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Dear Marlene

## **DISCUSSION PAPER – IMPROVING THE PASSENGER EXPERIENCE : QUALITY OF SERVICE MONITORING AT AIRPORTS**

Thank you for the opportunity to make submission on the Quality of Service Monitoring Discussion paper.

Northern Territory Airports has addressed each of the questions asked in the Discussion Paper. However, some overview comments are offered first.

### **Passenger Experience a Collective Effort**

The overall experience of an air traveller or airport visitor is the result of a collective effort by the airport operator and contractors, chosen airline and its contractors, regulatory agencies (eg Office of Transport Security), terminal retailers, barrier agencies etc.

The current ACCC model has a major methodology flaw in focussing on the airport operator and the facilities it offers. Not only does this overtly ignore that the passenger experience is a collective effort, it also has the secondary effect of diverting regulatory attention away from the airlines at a time when Australian air travellers are still coming to grips with the service levels offered by Low Cost Carriers.

## **Wrong Organisations Being Interviewed – Potential Conflict of Interest**

Airlines and barrier agencies are not impartial observers in rating an airport's performance.

Each airline has a substantial commercial, operational and financial relationship with the airport. There are sometimes commercial tensions, particularly at the airline head office level, with an airport. There are also sometimes local operational tensions if the airport is at or near capacity during peak periods. Hence airlines are a prime candidate for expressing views on airport performance which may or may not be objective.

Similarly with the barrier agencies, particularly the Australian Customs Service. There is potential for a naturally occurring tension between Customs and an airport. Every international airport is obliged to provide free space to accommodate the Customs back office function. This causes a natural tension with a commercial entity, with Customs wanting larger facilities and the airport having to forgo further revenue earning space to cater for Customs needs.

Some airports enjoy good relations with the barrier agencies and some relationships are very poor indeed. This is not a good environment to receive balanced responses to ACCC surveys on airport service levels.

## **Consistent Survey**

Where passenger surveys are used, a consistent survey questionnaire is required if any comparison between Australian airports is to be made.

## **Terminal Ownership**

The existing ACCC system does not cover airline owned terminals. This is a gross flaw in the current methodology and is a carry over from the airport price cap period.

Air travellers and terminal visitors do not know if they are in an airport or airline operated terminal. Additionally, airline operated terminals have the majority of domestic passenger traffic and any survey methodology which does not include them results in a 'minority view' anyway.

## **Self Administered Scheme the Way Ahead for Second Tier Airports**

For second tier airports required to report on quality of services offered there is an option which achieves an acceptable regulatory outcome and minimises compliance costs for low volume airports. An approved self administered scheme of quality of service reporting similar to the Undertaking for a Self-Administered Price and Quality of Service Public Information Scheme forwarded to the Department by Darwin International Airport on 28 May 2009 would satisfy both objectives.

Responses to the particular questions posed in the Discussion Paper are outlined below.

**Should the access to and from the airport, including traffic management, be monitored? If so, what specific areas and measures should be included? How should monitoring be conducted?**

In the context of Darwin International Airport (DIA) and Alice Springs Airports (ASA) the answer is a clear no.

There are several reasons for this position:

- there is no internal road congestion experienced at either DIA or ASA;
- the standard of access to the external road network is controlled by the Northern Territory road authority;
- air travellers, aviation industry workers and airport visitors to DIA are travelling on dedicated airport roads under Northern Territory Government management until shortly before they reach the passenger terminal;
- road authorities have detailed modelling processes for determining level of service to road users which would be impossible to replicate in any quality of service metric based on regular surveys of passengers or organisations;
- no public transport (route bus service) operates to DIA or ASA;
- commercial transport availability (taxis, private hire cars, shuttle buses etc), while facilitated and encouraged by the Airports, cannot be controlled by these non-curfew Airports; and
- ground transport access is considered in detail every 5 years in the Master Plan process which involves extensive informal and public consultation with all stakeholders.

Both Airports enjoy productive relationships with the Northern Territory Department of Planning and Infrastructure (DPI) which is both the road and public transport authority. The Airports and DPI take collective responsibility for ground access to both Airports. A good example is a 20 year whole of DIA plus surrounding external road network traffic study which underpins the ground access section of the current Exposure Draft DIA 2009 Master Plan. This study was conducted in conjunction with DPI and achieved DPI sign-off on a future new intersection with the DPI managed McMillans Road.

**The Government invites comments on whether to include the aspects of car parking services enumerated above in service quality monitoring. What would be the appropriate criteria to monitor these services?**

Car parking is provided in close proximity to the terminal at both DIA and ASA. DIA also has an integrated short term – long term car park.

