have also only marginally fluctuated within the good range (Brisbane, Melbourne and Perth airports) and satisfactory range (Sydney Airport) since 2001-02.

As discussed above, the ACCC considers that airlines survey ratings provide a more direct indicator of the quality of service that the airports provide. Consequently, while the ACCC does take into consideration the passenger survey results, the ACCC places less emphasis on passenger survey ratings in its analysis of the airports' conduct and performance presented in the Airport Monitoring Reports. This is particularly the case where the services and facilities used by passengers are provided through a combined effort of the airport operator and airlines or border agencies.

The ACCC has been specifically asked by the Government to consider the possibility of standardising passenger surveys across the monitored airports. The ACCC notes that a number of the monitored airports currently use the Airports Council International's Airport Service Quality program and submit those results for the ACCC's quality of service monitoring. Nevertheless, the ACCC's view is that the current approach of allowing the airports to decide whether or not to use the ACI's ASQ program or some other program allows the airport operators flexibility to reduce their compliance costs, which is one of the objectives of the monitoring program.

Nevertheless, the ACCC notes that it remains open to the industry to take a lead in conducting standardised surveys of passengers' perceptions about the airports. The information gathered in the standardised surveys could potentially be used to benchmark the airports. The ACCC's view is that benchmarking can provide some general observations about the overall quality of Australian airports relative to overseas airports. However, given the significant differences between individual airports (such as ownership structures, regulatory regimes and various price/quality service offerings), there is limited scope for such benchmarking exercises to assist with an assessment of an individual airport's conduct and performance.

The ACCC's monitoring has been aimed at revealing trends in an individual airport's performance over time rather than making judgments about an airport's performance against a benchmark of other airports. In this way, the ACCC has sought to understand the consistency of the airports' survey methodology over time at individual airports rather than across airports.

The ACCC proposes to continue to use passenger surveys in its quality of service monitoring where appropriate. The ACCC's view is that, should industry adopt a standardised approach to passenger surveys, the results of these surveys could be used in the ACCC's quality of service monitoring to the extent that they assist the ACCC in its analysis of the airports' conduct and performance. However, the ACCC is hesitant to prescribe a level of detail and coverage of passenger surveys beyond the current approach.

The ACCC seeks comment on:

- whether the current approach and use of passenger surveys in the ACCC's quality of service monitoring remains appropriate
- the extent to which there should be greater standardisation of passenger surveys and whether industry groups would be best placed to implement this; and
- whether the coverage of services and facilities captured in the passenger surveys remains appropriate (note that the information used in relation to individual services and facilities is covered in detail in section 7).

6.3 Border agency surveys

The ACCC currently sends a survey to border agencies that use the services and facilities provided by the airport operators covered in the monitoring regime. The ACCC sends the survey to the Australian Customs and Border Protection Service, which coordinates a response to the survey that encompasses its views along with those of the Department of Immigration and Citizenship and the Australian Quarantine and Inspection Service.

The border agencies are asked to rate, on a scale from 1 to 5, the adequacy and standard of the services and facilities outlined in table 6.4 that are provided by the airport operators. The adequacy refers to the capacity of an airport's services or facilities and is intended to provide an indication of whether airport operators are undertaking capacity-enhancing 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 border agencies are also asked to provide comments to further explain their ratings.

Table 6.4: Services and facilities covered by the border agency surveys

Services and facilities to enable the processing of passengers through customs, immigration and quarantine	<ul style="list-style-type: none">• Arrivals—Immigration• Arrivals—Baggage inspection or examination area• Departures—Immigration• Overall responsiveness or approach to addressing quality of service problems or concerns
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The ACCC acknowledges that the airport operators have regulatory obligations to provide certain airport services to border agencies. The border agency surveys are reviewed and submitted by the border agency's head office. The ACCC considers that this allows for the results to account for commercial negotiations and regulatory obligations and reduces the potential for bias. Where a border agency gives a rating of below satisfactory (that is, a rating of less than 3), they must support the rating with commentary detailing the concern and steps they have taken to inform the airport operator of it.

The ACCC derives a simple average of the border agencies' ratings for each of the service and facilities covered by the surveys. The ACCC presents the border agencies' average ratings in the Airport Monitoring Reports as well as any non-confidential commentary provided by the border agencies. The ACCC gives the airport operators an opportunity to comment on the border agencies' ratings of their individual services and facilities by giving the airports a draft of their respective chapters prior to finalising the report. Where appropriate, the ACCC incorporates the airports' comments into the finalised report, particularly when they provide possible explanation for changes in ratings.

ACCC's preliminary comments

The ACCC recognises that airport operators have an obligation to provide border agencies with sufficient services and facilities to enable the processing of passengers through customs, immigration and quarantine. As such, the views of the border agencies are a useful source of information for evaluating the quality of these airport services and facilities. Importantly, the information assists the ACCC to analyse the results from passenger surveys, which seek information on passengers' perceptions of the customs, immigration and quarantine processes.

However, the ACCC also recognises that the operation of these services and facilities is not within the direct control of airport operators. For example, the number of staff that the border agencies make available also has a significant impact on the speed with which passengers are processed. Also, due to statutory rights, the border agencies are likely to be in a strong position to negotiate terms and conditions with airport operators. Consequently, the ACCC places a lower level of emphasis on border agency survey ratings in its analysis of the airports' conduct and performance presented in the Airport Monitoring Reports.

Furthermore, the ACCC is aware that Customs has engaged an independent 'Traveller Satisfaction Survey' to gain an overall indication of the level of international travellers' experiences through Australian airports. The surveys are conducted on a quarterly basis (prior to August 2012 the surveys were conducted on a monthly basis) and include questions about satisfaction with service and perceptions of waiting times. The reports are available at www.customs.gov.au/site/page5941.asp.

Therefore, the ACCC is minded to discontinue the use of border agency surveys in its quality of service monitoring given the limited extent to which the ACCC relies on these ratings in its analysis of the airports' conduct and performance.

The ACCC seeks comment on:

- whether the current approach and use of border agency surveys in the ACCC's quality of service monitoring remains appropriate;
- whether the coverage of services and facilities captured in the border agency surveys remains appropriate (note that the information used in relation to individual services and facilities is covered in detail in section 7);
- whether there are new or alternative sources of information that the border agency survey typically provides;
- whether an alternative form of monitoring passenger experience at airports, separate from the ACCC's quality of service monitoring, would be sufficient to monitor and address quality of service issues at airports in relation to this aspect.

7 Review of quality of service criteria

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. See section 3 for more information on the legislative framework.

The ACCC has undertaken two previous reviews of the quality of service *criteria* (see section 1). The ACCC undertook consultation with interested parties in both of those reviews to determine the approach to quality of service monitoring. The *criteria* and type of information sourced were determined to ensure complementarity between objective measures and subjective measures. These various sources of information assist in the ACCC's analysis by providing insight into the cause of a perceived change in service quality.

This section outlines the type and sources of information as well as the *criteria* used by the ACCC in relation to each of the *aspects*. The ACCC is interested in feedback from relevant parties on the coverage and type of information collected by the ACCC and whether there are new, additional or alternative measures that should be used to meet the objectives of quality of service monitoring (see section 4).

