

SUBMISSION TO THE ACCC CONSULTATION PAPER – AIRPORT MONITORING, MORE DETAILED INFORMATION ON AIRPORT PERFORMANCE

Andrew’s Airport Parking.	Nudgee Road, Hendra, Brisbane (“AAPB”)
Andrew’s Airport Parking.	Mickleham Road, Tullamarine, Melbourne (“AAPM”)
Busy Beaver Airport Parking.	Tullamarine Park Rd, Tullamarine, Melbourne (“BBAP”)
Gateway Airport Parking.	Currently Inactive, Hamilton, Brisbane (“GAP”)
Andrew’s Airport Parking.	Chief Street, Brompton, Adelaide (“AAPA”)

(collectively “the Group, we, us, our”)

Separately, The Group also operates airport parking booking websites that provide parking options for 7 airports around Australia and an off-airport car rental business.

Please find the Group’s submission to the ACCC Consultation Paper in relation to Recommendation 9.4 of the PC’s 2019 Economic Regulation of Airports review.

Introduction

The Group consists of off-airport car parking businesses located in close proximity (5-7 kilometres) to the international and domestic airports in Melbourne, Brisbane and Adelaide. Each business involves customers dropping their vehicles at our off-airport parking station and then being transported in a courtesy bus to near their respective airport departure terminal. On return, customers are collected from near their arrivals terminal and returned to their vehicles parked at each off-airport parking station.

Our Group and each individual business are both:

- in competition with the airport’s car parking products AND
- a landside operator within the airport.

It is from these two perspectives that we make our submission, in line with the separate groups of interest established by the PC and confirmed in Section 2.10 of this ACCC Consultation Paper.

As a competitor, our Group and each individual business provides the greatest direct competition to airport car parking. We currently provide 3500 car parks in Melbourne, 1800 car parks in Brisbane and 700 car parks in Adelaide (noting Adelaide Airport is currently not an ACCC monitored airport) for a total of 6000 car parks.

As a landside operator, we are a frequent user and significant revenue stream of each airport’s landside access department.

Our Group has repeatedly made submissions to the ACCC and the 2019 PC, on the necessity for higher accountability and transparency of monitored airports car parking and landside access operations.

We certainly applaud the PC’s recommendation 9.4 and welcome this ACCC Consultation Paper seeking information from interested parties. Please accept our submission, where we briefly address each of the 13 questions put forward by the ACCC.

ACCC Collecting Disaggregated Data

Note: Given the nature of this consultation paper, in answering each of these questions we will answer collectively for the Group. But we remind the ACCC that each airport is individual. The attitudes, behaviours, costs and services of each airport towards our individual Group businesses frequently differ.

Q1) What are your views about the options we have identified for addressing the PC's recommendation 9.4. Are there other options that should be considered?

We agree, and it is consistent with our previous submissions to the ACCC and 2019 PC, that disaggregated information be collected from airports. Furthermore, that each option 1, 2 and 3 requires long hidden landside services information, is most welcomed.

It is manifestly inadequate of airports, when the ACCC is ultimately seeking a competitive consumer landscape, to aggregate financial data for their many car parking products. Far more than the two categories of "at-terminal" and "at-distance," airports further define and price to consumers many tiers within those categories as well as valet versus self-park options. If they can price various categories to consumers, they can cost and report those same categories to the ACCC.

Regarding landside access, moving away from voluntary information to mandatory disaggregated information by transportation mode strongly reflects the request we've repeatedly made to the ACCC and 2019 PC. We are most pleased with this development. Currently, there is insufficient regulatory motivation for airports to appropriately invest in higher value landside access or maintain competitive access fees. Airports too easily retreat to broad-brush and infallible positions of "CPI Increase" and "asset recouperation models" when making take it or leave it fee increases to landside operators.

In our case of off-airport parking, being both a landside operator AND in competition with airports, we're left at the whim of an airport's increasing access fees and if they so choose, decreasing parking fees to the public. Our Group has made two recent complaints to the ACCC that illuminate this action:

- In 2020 against Melbourne Airport (Complaint Ref: CS1049881), when Melbourne Airport conducted a 9-month FREE parking campaign, while at the same charging full access fees to the competing off-airport parking industry. Our concerns and direct requests to Melbourne Airport to simply provide free access while they conduct a FREE parking campaign were rebutted in writing by then CEO Mr. Strambi as "misguided, disingenuous and appalling." The ACCC were unable to influence Melbourne Airport's decision to charge landside access fees, because landside access is not within their remit under Section 95ZF.

- [REDACTED]

In both cases, local off-airport parking options permanently closed during the periods in question, reducing consumer choice in the airport car parking market.

