



***Guidelines for quality of service monitoring
at airports***

Revised March 2004

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1. INTRODUCTION

Quality of service at major airports has been monitored by the Australian Competition and Consumer Commission ('the ACCC') since 1 July 1997. It originally formed part of the package of regulatory measures established by the Government following the privatisation of the Phase I and Phase II airports.¹

In May 2002 the Government announced its response to the Productivity Commission's ('PC's') inquiry report on *Price Regulation of Airport Services*². The PC reported to the Government in January 2002 after conducting an inquiry into airport regulation throughout 2001.

The Government decided to implement prices monitoring of aeronautical services and aeronautical-related services at Sydney, Brisbane, Melbourne, Perth, Adelaide, Canberra and Darwin airports. Prices monitoring is conducted under Ministerial Direction 27, which was originally issued under section 27A of the *Prices Surveillance Act 1983* but is now in effect under section 95ZF of the *Trade Practices Act 1974*.

A price cap applies for regional aeronautical services at Sydney Airport, with average charges only allowed to increase in line with inflation.

The Government also indicated that quality monitoring of regulated services would continue at all airports subject to prices monitoring. Quality of service monitoring is currently undertaken under Part 8 of the *Airports Act 1996* ('the Act').

On 11 November 2002, the Government announced a review of the Act. The terms of reference for that review include the following:

Having regard to the Government's response to the recommendations in the Productivity Commission's report into Price Regulation of Airport Services, the continued relevance of Parts 7 (Financial Information) and 8 (Quality of Service) of the Act.

¹ The Phase I airports are Brisbane, Melbourne and Perth airports. The Phase II airports are Adelaide, Alice Springs, Canberra, Gold Coast, Darwin, Hobart, Launceston and Townsville airports.

² Productivity Commission, *Price Regulation of Airport Services: Inquiry Report*, January 2002.

In light of the significant changes to other elements of the airports regulatory framework, the ACCC commenced a review of the quality of service indicators that were used in the period up until 30 June 2002. In August 2002 the ACCC initially wrote to airports stakeholders seeking their views on possible improvements to quality monitoring. Subsequently, in November 2002 the ACCC issued a *Draft Guide: Quality of Service Monitoring for Airports* to the Department of Transport and Regional Services and airports stakeholders seeking their comments and indicating the ACCC's intent to finalise the document and introduce a number of new quality of service indicators with effect from 2002/03.

This document ('the guidelines') has resulted from this process³. It has been prepared following consultation with DOTARS and on the basis of Part 8 of the Act *as it currently stands*. Should the Government's review of the Act result in legislative changes, the ACCC will review the amendments and issue revised guidelines as appropriate.

In administering its monitoring program under the Act the ACCC will focus on facilities or services which are provided by, or whose provision can be influenced by, an airport operator. The monitoring program will not involve an assessment of airline performance or the quality of service provided within domestic terminals owned and/or operated by airlines.

The ACCC has also been reviewing its approach to information gathering and reporting for price and quality monitoring in the new regulatory period, and proposes to facilitate it by greater use of electronic data processing. To this end, the ACCC intends to provide spreadsheet templates to each airport and airline information provider. These will complement these guidelines, and aim to provide a clear and more convenient format for submitting the required information.

The guidelines outline the ACCC's approach to its quality of service monitoring role under the Act. In particular they cover the following issues:

- the objectives of quality of service monitoring;
- the relationship between quality of service monitoring and prices monitoring arrangements;
- the service quality 'chain';

³ This paper replaces three papers previously released by the ACCC on airports quality of service monitoring: *Quality of service monitoring for airports, post-leasing*, February 1997; *Quality of service monitoring for airports - statement of the ACCC's approach to analysis, interpretation and publication of quality information*, February 1998; and *Draft Guide: Quality of Service Monitoring for Airports*, November 2002.

- the coverage of the quality of service program;
- performance indicators;
- the ACCC's approach to interpreting quality of service information; and
- the ACCC's approach to reporting quality of service information.

2. REGULATORY ARRANGEMENTS FOR PRIVATISED AIRPORTS

The role of quality of service monitoring is to complement the ACCC's general prices monitoring role for airports.

From 1 July 2002, the regulatory arrangements to be administered by the ACCC include:

- prices monitoring of certain aeronautical and aeronautically related services;
- monitoring and evaluation of quality of service; and
- collection and publication of accounting and financial information on individual airports as a further measure to assist public scrutiny and comparison of airport performance.