In determining the type and sources of information and the inclusion of the *criteria* in the quality of service monitoring, the ACCC considers that the measures should:

- fall within the *aspects* listed in the Airports Regulations;
- relate to the price monitoring and financial reporting arrangements for airports, which encompasses aeronautical and car parking services;
- relate to facilities and services provided by, or which are significantly influenced by, airport operators;
- relate to significant services in terms of proportion of expenditure or revenue, movement of passengers or freight by air, or importance to users
- provide useful information either by itself or provide some explanation to quality outcomes, with consideration of unnecessary compliance burdens and minimising overlap of information; and
- be measurable, verifiable and not susceptible to manipulation.

While a range of *criteria* are identified, the ACCC notes that not all *criteria* will be applicable at every airport.

7.1 Number of passengers during peak hour

A number of the *criteria* used by the ACCC are dependent upon the number of passengers during peak airport periods. For example, the ‘number of passengers per baggage trolley during peak hour’ is one of the *criteria* used by the ACCC to evaluate the quality of the *aspect* ‘baggage trolleys’.

The Airports Regulations define peak hour to be:

- (a) for a matter relating exclusively to arriving passengers or inbound baggage—the hour that, on average for each day in the financial year, has the highest number of arriving passengers; and
- (b) for a matter relating exclusively to departing passengers or outbound baggage—the hour that, on average for each day in the financial year, has the highest number of departing passengers; and
- (c) in any other case—the hour that, on average for each day in the financial year, has the highest total number of passenger movements (including both arriving and departing passengers).

The airport operators currently provide the ACCC with details on peak hours for arriving and departing passengers, as well as the passenger numbers during those periods. Where necessary, the ACCC then calculates the total number of passengers during peak hour. An example is presented in table 7.1.

Table 7.1: Example of calculation of number of passengers during peak hour

	Peak hour	Number of passengers during peak hour
Arriving	7:00am to 7:59am	1,200
Departing	6:00pm to 6:59pm	1,400
Total	N/A	2,600

Therefore, in the case of the *aspect* ‘baggage trolleys’, which is relevant to both arriving and departing passengers, the ACCC calculates the ‘number of passengers per baggage trolley during peak hour’ using the total passengers figure. In this instance, total is calculated on the basis of different peak hours for arriving and departing passengers.

The ACCC does not propose any change to the definition of peak hour or the approach to calculating the total number of passengers during peak hour. The ACCC notes that a key objective is to gather and report on *criteria* that facilitate assessments of changes in service quality over time at an airport and, where appropriate, comparisons across airports (see section 4). Importantly, any change to the definition or approach to determining the number of passengers during peak hour would result in a break in the time series of data, which would complicate comparisons over time at an airport.

The ACCC seeks comment on:

- whether the use of peak period measures remains appropriate for quality of service monitoring;
- whether the definition of peak hour, as given in the Airports Regulations, remains appropriate for quality of service monitoring; and
- whether the existing approach to calculating the total number of passengers during peak hour remains appropriate for quality of service monitoring.

7.2 Baggage trolleys

The ACCC evaluates baggage trolleys provided by the airport operators with 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. In particular, the former quantifies the availability of baggage trolleys, while the latter evaluates the extent to which the quantity and location of baggage trolleys at the airports is sufficient to meet the reasonable needs of airport users. For example, the number of baggage trolleys available might remain the same over time, but the airport operator may move the baggage trolley collection point to a less convenient location or may not readily collect baggage trolleys from car parks to make them available for other users. In this instance, the monitoring results might show no change in the number of passengers per baggage trolley during peak hour. However, the passenger surveys would be expected to show a decrease in passenger satisfaction with the findability of baggage trolleys.

Table 7.2: Sources of information and criteria used by the ACCC to evaluate the quality of baggage trolleys

Matters (reported by the airports)	Criteria (used by the ACCC)
<ul style="list-style-type: none"> Number of baggage trolleys on 30 June in the financial year Average number of passengers during peak hour in the financial year 	International services: (1) Number of passengers per baggage trolley during peak hour (2) Passenger surveys—average rating of findability of baggage trolleys Domestic services: (3) Number of passengers per baggage trolley during peak hour (4) Passenger surveys—average rating of findability of baggage trolleys
Airline surveys (conducted by the ACCC)	
Nil	
Passenger surveys (conducted by the airports)	
<ul style="list-style-type: none"> Findability of baggage trolleys 	
Border agency surveys (conducted by the ACCC)	
Nil	

ACCC’s preliminary comments

The ACCC notes that baggage trolleys are provided directly to passengers by airport operators. The ACCC is aware that, in some circumstances, the airport operators contract the provision and management of baggage trolleys to third party providers. However, through these contracts, the airport operators ultimately maintain control over baggage trolleys.

The ACCC proposes to continue reporting on the existing measures for baggage trolleys on the basis that it is an *aspect* specified in the Airports Regulations and the airports have direct influence over the service. That said, the ACCC notes that the importance of baggage trolleys being provided by airport operators to passengers may have diminished over time due to the greater use of baggage with built-in wheels. The ACCC also notes that a higher proportion of passengers appear to be travelling with carry-on baggage as low cost carriers (LCCs), which are a growing segment of the airport market, typically charge for ancillary services such as checked baggage. Also, baggage trolleys do not appear to be a significant service in terms of proportion of expenditure or revenue and an inefficient supply of baggage trolleys would be unlikely to have a significant impact on the economic welfare of passengers. As such, the ACCC questions whether the *aspect* remains relevant to the ACCC’s quality of service monitoring.

<p>The ACCC seeks comment on:</p> <ul style="list-style-type: none"> whether the ACCC should continue seeking information and reporting on the quality of baggage trolleys; and whether there are any new issues arising that the ACCC should be aware of in its evaluation of baggage trolleys for quality of service monitoring.

7.3 Check-in services and facilities

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

factors influencing the quality of these services. For example, a response observed from the passenger surveys may indicate longer waiting times. The objective *criteria* 'percentage of hours with more than 80 per cent of check-in desks in use' provides an indication of the extent to which check-in desks that are provided by the airport operator are being used by the airlines. Therefore, a high level of utilisation might indicate that the airport operator is not providing sufficient check-in desks. However, airline survey results and commentary could indicate that the airlines are satisfied with the check-in desks provided by the airport operator. This in turn would indicate that the actions of the airlines (such as staffing), rather than the actions of the airport operator, may be contributing to longer waiting times.

Table 7.3: Sources of information and criteria used by the ACCC to evaluate the quality of check-in services and facilities

Matters (reported by the airports)	Criteria (used by the ACCC)
<ul style="list-style-type: none"> • Number of hours during the financial year when more than 80 per cent of check-in desks were in use • Total number of hours during the financial year when any check-in desk was open • Number of check-in desks on 30 June in the financial year 	International services: (1) Percentage of hours with more than 80 per cent of check-in desks in use (2) Airline surveys—average rating of availability of check-in services and facilities (3) Airline surveys—average rating of standard of check-in services and facilities (4) Passenger surveys—average rating of check-in waiting time
Airline surveys (conducted by the ACCC)	
<ul style="list-style-type: none"> • Check-in services and facilities—availability • Check-in services and facilities—standard 	Domestic services: (5) Percentage of hours with more than 80 per cent of check-in desks in use (6) Airline surveys—average rating of availability of check-in services and facilities (7) Airline surveys—average rating of standard of check-in services and facilities (8) Passenger surveys—average rating of check-in waiting time
Passenger surveys (conducted by the airports)	
<ul style="list-style-type: none"> • Check-in waiting time • Average check-in waiting time per passenger during peak hour (average number of minutes) 	
Border agency surveys (conducted by the ACCC)	
Nil	

ACCC’s preliminary comments

The ACCC notes that check-in facilities are provided to passengers via a mixture of services and facilities supplied by the airport and the airlines. For example, where the airport may supply check-in desks, an airline may staff the desks. The ACCC notes that, as airport operators provide certain check-in services and facilities directly to airlines (such as desks and space for queuing), airline surveys can provide a direct indicator of the quality of the services provided by the airport operators. In contrast, passengers’ perceptions about the quality of check-in waiting time will be influenced by the services also provided by the airlines (such as the number of airline staff made available for check-in). Therefore, passenger survey ratings do not provide a direct indicator of the quality of the check-in services provided by airport operators. As noted in section 6, the ACCC places less emphasis on the passenger survey results in these instances.

