



RAAA Response To
Department of Infrastructure, Transport,
Regional Development and Local Government

Discussion Paper

Improving the passenger experience: Quality of service monitoring of airports

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Serving regional aviation, and through it, the people and businesses of regional Australia

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Overview

Airports, both major and regional, are vital parts of Australia's national infrastructure. The protection and development of these assets are integral to Australia's economic and social future. The decision by the last government to privatise most major airports through long-term leases has had a dramatic and often negative impact on commercial aviation viability.

The concept of the 'airport city' mentioned in the Discussion Paper's opening remarks is problematic and cites a report by Westfield Management and Brisbane Airport Corporation (2005) as the source of the concept. The idea tends to encourage the view that aviation activities are just one of many commercial activities occurring within an airport's boundaries. This may lead to aviation activities becoming secondary to more attractive commercial uses for airport land. This notion is dangerous operationally and commercially for aviation businesses.

Commercial aviation requires high quality runways, navigation aids, taxiways, air traffic management systems(ATM), terminals and emergency services to ensure the safe and efficient carriage of passengers and freight. Unregulated or poorly planned building encroachment affecting operations can lead to reduced safety outcomes. A clear and increasingly common example is the permanent NOTAM issued for the touchdown point on Runway 35 Canberra due to a building built too close to the runway that creates significant turbulence whenever the prevailing westerly wind is blowing.

It needs to be understood that airports are places from which people are primarily arriving or departing. Adding large amounts of non- aviation commercial retailing may add burdens to an airport for which it was never designed nor can ever hope to accommodate. Even if the non-aviation commercial activity is separated from the aviation activity it can place heavy pressure on road systems, further adding to traffic congestion near an airport.

On the commercial front, major and large regional airports tend to act as monopolies and exercise their market power to a disproportionate, sometimes unreasonable degree. Aviation businesses must have airports from which to operate and these businesses, many of long standing, are often subject to savage rental increases including reversionary leases by which all capital improvements revert to the airport owner on conclusion of the lease. This is particularly harsh for operators who, under previous Commonwealth arrangements, were given long-term occupancy assurances and improved their facilities to a significant degree. These improvements can now flow to the airport owners on the conclusion of current leases and at no benefit to the aviation operator.

Many industry leaders, including the ex-CEO of Qantas, Geoff Dixon, have judged the government policy of privatizing the major airports, including the large regionals, to be a failure. Australia, with its huge land mass and relatively small population, cannot sustain meaningful competition between airports. The airports are simply too far apart and servicing different populations to be considered competitors. Once sold, airports are essentially local monopolies and will exercise their market power to maximise their returns to their investors. Non-aviation retailing or leasing often provides better returns than aviation activities so the commercial emphasis will tend to shift away from the airport being a centre of aviation activity. Aviation operators increasingly feel that they are becoming irritations on their home airfields. This is particularly true for the smaller GA operators.

In short, major aviation infrastructure such as airports should not be in the hands of privatised monopolies. If this is now unavoidable then governments of all persuasions must ensure that the airport owners operate within strict national guidelines, the guidelines are enforced, and that **airports support aviation activity as their primary function.**

The airport experience, in the twelve years since privatization commenced, has become increasingly difficult for operators and a trial for the travelling public. If airports are given the same government focus as roads, rails and seaports, Australia has a great chance of becoming a commercial leader within the Asia-Pacific region. Airports need to be developed with the best interests of the nation as a whole at the centre of any new policy.

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?

Yes. Efficient access to public transport, shuttle buses, taxis, smooth traffic flow, affordable and convenient parking all play an important part in timely arrival or departure from an airport.

Passengers could be surveyed in detail by the ACCC or the Productivity Commission.

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?

Security is often used as a reason to force vehicles into paid parking rather than allow drop off/pick up. Parking can be a significant earner for larger airports. Their reasons for restricting drop off/pick up need be examined carefully in light of the considerable parking profits.

Timely drop off and pick up are reasonable expectations for the travelling public but such access is becoming increasingly restricted. There is rightly much cynicism from the public for these increasing restrictions given security and safety are trotted out with little justification.

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 to facilities, availability of eating places, banking and foreign exchange facilities, availability of airport/airline staff to provide assistance to the public and complaint handling system? If so, what specific areas and measures should be included?

Yes. Service quality monitoring would give focus to the expectations of the air travelling public. While such expectations need to be reasonable, food quality, banking, terminal access, disability facilities, car hire and shuttle access are all services expected at major and large regional airports.

Should airline-operated terminals that are not subject to the current monitoring requirements be included in the quality of 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?

No comment

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.

Yes. High quality airside roads, parking bays, good airfield and airside lighting around freight and handling areas add considerably to the safety of operations. Aircraft and cargo inspections are far easier with unfettered space, and strong lighting on well maintained hard stands.

Airline operators could be surveyed regularly on these aspects of the airside facilities.

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

No comment

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.

No comment

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 subject 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?

Yes. Darwin and Canberra airports should be re-included within the first tier ACCC monitoring scheme. These two airports have significant market power, and are aggressive in the pursuit of their financial goals often to the detriment of airline and charter operators. At a possibly less stringent level Cairns, Hobart, Alice Springs, Sunshine Coast and Gold Coast airports may also need to be considered for ongoing monitoring.

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

No comment.

Summary

During the preparation for major airport privatisation in 1996-7 there was considerable debate in senior public service circles as to whether the policy was in the nation's best interests. Even with conflicting advice the government of the day went ahead with the winding down of the FAC and the tendering of the airports.

From a regional operator's view the policy has lead to a dramatic increase in costs with no or little increase in the quality of service from the airport owners.

Given that major and larger airports are now effectively state- created private monopolies it is vital that the government and its agencies monitor the commercial behaviour of airport owners closely. Operators cannot be held to ransom because airport owners demand increasingly higher profits. In most circumstances operators cannot relocate because their businesses are linked to the commercial relationships developed over many years within the local community. In short the regional operator's viability and future is linked inextricably to reasonable, cost effective access to the home airport.

It may be an inconvenient truth, but it is essential that the government continues to monitor airport owner behaviour very closely and provide some protection for regional operators dealing with monopoly owners.

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