



# PERTH AIRPORT

**Submission to  
Australian Competition & Consumer  
Commission**

**Airport Quality of Service Monitoring**

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# 1 Introduction and Executive Summary

Perth Airport Pty Ltd (PAPL), as the operator of Perth Airport, welcomes the opportunity to make this submission in response to the Australian Competition & Consumer Commission's (ACCC) Discussion Paper for Review of Quality of Service Monitoring (Discussion Paper).

The Discussion Paper indicates that this review follows on from the Productivity Commission's (PC) recommendations in its 2011 inquiry and the Government's response to that report in March 2012.

## 1.1 Structure of this Submission

This submission is structured as follows:

The key points PAPL wishes to make are consolidated into the Executive Summary.

Chapter 2, "The rationale for quality of service monitoring" outlines PAPL's view that substantial change is required to the quality of service monitoring regime to meet its true purpose in the context of airport economic regulation.

Chapter 3, "Sources of information for subjective measures" answers the ACCC's questions about airline, passenger and border agency surveys.

Chapter 4, "Review of quality of service criteria" answers the ACCC's questions about each of the criteria in the discussion paper.

Chapter 5, "Other issues" covers the remaining points in the discussion paper.

## 1.2 Executive Summary

***The nature of relationships between PAPL and airlines has changed dramatically in the past decade – it is now time for the approach to quality of service monitoring to become relevant to the current realities.***

Quality of service monitoring, in the form conducted by the ACCC, is no longer relevant given the extent to which the actual level of service available to airlines and their passengers is inextricably linked to the outcomes of agreements reached between PAPL and airlines.

In the 15 years that quality of service monitoring has existed, the nature of the agreements between PAPL and airlines has changed dramatically, now covering just about every aspect of the airline/airport relationship, and the experience of passengers.

These agreements provide airlines substantial involvement in determining timing and levels of capital investment, the targeted levels of service and access to detailed information. In the context of the changes to the airport-airline relationships at Perth Airport the current form of ACCC reporting sheds no light on the reasons for levels of service at any point in time at Perth Airport.

***The extent to which the public reporting of airport quality service has shifted over time from its prime objective is not in the public interest.***

PAPL's belief is that the specific conduct that quality of service monitoring is seeking to assess, from a public interest perspective, is whether PAPL is misusing its market power by allowing levels of service to deteriorate over time by curtailing investment and/or operating expenditure to increase profit. The financial information made available to the ACCC through the annual financial reporting obligations, which includes capital expenditure trends, together with robust passenger surveys, provides more than sufficient information to meet the objectives of the monitoring regime.

If it is to continue, quality of service monitoring by the ACCC should focus on passenger surveys. All other information in the ACCC service quality reports cannot be relied upon, or does not advance the monitoring objectives.

All other stakeholders, particularly airlines, have access to sufficient information about service levels at Perth Airport and do not need the information contained in the annual ACCC report.

The ACCC should discontinue the calculation of an overall airport quality rating. The methodology is flawed, the overall rating is not used by any stakeholder and it contributes to misunderstandings about the purpose of the service quality monitoring regime. It also feeds misleading and superficial media reporting that is not in the public interest.

The PC concluded that trends over time at a given airport are more relevant than attempts to compare airports and the ACCC appears to agree with this view. Therefore, PAPL urges the ACCC to discontinue the practice of reporting airport levels of service in a manner that encourages the various readers of the reports to assume that a principal purpose is to rank, or compare airports, when this is not (or should not be) the purpose. The misconception, misreporting and waste that arises due to the ACCC's current form of reporting is not in the public interest.

***The ACCC cannot possibly validate subjective information provided by airlines (or PAPL), which have varying incentives and interests, and for this reason it should logically place less weight on survey responses provided by airlines.***

PAPL considers that the ACCC places too much weight on airline surveys. The ACCC itself notes the fact that airlines have a commercial incentive to under-rate airport quality. PAPL considers that the ACCC processes do not go far enough to eliminate this issue. If airline surveys continue to be used, the process should be transparent and airports should be given the opportunity to provide further information on airline comments. This is necessary to ensure accurate reporting.

More weight should be placed on passenger surveys over airline surveys. Passengers are the only unbiased party - if they consider airport quality to be satisfactory then that should provide the ACCC with sufficient information, along with objective measures, to support the price monitoring process.