Furthermore, the ACCC notes that there has been a significant change in the nature of check-in services and facilities. For example, a number of airlines have put in place their own self-service check-in kiosks for passengers and enable passengers to check in online before

arriving at the airport. Notably, while the airport operators provide the space for these kiosks, the airlines provide the equipment. As noted in section 6, it is expected that the extent to which this alters the type and nature of check-in services and facilities that the airlines need from airport operators would be taken into consideration in the airline survey responses. That said, there may be some scope for new or additional measures to be included in the ACCC’s monitoring program to take account of these changes.

The ACCC proposes to continue using information provided by airport operators about the number and type of check-in services and facilities they provide to airlines, as well as the survey responses provided by airlines about the adequacy of those services and facilities. However, given the indirect relationship between the check-in services and facilities provided by the airport operator and passengers’ perceptions of check-in, the ACCC is minded to discontinue the use of passenger survey information in relation to this *aspect*.

<p>The ACCC seeks comment on:</p> <ul style="list-style-type: none"> • whether the combination of objective measures provided by the airport operators and survey of airlines about the quality of check-in services and facilities is sufficient to evaluate check-in services and facilities; and • whether there are any new or alternative forms of measures that the ACCC should consider using in its evaluation of check-in services and facilities provided by airport operators.
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7.4 Security inspection

Security clearance currently has two measures of quality: a measure of the number of passengers passing through security clearance systems in peak periods and a survey of passenger perceptions about the security search process.

Table 7.4: Sources of information and criteria used by the ACCC to evaluate the quality of security inspection

Matters (reported by the airports)	Criteria (used by the ACCC)
<ul style="list-style-type: none"> • Number of security clearance systems, including equipment required to process passengers and baggage, in use on 30 June in the financial year • Average number of departing passengers during peak hour in the financial year 	<p>International services:</p> <p>(1) Number of departing passengers per security clearance system during peak hour</p> <p>(2) Passenger surveys—average rating of quality of security search process</p> <p>Domestic services:</p> <p>(3) Number of departing passengers per security clearance system during peak hour</p> <p>(4) Passenger surveys—average rating of quality of security search process</p>
Airline surveys (conducted by the ACCC)	
Nil	
Passenger surveys (conducted by the airports)	
<ul style="list-style-type: none"> • Quality of security search process 	
Border agency surveys (conducted by the ACCC)	
Nil	

ACCC's preliminary comments

Broadly speaking, the Government sets the national industry-wide requirements for aviation security through legislation, while the airport operators are responsible for implementing security screening that meets the requirements. Although the legislation sets out the minimum requirements for security screening, the ACCC is not aware of any legislated national performance measures, targets or indicators to evaluate screening performance. For example, the airport operators remain responsible for determining the number of security screening points and the staffing levels to meet demand.

The ACCC is aware that, in some circumstances, the airport operators contract security screening to third party providers. However, through these contracts, the airport operators ultimately maintain control over the quality of security inspection.

The ACCC proposes to continue reporting on the existing measures for security inspection on the basis that it is an *aspect* specified in the Airports Regulations and the airports have direct influence over the service.

The ACCC seeks comment on:

- whether there are any new issues that the ACCC should be aware of in its evaluation of security inspection for quality of service monitoring.

7.5 Outbound baggage system and baggage make-up, handling and reclaiming services and facilities

Following the ACCC's previous review of quality of service monitoring in 2006-07, the criterion 'average throughput of outbound/inbound baggage system during peak hour' replaced 'average throughput of outbound/inbound baggage system, bags per hour'. Additionally, the *criteria* 'total time that an outbound/inbound baggage system was interrupted' was added. These objective measures complement the surveys of airlines and passengers about the baggage systems provided by the airport operators.

Table 7.5: Sources of information and criteria used by the ACCC to evaluate the quality of outbound baggage system and baggage make-up, handling and reclaiming services and facilities

Matters (reported by the airports)	Criteria (used by the ACCC)
<ul style="list-style-type: none"> • Capacity of outbound baggage handling equipment (in bags per hour) on 30 June in the financial year • Total number of bags handled by outbound baggage handling equipment in the financial year • Total number of hours during the financial year for which outbound baggage handling equipment was in use • Total number of planned interruptions to outbound baggage handling system in the financial year • Total number of hours of planned interruptions to outbound baggage handling system in the financial year 	<p>International services:</p> <ol style="list-style-type: none"> (1) Average throughput of outbound baggage system during peak hour (2) Average throughput of inbound baggage system during peak hour (3) Total time that the outbound baggage system was interrupted (4) Total time that the inbound baggage system was interrupted (5) Airline surveys—average rating of the availability of baggage processing facilities (6) Airline surveys—average rating of the standard of baggage processing facilities (7) Passenger surveys—average rating of waiting time for inbound baggage reclaim

<ul style="list-style-type: none"> • Total number of unplanned interruptions to outbound baggage handling system in the financial year • Total number of hours of unplanned interruptions to outbound baggage handling system in the financial year • Capacity of inbound baggage handling equipment (in bags per hour) on 30 June in the financial year • Total number of bags handled by inbound baggage handling equipment in the financial year • Total number of hours during the financial year for which inbound baggage handling equipment was in use • Total number of planned interruptions to inbound baggage system in the financial year • Total number of hours of planned interruptions to inbound baggage system in the financial year • Total number of unplanned interruptions to inbound baggage system in the financial year • Total number of hours of unplanned interruptions to inbound baggage system in the financial year • Total area (in square metres) provided by the airport operator for baggage reclaim on 30 June in the financial year 	<ul style="list-style-type: none"> (8) Passenger surveys—average rating of information display for inbound baggage reclaim (9) Passenger surveys—average rating of circulation space for inbound baggage reclaim <p>Domestic services:</p> <ul style="list-style-type: none"> (10) Average throughput of outbound baggage system per hour (11) Average throughput of inbound baggage system per hour (12) Total time that the outbound baggage system was interrupted (13) Total time that the inbound baggage system was interrupted (14) Airline surveys—average rating of the availability of baggage processing facilities (15) Airline surveys—average rating of the standard of baggage processing facilities (16) Passenger surveys—average rating of waiting time for inbound baggage reclaim (17) Passenger surveys—average rating of information display for inbound baggage reclaim (18) Passenger surveys—average rating of circulation space for inbound baggage reclaim
<p>Airline surveys (conducted by the ACCC)</p>	
<ul style="list-style-type: none"> • Baggage processing facilities—availability • Baggage processing facilities—standard 	
<p>Passenger surveys (conducted by the airports)</p>	
<ul style="list-style-type: none"> • Waiting time for inbound baggage reclaim • Information display for inbound baggage reclaim • Circulation space for inbound baggage reclaim 	
<p>Border agency surveys (conducted by the ACCC)</p>	
<p>Nil</p>	

ACCC's preliminary comments

The surveys of passengers and airlines provide two perspectives of the baggage systems. Airlines respond to the survey from the perspective of the airside (for example, the baggage belt systems available to transfer luggage from check-in to the aircraft). These services and

facilities are provided directly by the airport operator to the airlines. At the same time, passengers provide ratings on the available space around baggage reclaim areas in the terminals, which airport operators provide directly to the passengers.

