

PERTH AIRPORT

27 June 2008

Mr David Salisbury
A/g General Manager
Transport Branch
Australian Competition and Consumer Commission
GPO Box 520
MELBOURNE VIC 3001

Dear Mr Salisbury

DRAFT GUIDELINES FOR QUALITY OF SERVICE MONITORING AT AIRPORTS

I refer to your letter dated 29 May 2008 seeking comment on the matters raised in the above draft document. I have detailed, as requested, Perth Airport's views on the document content below:-

Objectives of Quality Service Monitoring

Perth Airport is supportive of the ACCC's monitoring of service quality at airports. We believe strongly however, that the report should contain details of the airport customer experience of *all* passengers (as it purports to represent their "airport" experience) and not just those processed through those terminals operated by the airport operator.

In the case of Perth Airport, the majority of the 9 million passengers handled over the past 12 months arrived and departed through the domestic terminal leased and independently operated by Qantas. A significant number of other passengers used other terminals leased by charter carriers for their "fly-in fly-out" charter operations. Any report detailing the service standards at "Perth Airport" will therefore capture the customer experience of the minority of our travellers and hence will not properly reflect the experiences of most people using the airport.

If the ACCC is minded not to include the customer experience in airline operated leased facilities then it is our view that the report must clearly document the extent of the study and provide an explanation of the reasons behind the decision to exclude them from the scope of the review. The overwhelming majority of passengers are also unaware that the airport operator is not responsible for service standards in leased terminal facilities so it is important that they are able clearly to understand roles and responsibilities with regard to the provision of infrastructure at each airport.

If the objective of the ACCC service monitoring regime is to discourage monopolistic behaviour by airport operators (manifesting themselves as underinvestment in airport facilities), the same argument could be levelled at operators of leased terminal facilities. Passengers often have little choice but to use these facilities to travel to destinations that are either inadequately serviced or not operated altogether from other terminals.

Facilities and services to be monitored

In addition to the two influences on the quality of airport services it is important to list a third. Namely, under the current aeronautical cost recovery model, the price the consumer (in this case the airline) is prepared to pay.

The signals we are receiving from the Low Cost Carriers (LCC) in particular are that the airport operating costs are the key issue. LCCs are largely unconcerned with service standards at airports, being motivated principally by the price and incentives packages. Similarly, in their decision to fly with a LCC, consumers are making a conscious decision to trade off service level for price.

This behaviour is evident with the emergence of bespoke LCC terminals in other parts of the world which have been consciously designed to a lower service standard than that provided to so called "full service carriers". The "one service standard fits all" model proposed by the guidelines is therefore increasingly at odds with global trends and what our LCC customers are asking and are prepared to pay for.

While monitored Australian airports may in one sense be viewed as largely monopolistic operators in their own local environment (with notable exceptions), it is important to note that in reality they are competing for business in a global environment against airports in other regions often with a far lower cost base.

A significant number of new business opportunities for Australian airports are now coming from LCC carriers who are globally footloose and very price sensitive. If airports are forced to over-serve the needs of both the LCCs and full service carriers, LCCs in particular will not hesitate to move aircraft to other overseas ports who can offer the desired service levels at the right price. Full service carriers are also becoming increasingly conscious of the price/service trade off.

We therefore believe that the ACCC should recognise the rapidly changing aviation environment, that Australian airports are increasingly players in a market beyond the national boundary. To remain globally competitive Australian airports should be given the same freedom as airlines to differentiate service levels in their facilities.

Responsibility for service standards – the issue of "control"

Perth Airport is supportive of the ACCC's recognition that the issue of who directly controls service provision at the airport is complex and its intention to disclose the parties responsible for each monitored area in future reporting. However, we disagree with the view that by virtue of our position as owner of the head lease we are in a position or have some responsibility to determine or influence service levels. In our view these matters cannot simply be assessed in the context of a simple property transaction. This point is illustrated by the staffing of check-in counters which directly influences waiting time in the check-in hall. LCCs generally staff fewer counters per unit of passenger than full service carriers. This is a simple exercise of trading off service cost for the price of the service. Others use the same ground handling staff to load and off load bags which typically results in arriving passengers waiting longer for their bags to be delivered than those using full service carriers.

Setting standards

While Perth Airport acknowledges that there is no provision in the Act or Regulations for the ACCC to set service standards, there are references in the document. However, we believe that the document needs to provide further detail on the ACCCs interpretation of the “adequacy of the facilities made available” and the triggers that would cause the ACCC to question whether standards had fallen below an “adequate” level.

The report also notes that airports have, “... an obligation to provide government-mandated services.” This is an incorrect statement. The border control agencies are responsible for the provision of these services. The airport facilitates these operations by providing, in consultation with the agencies, appropriate facilities to service these requirements.

Data collection and acceptance

The inference in the first paragraph is that airports are unconcerned with surveying customer service levels given their “monopolistic” position. Perth Airport in common with other Australian Airports is very concerned with service delivery standards. Most if not all airports regularly monitor and measure service quality. Monitored airport service levels are also closely scrutinised by state governments, the general public and can attract significant media attention.