This document covers only the quality monitoring arrangements of the regulatory regime. The ACCC's guidelines for the provision of information for prices monitoring and financial reporting are set out in a separate document "Airports Reporting Guideline: Information Requirements under Part 7 of the Airports Act 1996 and Section 95ZF of the Trade Practices Act 1974" (Revised March 2004).

2.1 Airports covered by guidelines

At the time of writing the regulatory arrangements for quality monitoring under Part 8 apply to all twelve core-regulated airports as defined in section 7 of the Act - that is, Sydney, Brisbane, Melbourne, Perth, Adelaide, Alice Springs, Canberra, Gold Coast, Darwin, Hobart, Launceston and Townsville. The Government stated in its response to the PC report that quality monitoring will apply to the seven price-monitored airports - Sydney, Melbourne, Brisbane, Perth, Adelaide, Canberra and Darwin, but that it is considering within the context of the review of the Airports Act whether quality monitoring should also apply to the other five airports - Alice Springs, Gold Coast, Hobart, Launceston and Townsville airports.

These guidelines have been prepared on the basis that they are to apply **only to the seven price-monitored airports**. Until the issue of the application of Part 8 to the other five 'core regulated airports' has been decided, the current arrangements continue to apply to those five airports, with quality of service information to be supplied on the basis specified in Part 2 of Schedules 2 and 3 in the Airports Regulations 1997.

The guidelines set out the information and indicators that the ACCC believes are appropriate to carry out its monitoring responsibilities, without distinguishing between categories of airport such as Phase I and Phase II. However, if it can be shown that the former Phase II

airports now subject to price-monitoring (Adelaide, Canberra and Darwin) would face unreasonable costs or difficulties in providing particular new items of information, the ACCC would consider alternative approaches.

2.2 Five-year review

The Government has indicated that these arrangements are to apply for five years, and that an independent review is to be conducted towards the end of that period to ascertain the need for future airport price regulation. It is anticipated that quality of service outcomes over the next five years will be taken into account in that review.

3. LEGISLATIVE/REGULATORY REQUIREMENTS

3.1 Airports Act

Part 8 of the Act provides for the ACCC to monitor quality of service at certain leased airports. Part 8 contains provisions relating to quality of service monitoring and reporting. More specifically Part 8 provides for:

- quality of service indicators to be specified in regulations;
- the ACCC to monitor and evaluate the quality of airport services and facilities against specified indicators and other such criteria as the ACCC determines in writing;
- records to be kept in relation to quality of service and for information to be provided to the ACCC by airport operators and other relevant parties, including airlines;
- certification, by statutory declaration, of information provided; and
- the ACCC to publish reports on monitoring and evaluation of quality of service against the prescribed indicators and other relevant criteria.

3.2 Government Policy

The Explanatory Memorandum to the Airports Bill 1996 stated that the quality of service monitoring and reporting provisions in the Bill complement the ACCC's enabling legislation in relation to pricing oversight arrangements. Further, the Memorandum states that in monitoring quality of service, the ACCC must not set the standards for the facilities or services provided.

In its response to the PC's inquiry report on *Price Regulation of Airport Services*, the Government accepted the recommendation to replace price caps with prices monitoring. It also set out its rationale for continued quality monitoring of airport services. It suggests that quality monitoring could:

- act as a useful adjunct to price monitoring; helping to ensure that airport operators are not improving productivity through running down assets or reducing service standards;
- identify if airports are investing appropriately, for example, by upgrading infrastructure or investing in new facilities to improve levels of service or facilitate increased demand; and
- inform the anticipated review of airport price regulation after five years.

The Government also suggests that an overall view of service quality facilitates benchmark comparisons between airports.

4. OBJECTIVES OF QUALITY OF SERVICE MONITORING

The future independent review of the need for airport regulation will have a strong focus on economic efficiency; in particular, on efficient pricing. The stipulated review principles include reference to quality of service outcomes.

There are a number of dimensions to economic efficiency. Allocative efficiency requires that goods and services are consumed by the users who value them most highly⁴, whilst productive efficiency requires goods and services be produced at the lowest possible cost. Dynamic efficiency implies that over time, resources and prices move such that allocative and productive efficiency is maintained. Theory suggests that economic efficiency will generally be a natural consequence of healthy competition in markets.