That said, the waiting time for passengers to reclaim their baggage is not entirely in the airport operator’s control. The ACCC is aware that airport operators are responsible for ensuring the availability of baggage 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 unloading the baggage from the aircraft and putting the baggage onto the reclaim systems. The ACCC notes that objective measures incorporate information on the capacity of the baggage systems provided by airport operators.

The ACCC also notes that LCCs, which are a growing segment of the airline market, typically charge for ancillary services such as checked baggage. The ACCC is aware that, in an effort to reduce their costs, passengers may opt to use carry-on luggage, which in turn may reduce the usage and demand for baggage systems.

The ACCC proposes to continue seeking objective measures of outbound baggage systems and baggage make-up, handling and reclaiming services and facilities. The ACCC also proposes to continue seeking information from the direct users of the services and facilities, being airlines and passengers. That said, the ACCC proposes to discontinue seeking information for the *criteria* ‘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 and there are objective measures that take into consideration the extent to which airport operators have provided adequate facilities.

The ACCC seeks comment on:

- whether the combination of objective measures provided by the airport operators and survey of airlines and passengers about the quality of baggage services and facilities is sufficient to evaluate the baggage services and facilities; and
- whether there are any new or alternative forms of measures that the ACCC should consider using in its evaluation of baggage services and facilities provided by airport operators.

7.6 Facilities to enable the processing of passengers through customs, immigration and quarantine

The *aspect* facilities to enable the processing of passengers through customs, immigration and quarantine was discussed in detail in section 6 in the context of the border agency surveys. The ACCC currently evaluates this *aspect* using a combination of objective measures and ratings from passenger and border agency surveys.

Table 7.6: Sources of information and criteria used by the ACCC to evaluate the quality of facilities to enable the processing of passengers through customs, immigration and quarantine

Matters (reported by the airports)	Criteria (used by the ACCC)
<ul style="list-style-type: none"> • Number of inbound Immigration desks on 30 June in the financial year • Number of baggage inspection desks on 30 June in the financial year • Number of outbound Immigration desks on 30 June in the financial year 	<p>International services only:</p> <ul style="list-style-type: none"> (1) Number of arriving passengers per inbound Immigration desk during peak hour (2) Number of arriving passengers per baggage inspection desk during peak hour (3) Number of departing passengers per outbound

<ul style="list-style-type: none"> • Average number of arriving passengers during peak hour in the financial year 	Immigration desk during peak hour
Airline surveys (conducted by the ACCC)	(4) Passenger surveys—average rating of waiting time in inbound Immigration area
Nil	(5) Passenger surveys—average rating of waiting time in inbound baggage inspection area
Passenger surveys (conducted by the airports)	(6) Passenger surveys—average rating of waiting time in outbound Immigration area
<ul style="list-style-type: none"> • Waiting time in inbound Immigration area • Waiting time in inbound baggage inspection area • Waiting time in outbound Immigration area 	(7) Border agency survey—average rating of the availability of inbound Immigration facilities
Border agency surveys (conducted by the ACCC)	(8) Border agency survey—average rating of the standard of inbound Immigration facilities
<ul style="list-style-type: none"> • Arrivals – Immigration – availability (circulation and queuing, signage, lighting, desks and passenger facilities) • Arrivals – Immigration – standard (circulation and queuing, signage, lighting, desks and passenger facilities) • Departures – Immigration – availability (circulation space to avoid congestion, signage and appropriate provision of desks) • Departures – Immigration – standard (circulation space to avoid congestion, signage and appropriate provision of desks) • Arrivals – baggage inspection or examination area – availability (avoids congestion, signage, provision for passenger privacy, appropriate access and security, passenger facilities and inspection facilities) • Arrivals – baggage inspection or examination area – standard (avoids congestion, signage, provision for passenger privacy, appropriate access and security, passenger facilities and inspection facilities) 	(9) Border agency survey—average rating of the availability of inbound baggage inspection facilities
	(10) Border agency survey—average rating of the standard of inbound baggage inspection facilities
	(11) Border agency survey—average rating of the availability of outbound Immigration facilities
	(12) Border agency survey—average rating of the standard of outbound Immigration facilities

ACCC's preliminary comments

As discussed in section 6, the ACCC recognises that the operation of facilities to enable the processing of passengers through customs, immigration and quarantine is not entirely within the control of airport operators. Further, due to statutory rights, the border agencies are able to significantly influence the quality of services and facilities provided to passengers. The ACCC notes that, due to these reasons, there is a low level of emphasis placed on *criteria* relating to these services and facilities in the ACCC analysis of the airports' conduct and performance presented in the Airport Monitoring Reports.

The ACCC also notes that, as discussed earlier, Customs has engaged an independent 'Traveller Satisfaction Survey' to gain an overall indication of the level of international travellers' experiences through Australian airports. The surveys are conducted on a quarterly basis (prior to August 2012 the surveys were conducted on a monthly basis) and include questions about

satisfaction with service and perceptions of waiting times. The reports are available at www.customs.gov.au/site/page5941.asp.

The ACCC proposes to discontinue the collection of information relating to this *aspect* and to remove the *criteria* from the ACCC's quality of service monitoring. It should be noted, however, that the ACCC does not advocate the removal of this *aspect* from the list of services and facilities specified in the Airports Regulations due to the potential wider implications of doing so, which were outlined in Part A of this paper.

The ACCC seeks comment on:

- whether an alternative form of monitoring passenger experience at airports, separate to the ACCC's quality of service monitoring, would be sufficient to monitor and address quality of service issues at airports in relation to this *aspect*; and
- whether the proposal to discontinue the use of *criteria* to evaluate this aspect in the ACCC's quality of service monitoring is appropriate.

7.7 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.

Table 7.7: Sources of information and criteria used by the ACCC to evaluate the quality of flight information, general signage and public-address systems

Matters (reported by the airports)	Criteria (used by the ACCC)
<ul style="list-style-type: none"> • Number of flight information display screens on 30 June in the financial year • Number of information points on 30 June in the financial year • Average number of passengers (whether arriving or departing passengers) during peak hour in the financial year 	International services: (1) Number of passengers per flight information display screen during peak hour (2) Number of passengers per information point during peak hour (3) Passenger surveys—average rating of flight information display screens (4) Passenger surveys—average rating of signage and wayfinding Domestic services: (5) Number of passengers per flight information display screen during peak hour (6) Number of passengers per information point during peak hour (7) Passenger surveys—average rating of flight information display screens (8) Passenger surveys—average rating of signage and wayfinding
Airline surveys (conducted by the ACCC)	
Nil	
Passenger surveys (conducted by the airports)	
<ul style="list-style-type: none"> • Flight information display screens • Signage and wayfinding 	
Border agency surveys (conducted by the ACCC)	
Nil	

ACCC's preliminary comments

The ACCC is aware that certain airports have previously expressed concerns that the criteria for this *aspect* do not take into account improvements in quality which may accompany a

decrease in numbers. For example, the number of flight information display screens may decrease following the instalment by the airport of larger and clearer digital LCD screens. The improvement in quality of the screens in this instance would not be captured by the objective data. However, the ACCC notes that the survey data would be expected to reflect improved quality where this was the case.