At page 40 of its discussion paper, the ACCC states:

*“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.”*

PAPL’s view is that, at best, the above comments about airport/airline commercial negotiations are a lop-sided view of the actual dynamics that we have experienced in commercial negotiations. This view fails to take into account a factor that is more relevant to levels of service at Perth Airport, being the propensity of some highly influential airlines in commercial negotiations to “talk down” proposed levels of airport capital expenditure, with the aim of minimising airport charges. This propensity has had a profound impact on the levels of service experienced by airlines and passengers at Perth Airport. The current quality of service monitoring conducted by the ACCC sheds no light on this very real dynamic.

For example, Perth Airport expects to open a new domestic terminal in February 2013, approximately two years later than originally planned. The principal cause of this delay was domestic airlines urging PAPL, during capital and commercial discussions, to delay commitment to the new terminal until such time as the implications of the Global Financial Crisis were understood. This dynamic has a profound impact on the levels of service reported in PAPL’s existing domestic terminal in FY2012.

It is simply not possible for the ACCC to reach reliable conclusions, at any point in time, about the extent to which the actual levels of service at Perth Airport are the result of the conduct of PAPL or particular airlines, and the ACCC will have claims and counter-claims offered up by both. In such circumstances, the only rational conclusion the ACCC can reach is that information from airlines, and PAPL, not based on empirical evidence, should be discounted (even ignored). Passenger feedback is not directly subject to the influences that come from the airline/airport commercial relationship and therefore should be given far more weight than airline opinions.

***Border Agency input into the publicly reported quality of service levels should be discontinued - there are more effective means available to Government to assess this aspect of airport service levels.***

PAPL agrees with the ACCC that border agency surveys should be discontinued and recommends that border agency quality of service be separately measured and reported on an airport by airport basis to ensure that adequate resourcing and customer service is being provided in this critical area.

## 2 The rationale for quality of service monitoring

PAPL submitted to the PC 2011 inquiry that quality of service monitoring was no longer relevant for Perth Airport and PAPL considers that this continues to be the case. However, the PC recommended that monitoring should continue for Perth Airport and the Government has accepted that recommendation. A review of the monitoring process should take account of the objectives of monitoring and not go into more detail than is required to achieve those objectives.

### 2.1 Objectives of quality of service monitoring

The ACCC discussion paper outlines the following objectives for quality of service monitoring:

- 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's review of the suitability of the current quality of service monitoring regime should seek to objectively test the regime against these objectives, and result in changes that improve the manner in which the reporting supports achievement of the objectives.

All of the above stated objectives appear to relate to promoting the Government's policy objectives in terms of airport investment and pricing regulation. This regulatory regime is currently characterised as a "light handed" one as it seeks to encourage airports and airlines to reach agreements in relation to the multiple factors of the airport/airline relationship, including airport pricing.

The following information is offered by PAPL to assist the ACCC to assess the current service quality monitoring regime against each of these objectives:

#### **Assist the assessment of airport performance in a prices monitoring environment**

There are a number of features of the current service quality regime that serve no purpose in the context of assessing PAPL's performance in the price monitoring environment, in summary as follows:

- Calculating an overall level of service rating number based on the inputs and the manner of calculation is not valid and provides no useful information for the purpose of this objective.



- Preparing the annual service quality report in a manner which causes airport-by-airport comparisons and rankings provides no useful information for the purpose of assessing PAPL's performance in the price monitoring environment.

Many of the specific area and criteria, on their own, may provide meaningful supporting information for the ACCC and the Government in assessing airport conduct, however the meaning is lost once attempts to aggregate and compare airports are attempted.

The resulting "media circus" that the current form of reporting generates serves no useful purpose and is a wasteful distraction that the ACCC's current form of reporting only encourages.

- Airline provided opinions, via survey, are highly problematic for the purpose of assessing PAPL's performance in the price monitoring environment as the airlines are not in a position to be objective – they cannot possibly be relied upon to quarantine their commercial objectives and tactics when completing such surveys, including their philosophical views about the prevailing regulatory environment. Hence, airline provided opinions on service quality should be discounted in any monitoring of airport service quality for the purpose of this specific objective.