In all markets, competitive or otherwise, pricing is a critical mechanism by which economic efficiency may be promoted. Prices act as signals to both the producers and consumers of goods and services, and critically influence the decisions made by these agents. Equally important, however, is quality – the price a user of a service is prepared to pay is directly related to the expected quality of that service. Similarly, the quality of service a producer will provide depends both on the cost of that quality and the extent to which it attracts additional customers. It is also worth noting that for some services choice by users over different levels of quality may be limited or simply not offered.

In the case of a market which is not characterised by strong competition, such as airports, simply observing the price/quality outcomes that result may not in itself allow firm conclusions about the extent to which economically efficient outcomes have been achieved. Such outcomes may not fully reflect the valuation airport users place on increased service quality, nor the costs to airport operators of providing such quality.

In this regard, the ability to compare price, cost and quality levels across a range of service providers, or under different regulatory conditions, may assist an evaluation of the efficiency of market outcomes. Accordingly, the ACCC's quality monitoring program aims to gather and report data on measures that facilitate judgments on changes in service quality over time as well as possible comparisons between different airports.

⁴ Such allocation is typically best achieved via the relative prices charged being set at appropriate levels of relative cost.

The ACCC considers that the objectives of quality of service monitoring are to:

- assist in the assessment of an airport operator's conduct in a prices monitoring environment (in light of the independent review which will be undertaken at the end of the five years of the monitoring arrangements); and
- improve the transparency of airport performance in order to:
 - discourage airport operators from providing unsatisfactory standards for services which are associated with significant market power;
 - provide 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;
 - highlight changes in service quality over time;
 - facilitate inter-airport comparisons and benchmarking; and
 - assist the Government in addressing other public interest matters.

5. THE SERVICE QUALITY CHAIN

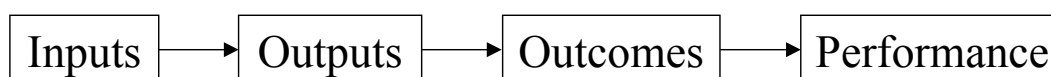
There are many factors that affect the quality of services delivered by airports. Ultimately, an independent review will be making an evaluation of airport *performance*. Performance is a broad notion which encompasses the level of quality in the context of the price of that quality and the cost of its provision.

Quality is therefore one element of performance, and the ideal focus of the ACCC's quality monitoring is to monitor quality *outcomes*. Quality outcomes represent the level of quality ultimately received by airport users, for example, the time taken for a passenger to leave the airport after landing.

Directly measuring quality outcomes is, however, often time-consuming, difficult and expensive to undertake. Outcomes can also be influenced by the input and performance of a range of agents such as airlines, air traffic controllers, or customs agents, not just the airport operator. Similarly, factors such as weather may influence quality outcomes. For these reasons, measures of service quality might focus on related matters such as the level of *outputs* provided by an airport operator. An example of an output that might affect passenger processing time is the provision of aerobridges; a measure of this output might be the percentage of occasions on which an aerobridge is available within a specified time after an aircraft lands.⁵

Again, however, objective measures of outputs can often be difficult and costly to measure. As a consequence, measures of *inputs* are sometimes used as an indicator of possible causes of changes in service quality. For example, the number of aerobridges provided by an airport will affect the airport's ability to provide access to gates in a timely fashion. Measures of inputs are often relatively straightforward indicators to gather.

A conceptual overview of the above linkages is represented diagrammatically below. While quality monitoring would ideally focus on the right hand end of the diagram, considerations of administrative cost, data accuracy and comparability might necessitate objective measures addressing input and output components.



⁵ It needs to be recognised that interpretation of the levels of supplied quality - such as availability - poses challenges. Ideally it should include an appreciation of demand considerations such as the user charge, the expressed demand for the service quality, choices available, as well as any overriding supply constraints - such as security requirements - on choice.

6. QUALITY OF SERVICE MONITORING PROGRAM

6.1 Facilities and services to be monitored

The ACCC will consider quality of service from the perspective of passengers and major users, particularly airlines. From the point of view of regulatory oversight of airports, the main focus is on aspects of quality which relate to the prices charged for services in which the airport operator may have significant market power. These services are primarily aeronautical and aeronautically related services, that is, those services which relate directly to the movement of passengers and freight and for which off-airport services are not close substitutes, for example, baggage handling facilities.

The quality of aeronautical and aeronautically related services will largely be determined by long-term investments that affect quality over several periods. Two important influences on the quality of these airport services, which are directly related to the prices charged, are

- i) the capacity of airport facilities relative to the demand for those facilities, and
- ii) the efficiency or quality standard of the facilities made available.