The ACCC proposes to continue reporting on the existing 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 airports have direct influence over the service. That said, the ACCC questions whether this *aspect* remains a significant service that is relevant to the ACCC’s analysis of the airports’ conduct and performance. In particular, the ACCC realises that these services and facilities are important to the passenger experience at an airport, but questions whether an inefficient supply would be likely to have a significant impact on economic welfare.

The ACCC seeks comment on:

- whether the ACCC should continue seeking information and reporting on the quality of flight information, general signage and public-address systems; and
- whether there are any new issues arising that the ACCC should be aware of in its evaluation of this *aspect* for quality of service monitoring.

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

There is currently only one measure related to this *aspect*—a passenger survey question on washroom standard.

Table 7.8: Sources of information and criteria used by the ACCC to evaluate the quality of public areas in terminals and public amenities

Matters (reported by the airports)	Criteria (used by the ACCC)
Nil	International services: (1) Passenger surveys—average rating of standard of washrooms Domestic services: (2) Passenger surveys—average rating of standard of washrooms
Airline surveys (conducted by the ACCC)	
Nil	
Passenger surveys (conducted by the airports)	
<ul style="list-style-type: none"> • Standard of washrooms 	
Border agency surveys (conducted by the ACCC)	
Nil	

ACCC’s preliminary comments

The ACCC proposes to continue reporting on public areas in terminals and public amenities on the basis that it is an *aspect* specified in the Airports Regulations and the airports have direct influence over the service. The ACCC notes that there are no readily available alternatives to using the terminal and public amenities at the airports. That said, the ACCC questions whether this *aspect* remains a significant service that is relevant to the ACCC’s analysis of the airports’ conduct and performance. In particular, the ACCC realises that these services and facilities are

important to the passenger experience at an airport, but questions whether an inefficient supply would be likely to have a significant impact on economic welfare.

The ACCC seeks comment on:

- whether the ACCC should continue seeking information and reporting on the public areas in terminals and public amenities; and
- whether there are additional or alternative sources of information, both objective and subjective measures, that the ACCC could use in its evaluation of public areas in terminals and public amenities for quality of service monitoring.

7.9 Gate lounges and seating other than in gate lounges

The ACCC evaluates gate lounges and seating other than in gate lounges provided by the airport operators with objective *criteria* 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. In particular, the former quantifies the availability of seating and space, while the latter evaluates the extent to which the gate lounges are sufficient to meet the needs of airport users. For example, the number of seats in gate lounges might remain the same over time, however the airport operator may have installed new and improved seating. In this instance, it would be expected that the passenger surveys would show an increase in passenger satisfaction with the quality and availability of seating.

Table 7.9: Sources of information and criteria used by the ACCC to evaluate the quality of gate lounges and seating other than in gate lounges

Matters (reported by the airports)	Criteria (used by the ACCC)
<ul style="list-style-type: none"> • Number of gate lounges on 30 June in the financial year • Number of seats in gate lounges on 30 June in the financial year • Total gate lounge area (in square metres) on 30 June in the financial year • Average number of departing passengers during peak hour in the financial year 	International services: (1) Number of departing passengers per seat in gate lounges during peak hour (2) Number of departing passengers per square metre of lounge area during peak hour (3) Passenger surveys—average rating of quality and availability of seating in lounge area (4) Passenger surveys—average rating of crowding in lounge area Domestic services: (5) Number of departing passengers per seat in gate lounges during peak hour (6) Number of departing passengers per square metre of lounge area during peak hour (7) Passenger surveys—average rating of quality and availability of seating in lounge area (8) Passenger surveys—average rating of crowding in lounge area
Airline surveys (conducted by the ACCC)	
Nil	
Passenger surveys (conducted by the airports)	
<ul style="list-style-type: none"> • Quality and availability of seating in lounge area • Crowding in lounge area 	
Border agency surveys (conducted by the ACCC)	
Nil	

ACCC's preliminary comments

Airport operators provide gate lounges and seating in gate lounges directly to passengers waiting to board aircraft and meeters and greeters waiting for passengers to disembark aircraft. That said, the ACCC is aware that crowding in these areas can be impacted by delays in flights caused by parties other than airport operators (such as airlines or air traffic control). Nevertheless, these facilities remain an important part of the services and facilities provided by airport operators and, therefore, are an essential part of the ACCC's quality of service monitoring.

The ACCC proposes to continue seeking objective measures as well as input from passengers on the issue of quality of gate lounges. That said, the ACCC is interested in whether there are any additional or alternative *criteria* based on objective measures that would assist in its evaluation of this *aspect*.

The ACCC seeks comment on:

- whether the existing *criteria* used by the ACCC in relation to gate lounges, as well the *matters* that provide supporting information, appropriately evaluates the *aspect*;
- whether there are additional or alternative sources of information, both objective and subjective measures, that the ACCC could use in its evaluation of gate lounges and seating other than in gate lounges for quality of service monitoring.

7.10 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.

Table 7.10: Sources of information and criteria used by the ACCC to evaluate the quality of ground handling services and facilities

Matters (reported by the airports)	Criteria (used by the ACCC)
Nil	(1) Airline surveys—average rating of the availability of ground handling services and facilities (2) Airline surveys—average rating of the standard of ground handling services and facilities
Airline surveys (conducted by the ACCC)	
<ul style="list-style-type: none"> • Ground handling services and facilities – availability • Ground handling services and facilities – standard 	
Passenger surveys (conducted by the airports)	
Nil	
Border agency surveys (conducted by the ACCC)	
Nil	

ACCC's preliminary comments

The ACCC is aware that certain ground handling services and facilities are not provided directly by the airport operators, but are provided by third party operators. The airline surveys ask airlines to rate only those services where they are provided directly by the airport operator.

The ACCC proposes to continue seeking input from airport users on the issue of ground handling services and facilities on the basis that it is consistent with the broad objectives of price and quality of service monitoring. In particular, that ground handling services and facilities relate directly to the movement of passengers for which there are no off-airport substitutes. That said, the ACCC is interested in whether there are any objective measures that would also assist in its evaluation of this *aspect*.

The ACCC seeks comment on:

- whether there are 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.

7.11 Aerobridge usage

Aerobridge usage is measured with 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. In particular, the former quantifies the availability of aerobridges, while the latter evaluates the extent to which the quantity is sufficient to meet the needs of airport users. For example, a LCC may wish to minimise its costs by not using aerobridges. In this case, the monitoring results might show a fall in the percentage of passengers arriving or departing using aerobridges. However, the airline surveys would show that airlines are satisfied with this level of aerobridge availability.

Further, subjective measures from airline surveys are currently the only source of information used by the ACCC to assess the standard of aerobridges. That is, the ability of the aerobridges to perform their intended function, including their reliability. For example, if the aerobridges do not have sufficient air-conditioning or have dirty and torn carpet, then they may be considered to be of a less than satisfactory standard.

