



**CANBERRA AIRPORT – SUBMISSION TO AVIATION GREEN PAPER  
*PROPOSAL FOR QUALITY OF SERVICE MONITORING***

**Introduction**

Canberra Airport understands the Commonwealth's focus on the service provided to consumers by airports and appreciates the suggestion to deal with "second tier" airports differently from the major airports in recognition that a "one size fits all" approach to airport regulation is deficient.

As set out in our Green Paper Pricing Submission, Canberra Airport submits that any second tier quality of service monitoring regime needs to be based on the following principles:

- That it delivers a means of having oversight of small and medium sized airports (SMAs) in a way that is equitable across similar sized airports;
- That it does not negatively impact consumers through the passing on of regulatory costs/charges; and
- That it exists to ensure that aviation infrastructure provision is adequate and meets the needs of the consumer.

However, there are three other premises that underline our proposal for quality of service monitoring as set out in this paper:

- That there should be a distinct quality of service regime for the "second tier" airports – this is to reflect that these airports simply do not have the resources, and nor is there the need for these

airports, to comply with the more cumbersome quality of service framework applicable to the 5 major airports.

- It needs to be acknowledged that the current ACCC framework of quality of service monitoring is artificial and does not give a true representation of the passenger experience at any particular airport.
- That if the intent of the relevant quality of service regime is really an input into airport price assessment (i.e. whether the prices reflect the infrastructure provided by an airport) then what you really need to undertake is a capacity analysis – not a quality of service assessment.

Given the above premises, Canberra Airport submits that if you want to adopt a quality of service monitoring regime that focuses on the passenger experience, what you need to do is to let the customers decide what is important, when to respond, and the information that they provide as their response.

### **Our Quality of Service Proposal**

Our proposal is based on the fundamental premise that the customer is best placed to assess the quality of service provided to them at any particular airport.

#### ***Who are the SMAs to be covered by the proposed regime?***

As detailed in our Green Paper Pricing Submission, Canberra Airport submits that to ensure that a competitive position is maintained between airports, and to ensure that relevant comparisons can actually be made, the “second tier” airports should include, at a minimum, all Phase 2 privatised airports, namely Gold Coast, Darwin, Canberra, Hobart, Townsville, Alice Springs and Launceston. In addition, there is also a strong case to include other comparable airports such as Cairns, Avalon, Newcastle and any other airport with passenger numbers in excess of 500,000 per annum.

That is, it should be those airports which are not one of the five major airports but which derive a significant component of their revenue from RPT services; or which are of a comparable size; or which provide similar services; or which may be competing with each other in relation to the establishment of routes and facilities by the major airlines and which are likely to have infrastructure of a comparable size and complexity.

### ***The Quality of Service Information Provided***

An effective quality of service regime must gauge the experience of the ultimate customer – the passenger. The previous ACCC framework fails in this regard as it only took into account the views of a small number of airlines and Government Agencies who often had a commercial interest in highlighting any alleged failings in airport service. While Canberra Airport already gauges the passenger experience in an informal way now, Canberra Airport proposes to formalise this as a means of providing transparency in the monitoring of quality of service.

Canberra Airport therefore submits that the quality of service regime should have the following key components:

- An ability for customers to provide feedback on airport services at any time (i.e when convenient or at the time of being aggrieved – not just during the ‘survey’ period) – in this regard Canberra submits that this may be achieved through the completion of feedback forms, through use of the relevant airports website (both of which already occur), and potentially through the establishment of electronic kiosks at the Terminal; and
- An ability for customers to provide whatever feedback they want on any issue – in this regard Canberra Airport submits that while the feedback forms may contain some key themes, the form would also allow the customer to provide any comment (without fitting it into a predetermined framework) on any matter that they wish in relation to the operations of the airport.

The simple approach above would have a number of key benefits and advantages over the existing ACCC framework:

- The quality of service information would be provided directly by the customer using the relevant services – not by a small number of airlines or Government Agencies or others removed from the passenger experience and who often have competing commercial interests with the relevant airport and even competing interests with the ultimate consumer;

The information would be provided regularly and constantly meaning that the airport would be continually updated by consumers on how the airport is performing, and the airport would also be able to obtain information concerning how it dealt with one-off particular events or circumstances – the information would not be obtained through some annual survey which is far removed from the day to day events or circumstances being commented upon;

- It would provide the airport with a constant stream of information that would allow it to adjust and meet the expectations of its customers – this is simply good business sense; and
- It doesn't have a prescribed framework, allowing individual passengers to tailor their comments to a particular airport (i.e the comments made will be relevant for the airport).

#### ***Reporting on the Information Provided***

While Canberra Airport would use the information on a regular basis, Canberra Airport submits that the information obtained through customer feedback would be reported on in the following manner:

- Annually the relevant airport would collate all customer feedback responses and assess them for any common themes, concerns, recommendations or queries – the airport must confirm that such an assessment has occurred to the Commonwealth; and
- Where as part of the assessment referred to above an issue is raised by a number of respondents in excess of 0.1% of the total passengers through the Airport in the relevant year, the airport must:
  - report on that issue to the Commonwealth; and
  - use all reasonable endeavours to remedy the relevant issue and provide details of such remediation to the Commonwealth - recognising that issues at airports may be attributable in whole or in part to many different service providers eg. Airlines, AQIS, Airservices, Customs, AFP etc.