As indicated by the PC in its recent Inquiry report, it was presented with a myriad of claim and counter-claim from airlines and airports in relation to the conduct of each in commercial negotiations in the current regulatory environment. It is a logical and unavoidable conclusion that such behaviours would pervade responses to requests for opinions on airport service quality and specific aspects such as "management responsiveness".

The ACCC is simply not in a position to be able to discern the extent to which each airline's response to questions about levels of service is influenced by broader philosophical views about the airport pricing regulatory regime or the status of specific commercial negotiations that may be approaching or underway. The only logical position for the ACCC to take in this context is to look for indicators of service levels at airports and of airport performance in the prices monitoring environment that are not troubled by such potential conflicts. Such indicators do exist in the following forms:

- information provided to the ACCC in the annual financial performance reporting as they relate to levels of capital investment in terminal and airfield infrastructure;
- empirical measures of airport infrastructure performance as it relates to service levels; and
- passenger survey responses (if a statistically relevant sample of passengers using the facilities advise their experience was satisfactory or better in respect of the many customer service "touch points", this is a strong indicator that the airport's performance in the price monitoring environment has been satisfactory, to the extent that the airport is unlikely to be "running down" service levels to increase profitability).

### **Discourage airport operators from deteriorating standards for services in those areas where the airport operator has significant market power**

Appropriately constructed public monitoring and reporting of service quality can act as a deterrent to misuse of market power by an airport. PAPL's view is that the following features of the current quality of service monitoring regime do not advance this objective:

- Aggregation toward one overall service level rating at Perth Airport does not advance this objective as the aggregation process is flawed. Public reporting of trends at particular customer touch points, provided they are constructed from objective data, may advance this objective; and
- Preparing the annual service quality report in a manner which causes airport-by-airport comparisons and rankings does not advance the objective of discouraging misuse of market power; it simply results in illogical comparisons being drawn by poorly informed commentators, resulting in waste and distraction that is not in the public interest.

### **Provide information to users of airport services and facilities as a basis for improved consultation and negotiation on pricing and investment proposals**

The current service quality monitoring regime does not, in practice, advance this objective, and nor is it needed in respect of Perth Airport.

At Perth Airport the current agreements reached between PAPL and 16 airlines representing 97% of FY12 passenger movements are comprehensive and sophisticated dealing with a range of factors, including:

- capital investment consultation and decision making;
- information sharing;
- quality of service; and
- innovation.

Airlines have available to them much more relevant and detailed information via the commercial discussions, their rights under the agreements and their own experience at Perth Airport, to engage in effective consultation and negotiation on pricing and investment proposals at Perth Airport.

In this respect, it is instructive to note that not once, to the recollection of senior managers of PAPL, in the extensive continuing discussions and negotiations with airlines since 2008, have the various ACCC annual service quality reports been mentioned - not even in passing.

There is no better indication of the irrelevance of these reports to this objective than the absence of their use during the most formative period in the history of airport/airline relationships at Perth Airport.

Aggregation toward one overall service level rating at Perth Airport does not advance this objective as the result is meaningless for the airlines operating at Perth Airport in terms of their consultation and negotiation on airport pricing and investment proposals.

Preparing the annual service quality report in a manner which causes airport-by-airport comparisons and rankings does not advance this objective. What is happening at other airports has no relevance to the consultation and negotiation between airlines and PAPL.

Feeding back airline provided opinions to the airlines themselves in aggregate form also achieves no purpose in the context of this objective. Passengers survey data may be of use to airlines and PAPL when deciding of the nature and timing of airport investments.

## Assist the Government in its industry analysis

The Government has a range of options available to it when analysing the industry. For example, the White Paper consultation process and the Productivity Commission review process both provided more and better information to assist policy decisions than the ACCC quality of service process.

Certainly, flawed aggregation leading to overall service level ratings at Perth Airport would not contribute to Government analysis, nor would ranking airports, which vary widely in their scale, operational and market context.

In summary, the following features of the current ACCC service quality monitoring regime do not advance the stated objectives and significant change to these should be implemented.