Table 7.11: Sources of information and criteria used by the ACCC to evaluate the quality of aerobridge usage

Matters (reported by the airports)	Criteria (used by the ACCC)
<ul style="list-style-type: none"> • Number of aerobridges on 30 June in the financial year • Number of passengers who used aerobridges for disembarkation (arrival) in the financial year • Total number of passengers who disembarked (arrived) in the financial year • Number of passengers who used aerobridges for embarkation (departure) in the financial year • Total number of passengers who embarked (departed) in the financial year 	<p>International services:</p> <p>(1) Percentage of international passengers arriving using an aerobridge</p> <p>(2) Percentage of international passengers departing using an aerobridge</p> <p>(3) Airline surveys—average rating of the availability of aerobridges</p> <p>(4) Airline surveys—average rating of the standard of aerobridges</p> <p>Domestic services:</p> <p>(5) Percentage of domestic passengers arriving using an aerobridge</p> <p>(6) Percentage of domestic passengers departing using an aerobridge</p> <p>(7) Airline surveys—average rating of the availability of aerobridges</p> <p>(8) Airline surveys—average rating of the standard of aerobridges</p>
Airline surveys (conducted by the ACCC)	
<ul style="list-style-type: none"> • Aerobridges – availability • Aerobridges – standard 	
Passenger surveys (conducted by the airports)	
Nil	
Border agency surveys (conducted by the ACCC)	
Nil	

ACCC’s preliminary comments

Airport operators provide aerobridges directly to airlines so that passengers can board and disembark aircraft. The ACCC notes that some airlines (particularly LCCs) may choose not to use aerobridges, preferring instead to use mobile staircases to board and disembark passengers. Nevertheless, aerobridges remain an important part of the services and facilities provided by airport operators and an essential part of the ACCC’s quality of service monitoring. Notably, airlines are charged for the use of aerobridges and, therefore, this aspect relates directly to the ACCC’s prices monitoring role.

The ACCC proposes to continue seeking objective measures as well as input from airlines on the issue of aerobridge usage. That said, the ACCC is interested in whether there are any additional or alternative *criteria* based on objective measures that would assist in its evaluation of this *aspect*. For example, the ACCC could include a measure of the ‘percentage of aircraft using aerobridges’ and the ‘percentage of aircraft that requested the use of aerobridges’. This would require information about the number of airlines requesting and using aerobridges to be available from airport operators.

The ACCC seeks comment on:

- whether the existing *criteria* used by the ACCC in relation to aerobridge usage, as well as the *matters* that provide supporting information, appropriately evaluates the *aspect*;
- whether there are alternative or additional sources of information that the ACCC could use in its evaluation of aerobridge usage for quality of service monitoring.

7.12 Runways, taxiways and aprons

Subjective measures from airline surveys are currently the only source of information used by the ACCC to evaluate the quality of runways, taxiways and aprons. The ACCC notes, however, that the airport operators are also invited to provide information on any investment it undertakes in relation to this *aspect* that may assist the ACCC in its assessment of the monitoring results.

Table 7.12: Sources of information and criteria used by the ACCC to evaluate the quality of runways, taxiways and aprons

Matters (reported by the airports)	Criteria (used by the ACCC)
Nil	(1) Airline surveys—average rating of the availability of runways (2) Airline surveys—average rating of the standard of runways (3) Airline surveys—average rating of the availability of taxiways (4) Airline surveys—average rating of the standard of taxiways (5) Airline surveys—average rating of the availability of aprons (6) Airline surveys—average rating of the standard of aprons
Airline surveys (conducted by the ACCC)	
<ul style="list-style-type: none"> • Runways – availability • Runways – standard • Taxiways – availability • Taxiways – standard • Aprons – availability • Aprons – standard 	
Passenger surveys (conducted by the airports)	
Nil	
Border agency surveys (conducted by the ACCC)	
Nil	

ACCC's preliminary comments

Runways, taxiways and aprons are provided by the airport operators directly to airlines. These services and facilities are essential to the operation of an airline and they relate directly to the movement of passengers for which there are no off-airport substitutes. 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.

The ACCC proposes to continue seeking input from airlines on the issue of runways, taxiways and aprons. That said, the ACCC is interested in whether there are any objective measures or other measures that would also assist in its evaluation of this *aspect*.

The ACCC seeks comment on:

- whether there are additional sources of information, particularly objective measures, that the ACCC could use in its evaluation of runways, taxiways and aprons for quality of service monitoring.

7.13 Aircraft parking facilities and bays

The ACCC evaluates the quality of aircraft parking facilities and bays based on information obtained through surveys of airlines. The ACCC notes, however, that the airport operators provide objective information that complements the surveys and assists the ACCC's analysis and interpretation of the monitoring results. Importantly, these indicators provide information about the level of demand relative to capacity, which in turn might indicate, for example, the need for additional or new infrastructure.

Table 7.13: Sources of information and criteria used by the ACCC to evaluate the quality of aircraft parking facilities and bays

Matters (reported by the airports)	Criteria (used by the ACCC)
<ul style="list-style-type: none">• Number of aircraft parking bays on 30 June in the financial year	<p>(1) Airline surveys—average rating of the availability of aircraft parking facilities and bays</p> <p>(2) Airline surveys—average rating of the standard of aircraft parking facilities and bays</p>
Airline surveys (conducted by the ACCC)	
<ul style="list-style-type: none">• Aircraft parking facilities and bays – availability• Aircraft parking facilities and bays – standard	
Passenger surveys (conducted by the airports)	
Nil	
Border agency surveys (conducted by the ACCC)	
Nil	

ACCC's preliminary comments

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. As noted above, the information used in the ACCC's *evaluation* of this *aspect* can indicate whether there is a need for additional or new infrastructure.

The ACCC proposes to continue seeking input from airlines on the issue of aircraft parking facilities and bays. That said, the ACCC is interested in whether there are any *criteria* based on objective measures that would also assist in its evaluation of this *aspect*. For example, the ACCC could include a measure of the 'number of aircraft movements per aircraft parking bay during peak hour'. This would require information about the number of aircraft movements during peak hour to be available from airport operators.

The ACCC seeks comment on:

- whether there are 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.

7.14 Airside freight handling, storage areas and cargo facilities

The ACCC currently 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*.

Table 7.14: Sources of information and criteria used by the ACCC to evaluate the quality of airside freight handling, storage areas and cargo facilities

Matters (reported by the airports)	Criteria (used by the ACCC)
Nil	<p>(1) Airline surveys—average rating of the availability of airside freight handling, storage areas and cargo facilities</p> <p>(2) Airline surveys—average rating of the standard of airside freight handling, storage areas and cargo facilities</p>
Airline surveys (conducted by the ACCC)	
<ul style="list-style-type: none"> • Airside freight handling, storage areas and cargo facilities – availability • Airside freight handling, storage areas and cargo facilities – standard 	
Passenger surveys (conducted by the airports)	
Nil	
Border agency surveys (conducted by the ACCC)	
Nil	
Nil	

ACCC's preliminary comments

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.

The ACCC proposes to continue to survey airlines to evaluate the quality of this *aspect*. However, the ACCC is also interested in whether there are additional objective or subjective measures that could be used to assess the quality of these services provided by airport operators.

<p>The ACCC seeks comment on:</p> <ul style="list-style-type: none"> • 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.
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7.15 Airport management responsiveness

The *criteria* used by the ACCC currently includes an assessment of the airport operators' approach to addressing airline and border agency negotiations and concerns. Airport management responsiveness is not an *aspect* that is specified in the Airports Regulations. However, the ACCC includes this measure as a tool to gauge the commitment of airport operators to meeting the needs of its users and to assist in informing the Government of the airport operators' overall conduct.