The coverage of quality of service criteria

In the classifications we suggest that “passenger-related” is amended to read “terminal-related” given that the service and facilities listed are all contained in the terminal buildings. It should be noted that “landside-related” areas are also consumed by “passengers” on their journey through the airport.

Perth airport is supportive of the inclusion of airline views in the overall assessment and is supportive of the additional checks and balances the ACCC propose to validate the responses. There is also an argument that airline views be weighted by passenger volume rather than all being treated equally as their frequency of interaction with the airport will differ substantially depending on their size and scale of operation. A few negative (or positive) responses based on limited interaction with small carriers could skew the overall result. The ACCC should also publish details of the carriers consulted and those who responded.

QUALITY OF SERVICE CRITERIA

Perth Airport would like to make the following comments with regard to Table 1

General

Perth Airport strongly recommends that the ACCC provide a Glossary of Terms to the table. A number of the terms used are potentially confusing and are open to interpretation leading to the risk of airports unintentionally supplying inconsistent and misleading information. Others are not used or readily understood in the industry. Examples in the table include:-

“Peak hour”

Is this the hour during the operational day that experiences the most passengers according to the traffic schedule? The peak hour can vary significantly in both magnitude and time according to season, day of week, and even from week-to-week depending on the number of ad-hoc flights and other factors. There can also be a real difference in the “peak hour” according to the schedule and the “observed peak hour” which will vary on the day due to load factors, reporting profiles, actual aircraft arrival and departure times and so on.

Airports in common with other transport modes such as freeways are never built to service the peak hour demand. They are typically designed to accommodate a specific level of traffic in the knowledge that this will be exceeded a certain percentage of time. The measure typically used by the aviation industry is the 95th Percentile Busy hour - the hourly rate above which 5% of the airport’s traffic is handed. Perth Airport believes that a good indication of service level is the number of times this level is breached. So for example if 10% of a given airport’s traffic was actually accommodated above the 95th percentile design flow rate, this would be one a potential indicator of the need to expand the current facilities.

For the above reasons it is recommended that “peak hour” is dropped in favour of the 95th percentile hour rate.

“Security clearance system”

There is no common definition or airport understanding of the elements that comprise of the “clearance system”. Processing rates can also be increased in some circumstances by adding additional “elements” to a “system” such as a second archway metal detector device which will not be reflected in the results.

“Gate lounges”

This is an antiquated phrase. Most airports have a common departure lounge and not individual “gate lounges” for each specific gate. The ACCC should also clarify the areas that should be included and excluded from the lounge area. Should they include airline lounges for example which can typically accommodate 20% of departing passengers. Retail outlets selling Food and Beverage also contain seating in their areas that is open for all passengers to utilise, not just those that use the facilities. Is circulation space included in the calculations?

Aerobridges

It is recommended that aerobridge service levels are removed from the monitoring regime as it so no longer considered to be a relevant indicator of service standards. There is a preference amongst LCCs and other carriers not to utilise aerobridges as a means of enplaning and deplaning passengers. They are perceived to slow down the aircraft turnaround with carriers preferring to board via both the front and rear doors. Some airports also charge for aerobridge use as a means of differentiating service standard. Finally, some aircraft (notably most turboprops) are unable to use aerobridges even on bays where they are provided.

The indicator could be replaced by a measure around the number of services that were coached to remote non terminal contact aircraft parking bays as a percentage of all passenger numbers. An increase in the number of passengers unable to access their aircraft whether on foot or via an aerobridge over time may suggest the need to provide a larger facility.

Check-in

This can be difficult for an airport to measure accurately. The hours of use of each check-in counter are not readily available to airports, particularly if they are equipped with airline proprietary equipment which records log on and log off times.

If the measure is to be retained it is suggested that the ACCC clearly state it should be taken over the *operational* day rather than a H24 period as some airports are subject to night curfews.

Government inspection

The two key determining factors of service standards in this area are the ability of carriers to operate to their schedule arrival times and the number of staff provided by the border control agencies.

Perth Airport is supportive of the ACCCs view that the ACS survey should be replaced by coordinated “whole of government” response to a quality of service monitoring survey. Perth Airport suggests that a suite of measures are developed around average processing time by the border control agencies that includes both dwell time in the queue and the physical intervention time by the agency concerned. There is also a need to separate clearly measures around the “primary” (border) and “secondary” (AQIS/Customs) inspection points.

On the primary line, the proposed measure fails to take account of the introduction of automated border control devices, known as SMARTEGATE at most international airports.

At the secondary search point the overwhelming number of passengers are subject to inspection by X-ray machines. Inspection counters are used to search the minority of passengers who have made a declaration on the arrivals card, who have been selected for search by the border control agencies or where the X-ray screening process has identified something suspicious that required further manual examination.

Security clearance

Perth Airport recommends that a measure around the number of times or volume of traffic processed beyond the declared 95th percentile Busy Hour Rate (BHR) for the facility is utilised. The BHR is influenced by the size of the facility, the equipment levels provided and staff deployed to search passengers. The definition of a “security clearance system” is unclear and it does not account for the influence in staffing levels on service standards.