And it appears likely that in both cases, the ACCC will not have the means and/or the will to influence these airport behaviours. Either immediately to our complaints or to discourage the next time.

Mandatory disaggregated information to the ACCC can only improve these specific situations. More broadly the ACCC's knowledge and subsequent publishing of such information appears likely to encourage competitive and efficient offers from airports, back to consumers (via landside operators in the case of landside services information) along with transparency for consumers, landside operators and airports alike. The right result for all.

Q2) What are your views about the advantages and disadvantages for each of the options? Do you think there are further issues that should be considered, and if so, what are they and why are they relevant?

The ACCC have well summarised the key advantages and disadvantages, in Sections 4.26 – 4.31 of this ACCC Consultation Paper.

Our only additional point to make here, that when the ACCC refers to “services” for landside operators, the airport's requirements should extend beyond the supply of kerbside infrastructure (roads, shelter, lighting, signage etc..). It should include support services such as routine meeting forums and complaint handling.

Q3) Do you agree with the ACCC's preferred option (Option 2)? Please substantiate your response.

We do agree with Option 2, though suggest that it may prove to be an intermediate step towards Option 3 at some later date.

The ACCC are correct across Sections 4.27 and 4.28 of this ACCC Consultation Paper. Airports cannot be left with services of their business “unreported” to the ACCC, one cost unreported leaves reason to question the accuracy of all costs reported. Option 2 becomes the minimum.

However reaching for Option 3, as the ACCC have pointed out in Section 4.31, becomes onerous and time consuming from Airports. Expediting an excellent and achievable option quickly should take priority over attempting to establish a perceived optimum option over a longer period, knowing that Option 3 could be pursued after Option 2 is enacted and assessed by the ACCC.

Q4) Is there a significant difference in reporting requirements between Options 1 and 2 If so, please explain why?

We are not in position to comment on this question.

Q5) Do you have any concerns about the ACCC collecting commercially sensitive information under our preferred approach (Option 2)? If so, what are they? How do you think these concerns can be mitigated?

We have no concerns in this regard and would defer to the sentiments of our answer for Q1.

We have long argued the need, particularly for landside access data, to be better reported by the airports to the ACCC. Commercially sensitive information included.

ACCC Publishing Disaggregated Data

Note: Given the nature of this consultation paper, in answering each of these questions we will answer collectively for the Group. But we remind the ACCC that each airport is individual. The attitudes, behaviours, costs and services of each airport towards individual Group businesses frequently differ.

Q6) What do you consider to be the benefits of publishing the disaggregated financial information recommended by the PC in recommendation 9.4?

Transparency.

For car parking services, the annual jaw-dropping revenues and profit margins reported (and some may argue sensationalised by media) can be better understood by the interested traveling public. We would also argue it provides the airports fair means to defend those margins to media and consumers.

For landside services, this has always been a black box. We have never had any transparency over the cost-appropriations of airports to our service requirements. We don't object to airports enforcing fees for providing assets and service, but do object to their current rights evading questions of how our fees are calculated.

Put simply, we have no idea if \$5.00 per access is a competitive fee for airports to charge off-airport parking operators? Publishing the disaggregated information would allow us that opportunity.

Q7) Do you believe that the benefits you have identified outweigh the costs? Please explain your response.

By "costs" and from our perspective, we will take the ACCC to mean the airports' counter arguments of a reduced competitive position against off airport car parking operators.

It's a ridiculous, almost offensive notion.

That argument focusses on a crumb from the smorgasbord of competitive advantage airports currently enjoy against off airport parking operators. Airports can currently, freely, manipulate pricing of the airport parking market to their unjust competitive advantage. Either high prices to consumers for immediate gains, or low prices to consumers with high access fees to off-airport parking operators to put pressure on long term competition. Again, I refer to our recent complaints submitted to the ACCC illustrating the potential for reducing long term competition:

- CS1049881. In 2020, Melbourne Airport's 9-month FREE Parking Campaign, whilst maintaining all landside access charges to off-airport parking operators.

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Two irrefutable examples of airports both having and acting upon their “means and incentive to increase their competitive advantage” (ACCC Airport Monitoring Report 2020-21, p. 91).

In the case of landside access services, providing transparency over costs particularly, helps even a currently unavoidable power imbalance between our businesses and contributes to the opportunity of for fair competition. That is THE benefit the ACCC should be seeking and certainly outweighs any grievances floated by any presently blessed airports arguing against.

And for car parking services, we again believe the consumer’s right to verifiable financial information underpinning those jaw-dropping revenues and profit margins, outweighs any perceived concern about an airport’s competitive position. I must admit, we don’t follow the four airports’ contention that their position would be harmed (or helped) by the publication of this information? Travelling consumers will make their choice based on whether there is value in the fee they are charged for their product, not the publishing of data that aggregates consumer fees or airport costs over a reporting period.

