



27 June 2008

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

Re: Guidelines for quality of service monitoring at airports – May 2008

Dear Mr Salisbury

Sydney Airport is pleased to make this submission in response to the matters raised in the draft 'Guidelines for quality of service monitoring at airports – May 2008'.

This submission should also be considered in the context of my initial submission to the ACCC on this matter dated 9 January 2008.

Government Inspection Services

Sydney Airport believes that a passenger's level of satisfaction should be the key measure of an airport's quality of service and we remain concerned with the subjective, and at times biased, nature of feedback provided to the ACCC by the Australian Customs Service (ACS) and airline surveys. Sydney Airport would therefore prefer that both ACS and airline surveys be discontinued and passenger satisfaction results become the measure of an airport's quality of service.

**Sydney Airport
Corporation Limited**
ABN 62 082 578 609

Locked Bag 5000
Sydney International
Airport NSW 2020
The Uim Building
1 Link Road
Sydney International
Airport NSW 2020
Australia

Telephone
61 2 9667 9111
www.sydneyairport.com

Sydney Airport understands the ACCC's position in wishing to obtain a rounded view of airports quality of service and of promoting open discussion between stakeholders. This communication should be encouraged to occur throughout the year in existing and more appropriate collaborative forums which would allow parties to immediately address any service issues and maintain standards of service.

Currently Sydney Airport actively participates in the following: the National Facilitation Forums, the Airport Passenger Facilitation Task Force and Airport Operational Committees. We are also leading a Service Quality Improvement Program (SQIP) with participation from all airport stakeholders which has as its main objective improving the quality of service at Sydney Airport.. Given this cooperative approach Sydney Airport is disappointed and surprised that on occasion we become aware of stakeholders concerns for the first time in the ACCC report.

As the ACCC proposes to continue to collect survey data from the ACS, we support applying the suggested approach to airline reporting to all government inspection services input as well. That is, all data presented to the ACCC by government inspection agencies be reviewed and submitted by the agencies' head offices.

Further, while the ACCC suggests that commentary be provided when ratings fall below satisfactory, Sydney Airport supports such commentary being provided when ratings fall below those applied the previous year. This would allow airport operators to ensure benchmarks are maintained and provides an opportunity to address concerns before they fall below a satisfactory level. This would also encourage parties to discuss issues in more appropriate forums, if and when they surface, throughout the year.

Sydney Airport also believes that the ACCC should require future government inspection surveys to include data on issues such as the quality and timeliness of service delivery provided by those government agencies. This is important particularly given the direct impact of their services on a passengers travel experience and airline and airport operations. It needs to be accepted that a decline in the levels of service provided by government agencies will influence the overall perception that passengers form of an airport.

Airlines Input

As with our earlier view on government inspection services, Sydney Airport recommend that the ACCC request airlines to provide supporting commentary when they apply a drop in ratings from the previous year rather than waiting till ratings fall below satisfactory. This would allow airport operators to ensure standards set in previous years are more easily met.

Sydney Airport firmly believes that, in accordance with the intent of the light handed regime, the appropriate approach to providing standards of service that meet airline customers' needs is to agree these commercially. Indeed, Sydney Airport has made substantial progress with Qantas in establishing a commercially-focused service level agreement, which recognises the inter-relationship between the roles of airlines and airports in the standard of service delivered. This should form a basis for service level discussion with other airline customers.

Passenger Input

Sydney Airport supports the ACCC's view to continue allowing the Airport Council International (ACI) - Airport Service Quality (ASQ) surveys, an independent and internationally recognised passenger satisfaction survey. Accordingly Sydney Airport believes that the ACI ASQ results are a more credible measure of an airports quality of service.

Further, Sydney Airport would support the adoption by all airports of the ASQ surveys, with all parties agreeing to publish the annual ASQ results.

This could then provide a standard for quality service monitoring in place of the current ACCC report.

Service Coverage

Sydney Airport monitors and responds to dedicated air freight operators' needs by attending and participating in the monthly freight Air Operators Committee (AOC). This meeting is hosted by Sydney Airport, but the meeting is chaired by an elected representative of the air freight operators.

As we do not work independently of other operators in this area but rather work in cooperation with freight terminal operators and other key stakeholders, relying heavily on their involvement and cooperation, Sydney Airport does not support service coverage being included in the 'quality of service monitoring'.