Car parking is one non-aeronautical area where it is in the commercial and operational interest of the airport operator to have sufficient car parking capacity.

Insufficient car parking capacity represents both a cause of light vehicle congestion and a lost revenue opportunity.

In terms of quality of service, it is car parking capacity meeting demand that is most important. Other aspects of car parking (area of each car park, manoeuvring areas, lane width etc) are all dictated by Australian Standards.

The other main quality of service aspect of car parking is walking distance to the passenger terminal. As noted above, in both Darwin and Alice Springs the car parks are located in close proximity to the terminal with the average walking distance to the terminal being 50-70 metres. Hence the meaningful metric to measure at these Airports would be capacity vs demand at peak periods.

DIA public car park capacity was recently expanded by 26% to 624 in order to keep ahead of demand.

DIA and ASA would seek to avoid regular survey of car parking quality of service and instead propose that public car park capacity and pricing be published on the airport web sites in accordance with the Undertaking for a Self-Administered Price and Quality of Service Public Information Scheme forwarded to the Department on 28 May 2009.

In terms of Australia wide car park capacity there are thousands of car parks Australia wide which would exceed the size of DIA's 624 public car parks. None of these are subject to quality of service monitoring. What is different about airport car parks that makes them qualify for quality of service monitoring?

**Should the quality of service monitoring be expanded to include matters such as: accessibility of facilities to transfer passengers from domestic to international terminals including, proximity of car hire and shuttle bus services, disability access and facilities, availability of eating places, banking and foreign exchange facilities, availability of airport/airline staff to provide assistance to the public and complaint handling systems? If so, what specific areas and measures should be included?**

Many of the issues of quality of service posed at large airports do not feature prominently at the low volume airports which are more compact. In respect of the quality of service issues over which the Airport has some control outlined above, some comments are offered:

- Darwin is an integrated domestic-international terminal so terminal transfer is not an issue;
- Hire car and shuttle bus service counters abut the baggage reclaim area at Darwin and are prominently located in Alice Springs;
- Eating places are highly visible on both levels of Darwin terminal and a feature in the ground level Alice Springs terminal;
- Both terminals are designed to facilitate wheel chair travellers and visitors; and

- Senior Airport staff are available during all operating hours to handle Airport oriented complaints, including a 24 hour Airport Duty Manager at the non-curfew DIA.

There are many passenger service quality issues over which the airport operator has no control and are in the province of the airlines, airline contractors or barrier agencies. Classic examples are the number of manned check-in counters by Low Cost Carriers and manned Customs counters.

Similarly, the number of outbound or inbound Customs desks available will usually exceed the number actually manned. This also is beyond the control of the airport operator.

In the case of a Low Cost Carrier their customer service model dictates that 2 check-in counters are manned to handle the 180 passengers on an A320. This means 2 lines of 90 people at an average of 2 minutes to check in a passenger. People can often wait one hour in a queue but this has nothing to do with the airport operator.

In fact, the 30 to 45 minute check-in cut off, combined with the check-in opening 2 hours prior to departure, means that all passengers must check-in over a 75 to 90 minute period. This often results in congestion, not only at the Low Cost Carrier counter, but also adjacent airline counters through spill over congestion.

If quality of service monitoring is to continue at airports then airline and barrier agency service levels must be included in order to provide a realistic appraisal of the passenger experience.

For the airlines, quality of service monitoring will need to differentiate between full service and low cost carriers because of the different pricing, service model and customer expectations.

As outlined in the Undertaking for a Self-Administered Price and Quality of Service Public Information Scheme forwarded to the Department on 28 May 2009, DIA will conduct annual passenger and terminal visitor quality of service surveys on all services over which it has control. The survey results will be publicly reported on the DIA website so they are easily accessible.

The services surveyed will include FIDS effectiveness, way finding (signage effectiveness), baggage trolley availability, car park capacity and convenience, retail offerings, terminal and toilet cleanliness etc

The self administered quality of service public information scheme on services within airport control, with the metrics approved by the Department, is recommended for all airports outside of Sydney, Brisbane, Melbourne, Perth and Adelaide which are required publish quality of service information.

**Should airline-operated terminals that are not subject to the current monitoring requirements be included in quality service reporting? If so, what specific areas and measures could be included? What other measures may be considered to evaluate the quality of aircraft boarding and disembarking facilities?**

It is obvious and logical that airline owned/operated terminals should be subject to the same quality of service monitoring that airport owned/operated terminals are. It is also logical that barrier agency controlled areas should have quality of service monitoring.

The air traveller or terminal visitor is not impacted by ownership and control arrangements. They are impacted by the quality of service offered as they traverse different parts of the terminal complex.

