



Australian Government

**Department of Infrastructure, Transport,
Regional Development and Local Government**

Improving the passenger experience: Quality of service monitoring of airports

Discussion Paper



March 2009

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1. Introduction

The Department of Infrastructure, Transport, Regional Development and Local Government is seeking the views of airports and airport stakeholders, including the travelling public, on whether changes should be made to the regulatory arrangements on monitoring the quality of service at airports. This review is being conducted as part of the broader development of a National Aviation Policy Statement.

On 2 December 2008, the Minister for Infrastructure, Transport, Regional Development and Local Government released the National Aviation Policy Green Paper, *Flight Path to the Future*¹. The Aviation Green Paper describes the initiatives and policy settings the Government is proposing to enable a vibrant and prosperous aviation industry. The policy is aiming for the highest standards of safety and security, competitive aviation markets and services, investment in infrastructure and environmental responsibility. Information on the development of the Government's National Aviation Policy is available online at;
<http://www.infrastructure.gov.au/aviation/nap/index.aspx>.

Part A: Quality of Service Monitoring


2. Monitoring quality of service at airports

Australia's aviation industry plays a crucial role in the development of the national economy. We depend on it to connect the vast distances within the country and with the rest of the world. The nation is well served by airports with significant investment over recent years in aeronautical infrastructure in order to cope with substantial increases in air traffic.

The quality of service at Australia's busiest airports providing regular public transport services has been monitored by the Australian Competition and Consumer Commission (ACCC) since 22 federal airports were privatised through long-term leasing arrangements between 1997 and 2003². Quality of service monitoring was part of the pricing oversight arrangements put in place by the previous Government post privatisation. The privatisation arrangements introduced new dynamics to the commercial arrangements between airlines

¹ A discussion on quality of service monitoring is at Chapter 8.

² Reports are available at <http://www.accc.gov.au>



and airports and the regulatory framework was designed to provide checks and balances to these key aviation relationships.

The *Airports Act 1996* (Airports Act) provides for the ACCC to undertake quality of service monitoring at specified airports. Furthermore, the two reviews on airport price regulation by the Productivity Commission (PC) have confirmed that retaining quality of service monitoring is in the public interest.

Quality of service monitoring was originally established to complement to price regulation at the 12 core-regulated airports. Adelaide, Alice Springs, Brisbane, Canberra, Darwin, Gold Coast (formerly Coolangatta), Hobart, Launceston, Melbourne (Tullamarine), Perth, Sydney (Kingsford-Smith), and Townsville airports were monitored from privatisation until 2002. It was recognised at the time that under the price-cap arrangements which applied at the time, airport operators may have an incentive to reduce quality of services as a means of cutting costs.

In 2002, following its inquiry into airport price regulation, the PC recommended that price and quality of service monitoring be applied only to seven airports considered to have moderate-to-substantial market power --Adelaide, Brisbane, Canberra, Darwin, Melbourne, Perth and Sydney. Further, the PC recommended the replacement of price cap arrangements with a light-handed price monitoring approach. Effective 1 July 2007 (as a result of the second PC inquiry into price regulation) the ACCC continues to monitor Adelaide, Brisbane, Melbourne, Perth and Sydney.

In monitoring airport services over time, the Government is expecting results that:

- ensure Australian airports provide services of world class standard;
- create continued confidence in Australian airport infrastructure; and
- ensure reasonable attention to the passengers' experience.

The ACCC's monitoring of the quality of airport services and facilities provides a level of transparency to the privatised airports' framework. Monitoring is an incentive for airport operators to maintain an appropriate level of service, particularly as results across airports are directly comparable through the ACCC's annual airport monitoring reports.

ACCC reports to date show that quality of service at monitored airports has been relatively stable at 'satisfactory to good' despite increased pressure on facilities due to growth in passenger numbers in recent years. The following is a summary of the ranking of monitored airports as reported by the ACCC from 2003-04 until 2007-08.