The above proposal has two critical benefits over all other quality of service monitoring regimes being proposed – it gets information directly from the ultimate consumer who is using the services, and it

contains a requirement that if a particular matter is of sufficiently significant nature it must be dealt with by the airport (together with other service providers to the extent necessary).

### ***Other Benefits of the Proposal***

Canberra Airport submits that this proposal has the following other additional benefits:

- The emphasis on the consumer and the community is consistent with the themes set out in the National Aviation Policy Statement;
- The proposal is simple and easy to understand;
- The proposal would be easy to implement and has a low regulatory burden and cost on both the airport and the ultimate consumer;
- By going to the ultimate consumer for information you ensure that you get real feedback and knowledge of real consumer issues – that is, the consumer highlights the issues they care about, a government authority does not decide what issues, or the framework of issues, they care about; and
- The results of the customer feedback would be beyond a challenge – the airports could not argue that there was any selective or biased reporting being undertaken.

### **Clarifications**

While the above outlines our proposal for quality of service monitoring there are some further matters listed in your discussion paper that are worthy of comment:

- We disagree with the statement that the ACCC's monitoring of the quality of airport services provides a level of transparency to the privatised airports framework and that the monitoring results across airports are directly comparable. As we have stated above, different airports have different issues, different consumers, different matters of concern and different infrastructure and service requirements that may affect a quality of service report at any given time. In Canberra Airport's opinion the monitoring conducted by the ACCC:

- is restricted to less than a handful of respondents (airlines and border agencies)
- is not transparent to the consumer as to how a particular rating was obtained;
- is flawed in the sense that it believes that particular services at particular airports are comparable;
- does not sufficiently take into account the relatively small number of aviation services controlled by airports (i.e. check-in services and facilities are often provided by the airlines not the airport, security inspection issues are run by the relevant screening authority which for the most part is not the airport and even where it is the requirements for security are so heavily mandated that there is not much that can be done to improve the service anyway);
- captures services provided by others; and
- is overly complicated and at times focuses on issues that are no longer important to consumers (i.e. baggage trolleys are not much of an issue anymore when the vast majority of bags now have wheels)

We reject the comment that increasing the scope of ACCC service quality will lead to any sort of transparency or consistency – it will only lead to a greater regulatory burden, more confusion for the public, and will not deliver any benefits to the community or the consumer especially when there is little understanding as to what the ACCC is actually monitoring.

- The current ACCC monitoring does not adequately take into account the rise of the low cost carrier. Not only do these carriers not want or need high quality lounges and services, but nor will they pay the airport any additional charges to implement high quality services or lounges which may otherwise be assessed as part of the ACCC's current monitoring regime.
- Furthermore, there appears little appreciation that some airports, and in particular Canberra Airport, are subject to real competition from other modes of transport – for example, if the airport service is poor people can and will simply drive to Sydney. This is particularly relevant to Canberra Airport where that one route accounts for over 40% of total airport traffic, and where we still only have approximately 13% of the Canberra/Sydney travel market.

- There needs to be recognition of the tension between service delivery and cost. In today's climate airlines are pushing harder than ever to reduce the costs that they pay at airports, and yet at the same time there's push from the Commonwealth to improve the services provided at airports as well as the infrastructure being developed. While we appreciate that the Commonwealth does appear to acknowledge that trade offs will be necessary between lower fares and quality in service in line with the consumer demand, it needs to also acknowledge that the all airlines are pushing harder on airport charges, meaning that the capital available to improve services is reducing over time.
- We welcome the Commonwealth's comment that non-aeronautical development is important in helping to finance investment in aeronautical developments. However, the Commonwealth notes that this non-aeronautical development can also contribute to a higher level of congestion in the arterial roads leading to an airport site. While this may be true it needs to be acknowledged that this congestion is also caused by under-investment in the roads by the relevant States and Territories. In the case of Canberra Airport, funds that were originally meant to be used to upgrade the regional roads around the airport were diverted by the Government to another project for almost a decade, meaning that the roads around the airport were not upgraded as the airport grew which naturally led to traffic issues.
- While the Commonwealth lists transport and taxi services as issues that may effect the passenger experience there is no acknowledgement that both of these are State and Territory Government issues. For instance, in Canberra there is no public transport provided to the Airport Terminal (notwithstanding that the airport has a number of occasions requested that such public transport be provided), and there are significant taxi service issues because of the low number of taxi licences issued by the ACT Government. While you note that many of these issues are beyond the control of the airport, you still seem to imply that somehow these are the airport's problems when you note that airports should "proactively liaise" with other stakeholders to encourage good facilitation and access for the travelling public to an airport site. While Canberra Airport has no concerns about facilitating such liaison, it does not believe that it should be held responsible for, or assessed on, any service failures arising out of

matters out of its control where the required liaison does not bring the result that the Commonwealth would otherwise require.

- We note that the Commonwealth has in some ways accepted that low cost carriers are not always willing to pay for relevant airline services or facilities. Notwithstanding that, you note that there is an expectation that LCC operated terminals should be of a reasonable standard – the question that needs to be addressed though is what happens if a low cost carrier will not pay for these types of services? For instance, in some cases LCCs are happy to have gates without any seating or other facilities, or gates which are located at the far end of the terminal away from all other facilities or services. If an LCC is unwilling to pay for a relevant service or amenity, in our opinion, the airport should not be held responsible for any resulting degradation in service to their customers.
- As a general comment there is still no recognition that for true quality of service monitoring regime to apply at airports – the airlines have to be subject to, or play a part in, that monitoring regime.