

SUBMISSION TO THE PRODUCTIVITY COMMISSION'S DRAFT REPORT INTO THE ECONOMIC REGULATION OF AIRPORTS

Andrew's Airport Parking.	Nudgee Road, Hendra, Brisbane ("AAPB")
Andrew's Airport Parking.	Mickleham Road, Tullamarine ("AAPM")
Busy Beaver Airport Parking.	Tullamarine Park Rd, Tullamarine ("BBAP")
Gateway Airport Parking.	MacArthur Avenue, Hamilton, Brisbane ("GAP")

(collectively "the Group, we, us, our")

Separate to this enquiry, the owners of this Group also operate an off-airport car parking business in Adelaide and online airport parking booking websites that provide parking options for 13 airports around Australia and New Zealand.

Please find following the Group's submission in relation to Information Request 6.1 of the Productivity Commission's Draft Report into the Economic Regulation of Airports

Introduction

The Group are all off-airport car parking businesses with branches located in close proximity (5-7 kilometres) to the international and domestic airports in Melbourne and Brisbane. Each business involves customers dropping their vehicles at our off-airport parking station and then being transported in a courtesy bus to near their respective airport departure terminal. On return, customers are collected from near their arrivals terminal and returned to their vehicles parked at each off-airport parking station.

Each business obtains airport access by way of a licence agreement granted by the airport operators. The licence agreement permits each business restricted airport precinct entry and usage rights, subject to payment of licence fees by each business to the airport operator.

Each business operates in direct competition to on-site airport car parks operated by both of the above airports and other off-site airport car parking operators. This gives the Australian travelling public an ability to have choice with respect to their Airport Parking needs. With approximately 3,500 vehicle spaces in Melbourne and 3,200 vehicle spaces in Brisbane, the Group is both airport's largest direct competitor in airport parking.

Clearly, airport access is critical to the conduct of the Group businesses.

Since the privatisation of Melbourne Airport in 2001, the commencement at Brisbane Airport of AAPB in 2006, GAP in 2010 and the commencement at Melbourne Airport of BBAP in 2011, each business of the Group has been paying access fees for their courtesy buses. Access fees have been charged for customer collections via the General Transport Operators lane at Brisbane Airport since 2006. At Melbourne Airport, access fees were applicable to customer collections via public collections lanes until 2013, however since 2013 access fees have applied to every entry, including drop offs, only via our allocated buses lane outside Terminal 2 and additionally when required inside Terminal 4 Car Park.

We have long accepted any airport's right to charge access fees that meet the costs of service and development of that access, however we question whether these fees are equitable to those measures. Instead, we believe we have long endured these airports charging excessive access fees given their monopolistic position. This specific concern was highlighted most clearly in Melbourne by the ACCC in their 2009-10 Airport Monitoring Report:

"Melbourne Airport appears to have reduced the ability of off-airport parking and private bus operators to compete with the airport's own car parking services. For example, the information available suggests that Melbourne Airport imposes excessive access levies and controls the available space for those operators. This affects those operators' own prices, convenience and, therefore, attractiveness to consumers."

Extraordinary on-airport parking revenues and eroding viability of competitive parking and transport alternatives have been topical in ACCC Reports since this statement.

To make the point regarding access fees, Melbourne Airport access fees were \$2.53 inc. GST per single access for mini buses on January 1, 2014. Today, they are \$4.53 inc. GST, with congestion fees applied after 10 minutes.

Brisbane Airport is higher again, currently at \$4.65 inc. GST per single access at both Domestic and International allocated zones, albeit since June 2017 this charge is applied for collections only at Domestic and International terminals. Previously drop offs were also charged. Congestion fees again apply after 10 minutes.

We understand that Sydney Airport access charges are higher again, with some smaller regional airports not monitored by the ACCC the highest of all.

Yet despite significant increases in access fees and resultant revenue, infrastructure and services specific to off-airport parking remain largely unchanged over the same period at both airports.

Fees aside, the Group also suggests that discussion between these airports and off airport operators has become cursory and lacking any genuine consultation. Scheduled briefings are held at Melbourne Airport quarterly and at Brisbane Airport occasionally, but these lack robust consultation or negotiation of planned developments.

As all of Australia's international airports move closer to capacity for particularly on-site multi-level parking, airports must develop close and transparent and constructive relationships with the operators of commercial off-airport car parking sites. We believe that such co-operation is critical to the future of healthy competition and choice for the Australian traveling public. For this reason, we would urge the Commission – as well as all Australian airport operators – to give full and proper consideration to the recommendations at the end of our submission.

Productivity Commission Information Request 6.1

Note: In answering each of these questions, we will answer individually for Melbourne and Brisbane Airports. It would be wrong of the Productivity Commission to believe all airports behave the same or follow a standardised communication framework.