Under-provision of airport infrastructure will be reflected in 'excessive' congestion and delays associated with the use of airport facilities. These can be revealed through waiting or queuing times for the use of, or processing through, facilities; and through crowding within facilities. A reduction in the quality of airport services can also occur if insufficient resources are devoted to maintenance and enhancement of facilities so that the standards of service (such as reliability) deteriorate for any given 'quantity' of service provided.

The range of facilities and services covered by the ACCC's monitoring program is necessarily broad in order to:

- ensure that information gleaned from the monitoring program can be placed in its proper context in assessing airport performance – a wider set of indicators will help to do this, as will information obtained directly from airport operators; and
- produce a comprehensive range of performance indicators so that the objective of transparency from the quality of service monitoring exercise can be achieved.

Additional detail on the coverage of quality of service indicators is set out in section 7.2. For the purpose of clarity, it should be noted that the ACCC considers that terminals formerly leased to Ansett, but now under the control of airport operators, are included within the scope

of the monitoring program. It is requested that terminal related indicators be provided separately for each individual terminal.

6.2 Responsibility for quality of service standards - the issue of 'control'

The primary services commonly provided at airports relate to the movement of passengers and freight. There are relatively few significant airport services which are totally under the 'direct control' of an airport operator given the interaction between different processes at airports. The provision of services that are of primary importance to passengers and freight forwarders, such as check-in, customs and immigration, security, baggage reclaim, cargo processing and on-time airline performance, are not the sole responsibility of the airport operator. Rather, they commonly reflect the combined responsibilities of a number of entities, including airlines, government agencies, the airport operator and sub-lessees of the airport operator. For example, the waiting time at check-in counters will depend on the facilities provided by the airport owner and the staff provided by the airline. This difficulty was noted by the PC in its inquiry report, albeit with the recognition that this problem is not unique to airport quality monitoring in Australia. Nonetheless, the PC recommended that indicators only focus on services within the direct control of airport operators.⁶

In responding to the PC's recommendations, the Government noted that:

The Commission has also suggested that quality of service indicators be reviewed, to ensure that the monitored services remain within the control of airport operators. The Government supports this approach but notes that benchmark comparisons between airports is facilitated by an overall view of service quality.

The Government's response suggests that if monitoring of airport service quality is to cover services that are important to airport users, and which are associated with market power, then it will be necessary for the monitoring program to also include services over which an airport operator may not have direct control or may have only partial control. Nevertheless, as owner of the head lease for an airport, an airport operator is in a position, and has some responsibility, to at least influence the standard of services.

⁶ Productivity Commission, *Price Regulation of Airport Services: Inquiry Report*, January 2002, p.267.

It is relevant to note in this context that the Act envisages coverage of such services. In particular, section 152 of the Act in combination with section 154 indicates that the coverage of the quality of service monitoring program is not restricted by the level of control exercisable over a service by an airline operator. In this regard, section 152 states that Part 8 of the Act applies:

... to an airport service or facility if the service or facility is provided:

- (a) by an airport operator-company; or
- (b) by a person other than an airport-operator company under an agreement with an airport operator company.

It is important to note that the reference to ‘under an agreement’ in subsection 152(b) is not intended to introduce the concept of control into the quality of service monitoring process. Rather, this inclusion reflects the Commonwealth’s desire to ensure that the quality of service monitoring provisions of the Act are applied Constitutionally. As noted in the Explanatory Memorandum to the Airports Bill 1996, ‘[t]his provision enables the Commonwealth to rely on its powers to make laws with respect to corporations in applying the provisions of [Part 8].’

Further confirmation of this intent can be found in section 154 which provides examples of performance indicators that could be prescribed in regulations. These examples imply that indicators could cover a broader range of services and facilities than those that are likely to be under the direct control of an airport operator. Indicators relating to congestion of aeronautical facilities, terminal facilities or ground access systems, and indicators relating to the standards of passenger services, are the specific examples cited in this section.

6.3 Setting standards

The Act provides for the ACCC to undertake quality of service monitoring at leased airports. However, there is no provision in either the Act or the regulations for the ACCC to set standards of service⁷. As noted in DOTARS's *Pricing Policy Paper*:

"... standards are seen appropriately as matters for the judgement of airport operators and airport users concerned, to be determined on a commercial basis." [p.6]

⁷ It is however recognised that other government agencies for example DOTARS and CASA do set standards for certain airport operations.