Airline operated domestic terminals in Sydney, Melbourne, Brisbane and Perth process the majority of Australia's domestic passenger traffic. Any statistician would wonder about the veracity of a quality of service monitoring system that excluded the experience of the majority of the subject audience. However, that has been the case in ACCC monitoring because of terminal ownership.

In theory, airline operated terminals should be able to offer the highest level of passenger service achievable as there are less inter-organisation coordination issues to resolve. However, that has not proved to be the case with the Qantas Perth terminal probably the best recent example of that.

Once again, for the airlines there will need to be differentiation between full service and low cost carriers because of the different pricing, service model and customer expectations.

**Comments are invited on which aspects of airside facilities should be included in the monitoring regime and the measures or criteria to be used in evaluating the quality of these services.**

There is no value in having airside quality of service monitoring due to the:

- strict safety regime inherent in the CASA Manual of Standards for aerodromes, with all certified aerodromes being subject to CASA audit; and
- airside capital works investment and standard of facilities are agreed between airlines and airports when pricing agreements are negotiated. This will dictate the number of aircraft apron positions, number of aerobridges, extent of taxiway system etc and hence the flexibility of airside infrastructure and services to both cope with peaks and unusual circumstances.

Airside facilities do not feature strongly in Australian passenger perception of airport or airline quality of service because of the good standard generally. You can also be

assured that any airside issue is quickly brought to the attention of the airport operator by the carrier or carrier contractor concerned.

**Are there other aspects of airport services and facilities not currently being monitored that should be included in the monitoring framework?**

As outlined above, the quality of service aspects of the functions carried out by barrier agencies are crucial to the international passenger experience. As they perform a regulatory function, all international passengers must transact with them.

The standard quality of service metrics such as manned booths, average time of processing, ability to find assistance in customs hall etc should apply.

**The Government seeks comments on how to best monitor capacity constraints and their impact, and on measures to address capacity issues and options to monitor immediate capacity challenges of airport infrastructure on a more timely basis.**

The *Airports Act 1996* provides a comprehensive statutory framework for the five yearly Master Plan process. This is where issues of airside and landside capacity are best dealt with.

Development and assessment of an airport Master Plan is a purpose designed process involving detailed technical studies and extensive stakeholder consultation. Customer surveys can never replicate the technical and planning discipline of the Master Plan process.

Another factor to bear in mind is that different airports, and terminals within airports, are designed to meet different levels of service according to the International Air Transport Association (IATA) level of service scale in the IATA Airport Development Manual. It specifies 6 levels of service across the terminal categories of Flows, Delays and Comfort. Any passenger survey would need to be tailored to the specific terminal to ascertain if the design level of service is being achieved. This would prove difficult and would also be of dubious statistical integrity.

A further consideration is that airlines have the opportunity to amend schedules every 6 months, and change capacity (eg aircraft change of gauge) and individual flights more frequently. Whereas an airport can only change its capacity through significant capital investment projects which have a long planning period. In terms of customer feedback, the local court of public opinion (letters to the editor, direct representations to the airport etc), is more effective in achieving a response than any external published study.

**Are there other airports, in addition to the five currently being monitored, which should be included in the quality of service monitoring regime?**

In 2006 the independent Productivity Commission determined that only the big 5 airports should continue to be subject to price and quality of service monitoring. No convincing argument has been mounted to extend price and quality of service monitoring beyond those 5 airports.

**What criteria may be used to determine the airports to be included in the monitoring regime?**

If quality of service monitoring is to be extended beyond the current 5 airports then the annual passenger traffic should be at least 1 million.

Note that quality of service monitoring should cover the airport owner, airlines and barrier agencies.

**Should the additional airports be subjected to the same level of monitoring requirements as the five airports currently being monitored?**

No. The compliance cost relative to both the size of the airport business and public benefit derived is too high.

**What model of monitoring arrangement may be appropriate for the additional airports?**

Quality of service at this second tier of airports should be monitored on the basis of an approved Self Administered Scheme similar to the Undertaking for a Self-Administered Price and Quality of Service Public Information Scheme forwarded by DIA to the Department on 28 May 2009.

**What other arrangements may be adopted to give consumers an effective voice in assessing service standards at an airport?**

An approved self administered scheme similar to the Undertaking for a Self-Administered Price and Quality of Service Public Information Scheme forwarded by DIA to the Department on 28 May 2009.

Chris Bigg, Policy Adviser, can be contacted on 08 89201 892 or [chris.bigg@ntairports.com.au](mailto:chris.bigg@ntairports.com.au) should you wish to discuss this submission.

Yours sincerely

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