Q1) How airport operators consult and engage with landside operators when setting access charges and undertaking investment in landside infrastructure.

A1 Melbourne Airport)

Melbourne Airport hold meetings quarterly with the Landside Operators Committee. These meetings are attended by the majority of major Landside Operation businesses such as Skybus, major regional bus companies and offsite airport parking operators such as Andrew's Airport Parking and Busy Beaver Airport Parking. Minutes are taken by a representative of Melbourne Airport and distributed anywhere between 2-60+ days after the meeting. There is no pattern or priority seemingly given by Melbourne Airport providing these minutes.

These meetings are Melbourne Airport's preferred forum for "consultation" regarding landside infrastructure investment. However, consultation implies a two way exchange. In reality, these meetings are Melbourne Airport's forum to confirm what they are pursuing, without considering the Landside Access Committee's own requests for investment.

A simple example, which is documented in four consecutive meeting minutes, our Group has requested Melbourne Airport provide adequate signage so that customers (of both the Airport and our Group) may easily find their way to the off-airport shuttle collection zone. It is a common grievance of off-airport parking customers, borne by the off-airport parking operators, that they are unsure where to wait for their shuttle bus at Melbourne Airport.

For four consecutive meetings now, Melbourne Airport have responded in each meeting with the suggestion they will act. But to date no action has been taken.

Approaching 12 months with no definitive direction, much less implementation, for a relatively simple request such as appropriate signage should indicate to the Productivity Commission the level of "consultation" that Melbourne Airport offer with regards to infrastructure investment.

These meetings, given they are quarterly, do not address impending landside access fee changes. Those are communicated by letter, typically 30-90 days in advance. There is no opportunity for review or discussion. You will notice in Appendix 6 that this is implied by the statement "Follow up advice will be provided closer to the changeover date." Nor is there any reasoning or justification for the level of increase being passed.

Please see the following Appendix in support.

Appendix 1) June 7, 2018 LOC Meeting Minutes. See Minute 5.6, regarding off-airport parking signage.

Appendix 2) September 27, 2018 LOC Meeting Minutes. See Minute 5.2, regarding off-airport parking signage. Not yet actioned.

Appendix 3) December 6, 2018 LOC Meeting Minutes. See Minute 5.1, regarding off-airport parking signage. Not yet actioned.

Appendix 4) March 14, 2019 LOC Minutes taken by our Group. See the first dot point, regarding off-airport parking signage. Not yet actioned.

Appendix 5) An email confirming Landside Access price increase, sent on March 10th for a July 1st increase.

Appendix 6) The letterhead notification and landside access table referenced in that email. These were the prices for 2017-18.

A1 Brisbane Airport)

Brisbane Airport hold meetings on an ad-hoc basis with Landside Operators. These meetings are attended by our Group, occasionally one other off-airport parking operator, taxi and ride-share representatives. The last meeting was held in March, 2018.

Minutes are not taken or distributed by Brisbane Airport. The Manager of Parking and Transport Services typically runs the meeting, attendees are welcome to document as they see fit. That a corporation would call and run such a meeting without documentation has always appeared insufficient from our perspective, but never changed.

As the last couple of meetings have been held in the months leading up to Financial Year price increases, impending access fee changes have been raised by Brisbane Airport in the meeting.

Officially, these fee changes are communicated by letter, 30 days in advance of the change occurring. Similar to Melbourne Airport, the suggestion that review or discussion is invited would be incorrect, also no reasoning behind the increase is provided. Although, at least the letter itself has the courtesy to invite questions.

Please see the following Appendix in support.

Appendix 7) March 21, 2018 BAC Meeting Minutes taken by our Andrew's Brisbane Branch Manager.

Appendix 8) An email confirming price Landside Access price increase, sent on June 1st for a July 1st increase.

Appendix 9) The landside access tables referenced in that email. These are the current prices for 2018-19.

Q2) How consultation between airports and landside operators could be improved.

A2 Melbourne Airport)

The question suggests that there is currently a level of consultation from Melbourne Airport. As our response to Q1 implies, we don't perceive any meaningful consultation from Melbourne Airport. Melbourne Airport state what their agenda is and how that agenda is progressing, while Landside Access Committee members' requests and suggestions are minuted, but not actioned.

Separate to the quality of meeting, we believe the quantity of meetings is correct being quarterly.

However, the minutes taking up to and beyond 60 days to be sent is terrible. The extreme example being that meeting minutes from September 27th, 2018 were circulated on December 6th, 2018.

We see it reasonable that meeting minutes be produced and circulated to all attendees and apologies within 7 days.

Please see the following Appendix in support.

Appendix 10) December 6, 2018 Email, where minutes from the previous meeting on September 27th were first sent.