Rank	2003-04	2004-05	2005-06	2006-07	2007-08
1 st	Brisbane	Brisbane	Brisbane	Brisbane	Brisbane
2 nd	Melbourne	Perth	Adelaide	Adelaide	Adelaide
3 rd	Sydney	Sydney	Perth	Perth	Perth
4 th	Perth	Melbourne	Melbourne	Melbourne	Melbourne
5 th	Darwin	Canberra	Sydney	Sydney	Sydney
6 th	Canberra	Darwin	Canberra	Darwin	
7 th	Adelaide	Adelaide	Darwin	Canberra	

However, there are a range of factors which come into play when airports are assessed for quality of service, such as traffic volume, growth and site constraints. These factors vary over time for each airport. In light of this, there should not be an over-emphasis of raw rankings alone.


The Government believes that quality of service monitoring will continue to be a significant tool in promoting transparency and accountability in the provision of airport services and facilities.

3. The ACCC's approach

To date, the ACCC's quality of service monitoring has focused on aeronautical services and facilities that are subject to price monitoring. It has not focused on airport services and facilities that are not part of the price monitoring regime.

The following table sets out the airport services and facilities currently monitored by the ACCC:

Aspects of airport services and facilities currently monitored by the ACCC		
Passenger-related		
Access	1	Airport access facilities (taxi facilities, kerbside space for pick-up and drop-off)
	2	Car parking service facilities
	3	Baggage trolleys
Departure	4	Check-in services and facilities
	5	Security inspection
	6	Outbound baggage system
Arrival	7	Baggage make-up, handling and reclaiming services and facilities
Departure & Arrival	8	Facilities to enable the processing of passengers through customs, immigration and quarantine
Finding way	9	Flight information, general signage and public-address systems
Terminal facilities	10	Public areas in terminals and public amenities (washrooms and garbage bins), lifts, escalators and moving walkways
	11	Gate lounges and seating other than in gate lounges
Aircraft related		
	12	Ground handling services and facilities
	13	Aerobridge usage
	14	Runways, taxiways and aprons
	15	Aircraft parking facilities and bays
	16	Airside freight handling, storage areas and cargo facilities



In administering its monitoring program under the Airports Act, the ACCC focuses on facilities and services that are provided by, or the provision can be influenced by, an airport operator. With that said, the ACCC recognises that there are relatively few significant airport services that come under the direct control of an airport operator. The provision of services at an airport is the combined responsibility of various entities (e.g. airlines, border control agencies, airport operators). Part 8 of the Airports Act provides that monitoring applies to services and facilities provided by either the airport operator itself or a person, other than the airport operator, that has an agreement with the airport operator to provide a service at the airport.

The ACCC's approach to its quality of service monitoring role is outlined in its *Airport quality of service monitoring guideline*, October 2008.³ The guideline describes:

- regulatory requirements under the Airports Act and Government policy;
- objectives of quality of service monitoring;
- quality of service monitoring program—including the facilities and services to be monitored and the responsibility for quality of service standards;
- process used in determining quality of service criteria and the coverage of the criteria;
- analysis and interpretation of the data; and
- reporting on quality of service monitoring.

General theme of this paper:

The Government is seeking comments on whether the current quality of service monitoring conducted by the ACCC is effective in promoting transparency and accountability and whether there are other approaches that might be justified.