This statement is no less relevant under the prices monitoring arrangements applicable since 1 July 2002. In this environment, commercial negotiation between airports and airlines is expected to be a key driver of price/quality outcomes. Accordingly the ACCC will not be involved in setting service standards.

6.4 Role of performance indicators

The quality of service monitoring program is complementary to the ACCC's prices monitoring role and needs to be viewed in this context. Consequently, an important objective associated with the program is to identify changes over time in the quality of aeronautical and related services, such that the future review of airport conduct is provided with relevant information to assess the efficiency of market outcomes.

The basis of the ACCC's quality of service monitoring program will be the collection and reporting of prescribed performance indicators for airport services. The quality of these services is influenced by the adequacy of facilities made available by airport operators. However, the monitoring program may encompass more than just reporting of performance indicators. Performance indicators will provide evidence of trends over time in service levels but in many cases will not provide a full explanation of underlying causes of changes in quality of service. For this reason it is envisaged that the indicators will act as triggers to seek further information to assist with interpretation of initial results.

To facilitate further inquiry, the Act allows for the ACCC to obtain information in relation to service quality in two ways. First, the regulations may make provision for the ACCC to obtain necessary information for its initial and subsequent inquiries relevant to service quality. Secondly, the regulations may confer upon the ACCC the power to specify any additional information it may require, in the form it requires, to assist with the monitoring and evaluation of airport services or facilities against the prescribed performance indicators.

Where such powers are relied upon by the ACCC, the ACCC will be able to take into account relevant confidentiality considerations, including not disclosing information relating to particular airlines. The formal protection of such information is provided for under the Act.

Further information on the treatment of confidential information is set out in section 9.1.

6.5 Objective versus subjective measures

The use of objective measures is favoured as far as possible. Objective measures are generally easier to verify than subjective measures and can quantify the level of service provided. However, in many cases customer perception surveys represent the most effective means of obtaining quality of service information. Examples of services that the ACCC envisages could be monitored more appropriately through customer perception surveys are the general standard of terminal facilities and ground access, such as the adequacy of flight information, directions, waiting lounge comfort, availability of baggage trolleys and the cleanliness of washrooms.

6.6 The cost of providing data

The ACCC is conscious of the need to minimise the cost of the monitoring program to airport operators. However, this needs to be balanced against the expectation that firms in competitive industries routinely maintain comprehensive databases on many aspects of their businesses.

In its approach to monitoring quality of service at airports, the ACCC has as far as possible sought to utilise objective measures based on information that is readily available – from the airport operator itself, airport users and other government agencies. However, in some cases use of subjective measures will be required, for example, passenger perception surveys. The ACCC takes the view that such surveys can be undertaken 'in-house' by airport operators provided that the operators consults closely with the ACCC on both the contents of the survey and the methodology used. From the ACCC's perspective the surveys need to gather information which is relevant to the ACCC's quality of service monitoring program. One aspect of this is comparability of survey data across airports. The ACCC also needs to be satisfied that the data collected and the methodology and processes used target priority areas, are unbiased, and are statistically robust. In this context auditing and verification procedures will be important.

The ACCC expects airport operators to co-operate in providing meaningful data for the quality of service monitoring program and to this extent, it may require, under s156 of the Act, that the collated results of surveys be certified by statutory declaration. The ACCC also expects that a full description of survey methodology and raw data is provided as a complement to the collated results.

It is not normally expected that surveys will be undertaken by independent consultants. However, under s156(6) of the Act, the regulations may confer power on the ACCC to require information from an airport operator in a manner of the ACCC's choosing, where such information is relevant to the monitoring or evaluation of the quality of airport services or facilities against performance indicators prescribed under the regulations. In this respect, the ACCC reserves the right to commission an independent survey should it consider such a survey is warranted. The costs associated with the airport operator providing information to the ACCC for monitoring purposes are expected to be met by airport operators.

7. QUALITY OF SERVICE INDICATORS

7.1 Criteria for determining indicators

In compiling the list of performance indicators at Attachment A, the ACCC has taken the view that the indicators should:

- relate to the ACCC's prices monitoring program, that is, the indicators should cover aeronautical and aeronautically related services and incorporate both airline and passenger indicators;
- relate to airport services associated with market power;
- relate to significant services, that is, associated with a relatively large proportion of airport expenditure or revenue generation, or with a critical role in the movement of passengers or freight by air;
- be important to users;
- be measured through the use of existing relevant information as far as possible; and
- be verifiable and not susceptible to manipulation.