**Table 1: PAPL Recommended Changes**

<b>Feature</b>	<b>Change Recommended by PAPL</b>
Deriving an overall airport service level rating	Discontinue the practice
Reporting in a form that encourages airport by airport comparison	Produce a separate report for each monitored airport
Emphasis on airline opinions	Reduce the emphasis on airline opinions (& airport responses). Increase the emphasis on objective data & passenger surveys

## 2.2 Scope of the review

PAPL notes that this review and the ongoing ACCC quality of service monitoring does not cover those terminals at airports which are covered by domestic terminal leases (DTLs). PAPL agrees that for the purpose of the stated objectives the levels of service in airline controlled facilities is not relevant.

However, the form of reporting that currently prevails is such that readers of the reports are encouraged to form a view that the reports provide an overarching and complete picture of the level of service at each airport. If the changes recommended by PAPL in Table 1 scope for confusion is reduced.

## 2.3 Flaws in comparing airports

The PC recommended that the ACCC should “focus its conclusions on trends over time at a given airport, rather than comparisons across the five monitored airports. Such attempts at benchmarking are better suited to less frequent, broader reviews that can examine the airports in a wider international context.”

In the discussion paper, the ACCC notes that the overall ratings and rankings presented in the annual monitoring report are “not used in the ACCC’s analysis or assessment of the airports’ conduct and performance.”

PAPL agrees that accurately benchmarking airports is extremely complex and does not lend itself to an annual process. Inaccurate or superficial benchmarking can lead to bad policy decisions in a worst case scenario.

Given that the ACCC does not use the overall ratings and rankings and agrees with the PC conclusion that trends over time at a given airport are most significant, PAPL recommends that the ACCC discontinue reporting the overall ranking and the airport comparisons in its annual monitoring report. PAPL’s analysis in Section 2.1 shows they serve no purpose in the context of the stated objectives of service quality monitoring and from PAPL’s experience only result in misleading and superficial media reporting that is not in the public interest.

## 3 Sources of information for subjective measures

### 3.1 Airline surveys

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.

As indicated in Section 2.1 PAPL considers that the ACCC places too much reliance on airline surveys and should instead focus on the results of passenger surveys. While the ACCC "recognises the potential commercial incentive for airlines to deliberately under-report quality and, therefore seeks to verify the airlines' responses" there is no means by which the monitoring regime takes proper account of this and other aspects of airlines' role at Perth Airport as it relates to levels of service. The following are further reasons why the service quality monitoring regime should be modified to reduce the impact of airline opinions:

- While the ACCC advises that it consults with airline head offices when finalising its annual report, there is no information available to PAPL to determine whether those consultations impact the ratings that are provided. A question that only the ACCC can answer is how often has those discussions resulted in a change in the actual airline rating in respect of a particular service aspect (PAPL suspects, rarely if ever).
- Information conveyed to PAPL in discussions with airlines indicates that for international airlines in particular, the surveys are sent to the local airport managers to complete. PAPL's experience is that the international airline head offices have low familiarity with the Australian regulatory environment and the local international airline representatives are generally not involved in price/quality trade off decisions that occur in the broader PAPL-airline price and investment discussions/negotiations. PAPL has experienced conflicting views on service levels and proposed capital investments between various airline departments, particularly from corporate operations and commercial departments and between local airport based airline managers and their corporate colleagues.
- The ACCC cannot gain transparency in the airline surveys about the tradeoffs that are made by airlines as they balance service level expectations (which often differ in their own organisations) and their desire to control costs through keeping airport charges as low as possible. A material causal factor in respect of service levels is the airline positions taken over time to PAPL's investment proposals. Airlines are unlikely to explain to the ACCC that their lack of enthusiasm and support for certain airport investment proposals in the past is a material contributing factor to the opinions on particular levels of service they are conveying to the ACCC at a later date.

It is not possible for the ACCC to be assured that bias towards under reporting quality has been removed. On that basis, the high reliance placed on airline surveys by the ACCC is highly problematic.

PAPL finds the ACCC approach of allowing airlines to make confidential comments regarding airport quality of service to be inconsistent with the overall tenor of transparency and information access that underpins the Government’s airport pricing principles. If airline surveys are to continue to form a key part of the ACCC process, the surveys should be transparent, with no scope for confidential comments from an airline to the ACCC. Airports should be given more detail as to the specific comments made by airlines and an opportunity to provide further information in the interests of accuracy in the reporting. If necessary, the airline comments could be provided to airports without specifically identifying the airline.