Q8) The ACCC invites the monitored airports to publicly substantiate their claims on why publishing specific information in recommendation 9.4 would damage their competitive position.

We are not in position to comment on this question.

Q9) Do you believe that the existing provisions in respect to confidentiality under the Airports Act and the CCA are insufficient to protect confidential information of the types identified in recommendation 9.4? If so, please explain why.

We are not in position to comment on this question.

Q10) The ACCC invites the monitored airports, airlines or other interested parties, to comment on the extent to which publication of specific information in recommendation 9.4 is likely to adversely impact on competition between airlines in Australia.

We are not in position to comment on this question.

Q11) Do you have any concerns about the ACCC publishing the information in recommendation 9.4, particularly under Option 2 (as discussed in previous section), which have not been covered in the questions above?

We have no concerns about the ACCC publishing the airport’s information, pursuant to recommendation 9.4.

ACCC Monitoring of landside access services

Note: Given the nature of this consultation paper, in answering each of these questions we will answer collectively for the Group. But we remind the ACCC that each airport is individual. The attitudes, behaviours, costs and services of each airport towards individual Group businesses frequently differ.

Q12) What do you consider to be the costs and benefits of aligning the ACCC's monitoring of landside access services with its monitoring of aeronautical and car parking services by:

- **Amending the Airport Regulations to require each of the monitored airports to collect and provide to the ACCC baseline information on the use costs/assets and revenues of landside access services each year**
- **Treasury issuing a direction to the ACCC under section 95ZF to monitor landside access services?**

Aligning the ACCC's jurisdiction over landside access services to that of aeronautical and car parking services is certainly welcomed by the Group. Frankly, it just makes sense.

Like aeronautical and car parking services, landside access service can be geographically separated and costed by airports. That is to say we absolutely disagree with some airports' contention made in Section 3.5, that landside access services could not be adequately separately costed. The obvious question that arises is:

How can the airport charge us an accurate service fee, if they cannot accurately cost the service they provide?

Any competitive business, to price a product or service to market, must understand with accuracy the input costs of that product or service and/or the market price of that product or service. In the absence of a market price, it is incumbent upon the airports to understand their input costs. Otherwise, they are guessing. And consumers deserve better than an unmonitored monopoly (in the case of landside access fees), guessing.

Even if we are wrong and some airports are incapable of defining these costs accurately:

- the ACCC's "common costs" proposition mitigates the airports' contention AND
- mandated reporting of a predominantly defined cost set is far superior to the current status of voluntary reporting.

Like aeronautical and car parking services, landside access services are used by a significant proportion of airport passengers. Furthermore, passengers parked at airport car parks still witness and walk through landside operations, given those operations proximity to terminals. That is to say even passengers not using landside operations indirectly experience and therefore have their opinion of airport performance influenced by those operations.

Like aeronautical and car parking services, landside access provides a significant revenue stream to airports. That significant revenue stream should be verified by the ACCC as fairly costed against services provided, in the absence of any competitive option.

In all of these aspects, landside access services should be recognised as of enough contribution towards the overall behaviour of lightly regulated airports, that the ACCC will benefit from having clear and consistent data reported to them.

One point of difference to aeronautical and car parking services, that we'll make one more time here, is that in the case of off-airport parking operators, airports have the means and incentive to increase their competitive advantage through landside operations performance.

Airports can currently, without fear of retribution from the ACCC, increase the value their own car parking product (lower prices, investing in technologies, improved wayfinding signage) AND simultaneously decrease the value of landside access and therefore our off-airport parking product (higher access fees, inferior customer location, amenities and wayfinding signage). This has the potential to reduce competition in the airport parking market, and we have attested to the ACCC that such actions have contributed to the reduction of the airport parking market in our complaints CS1049881 and [REDACTED] detailed earlier.

Amending the Airport Regulations to make mandatory a baseline of costs, revenues and services across all landside operations, we are confident will prove enlightening to the ACCC. Then to give the ACCC powers, by having Treasury extend 95ZF to include monitoring landside access service alongside aeronautical and car parking services, we would consider both essential and appropriate.

Q13) Do you believe that the benefits you have identified outweigh the costs? Please explain your response.

It is difficult for us to determine "costs" in this question. But we will defer to our answer for Q12 above and add that any costs required of the airport would simply be overdue costs of this implementation.

We also note that only one of four monitored airports raised issue with landside access service data being published, as opposed to all four objecting to car parking data being published.

We would infer that all things being equal, airports consider there to be less competitive and/or reputational cost associated with collection and publication of landside access data as opposed to car parking data, a lesser burden of cost for the benefits to overcome.

This completes our submission.

Thank you.