A2 Brisbane Airport)

The same response applies to Brisbane Airport, noting that Brisbane Airport are coming from an even lower base of not producing and distributing meeting minutes.

The meetings should be consultative in nature, increased from ad-hoc and occasional to quarterly and should be minuted by Brisbane Airport, with those minutes distributed within 7 days to all attendees and apologies.

Q3) Mechanisms available to landside operators to raise issues with airport operators that relate to landside access and how issues are resolved.

A3 Melbourne Airport)

Again referring to our response to Q1, the Landside Access Meetings are Melbourne Airport's preferred forum for consultation with Landside Operators. These meetings are the opportunity for such operators to raise issues and request resolution from the airport.

More pressing issues can be brought to the Melbourne Airport Parking and Ground Access Team who attend these meetings, during business hours. There are 5 representatives of Melbourne Airport with whom we have reasonable relationships due to their attending these meetings.

The mechanisms for raising and potentially resolving issues exist, in so far as business relationships exists. But that is the extent of it. There are no systems, procedures, official documents or submission portals through which issues are raised and progressed, they are just communicated to whomever and however is deemed best at the time.

To illustrate this point, we submit documentation regarding what we considered a very serious issue in 2015. Melbourne Airport began advertising their own airport parking options at the drop off and collection zone for off-airport parking customers.

We considered this to be a gross abuse of power and privilege. Firstly in relationship, given Melbourne Airport determines that our customers must spend time in these areas. Secondly in agreement, as the terms and conditions of our license include being prohibited from advertising to the general public on airport grounds. Why should Melbourne Airport be entitled to advertise directly to our customers, when their license prohibits us from doing the same?

You will see that despite repeated attempts with the Ground Transport Manager at the time, these

advertisements were argued as justifiable until we finally escalated our concern to the Acting CEO of Melbourne Airport. Thankfully, the Acting CEO appreciated our sentiments and removed the advertisements from our area.

However, this does show that there was no mechanism as such to resolve our issue. Only relationships.

On reflection of the Productivity Commission's question, it probably is incumbent on Melbourne Airport to establish a system for raising and stepping through a resolution (or dismissal) of such issues. This would introduce a common understanding and accountability on both Melbourne Airport and landside operators.

Please see the following Appendix in support.

Appendix 11) Email conversation between Andrew Shanahan and Melbourne Airport Ground Transport Manager Matt Carney, regarding Melbourne Airport Advertising.

A2 Brisbane Airport)

The same response applies to Brisbane Airport, noting that Brisbane Airport only provide one single contact for Landside Operations communication.

It would be equally incumbent on Brisbane Airport to establish a system for raising and stepping through a resolution (or dismissal) of such issues. This would introduce a common understanding and accountability on both Brisbane Airport and landside operators.

Brisbane Airport should also provide additional contact points for issue raising and resolution, with a single Brisbane Airport Manager providing no redundancy option for such communication. By way of comparison, we as a single landside operation Group currently provide three contacts to Brisbane Airport for reciprocal communication.

Q4) The pricing frameworks airport operators employ to determine the access price of specific and common use landside infrastructure and whether these frameworks, and the associated methodology, are included with negotiations with airport users.

A4 Melbourne Airport)

Since the advent of landside access charges, at no stage has Melbourne Airport ever presented a framework for determining those charges, be they standard or additional (i.e. overstay or congestion charges).

Nor have they presented justifiable reasoning for annual increases, leading up to those annual increases. Only platitudes when prompted by our Group Owner and Managing Director – Andrew Shanahan.

We as Landside Operators receive a letter confirming upcoming prices, at best with the comment that "Melbourne Airport have conducted their annual review."

This issue has been raised numerous times by Andrew Shanahan – directly with Senior

Management of Melbourne Airport in 2014 and again in 2016 including:

- Chief of Ground Transport & Car Parks
- Commercial Business Development Manager
- Head of Operations – Parking & Transport

At no point have requests for transparency and justification of increases been met with direct answers, which the Productivity Commission can review for themselves in supporting Appendix. Our Group is repeatedly told that fees are based on the running costs of the forecourt area, which is a broad area with many varied types of users.

If Melbourne Airport can demonstrate differently, we would be interested to see. However, documentation aside, the magnitude of increases reinforce that there can be no framework, no formula and certainly no agreement that we would commercially sign off upon to justify such contemptuous profiteering.

Over the 4 ½ year period since Melbourne Airport introduced their current mechanisms for “monitoring, reporting and between January 1, 2014 and July 1, 2018, Melbourne Airport has increased their landside access charge from \$2.53 inc. GST per use to \$4.53 inc. GST per entry for collection and/or drop off for our category of shuttle bus. **That is a 79% increase over 4 ½ years.**

To provide no system, no reasoning and force through increases that hold no resemblance to any common economic measure, our group can only assess Melbourne Airport as abusing market power. We expect the Productivity Commission would find the same.