In relation to the appropriate number of indicators, the following factors are considered important:

- the adequacy of the set of indicators to provide an assessment of overall airport performance relevant for the future review of airport price/quality monitoring arrangements; and
- the costs of obtaining information.

Given that the ACCC is primarily monitoring quality of service in relation to its prices monitoring role, the general approach to determining relevant indicators is to identify indicators which will facilitate assessment of:

- the availability of services relative to the demand for those services to give an indication of whether airport operators are undertaking capacity-enhancing investment; and
- changes in the standard of services provided, which may arise through higher/lower expenditure on maintenance and renovation/development of facilities.

An assessment of the availability of services can be obtained by indicators which measure the utilisation of major facilities (actual usage relative to the capacity of facilities) and also indicators relating to final quality of service outcomes in terms of waiting times or delays associated with services and crowding associated with use of facilities. Indicators to measure the general standard of services provided are also identified.

While a range of quality indicators are identified, not all indicators will apply to every airport.⁸

7.2 The coverage of quality of service indicators

For the purpose of monitoring quality of service, the ACCC has classified airport activities into three main areas:

- *airside* – comprising services or facilities associated with the runway, taxiway and apron systems etc;
- *terminal* – services or facilities provided within terminal buildings and related to the movement of passengers and freight, including standards of passenger comfort and convenience; and
- *ground access* – comprising services or facilities related to ground access, including car parking and road-side access.

In general terms, the following types of indicators are appropriate:

- measures of capacity utilisation for major facilities (average usage in comparison to capacity for peak periods, and, where appropriate, overall);
- direct measures of waiting times at major passenger processing stages;
- customer perception surveys relating to the standards of service and facilities made available in terminals and associated with ground access;
- annual questionnaires/surveys to airlines; and
- information from airlines relating to the standard of facilities provided to them (excluding safety related issues covered by the Civil Aviation Safety Authority (CASA)).

⁸ For example, delay data from Airservices Australia may not be available for every airport.

The specific performance indicators identified by the ACCC encompass a variety of these types of measure; including aircraft delay, availability of aerobridges, waiting times and crowding associated with passenger processing facilities, equipment availability and the standard of facilities.

Information for these indicators will be obtained from sources such as customer perception surveys, airline surveys and information from airport operators and related parties, such as Airservices Australia, on the capacity of facilities and its utilisation. Other indicators may be used where direct measures are not practicable.

Identified performance indicators are detailed in Tables 1 to 4 of Attachment A to this paper. It should be noted that the measures are designed to be used in conjunction with each other rather than in isolation. In some instances this means the raw data requested may be ‘normalised’ through combination with other measures, for example, the level of use.

8. ANALYSIS AND INTERPRETATION OF DATA

Given the diverse responsibility for delivery and quality of airport services, the ACCC is aware that in some cases, the results from the monitoring program may require qualification and further investigation. The ACCC is conscious that interpretation of the indicators used to measure quality of service may be complex and will take this into account in its analysis. Further, where there is the possibility of mitigating circumstances (whether favourable or otherwise) influencing the results of monitoring, the ACCC welcomes, and in some instances will seek, comments and additional information from airport operators, particularly where falling levels of service are apparent over a number of periods.

In the case of services which are not under the direct control of the airport operator, information will be sought on the cause or causes of adverse performance and noted appropriately in monitoring reports.

In seeking to draw conclusions from comparisons of different levels of quality of service, the ACCC will take into account the fact that performance is likely to differ between airports.

9. REPORTING ON QUALITY OF SERVICE MONITORING

9.1 Publication by ACCC

Under section 157 of the Act the ACCC can publish results of the monitoring program.

The ACCC intends to publish the findings of its quality of service monitoring program on an annual basis. This approach is designed to increase transparency of airport performance and encourage service providers to maintain adequate service standards. The ACCC will consult airport operators before publishing results.

In publishing its findings the ACCC will not necessarily publish data on all specific performance indicators, but will summarise underlying trends. As stated above, the ACCC will discuss data on the performance indicators with the relevant airport operators and other interested parties in order to understand the underlying causes of changes in quality of service. These discussions will be an important input into the ACCC's monitoring of airport quality and will be reflected in the published reports.

The reports will focus on changes in airport quality performance over time. In the case of any reporting on services not under the direct control of the airport operator, the ACCC will seek information on the causes of perceived adverse performance and note them appropriately in monitoring reports.

The ACCC will make quality of service monitoring reports publicly available to those who request a copy. A fee may be charged.

