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Dear Ms Tucker

National Aviation Policy Discussion Paper: *“Improving the passenger experience: Quality of service monitoring of airports”*

Sydney Airport appreciates the opportunity to respond to the Discussion Paper issued as part of the consultation process for the development of the National Aviation Policy on quality of service monitoring undertaken by the Australian Competition and Consumer Commission (ACCC) of Australia’s airports.

Sydney Airport supports the principle of quality of service monitoring and recognises that it can be an important tool to inform and guide airports as they continually improve their performance. As such, it is a reporting tool that clearly benefits consumers when they travel as aircraft passengers through Australia’s airports. However, Sydney Airport believes that the existing system as developed by the ACCC suffers from a number of methodological inadequacies and conflicts of interest.

A reformed quality of service monitoring approach is clearly needed and Sydney Airport looks forward to working with the Department to secure a more responsible and productive approach.

Flaws and Shortcomings of the Current Reporting System

The existing quality of service monitoring is marred by ambiguities, conflicts of interest and methodological weaknesses. It should be a priority of the current review for these negative factors to be identified and removed from a reformed and strengthened monitoring system.

1. Ambiguities: Services to passengers at Australian airports are typically the result of cooperation between a number of different organisations including airport operators, airlines, and government agencies such as Airservices Australia, Customs and AQIS. A major weakness of the existing system is that it evaluates and judges the performance of airport operators by monitoring services over which those operators have little or no control. For example:

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- The ACCC reports on the length of time that passengers wait at check-in counters as if this can be fully controlled by an airport operator. In reality, the waiting time at check-in counters is principally determined by the number of people an airline employs to staff its check-in counters.
- The ACCC reports on the length of time that passengers wait at government inspection points (inbound and outbound) as if this can be fully controlled by an airport operator. In reality, the waiting time at government inspection points is principally determined by the number of people that government agencies employ to staff their service counters.
- The ACCC reports on the length of time that passengers wait for their baggage as if this can be fully controlled by an airport operator. In reality, the waiting time for baggage is principally determined by the number of ground handling staff that an airline employs and allocates to its baggage handling task.

Far from assisting passengers, the inclusion of these measures in a report that purports to evaluate the performance of an airport operator creates confusion and perhaps unintentionally may assist airlines and government agencies to avoid being held properly accountable for the level of service that they provide to passengers.

2. *Conflicts of interest:* The ACCC states that the objectives of quality of service monitoring include providing “information to users of airport facilities, including passengers *and the aviation industry*, as a basis for improved consultation and *negotiation on pricing* and investment proposals.” [Emphasis added].¹

In preparing its report the ACCC makes extensive use of airline surveys that seek to record the opinions that airlines express about the performance of airports. The details of these airline surveys are not disclosed and the anonymity of the airline sources is protected by the ACCC.

The conflict of interest that exists in asking a commercially motivated organisation (an airline) for its views on one of its commercial counterparts and suppliers (an airport operator) is and should be obvious. Airlines have a clear commercial interest in talking down the performance of an airport as they seek to gain a commercial advantage to employ in the course of significant commercial negotiations. It is naïve to consider otherwise.²

The inherent conflict of interest involved in an airline contributing to a report that is designed to assist it in its price negotiations is compounded by the ACCC’s methodological approach. The ACCC’s airline survey lacks transparency and fails to disclose which airlines and at what level of that organisation participate in the survey and what information each airline submits. The absence of transparency and accountability in the ACCC’s approach can only serve to provide an extra incentive to airlines to behave in a manner which distorts the survey outcome.

¹ Australian Competition & Consumer Commission, “Airport quality of service monitoring guideline”, October 2008, p 3.

² Airlines have a history of using every diverse tool available to advantage their commercial negotiating positions. Consider Virgin Blue’s use of advertising and Qantas’s recent resort to media coverage:

<http://insider.com.au/xoopsinside/modules/news/article.php?storyid=396>

<http://business.smh.com.au/business/qantas-chief-slams-airports-over-costs-20090527-bni8.html>

Given the clear and powerful conflict of interest that exists, airline surveys should no longer be used in the preparation of quality of service monitoring reports.

3. *Methodological weaknesses*: The current system provides for results across airports being “directly comparable through the ACCC’s annual airport monitoring reports”.³ While comparable reporting is of course useful and a desirable outcome the problem with the existing situation is that no guarantee exists that the data on which the comparisons are made is genuinely comparable.

This is because under current arrangements, the ACCC does not require a consistent methodology to be employed to measure quality of service. Different airports use different passenger surveys. The ACCC does not:

- specify the questions that are asked in passenger surveys – meaning that different questions are actually posed to passengers at different airports
- establish sample sizes or an acceptable margin of error – meaning that the results have different levels of reliability
- specify whether the surveys should be conducted during peak hour or during the quietest hours of airport operations – which could decisively influence the passenger experience and hence the results produced
- specify how representative samples need to be recruited to account for passenger demographics (eg: male/female or business/leisure traveller)
- take account of issues such as establishing the views of non-English speaking passengers or passengers with special needs.

These methodological failings raise strong concerns about the accuracy of any comparison of results obtained by the ACCC.

The ACCC’s failure to disclose these important methodological variations in its report highlights the absence of transparency in the current system. There is also a failure to disclose information about the methodological approach employed in surveys of government agencies and airlines.

The scope of the current reporting is also inadequate and prone to producing distorted results in that it does not meet the interests of consumers. For example, the current monitoring covers T2 (the terminal used by Virgin Blue, Jetstar, QantasLink and Regional Express) at Sydney Airport but not T3 (the terminal used by Qantas’ domestic services). From a passenger’s perspective, reporting should cover all airport services and not exclude some merely on the basis of different ownership.

Similarly, the performance of Government agencies such as Airservices Australia, the Australia Customs and Border Protection Service and the Australian Quarantine and Inspection Service can be critical to the passenger experience. Most recently, this was demonstrated during 2008 when industrial relations issues within Airservices Australia resulted in significant delays for passengers. Such delays were, of course, beyond the control of airport operators.

These government agencies operate at Australia’s airports as monopoly service providers. It is certainly in the passenger’s interest for their performance to be independently monitored and reported on. Instead of these agencies anonymously

³ Department of Infrastructure, Transport, Regional Development and Local Government, “Discussion Paper – Improving the passenger experience: Quality of service monitoring of airports”, March 2009, p 5.