

Mr Ricky Xu
Senior Analyst Airports and Ports, Infrastructure and Transport – Access & Pricing
Australian Competition and Consumer Commission (ACCC)
Level 17, 2 Lonsdale Street
Melbourne VIC 3000

By email

Dear Mr Xu,

Re: Consultation on Airport Monitoring – more details information on airport performance

The Board of Airline Representatives Australia (BARA) represents the majority of international airlines operating to Australia, and provides the following comments to the ACCC in response to the request for input around some specific sections of the ACCC consultation papers.

A: ACCC recommendations related to differentiation of experience between international and domestic flights

1. BARA supports the recommendation to require the monitored airports to separate reporting for international and domestic usage for the listed facilities, with the possible exception of “airport access facilities and at terminal car parking facilities” where (depending upon the airport design and layout) these facilities are common use.

All other listed facilities are already separately itemised to airlines and costs allocated accordingly for engaging with BARA and airlines for the purposes of negotiating aeronautical services agreements. As such there should be little to no additional reporting burden on airports to provide this information to the ACCC.

B: Responses regarding Airport Quality Indicators

1. ACCC recommendations on aircraft-related services and facilities – specific responses (including reference to proposed marked-up changes to the regulations if appropriate) are as follows: -
 - a. Item 1A Airport Access Facilities – no specific comments other than that efficacy of access rather than capacity per se is the key outcome.
 - b. Item 2 Car parking service facilities – no specific comments other than to note that car parking is relevant to only one mode of airport passenger access and is mainly relevant for Australian domestic passengers over international visitors, the latter whom if driving at all are likely to be returning a hire car rather than parking.
 - c. Item 3 Check in services and facilities – the number of and/or proportion of desks vs mobile/self-service check-in units at an airport is not of itself a highly relevant metric for international airlines. Separating reporting into these fixed categories risks measuring an outcome which could be rendered obsolete or irrelevant as technology continues to progress. For airlines, the more important metric is reliability/availability of the provided facilities, measured as an IT service (eg: 98% uptime). Airlines and airports generally work through aeronautical services agreements (agreed capex) and regular forums (operational priorities) to determine appropriate check-in capacity and equipment provision.

- d. Item 4 Security inspection – is critical to international airlines on-time performance and ultimate customer satisfaction. The key measurements for international airlines are not capacity or numbers based (eg: numbers of lanes, hours of staff etc) but rather customer-centric outputs – meaning queue wait and processing time. Average wait-time (from entering queue to processing) and maximum peak wait time are all-encompassing output orientated measures which ultimately incorporate in a more flexible manner some of the fixed measures otherwise proposed. Security inspection monitoring should separately cover both directly checked-in passengers at the airport, and passengers passing through transfer security screening.
- e. Item 5 outbound baggage system – for international airlines, the key measures related to baggage are again passenger experience outcome orientated. Whilst the overall process of receiving and delivering baggage to and from passengers to aircraft is the product of multiple parties' involvement (airlines, airports, ground handlers etc) the ultimate and common industry measure is lost/missed bags per thousand. Whilst recognising that airports alone do not hold total accountability for this measure, monitoring and reporting against this important measure would nonetheless provide transparency of performance and encourage operational improvements. In addition, availability and up-time of the provided baggage system as an IT facility should be monitored.
- f. Item 6 inbound baggage – as per outbound, system availability is key and percentage availability of provided carousels is a suitable proxy.
- g. Item 7 Customs, immigration and quarantine – as per comments against Item 4 Security, the relevant measure for international airlines are customer-experience metrics (queue-wait times average and peak) rather than physical equipment numbers, ratios or space.
- h. Item 8 Flight Information – system availability (eg: 98+%) is more relevant than number of hours of unplanned interruption.
- i. Item 8A Public areas – this item in effect covers two separate categories. First regarding cleanliness/public amenity against which current measures monitored by the ACCC and as amended appear to be fit for purpose; secondly vertical/lateral transport (lifts/ moving walkways/ escalators) which are physical facilities and should again be monitored as a percentage availability when required (ie: during peak passenger flow periods).
- j. Item 9 gate lounges – no specific comment as this is more directly an airport capacity planning measurement.
- k. Item 9A power to terminal – no specific comment.
- l. Item 9AA power to aircraft – relevant to international airlines but % availability as a service vs hours or numbers would be a preferred metric.
- m. Item 10 aerobridge usage - % availability when required would be a better metric. The ratios suggested in Appendix B will not be relevant in any useable sense to international airlines. The delay instances and timings proposed are inconsistent with airline/airport current operational practices, as even the minimum defined aerobridge delay (15minutes) would be deemed a significant and unacceptable issue by both airline and airport operators.
- n. Item 10A Runways, taxiways and aprons – no specific comment as this appears to be more directly an airport capacity planning measurement.
- o. Item 10AA Stands, Stairs and bussing of passengers – comment as per Item 10 aerobridge availability.
- p. Item 11 Aircraft parking facilities and bays - no specific comment as this appears to be more directly an airport capacity planning measurement.
- q. Item 12 Aircraft refuelling – no specific comment.
- r. Item 13 Facilities for airline staff – BARA supports the recommended matters and measures.
- s. Item 14 Ground handling equipment storage – BARA supports the recommended matters and measures.

C: Responses regarding collection of financial information

1. Question 3 (page 19) – BARA agrees with Option 2 as the most appropriate way to balance achieving increased transparency of reporting versus the additional compliance costs for airport operators. Aeronautical revenue per passenger is a measure that can be reliably tracked over time and whilst not perfect does encompass the totality of revenues and investments required to deliver an appropriate and efficient service to airline customers. Furthermore it avoids the imposition of an external (ACCC or other derived) methodology to allocate costs which would be challenging and may ultimately defeat the broader purpose of providing greater transparency over airport charges and returns.
2. Question 6 (page 20) – as above, additional transparency over airport charges is relevant to mitigate against any misuse of market power (which as local monopoly providers airports naturally tend towards). More publicly available information on airports financial performance, reported separately for international and domestic, will aid negotiations by airlines to ultimately deliver better outcomes for passengers (price and service) – a net public good. Airlines compete against each other for passenger traffic not the airports; therefore better price and service outcomes should enable both airlines and by extension the airports to increase flown traffic (subject to macro-economic conditions).
3. Questions 7, 10 & 11 (pages 20-21) – the benefits of sharing more accurate and relevant financial information on the monitored airports performance are clear, and under Option 2 any additional compliance costs should be minimal as the airports already have and provide the majority of the requested data when negotiating with airlines. For the international airlines represented by BARA there is no material implication or risk to any competitive position in sharing the proposed aggregated financial reporting. The ACCC has the ability to withhold information if it deems it to be overly sensitive, further minimising any real or perceived competitive risk.

BARA appreciates the opportunity to provide these comments to the ACCC, which we trust will be considered alongside those of other industry participants. Please contact BARA should you wish for any further clarification on any point.

Yours sincerely,



Stephen Pearse
Executive Director

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