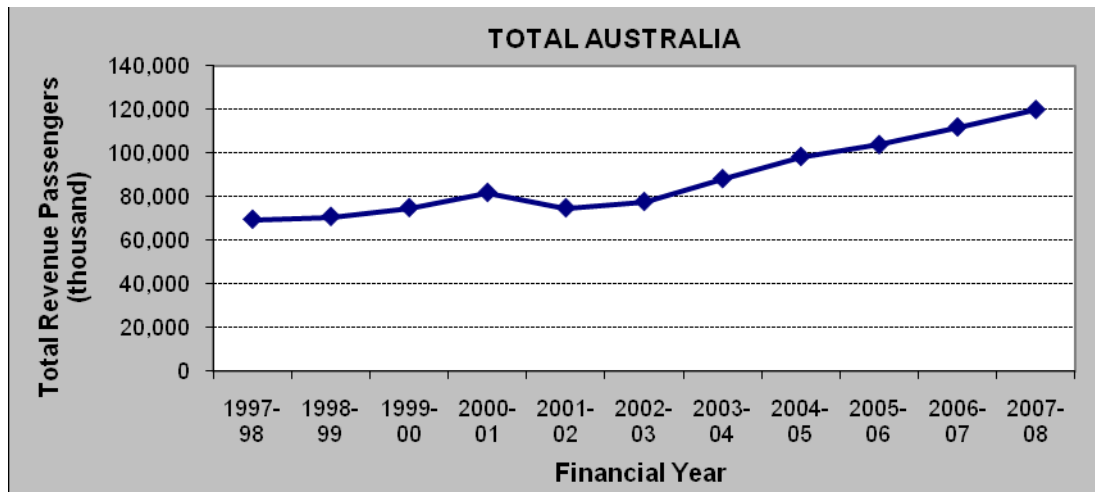
The Government's objective is to focus the quality of service monitoring on ensuring reasonable attention to the experience of travelling passengers.

³ The 2008 ACCC guideline for quality of service monitoring at airports is at <http://www.accc.gov.au/content/index.phtml/itemId/671508>

4. The passenger experience

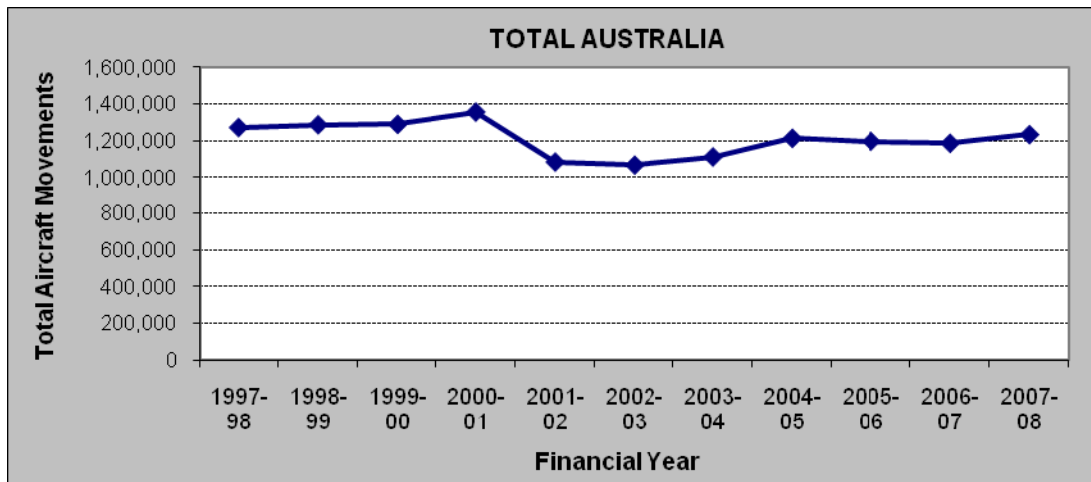
The deregulation of the aviation industry has resulted in increased competition between passenger carriers and lower fares for travellers. Since privatisation of airports, there has been significant investment in improved infrastructure and airport services to meet the demands of increased passenger numbers and expectations.

Despite the current economic challenges, the aviation industry's contribution to the economy in financial year 2007-08 rose 3.2 per cent to \$6.43 billion. The number of travellers flying into and out of Australia increased 5.5 per cent to a record 23.5 million. An unprecedented 48.8 million passengers – up 7.6 per cent on the year before – passed through the country's domestic terminals. All of Australia's major airports (Sydney, Melbourne, Brisbane, Adelaide, and Perth) recorded higher passenger numbers, with Perth Airport leading the pack. Freight carried on international flights rose 3.5 per cent to 780,993 tonnes – also a record.⁴