PAPL considers that weighting airline ratings by passenger numbers is not appropriate as it would place undue weight on the views of larger airlines at the expense of airlines with more limited services at the airport. Airports need to balance the needs of all customers regardless of size.

Information from airline agreements cannot be used due to complexity and to confidentiality provisions in the agreements.

### 3.2 Passenger surveys

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.

Perth Airport uses the quality of service methodology from the Airports Council International’s (ACI) Airport Service Quality (ASQ) program. It should be noted that the ACCC descriptions do not align with ACI survey process. PAPL has noted this in its annual submission to the ACCC since the PAPL converted to ACI methodology in March 2010. A comparison is shown in the table below.

**Table 2: Comparison of ACI and ACCC Rating Descriptions**

Rating	1	2	3	4	5
<b>ACCC Description</b>	Very Poor	Poor	Satisfactory	Good	Very Good
<b>ACI Description</b>	Poor	Fair	Good	Very Good	Excellent

The ACI survey and the ACCC categories do not directly align, and in PAPL's view, the normalisation results in the numbers giving a lower average. The ACCC should consider reporting against the methodology used by the airport in question, rather than fitting it into a specific template. It should not matter if it is not comparable across airports since, as the ACCC itself notes, it is the trends at the specific airport over time that are relevant rather than the comparison to other airports. While many airports are using the ACI methodology, it should not be mandated.

PAPL is of the view that the ACCC should place higher reliance on passenger surveys as opposed to the airline surveys. Passengers are best placed to comment on service quality to assist in the price monitoring process for the following reasons:

- No bias – passengers have no stake in the outcomes of the survey and will report their unbiased views of the level of service; and
- As the end users of the service, they are best placed to judge the quality of the process relative to their experience through the airport.

It is sometimes argued that the passenger has difficulty in distinguishing between services provided by the airport operator, the airline or the border agencies. While this is undoubtedly a weakness, it can be overcome through the use of objective measures and information provided by airports to assist the ACCC in evaluating the results.

Therefore, the highest emphasis in the ACCC quality of service monitoring process should be placed on the passenger survey results.

The current coverage of the passenger survey process is sufficient for the ACCC to judge quality of service and remains appropriate.

### 3.3 Border agency surveys

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.

PAPL considers that the border agency surveys are not useful in the context of the objectives of the service quality monitoring. As indicated by the ACCC, the border agencies exercise very considerable control over the facilities in airport terminals from which they operate.

Also, the border agencies are part of the Federal Government, meaning the Government can gain more useful information directly from the agencies about the extent to which each airport's infrastructure provision is impacting border agency functioning and the experience of the passengers at each airport.

PAPL recommends that the ACCC discontinue border agency surveys and use passenger surveys along with objective measures to assess quality of service. It would be possible to monitor the use of border agency infrastructure (desks/search areas) and report on the percentage of time that all infrastructure is in use by the border agencies.

PAPL also notes that appropriate staffing levels for the border agencies continues to be a concern, with the Government reducing the budget allocation, despite raising the Passenger Movement Charge. Without appropriate staffing levels from border agencies, the airport infrastructure cannot be properly utilised and poor service levels will occur.

Finally, reports on the Customs website are generic across Australia and fail to provide an adequate view of the level of service provided at each airport. Review of border agency performance should be broken down by airport so that stakeholders can appropriately engage with the Government to ensure that levels of service are appropriate to the number of passengers using each airport.

### 3.4 Number of passengers during peak hour

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.

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.

Airport 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 paper notes that the ACCC currently calculates (c) by adding (a) and (b) even where they are different hours. This appears to be flawed as it is not relevant to a process affecting both arriving and departing pax – e.g. it should be the hour that has the most arriving and departing pax even if that is different from (a) or (b).

### 3.5 Baggage trolleys

The ACCC seeks comment on:

- 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.

PAPL considers that baggage trolleys continue to be part of the passenger experience, though not for the majority of passengers. A number of trends are reducing the relevance of baggage trolleys including wheeled suitcases, airlines charging for checked baggage and the relative proportion of FIFO and short stay leisure passengers with limited baggage. If the ACCC continues to collect this information, PAPL recommends that it be given relatively limited weight.