Table 7.15: Sources of information and criteria used by the ACCC to evaluate airport management responsiveness

Matters (reported by the airports)	Criteria (used by the ACCC)
Nil	(1) Airline surveys—average rating of overall responsiveness or approach to addressing quality of service problems or concerns
Airline surveys (conducted by the ACCC)	
<ul style="list-style-type: none"> • Overall responsiveness or approach to addressing quality of service problems or concerns—availability • Overall responsiveness or approach to addressing quality of service problems or concerns—standard 	(2) Border agency surveys—average rating of overall responsiveness or approach to addressing quality of service problems or concerns
Passenger surveys (conducted by the airports)	
Nil	
Border agency surveys (conducted by the ACCC)	
<ul style="list-style-type: none"> • Overall responsiveness or approach to addressing quality of service problems or concerns—adequacy • Overall responsiveness or approach to addressing quality of service problems or concerns—standard 	

ACCC's preliminary comments

The ACCC notes that airlines have raised concerns that some airports have a take it or leave it approach to commercial negotiations and that airports are in some cases prepared to go through unreasonably long negotiation periods. Airlines have also suggested that airports can unduly transfer risk onto their users and are not always prepared to deal with disputes in a reasonable manner.⁴

In light of these concerns, the ACCC proposes to continue seeking input from airport users on the issue of airport management responsiveness. Continuing to collect this information is consistent with the objectives of price and quality of service monitoring. In particular, as set out in the aeronautical pricing principles:

- 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); and
 - 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

⁴ Productivity Commission, *Economic regulation of airport services*, inquiry report no. 57, Canberra, December 2011, pp. 169-177.

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.

However, as noted in section 6, the ACCC may cease conducting surveys of government border agencies. In this instance, the number of *criteria* used to evaluate airport management responsiveness would decrease to one unless a new or alternative source of information was available. For example, the airline surveys could incorporate a more direct question about the airports' complaint handling processes and/or the processes for negotiating terms and conditions of access to and investment in airport infrastructure. This would likely also require some complementary information from the airport operators.

The ACCC seeks 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 management responsiveness.
- whether there is information available about the airports' complaint handling processes and/or the processes for negotiating terms and conditions of access to, and investment in, aeronautical infrastructure that the ACCC could use in its evaluation of airport management responsiveness.

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

In its quality of service monitoring, the ACCC currently uses subjective measures from passenger surveys to evaluate airport access facilities. The ACCC does not receive any objective information from the airports in relation this *aspect*.

Table 7.16: Sources of information and criteria used by the ACCC to evaluate the quality of airport access facilities

Matters (reported by the airports)	Criteria (used by the ACCC)
Nil	International services:
Airline surveys (conducted by the ACCC)	(1) Passenger surveys—average rating of congestion at kerbside taxi pick-up and drop-off
Nil	(2) Passenger surveys—average rating of facilities for kerbside taxi pick-up and drop-off
Passenger surveys (conducted by the airports)	(3) Passenger surveys—average rating of waiting time for taxis
<ul style="list-style-type: none"> • Congestion at kerbside taxi pick-up and drop-off • Facilities for kerbside taxi pick-up and drop-off • Standard of facilities for taxis • Waiting time for taxis 	Domestic services:
Border agency surveys (conducted by the ACCC)	(4) Passenger surveys—average rating of congestion at kerbside taxi pick-up and drop-off
Nil	(5) Passenger surveys—average rating of facilities for kerbside taxi pick-up and drop-off
	(6) Passenger surveys—average rating of waiting time for taxis

ACCC's preliminary comments

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 bikes. 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 to supply for these travel options—airport land—which is a bottleneck facility. As such, airport access facilities are an essential aspect of the ACCC's airport monitoring program.

The ACCC's Airport Monitoring Reports have previously raised concerns about the ability of airport operators to impede access to the airport by alternative providers of car parking facilities. For example the airport operators could make it difficult or costly for other transport providers to gain access to the airport. This could increase the cost and inconvenience of using these competing transport options, encouraging airport users to drive and pay to park at the on-airport facilities. This would have the effect of decreasing competition, allowing an airport operator to charge higher prices for its own car parking facilities.

The ACCC proposes to continue seeking input from airport users on the issue of airport access facilities on the basis that it directly relates to the ACCC's prices monitoring role in relation to airport car parking. However, the ACCC questions whether there may be information available from sources that are in addition to the passenger surveys. For example, the ACCC could include objective measures of the availability of space or distance from terminals for alternatives to car parking facilities. In this instance, additional information would need to be provided by airport operators. Alternatively, there may be scope to request information from other airport users, such as taxi operator associations, about airport access facilities and the airports' complaint handling processes and/or the processes for negotiating terms and conditions of access.

The ACCC seeks 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 access facilities.
- whether there is information available about the airports' complaint handling processes and/or the processes for negotiating terms and conditions of access to landside infrastructure that could assist the ACCC in its evaluation of airport access facilities.

7.17 Car parking service facilities

The ACCC evaluates car parking services and facilities provided by the airport operators with objective *criteria* based on the total number of car parks as a ratio of average daily throughput for short-term and long-term car parking and subjective measures from passenger surveys on the time taken to enter the car park and the availability and standard of car parking spaces. The use of both objective and subjective criteria in relation to this *aspect* assists the ACCC to interpret the availability and capacity of car parking services.

Table 7.17: Sources of information and criteria used by the ACCC to evaluate the quality of car parking service facilities

Matters (reported by the airports)	Criteria (used by the ACCC)
<ul style="list-style-type: none"> • Number of car parking spaces available to the public in the vicinity of the airport (including disabled parking) on 30 June in the financial year • Number of car parking spaces available for staff of airport clients on 30 June in the 	International services: <ol style="list-style-type: none"> (1) Average daily throughput of short-term car park (2) Average daily throughput of long-term car park (3) Passenger surveys—average rating of airport

financial year <ul style="list-style-type: none"> • Number of days the car park was open during the financial year • Number of vehicles that used the car park in the financial year 	car parking availability <ul style="list-style-type: none"> (4) Passenger surveys—average rating of airport car parking standard (5) Passenger surveys—average rating of time taken to enter airport car park
Airline surveys (conducted by the ACCC)	Domestic services:
Nil	(6) Average daily throughput of short-term car park
Passenger surveys (conducted by the airports)	(7) Average daily throughput of long-term car park
<ul style="list-style-type: none"> • Availability of car parking facilities • Standard of car parking facilities • Time taken to enter car park 	(8) Passenger surveys—average rating of airport car parking availability
Border agency surveys (conducted by the ACCC)	(9) Passenger surveys—average rating of airport car parking standard
Nil	(10) Passenger surveys—average rating of time taken to enter airport car park

ACCC's preliminary comments

The ACCC notes that the airport operators, as sole providers of landside access, would be expected to use their market power to push up prices for car parking by restricting supply of car parking or not investing in additional spaces. Airports can also increase the demand, and hence price, for parking to the extent that they can influence the cost and convenience of the alternative transport modes.

The Government has specifically directed the ACCC to monitor the prices, costs and profits relating to the supply of car parking services by the airports. The quality of service monitoring provides complementary information to assist with the interpretation and analysis of the prices monitoring information in relation to this *aspect*.

The ACCC notes that, in more recent years, a number of airports have constructed new car parking facilities and/or changed their car parking configurations. The ACCC acknowledges that this may have impacted on the relevance or comparability of some of the data collected in relation to this *aspect*. For example, a number of airports have multi-level car parks that combine both short-term and long-term parking. Also, some airports have begun providing pick-up and drop-off parking areas where drivers are able to park their cars and wait for passengers. It is likely that this will have had at least some impact on throughput of the airports' car parking facilities.

The ACCC proposes to continue seeking input from airport users on the issue of airport car parking services on the basis that it directly relates to the ACCC's prices monitoring role in relation to airport car parking. However, the ACCC questions whether there may be additional or alternative sources of information available. For example, there may be scope to include indicators relating to the availability of designated drop-off or pick-up areas. This information would be subject to availability from airport operators.