From Bureau of Infrastructure, Transport and Regional Economics (BITRE) Aviation Statistics 1997-98 to 2007-08
Australian Airports - Total Revenue Passengers and Aircraft Movements
(<http://www.bitre.gov.au/info.aspx?ResourceId=191&NodeId=96>)

⁴ *Avline 13*, December 2008 (Bureau of Infrastructure, Transport, Regional Development and Local Government)



From Bureau of Infrastructure, Transport and Regional Economics (BITRE) Aviation Statistics 1997-98 to 2007-08
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 (<http://www.bitre.gov.au/info.aspx?ResourceId=191&NodeId=96>)

With the aviation industry experiencing such passenger growth over the last decade, it is timely as part of the public consultation towards establishing a National Aviation Policy Statement to consider whether the current quality of service monitoring arrangements sufficiently respond to the requirements of the travelling public. It is appropriate to consider what measures might be applied to enable improved reporting on the passenger experience, including complaint-handling systems and disability access at airports.

It is recognised that business travellers have different needs to elderly travellers or those with children or impaired mobility. All air travellers enjoy the experience more when they get to the airport with minimal delay and inconveniences, find shorter queues on arrival and the various airport facilities are welcoming and easy to find. The pressure on airport operators to meet industry expectations has grown as more and more people take advantage of unprecedented access to air travel. Australia's major airports have undergone, are undergoing or have planned significant redevelopment to meet the needs of an increasingly global travelling public. It is important to examine how these airport upgrades and expansions meet the needs of the consumer.

Lower fares have also been a large factor in airport growth. The reduction in fares is the product of cost savings in the provision of air services. It cannot be ignored that there will be elements of a trade-off between lower fares and quality of service in line with consumer demand.

The following sections discuss the various aspects of services and facilities that impact on the travelling public. Many, but not all, of these services and facilities are currently evaluated for service quality by the ACCC.

4.1. Access to the Airport

Accessibility to and from airports is an issue that greatly impacts the travelling public. With the concept of an 'airport city' being accepted more widely⁵, Australian airports have no doubt diversified their activities. People travelling to and from airports are no longer only air travellers as there are now a significant number of people employed on an airport site. Non-aeronautical development of airport sites can be important in helping finance investment in aeronautical developments but it can also contribute to a high level of congestion in the arterial roads leading to an airport site.

Issues affecting the quality of the experience of members of the public travelling to the airport and on arrival at the airport include:

- availability of affordable public transport;
- accessibility of taxi services;
- road access including clear concise signage to direct vehicle drivers; and
- traffic management systems on-airport and the immediate roads leading to the airport.

While some of these services are generally not within the control of airport operators, the journey to the terminal can impact on the quality of the travelling experience. While it is recognised that the provision of access to and from airports is a responsibility of various stakeholders including state and local government authorities, there is still that obligation on airport operators to proactively liaise with other stakeholders to encourage good facilitation and access for the travelling public to an airport site.

The ACCC may be well placed to assess such matters, for example, by broadening its survey base to include local and state/territory governments around airports.

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?

⁵ The concept of an 'Airport City' relates to the emergence of multiple uses on airport sites as part of the integrated operation of the airport as a business which includes as one of its uses that of provision of traditional aeronautical services. (*Westfield Management Ltd. Brisbane Airport Corporation Ltd [2005] FCA 32 (February 2005)*)

4.2. Car park monitoring

Car parking is an aspect of airport service that continues to concern a large section of the community as reflected in the feedback to both airport operators and the Government. As one of the first impressions of the airport, the quality of car parking facilities may be an important element in setting the tone for the travel experience. Car parking infrastructure can also assist in ensuring the safety and security of those using this facility. Aspects of car parking services that may be monitored include:

- drop-off and passenger collection points;
- proximity of parking to the terminal;
- capacity (including disabled parking);
- walkways (covered or uncovered);
- signage, lighting and personal and property security; and/or
- provision of on-airport transport options to and from the terminal.


One issue that has generated a number of complaints received through ministerial correspondence is the lack of drop-off and passenger collection points in many of the airports. The Government understands that airports have prohibited drop-off and collection of people (by private vehicles) on the airport's kerbside for security and traffic management reasons.