### 3.6 Check-in services and facilities

The ACCC seeks comment on:

- 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.

The discussion paper notes that check in is not entirely provided by airports and the ACCC is therefore minded to discontinue using passenger survey results, instead relying only on airline surveys and usage statistics. PAPL considers that passenger survey results should continue on the basis that they present an unbiased view and provide a check against the other results. For example, if airline surveys rate an airport poorly, but passengers surveys suggest a level of satisfaction, it could be that the airlines are rating the airport too critically.

Airline surveys can be affected by a number of factors including the inefficient use of counters (requesting more counters for longer than is reasonable, sometimes at a competitor's expense) and resistance to common user infrastructure, which makes the check in space more efficient, but may require airline investment in technology.

### 3.7 Security inspection

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

There are no other measures PAPL considers relevant. However, in relying on passenger survey results, the ACCC should be mindful that security processes require invasive inspections which passengers do not like, so expectations as to what level of rating is acceptable should be realistic.

### 3.8 Outbound baggage system and baggage make-up, handling and reclaiming services and 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.

PAPL agrees that passenger surveys on waiting time for baggage should be removed from the process as this service level is more heavily influenced by airlines and their ground handling agents than airport infrastructure. Therefore, it does not add value to the price monitoring process.

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

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.

PAPL agrees that the airport monitoring report should not include this information. However, PAPL recommends that there be a separate public report on the quality of service from borders agencies on an airport-by-airport basis to measure whether the border agencies are adequately staffing available infrastructure and providing a good level of customer service.

Passengers are primarily concerned about the length of time it takes them to complete each of the inbound and outbound border agency processes. Current technology, which PAPL is intending to deploy in the border agency areas, will allow accurate reporting on average processing time in peak and other periods. These can be monitored over time and assessed as to whether they are satisfactory. If they are assessed as being unsatisfactory, the reasons can be assessed by the Government, border agencies and PAPL. These are matters that do not sit properly in the ACCC's service quality reporting.

### 3.10 Flight information, general signage and public-address systems

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.

PAPL considers that the number of flight information screens is not reflective of service quality – other aspects such as the size and strategic location of the screens can provide a better outcome relative to more screens in inappropriate locations. On that basis, the passenger survey results should be sufficient to measure quality in this service.

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

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.

PAPL's experience is that these services are important to passengers' satisfaction levels and should continue to be reported using the passenger survey results.

### 3.12 Gate lounges and seating other than in gate lounges

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; and

- 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.

PAPL's experience is that these services are important to passengers' satisfaction levels and should continue to be reported using the passenger survey results and objective measures of number of seats relative to peak hour passenger numbers. However, PAPL notes that the number of seats may not be the most appropriate measure. A good level of customer service in this area is more about providing the right amount of seats in the right areas (public departure lounges, food courts, airline CIP lounges). Given that is difficult to assess, no changes are required.

### 3.13 Ground handling services and facilities

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.

Given that these services are often not reliant on the airport operator, the airline survey process should be transparent, with an opportunity for airports to clarify or respond to points raised by airlines.

### 3.14 Aerobridge usage

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; and
- 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.

PAPL has previously noted that this measure of service is particularly problematic for domestic services at Perth Airport. A significant number of aircraft operating domestic services from PAPL facilities are not compatible with aerobridges. In fact, PAPL is about to open a new domestic terminal with no aerobridges, consistent with the request of the airlines who will operate from that terminal.

Perth Airport is also affected by significant peaks in traffic during weekday mornings as a result of the demand from resource companies for their fly-in, fly-out (FIFO) workforces. Given the size of the peak, there are currently a number of aircraft whose passengers are bussed to the aircraft. This level of service therefore results from the demand of airline customers.

Given these particular features of the demand at Perth Airport, provision of aerobridges for all aircraft in peak periods would result in dramatically increased infrastructure and much higher airport costs, which would not be in the interests of the public.

In the case of Perth Airport, it would be necessary to first determine which airlines are specifically requesting aerobridges and for what percentage of their services, then to determine what percentage availability was provided to airline services for which an aerobridge was requested.

### 3.15 Runways, taxiways and aprons

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.

No other measures are considered necessary.

### 3.16 Aircraft parking facilities and bays

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.