The ACCC seeks 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.

7.18 Airservices Australia data

Airservices Australia (Airservices) provides data to the ACCC to indicate the adequacy of airport runways to handle airline traffic. Airservices currently records a number of measures regarding peak hour arrival performance on a monthly basis at Brisbane, Melbourne, Perth and Sydney airports. The measures relate to the busiest morning peak hour at each of the airports, generally 7.30am to 8.30 am, averaged across all days in the month or year specified. Additionally the airline surveys provide information on users' perceptions of runway, taxiway and apron availability and standard.

Airservices' measures have been devised as a guide to its own performance in handling air traffic, but they also give some indication of airport constraints and therefore the adequacy of runway infrastructure or management. For example, if demand is consistently close to operationally agreed capacity for the peak hour, it would suggest that there is little spare capacity for increased traffic at that time. However, the full extent of capacity constraints cannot be seen from this data alone because the agreed arrival rate may have already been limited by constraints such as airport infrastructure. Potential demand in excess of capacity, which might, for example, indicate the need for new infrastructure, may therefore not be observed in this data. The current monitoring program addresses this by drawing on responses from the airline survey regarding whether the expectations of users (that is, the airlines) are being met. The airline survey provides information on perceptions of runway, taxiway and apron availability and standard.

The ACCC seeks comment on:

- whether the ACCC should continue to collect and report on the data provided by Airservices for the purposes of quality of service monitoring.

8 Other issues

The ACCC also seeks comments on the use of overall quality of service ratings and rankings (section 8.1) and the reporting requirements by airports (section 8.2).

8.1 Overall quality of service ratings and rankings

The ACCC currently aggregates the quality of service results to derive an *overall* view of the quality of service provided by the airport operators. The airports are then ranked relative to each other based on these *overall* ratings. The *overall* airport ratings are calculated by taking the average rating for each category of *criteria* (i.e. airline surveys, passenger surveys, border agency surveys and objective measures) and weighting the results according to the number of *criteria* available in each category.

To facilitate this calculation, the ACCC converts the objective *criteria* into the same 1 to 5 rating scale used for the subjective *criteria*. This is achieved by taking the average of the results obtained across the monitored airports for each of the objective *criteria* and constructing quartiles in order to rate performance of each objective *criteria*.

A simple example of the calculation for overall ratings, using outbound baggage system and baggage make-up, handling and reclaiming services and facilities, is presented in table 8.1.

Table 8.1: Example of calculation of overall quality of service rating using outbound baggage system and baggage make-up, handling and reclaiming services and facilities

Criteria	Rating
International services	
1. Airline surveys—average rating of the availability of baggage processing facilities	3.4
2. Airline surveys—average rating of the availability of baggage processing facilities	3.4
3. Passenger surveys—average rating of waiting time for inbound baggage reclaim	4.0
4. Passenger surveys—average rating of information display for inbound baggage reclaim	4.2
5. Passenger surveys—average rating of circulation space for inbound baggage reclaim	3.8
6. Average throughput of outbound baggage system during peak hour	3.0
7. Average throughput of inbound baggage system during peak hour	3.0
Domestic services	
8. Airline surveys—average rating of the availability of baggage processing facilities	3.8
9. Airline surveys—average rating of the availability of baggage processing facilities	3.8
10. Passenger surveys—average rating of waiting time for inbound baggage reclaim	4.0
11. Passenger surveys—average rating of information display for inbound baggage reclaim	3.8
12. Passenger surveys—average rating of circulation space for inbound baggage reclaim	4.2
13. Average throughput of outbound baggage system during peak hour	4.0
14. Average throughput of inbound baggage system during peak hour	4.0
Average airline surveys rating (4 criteria in total)	3.6
Average passenger surveys rating (6 criteria in total)	4.0
Average objective measures rating (4 criteria in total)	3.5
Overall average of ratings = $(1/3 * 3.6) + (1/3 * 4.0) + (1/3 * 3.5)$	3.70
Overall weighted average of ratings = $(4/14 * 3.6) + (6/14 * 4.0) + (4/14 * 3.5)$	3.74

It should be noted that the ACCC does not make its own judgement about the relative importance of the individual *criteria* or the sources of information for the *criteria* (i.e. airline surveys, passenger surveys, border agency surveys and objective measures). As demonstrated by the example in table 8.1, the influence (or ‘weighting’) of each category of *criteria* is simply a reflection of the number of *criteria* available in each category. That is, passenger surveys had the highest influence on the results in the above example as there were six *criteria* available compared to four *criteria* for airline surveys and objective measures.

ACCC's preliminary comments

The methodology for deriving the airports' overall ratings is applied consistently across all of the airports. The airports' rankings are therefore an indication of their relative quality of service outcomes. While the ranking is unlikely to be sensitive to alternative methods of aggregation, there may be alternative approaches that provide greater simplicity or increased transparency in deriving the airports' overall ratings, such as the application of an equal weighting to all categories of *criteria*.

For example, in the above table, an equal weighting of 1/3 could be applied to the average of each of the airline surveys, passenger surveys and objective measures. The overall weighted average of ratings would therefore be $(1/3 * 3.6) + (1/3 * 4.0) + (1/3 * 3.5) = 3.70$, which in this case is the same as taking the overall average of ratings.

Nevertheless, the *overall* ratings and rankings, along with the price monitoring indicators, provide the ACCC with a means to communicate some general observations about the airports' performance. Importantly, however, while the *overall* ratings and rankings are presented in the report, they are not used in the ACCC's analysis or assessment of the airports' conduct and performance. As noted in section 6, the ACCC focuses its analysis on trends over time for those services and facilities that the airport operators have significant control over and the ACCC proposes to continue this approach.

The ACCC seeks comment on:

- approaches to calculating and reporting on *overall* ratings and rankings in the Airport Monitoring Reports.
- potential alternative methods that would facilitate the reporting of quality of service monitoring reports.

8.2 Reporting requirements by airports

The Airports Regulations require that the monitored airports keep records on the *matters* listed in schedule 2 of those regulations, with the majority of the *matters* relating to the number or size of services and facilities provided by the airport operator as at 30 June in the period. The Airports Regulations also require that the quality of service monitoring information is verified by statutory declaration. In accordance with regulation 8.03, the airports are currently required to provide their quality of service information to the ACCC within one month after the end of the financial year.

The ACCC appreciates that the process for collating the quality of service monitoring information and having it approved by the board of directors has raised timing issues for some airports. For example, in some instances airport operators have requested an extension of time to provide their quality of service monitoring information to the ACCC due to the availability of directors or timing of board meetings to have the information approved for submission. Where an airport operator has provided a reasonable explanation for a delay, it has been the ACCC's practice to accept the information after the due date.

The ACCC's view is that it is important that the airports provide complete and accurate information. The ACCC also notes that the airport operators are not required to submit their prices monitoring and financial reporting until 90 days after the end of the financial year. Due to the complementary nature of the prices monitoring and quality of service monitoring information, this limits the ability of the ACCC to conduct in-depth analysis before this date. As such, the ACCC proposes to continue its current approach to accepting quality of service information from airport operators. The ACCC notes that there is scope to amend the timing of the information requirements in the Airports Regulations. However, this would be a matter for consideration by the DoIT and the Treasury, which are responsible for the administration of those regulations.

The ACCC seeks comment on:

- the ACCC's approach to accepting the quality of service monitoring information from airport operators.