Quality of service monitoring results will be generally published as part of the ACCC's annual regulatory reports for specific airports. They may also be published in:

- individual reports; or
- general publications such as the ACCC Journal or ACCC Annual Report.

9.2 Confidentiality

Performance indicator results and data submitted to the ACCC as part of the consultation process that are of a confidential nature should be clearly marked as such, and a claim for confidentiality for the material should be submitted. The Airports Act provides for formal protection of such information. The ACCC will assess whether the claim is justified and whether disclosure of the relevant information is necessary in the public interest.

Material for which confidentiality is granted will not be publicly available, but may be taken into account by the ACCC in its assessment of quality of service. Information pertaining to the performance indicators and which is specified in the regulations must be submitted to the ACCC. However, if parties wish to submit additional information to the ACCC as part of the consultation process and the ACCC does not grant confidentiality to such information, then the relevant parties will have the opportunity to withdraw the information.

10. IMPLEMENTATION

This document provides guidelines for quality of service monitoring in airports. However, the performance indicators identified here may also be subject to further refinement in consultation with airport operators. The ACCC may also instigate further changes through the course of the monitoring program.

The majority of the proposed indicators are the same as those currently specified in Schedules 2 and 3 of the Airport Regulations. It is anticipated that, following the review of the Airports Act, those regulations will be amended to reflect the new quality of service indicators. In the meantime, as the ACCC aims to implement the revised program with effect from 2002/03, the ACCC is seeking the cooperation of airport operators to provide this information in anticipation of the consequential changes to the regulations.

This will enable the ACCC to assess whether quality of service standards have changed under the new regulatory arrangements and appraise levels of service during the period of prices monitoring of aeronautical and aeronautical-related services.

ATTACHMENT A: QUALITY OF SERVICE PERFORMANCE INDICATORS & INFORMATION REQUIREMENTS

The tables set out in this attachment show the performance indicators for each facility and the data requirements such indicators impose on airport operators (and other parties where relevant). Columns (1) and (2) set out *indicators* of service quality, while column (3) explicitly sets out the *information* (excluding survey data, which is included in column (2)) that an airport operator would need to provide to facilitate the calculation of those indicators. New indicators are marked (n), while information not currently provided by airport operators is marked in **bold**.

Table 1: Airside indicators

Facility	(1) Capacity/utilisation indicators	(2) Other indicators	(3) Data required from airports
Runway system	<i>Number of arrivals/departures per hour:</i> <i>... morning peak¹</i> <i>... evening peak¹</i> <i>... monthly average</i> <i>... day of week average</i> <i>Runway system capacity</i>	<i>Arriving/departing aircraft delay:</i> <i>... morning peak¹</i> <i>... evening peak¹</i> <i>... monthly average</i> <i>... day of week average</i> Number of arriving/departing aircraft delayed by length of delay Annual survey/questionnaire to airlines ²	Nil
Taxiway system		Annual survey/questionnaire to airlines ²	Nil
Gates		Annual survey/questionnaire to airlines ²	

Table 2: Terminal indicators (to be provided separately for each individual terminal (i.e. international, domestic, domestic express))

Facility	(1) Capacity/utilisation indicators	(2) Other indicators	(3) Non-survey data required from airports
Check-in	% of hours with more than 80% of desks in use	Annual survey/questionnaire to airlines ² Passenger perception survey ³ ... satisfaction with waiting times ... average waiting time per passenger during peak hour⁴ (n):	Number of hours with more than 80% of desks in use Number of hours any desks are open Number of desks
Government inspection⁵ (at international terminals) ... inbound ... outbound	(n) Number of inbound immigration desks per arriving passenger during peak hour⁴ (n) Number of baggage inspection desks per arriving passenger during peak hour⁴ (n) Number of outbound immigration desks per departing passenger during peak hour⁴	ACS survey ⁵ ... inbound immigration area ... baggage inspection area Passenger perception survey ³ ... inbound immigration waiting time ... baggage inspection waiting time ACS survey ⁵ ... outbound immigration area ... baggage inspection area Passenger perception survey ³ ... outbound immigration waiting time	Number of inbound immigration desks Number of baggage inspection desks Number of outbound immigration desks
Security clearance	(n) Number of security clearance systems per departing passenger during peak hour⁴	Passenger perception survey ³ ... quality of search process	Number of security clearance systems
Gate lounges	(n) Lounge area per departing passenger during peak hour⁴ (n) Seats per departing passenger during peak hour⁴	Passenger perception survey ³ ... quality & availability of seating ... crowding	Number of seats in gate lounge Square metres of lounge area