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?

4.3. Terminal access and public amenities

Airports can be unfamiliar places to many people that, when coupled with anxiety of travelling or meeting people on time and at the correct place, may be overwhelming. The distances that travellers have to cover in some airports can be quite significant, particularly for transfers between domestic and international terminals and/or large airports with numerous gates. Disabled, less mobile travellers or those with children may be impacted by distance and additional services may be appropriate to assist these people to move through the terminal.

Passengers have commented on the design of thoroughfares within terminals that direct passengers through commercial shopping areas on their way to



boarding the aircraft. Some say that such design slows passenger movement and can add some frustration to the journey.


Airport operators have made, or are maintaining, significant investments in upgrading terminal capacity and amenities to assist passengers to move through the terminal and to improve the travelling experience. Examples of recent developments at airports include: Adelaide Airport's construction of a multi-user terminal; Brisbane's major expansions to its international and domestic terminals to address congestion issues; Canberra's terminal upgrade and improvements to its taxiway and runway; Melbourne's gate expansion and improvements to its inbound and outbound baggage and passenger processing; and Sydney's upgrade and expansion of its international terminal.

Services such as baggage trolleys, signage, and public and flight information are designed to improve the passage of people to their appropriate destination. Even the number and cleanliness of facilities leave lasting impressions and may enhance or detract from the travelling experience. Some facilities such as the number of baggage trolleys are included in current ACCC reports.

This paper is seeking comments on quality measures that can be applied to assess the in-terminal experience of travellers. Comments are invited on the following:

- transfers from domestic to international terminals;
- disability access and facilities;
- public information services, flight information, way-finding, signage;
- baggage trolleys;
- check-in and baggage handling (including electronic check-in);
- food, banking/foreign exchange facilities;
- washrooms and change-rooms (number and cleanliness);
- security and government passenger clearances;
- availability of airport/ airline staff to provide assistance to the public;
- complaint-handling systems.

The ACCC reports on facilities and services that are provided by, or which could be influenced by, airport operators. Services and facilities provided by certain airline operators and other sublessees in airport terminals are not necessarily included. This distinction, however, of who is the service provider may not be



apparent to travellers or, indeed, of little consequence to them. Their concern will be on the quality of their experience.


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?

4.4. Airline operated terminals

Gate lounges and boarding facilities may be owned and operated by individual airlines rather than the airport operator company. However, as with other terminal facilities this distinction may not be apparent to the traveller, and indeed, ownership may be irrelevant to the quality of the travelling experience.

Factors that may impact travellers, family and colleagues may include the size of the gate lounge and the number and spacing of seats available, particularly during peak times. The boarding lounges should also provide sufficient information points to ensure passengers are informed of boarding times and delays. In some cases, airline staff may be available to provide information and assistance where needed.

It is recognised that there is a distinction between services provided by a full service airline and a low cost carrier (LCC). Having said that, there is still an expectation that LCC-operated terminals and facilities should be of reasonable standard—for example, that terminals are clean and seats are available and reasonably comfortable.



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?

5. Airside

The ACCC adopts qualitative criteria in monitoring certain airside facilities such as runways, taxiways, apron system, gates and aircraft facilities, and ground service equipment through airline and passenger surveys.

This paper seeks views on whether the following airside facilities should be likewise monitored:

- airside roads and airside grounds;
- airfield and airside lighting;
- aircraft parking bays; and
- freight handling and staging areas essential for aircraft loading and unloading.

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.

6. Other aspects of airport services and facilities

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

7. Airport capacity

Passenger movements in airports have increased markedly in the past decade. Despite the rise in fuel costs and subsequent reductions in some airline services in recent times, the number of passenger movements continues to rise and is projected to continue to increase in the future⁶. It is therefore important that airport operators and other providers of aeronautical and aeronautical-related services (e.g., airlines) have the capacity to address increases in passenger arrivals and departures.