Gate lounges

Perth Airport recommends that a measure around the number of times or volume of traffic processed beyond the declared 95th percentile Busy Hour Rate (BHR) for the facility is utilised. We suggest that the term “airside departure lounge” is adopted for clarity and as detailed above, the ACCC provide further clarification of the methodology to be utilised to calculate the area of the lounge.

Baggage

The terminology used in the table is unclear and confusing. The requirements should be defined in terms of the “Departure Baggage system” and “Baggage Reclaim System”.

Departure Baggage system

Perth Airport suggests airports should be required to report on the availability of the system to airline customers, either reporting the number of unplanned outages of more than “x” minutes during the operational day or the system availability as a percentage of the operational hours during the reporting period. There could be an additional measure on the number of times/percentage of time the declared capacity of the system was exceeded.

Baggage Reclaim System

The number of reclaims per aircraft during the peak should also be dropped in favour of a measure detailing reclaim availability and crowding in terms of the 95th percentile BHR.

Modern reclaim belts are often designed to accommodate either two narrow bodied or one wide bodied aircraft. Thus, an airport could simply expand capacity by investing in larger and not more belts. Conversely, a change in the mix of narrow and wide bodied aircraft in favour of the latter type during the peak would increase congestion on the given number of belts.

First bag, last bag is a measure of service but the ACCC should note that delivery times to the reclaim belts is not under the control or influence of the airport. This is a matter between the aircraft ground handling agent contracted to off load and deliver arriving baggage and the airline concerned.

Baggage trolleys

Perth Airport suggest that the ACCC measure the number of trolleys available in the reclaim hall or the percentage of time a trolley is not available for use. The measure as proposed takes no account of where the trolleys are physically located. An increasing number of passengers are also electing to travel with hand luggage only or are using suitcases with inbuilt wheels that do not require the use of a baggage trolley. It is therefore recommended that this measure is substituted by another more appropriate service quality indicator under the influence of the airport operator.

Flight information display

It is recommended that the ACCC provide a definition of a flight information display device (FID) as they are found both at check-in and the departure gates as well as in the lounges and landside areas. FIDS are also found in airline lounges and retail concessions used by passengers. Are these screens to be included in the total? The ACCC should also be aware that numbers will not vary in the peak hour. They are static devices. FIDS are not only the sole means of passenger wayfinding and the numbers that are required to be deployed are essentially a product of the design of the terminal facility. More will be required where wayfinding is unclear and sightlines to devices are poor. The average distance between FIDS is consequently considered to be a poor measure of service quality. Perth Airport recommends that airports be required to provide subjective indicators of wayfinding and flight information quality via their existing passenger surveys.

Restroom quality

Perth Airport recommends that airports are required to provide information on the quality of their restrooms. This information is a key and important determinant of airport service standards by passengers, and is under the direct control of the airport operator, and is already measured by surveys at most if not all airports. Reference to these standards is also made in the body of the main report at para 4.5 but no measure is currently proposed.

Landside related facilities

Perth Airport recommends that the ACCC develop measures around the availability of landside facilities, with airports being asked to submit information on for example the percentage of time roads and other infrastructure that is unavailable due to an unplanned event, noting that road traffic accidents, security alerts, building evacuations and so on that can impact on the road system are beyond the reasonable ability of the airport to influence.

Airside related facilities

Similarly, Perth Airport recommends that the ACCC requests airports to provide details of unplanned outages of airside facilities (such as aircraft parking bays, taxiways and so on) that impact on operational availability.

On time arrival and departure measures

While Perth Airport acknowledges that on time arrival and departure figures are published, it will not be feasibly objective to link them to airport system deficiencies. In our view, these will be better reflected in the measures suggested above. For example, the largest influences to an on time arrival at a given airport is the time the aircraft departed from its last port-of-call, prevailing winds, air traffic control delays and so on. The taxi time from the runway to the bay in terms of the entire passenger experience is a largely insignificant proportion of the total journey time.

Further consultation on the measures

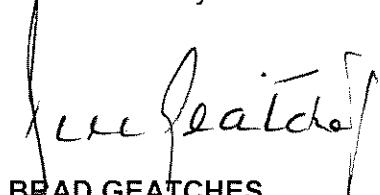
Perth Airport strongly recommends that the ACCC convene a workshop with airport stakeholders once it has received and evaluated the submissions. We believe that this would be the most appropriate means of arriving at a consensus of the measures that should be adopted for the purposes of the reporting and achieving the outcomes desired by the ACCC. Perth Airport would ensure that it was appropriately represented on such a group.

Proposed timescales

Perth Airport would like to receive further details on the proposed implementation plan for any new measures and the ACCC's view on whether they will be retrospective. It might prove challenging for airports to obtain some of the required information if measures are not put in place to capture the information from the point at which the data will be required for the report.

Thank you again for the opportunity to comment on the document. I look forward to hearing from you in due course.

Yours sincerely



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Westralia Airports Corporation