The ACCC suggests using “number of aircraft movements per aircraft parking bay during peak hour” as a new measure of service levels. This is not a relevant measure as parking bay demand is not necessarily tied to the aircraft movements during the peak hour. For example, there could be aircraft requiring parking bays that landed in the several hours preceding the peak hour. PAPL recommends that it not be adopted. If other metrics are considered necessary, it may be possible to report on the percentage of time that all available aircraft parking bays were in use.

Another indicator of insufficient parking facilities and bays for aircraft is the extent to which airlines need to reposition aircraft by towing to and from contact bays. It may be possible to develop useful statistics that track the trend in linear distance of tows to and from contact bays.

### 3.17 Airside freight handling, storage areas and cargo facilities

The ACCC seeks comment on:

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

No other measures are considered necessary.

### 3.18 Airport management responsiveness

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.

"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."

In response to this claim, PAPL notes that some airlines are the cause, rather than the victim of unreasonably long negotiations periods. In recent price negotiations, a major airline took nearly six months to provide any meaningful feedback on PAPL's proposals despite PAPL's best efforts to seek feedback and provide any information requested.

PAPL's experience also is that individual airlines regularly providing inconsistent and shifting views about the nature of specific proposed airport capital investments, reflecting differing internal airline views and also changes to airline business strategies which are embarked upon during the planning and design processes for what is complex airport infrastructure.

Negotiations require both parties to effectively participate and PAPL's experience is that protracted negotiations are often the result of low levels of engagement by airlines and changing airline views.

Airports could provide the ACCC with information regarding the complaint handling process, but it would be extremely difficult to provide any meaningful measures. Complaints range from complex matters requiring material capital expenditure with long lead times through to relatively minor issues that can be quickly resolved.

PAPL also notes that responsiveness goes both ways. For example, airports use the Airport Operator Committee (AOC) meetings to actively engage with airlines, providing feedback and response to complaints or concerns on an ongoing basis. However, PAPL's experience is that airline attendance at these meetings is often poor.

Airline survey information should be transparently communicated to airports to allow further feedback and an opportunity to comment on issues raised.

Overall, PAPL believes that the concept of "management responsiveness" is not one which is overly relevant, or which can be meaningfully measured and it therefore should be discontinued.

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

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.

No further measures are considered necessary.

### 3.20 Car parking service facilities

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.

The ACCC's comment that airport operators "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" is not supported by experience.

PAPL has a strong commercial motivation to ensure there is sufficient supply of parking and that it is competitively priced with alternative forms of transportation to the airport. Airport users have a range of choices when travelling to the airport and parking revenue is maximised not by restricting supply, but by ensuring that parking is convenient, easy to access and competitively priced relative to other options such as taxis.

The growth in capacity and utilisation of the predominant car parking product demanded at Perth Airport (long-term) is evidence that PAPL is incentivised to provide a value proposition to the market for airport transport and to ensure ample supply to meet demand.

The measures currently used are sufficient, however PAPL notes difficulty in commenting on staffing bays and throughput. Some staff bays are combined with public bays and throughput is not currently a captured and reported upon measure (PAPL will over the next 12 months commence capturing this data).

PAPL considers that the following measures would add to the ACCC process.

- Passenger surveys: "time taken to complete the parking payment process"; and
- Airport reported data: "number of parking bays and daily throughput for free/low cost waiting/pick up areas".

### 3.21 Airservices Australia data

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.

PAPL notes that the “adequacy of airport runways to handle airline traffic” is not solely a function of airport infrastructure and/or processes; it is also affected by the way that Airservices Australia manages the related airspace and the manner in which airlines schedule services to make use of the existing capacity. If these processes are not efficient and effective, the runway infrastructure will not be used to its full potential.



## 4 Other issues

### 4.1 Overall quality of service ratings and rankings

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.

As noted in section 2 there are compelling reasons why the overall ratings and rankings should be discontinued.

### 4.2 Reporting requirements by airports

The ACCC seeks comment on:

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

PAPL has traditionally been able to comply with the 30 day reporting timeframe for the quality of service report. However, it is a tight reporting deadline and compliance with a 90 day deadline, consistent with the price monitoring report would be preferred. If that is not considered possible, an extension to 60 days would make the process materially easier to comply with.