It is acknowledged that the capacity of airports can be tested by unforeseen circumstances, such as aircraft delays and flight cancellations leading to congestion and overcrowding at gate lounges.

Likewise, the capacity of airports to handle passenger, freight and aircraft volumes affects the on-time performance of an airline. Airports are expected to monitor current and future passenger needs and airline requirements to ensure that market needs are, where possible, met. An assessment of the airport's planned capacity and meeting the needs and expectations of passengers and airlines are matters included in the airport master plan. The master plan is submitted every five years for renewal. This time frame may not be sufficient to respond to the ever changing passenger capacity demands. This review seeks proposals for possible arrangements to monitor the capacity of aeronautical infrastructure on a timely basis.

It is intended that through the quality of service monitoring regime, stakeholders are able to identify capacity constraints and future capacity challenges and to propose measures to address these challenges.

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.

⁶ *Avline 13*, December 2008 (Bureau of Infrastructure, Transport, Regional Development and Local Government)

8. Expansion to cover more airports

As indicated earlier, only five major airports (Adelaide, Brisbane, Melbourne, Perth and Sydney) are currently monitored by the ACCC for service quality. To enhance transparency and promote consistency, the Government is examining:

- whether there is a need to include airports in addition to the current five for quality of service monitoring,
- criteria for identifying airports that might be subject to quality of service monitoring, and
- the type of monitoring scheme that may apply to airports that may be added to the monitoring regime.

The five airports that are monitored by the ACCC:

- are leased federal airports (within the legislative coverage of the Airports Act);
- located in capital cities;
- cater for large numbers of people;
- provide choice of more than two regular passenger transport airlines; and
- provide access to international markets as well as domestic destinations.

There are a number of airports that appear to meet similar criteria that are not monitored.

A tiered approach that may include airports which have a lesser degree of market power than the five currently being monitored may be adopted.

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

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

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


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

Part B: Consumer Standards

9. Other approaches to monitoring airport service standards from the consumer's perspective

There are views that the current quality of service monitoring regime does not fully give the consumer an effective voice in assessing the standards of airport services and facilities.

This paper seeks views on how to effectively monitor consumer experience. There may be other arrangements which could be adopted to assess, report on and improve airport services that will enable consumers a more effective voice. One aspect may be the existence of an effective mechanism for handling complaints. Another approach may be to expand the coverage of airport focus groups (e.g., community consultation groups) where service standards may be addressed. Another option may be a self-administered scheme where airports are required to provide information on airport services on their web sites including providing an avenue for dealing with consumer complaints and feedback. Furthermore, there may be a role for an independent regulator (other than the ACCC) specific to the aviation industry and focussed on improving the consumer experience.



This broader approach to monitoring consumer experience may operate in parallel with the current quality of service monitoring regime conducted under Part 8 of the Airports Act.

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

10. Submissions on this Discussion Paper

The Department of Infrastructure, Transport, Regional Development and Local Government is now inviting submissions or comments (in any format) on this discussion paper. This consultation will inform discussions with the ACCC and other government agencies on enhancing quality of service monitoring and any amendments to the Airports Regulations that may be required.


Submissions should be lodged by *c.o.b. 26 June 2009* to:

Ms Marlene Tucker
Director – Economic and Legal Policy
Airports Branch
Department of Infrastructure, Transport,
Regional Development and Local Government
GPO Box 594 Canberra ACT 2601

or emailed to:

marlene.tucker@infrastructure.gov.au

Please note that submissions may be published on the Department's website.



If you believe that the information you provided in response to this invitation:

- is, or should be, confidential; or
- disclosure of this information would unreasonably affect your personal privacy; or
- disclosure of this information would unreasonably affect your business affairs;

Notice should be given at the time of delivery of your submissions or comments by clearly marking the information 'confidential' or 'commercial-in-confidence'. Insofar as its obligations under the law permit, the Department of Infrastructure, Transport, Regional Development and Local Government will give effect to your stated wish, and requests for such information will be determined under the *Freedom of Information Act 1982*.