Facility	(1) Capacity/utilisation indicators	(2) Other indicators	(3) Non-survey data required from airports
Baggage processing ... outbound baggage systems ... inbound baggage systems	See column (3) Average throughput of the outbound baggage system See column (3)	Annual survey/questionnaire to airlines ² Annual survey/questionnaire to airlines ² Passenger perception survey ³ ... waiting time ... information display ... circulation space	Capacity of outbound baggage handling system Number of bags handled Number of hours system is in use Number and duration of planned/unplanned interruptions to outbound baggage handling system Capacity of inbound baggage handling system Number and duration of planned/unplanned interruptions to inbound baggage handling system
Baggage trolleys ⁷	(n) Number of baggage trolleys per passenger during peak hour ⁴	Passenger perception survey ³ ... findability	Number of baggage trolleys
Signage and wayfinding ⁷	(n) Number of FID screens per passenger during peak hour ⁴ (n) Number of information points per passenger during peak hour ⁴	Passenger perception survey ³ ... FID screens ...signage and wayfinding	Number of FID screens Number of information points
Washrooms ⁷		Passenger perception survey ³ ... standard of facilities	
Other	(n) Average number of arriving/departing passengers during peak hour ⁴		Number of arriving/departing passengers during peak hour ⁴

NOTES

1. To be provided separately for each individual terminal (i.e. international, domestic, domestic express), if applicable.
2. The survey questions to airlines ask for rating of both the availability and standard of the facilities.
3. Airports will be required to provide a complete description of the methodology used in conducting passenger perception surveys, including any changes to the methodology between periods.
4. Advice provided to the ACCC by airport operators recommended the use of an average peak measure as a quality of service performance indicator which is recommended to be defined as the peak hour in the average day of the peak month. The ACCC also recognises that there are other peak measures such as 30th busiest hour per month or 95th percentile traffic levels that may be used by airports to approximate peak hour passenger traffic levels in airport terminals. However advice provided to the ACCC suggests that airport operators may not have sufficient information to establish the 30th busiest hour or 95th percentile traffic level from their management information systems.
5. **Government inspection.** Regulation 8.01 to the Airports Act stipulates that certain objective measures be provided to the ACCC, but it does not stipulate by whom the information should be provided. The original intention was that the Australian Customs Service (ACS) provides the data. ACS, however, has not been able to provide this information and the ACCC has instead utilised a survey of ACS as a gauge of the quality of service provided by the airport. The survey asks ACS to rate the availability and standard of the areas provided for immigration and baggage inspection.
6. Does not require additional data from airport operators as it can be constructed from other identified measures.
7. **Baggage trolleys, signage and wayfinding, washrooms.** These items are not the major focus of the ACCC's monitoring objectives, although they are important to customers in terms of comfort and the 'user friendliness' of airports and should be straightforward to measure and report. As such, the ACCC does not regard monitoring these types of facilities and services as high priority even though they would contribute to a comprehensive picture of the airport overall. It is considered that operators will focus on customer perceptions of these types of facilities and services in order to improve the overall service and ambience of airports to users, passengers and visitors.
8. (n) New indicators.
9. Additional data required for identified new indicators (i.e. not currently collected or specified in airport regulations) in **bold**.

Table 3: Ground access indicators

Facility	(1) Capacity/utilisation indicators	(2) Other indicators	(3) Non-survey data required from airports
Car parking	(n) Average daily throughput/number of spaces	Passenger perception survey ¹ ... standard of facilities ... availability of spaces ... time taken to enter	Number of days car park is open Number of parking spaces available to the public Total annual throughput of car-park Average daily throughput of car-park Number of parking spaces available to staff
Airport access ... kerbside space for taxi drop-off and pick-up		Passenger perception survey ¹ ... congestion ... standard of facilities	
... facilities for taxis		Passenger perception survey ¹ ... standard of facilities ... waiting times	

NOTES

1. Airports will be required to provide a complete description of the methodology used in conducting passenger perception surveys, including any changes to the methodology between periods.
2. Additional data required for identified new indicators (i.e. not currently collected or specified in airport regulations) in **bold**.

Table 4: Airport consultative processes

	Indicators
Responsiveness of airport to quality concerns	Annual survey/questionnaire to airlines ACS survey

NOTES

1. Additional data required for identified new indicators (i.e. not currently collected or specified in airport regulations) in **bold**.