Airport Car-Parking Monitoring

Sydney Airport notes that it has yet to be provided with an opportunity to comment on proposed guidelines for monitoring car parking prices, revenues and costs. The Government's announcement of this initiative, and the regulatory instrument, leave significant ambiguity as to the coverage of monitoring and the approach to be adopted.

We note that the monitoring of car parking services was not recommended by the Productivity Commission in its review of the light handed regime. The characteristics of the market for car parking services at airports have implications for the approach to monitoring, such as:

- airport parking is not an homogenous product – it caters to a range of market segments including long and short-term parking, self-park and valet, open or undercover parking, as well as consumers' price/convenience tradeoff;
- the products offered and prices charged are strongly influenced by demand for services; and
- Airport parking is subject to material competition from off-airport providers and alternative modes of transport.

A simple assessment of expenses and revenues would fail to take account of these market characteristics. Other considerations, such as off-airport pricing, CDB charges, and airport car parking compared with whole-of-journey costs for alternative transport options would need to be considered. In addition, a simple comparison with airport parking charges at overseas airports could not adequately account for differences in market characteristics, regulatory regimes, and government policies.

Accordingly, Sydney Airport does not support the imposition of monitoring of car parking services and reserves its right to provide substantive comments based on the proposed guidelines when available.

Quantitative Measures and Control over Quality of Service outcomes.

Quantitative measures do not accurately capture improvements in the quality of service. Relying on a crude quantitative approach is unhelpful as a reduction in number does not necessarily equate to a reduction in service. For example, while the existing approach reported that the number of Flight Information Display Screens (FIDS) at Sydney Airport was reduced in 2007 it did not report that this was due to an upgrade to larger and clearer LCD screens.

From the passenger's perspective the quality of service had improved with the replacement of obsolete equipment, but the ACCC's methodology produced a perverse outcome that implied that passenger facilities had been reduced.

The ACCC's approach is rudimentary and is not sufficiently passenger focussed to reward improvements in technology or support innovations in service provision. The reduced number of FIDS reported by the ACCC was open to negative interpretation and did not accurately represent the quality of service provided. In contrast, the ASQ process recognised Sydney Airport's FIDs enhancements which were rewarded with improved passenger ratings.

Quantitative measures are also often open to definitional problems and confusion. For example, it is not clear that all airports have an agreed definition of what constitutes a 'security clearance system'. For example, 'walk through metal detectors' and 'carry on baggage x-rays' are two machines that are operated alongside each other. Depending on interpretation, they be counted as two units or as a single system. The result of such definitional confusion is that the ACCC's Report can be used to make flawed and unfair comparisons amongst airports.

As the ACCC acknowledges in their 'Statement of Reasons' paper, there are relatively few significant airport services which are totally under the direct control of an airport operator. For example:

- Whilst airport operators provide airlines with facilities such as check-in counters, levels of staffing and processing times are within the control of the airline.
- The operation of immigration and processing points is the responsibility of the relevant government agencies involved in border processing, and the level of service they provide is beyond the control of an airport.

In these instances, quantitative measures do not accurately convey the fact that the quality of service provided by the agencies is within their control rather than depending on the facilities provided by airport operators.

Whilst the ACCC reporting continues to utilise such measures Sydney Airport support the inclusion of a table, in the monitoring report, of all aspects and related criteria, as well as a list of parties, which contribute to quality of service outcomes. The need to consider this inclusion further supports the argument that the current quality of service reporting is not able to adequately represent the complexities of airport service delivery, where more often than not, more than one party is responsible for outcomes. That is, the current objective measures do not take into account the passenger's experience, or reflect the impact other parties have on this experience.

Clearly a robust understanding of a passenger's experience and the quality of service being offered by airports is important. However the current monitoring approach of reducing ratings to a single score is too simplistic and does not capture the complex relationship between multiple parties who directly impact on the quality of service. Accordingly, Sydney Airport also would not support any proposal to broaden the coverage of quantitative measures.

I would be pleased to further discuss issues raised in our submission with you if this would assist.

Should you require additional information you might contact Sebastian Zagarella, Customer Service Standards Officer, on [REDACTED] for details in the first instance.

Yours sincerely



Rod Gilmore
General Manager
Corporate Affairs and Human Resources