Please see the following Appendix in support.

Appendix 12) Letter from Andrew Shanahan, dated September 5th, 2014 asking for justification of recent and what we consider excessive landside access price increases.

Appendix 13) Melbourne Airport notification of Landside Access Fees for 2016-17 FY.

Appendix 14 - 17) Letter and email correspondence between Andrew Shanahan and both Melbourne Airport Commercial Business Development Manager as well as Head of Operations – Parking & Transport, whereby we again request justification for what we consider excessive landside access price increases.

Appendix 18) A final escalated correspondence from Andrew Shanahan to the Chief of Aviation (and previously Acting CEO) again requesting justification for increases. We did not receive correspondence after the Chief of Aviation referred our request for information on.

Appendix 19 - 23) First two pages on select Invoices from Melbourne Airport to Andrew's Airport Parking, confirming increases to single entry access charges between January 2014 (\$2.53 inc. GST) and July 2018 (\$4.53 inc. GST). The same charges apply to Busy Beaver Airport Parking.

A4 Brisbane Airport)

Since the advent of landside access charges, at no stage has Brisbane Airport ever presented a framework for determining those charges, be they standard or additional (i.e. overstay or congestion charges).

Nor have they have presented justifiable reasoning or even made an attempt to provide justifiable reasoning for annual increases, leading up to those annual increases.

We as Landside Operators receive a letter confirming upcoming prices, following the flagging of price increases in a Landside Operations Meeting, typically with the lines "Brisbane Airport have conducted their annual review" and "You can contact us with any questions."

If Brisbane Airport can demonstrate differently, we would be interested to see.

Brisbane Airport increases have been systematic for the past 5 years. On July 1st each year, we receive an increase between \$0.08 - \$0.11 inc. GST per chargeable access. Access fees have moved from \$4.26 inc. GST in July 2014 to \$4.65 inc. GST in July 2018 for our category of shuttle bus.

The increases themselves are economically rational, though not directly justified or signed off under a longer-term agreement, at approximately 2% annually. However, they come from an unreasonably high base, even those rational increases leave access fees at Brisbane Airport higher today than those at Melbourne Airport.

Bearing in mind, there are two specific differences between Brisbane Airport and Melbourne Airport, that from our Group's perspective essentially nullify one another:

- 1) Brisbane Airport since June 2017 do not enforce a charge if we are only dropping customers off at Domestic Terminal. They provide a separate area to make these drop offs which avoids their toll point. However most trips to the airport feature both drop offs and collections, drop offs only with no collection requirement are relatively rare, we would estimate 15% of trips.
- 2) Brisbane Airport enforce their access fee for collections at Brisbane Domestic Terminal AND enforce it again for accessing Brisbane International Terminal. It is typical for our Group to receive a double airport access fee, because we have customers at both Domestic and International Terminals for collection.

To provide no system, and no reasoning for traditionally high access fees, our group has no confidence that Brisbane Airport is not abusing their market power. We have no information to the contrary and we expect the Productivity Commission would find the same.

Please see the following Appendix in support.

Appendix 24 - 28) First two pages on select Invoices from Brisbane Airport to Andrew's Airport Parking, confirming increases to single entry access charges between December 2014 (\$4.26 inc. GST) and July 2018 (\$4.65 inc. GST). The same charges apply to Gateway Airport Parking.

Additional Note (1): It should also be understood by the Productivity Commission, that unlike taxi and ride share ranks and other traffic flow areas of both Melbourne and Brisbane Airports, off-airport bus zones do not have dedicated staff provided by the airport. There is no dedicated handler, supervisor, security staff or any other airport personnel you might typically expect at an airport customer transit location.

Therefore, neither Melbourne or Brisbane Airport are providing a level of service or system in our allocated areas. Only the area itself. There is no direct staff cost for either airport to allocate.

Additional Note (2): Furthermore, taxis and ride share vehicles require a vast amount of airport land to be marshaled AND those vehicles are on airport land for a long time relative to off airport shuttle operators.

The Productivity Commission has made the following point as a key note relating to airport parking fees in their Draft Report Summary, Page 2.

“Consumers resent the cost of car parking at the monitored airports. Car parking charges are not due to airports exercising their market power — the price of parking at-terminal can largely be explained by the value passengers place on convenience, the limited amount of land close to the terminal, and the need to manage congestion.”

The argument that perceived high pricing is largely explained by limited land and a need to manage congestion, must equally apply to vast land use and marshalling areas of taxis and ride-share vehicles. The recouping mechanism for airports in this respect is landside access fees.

Acknowledging Notes 1) and 2) and without system or justification to explain otherwise, our Group can not understand how:

Shuttle buses that use a small piece of airport land, unstaffed, for a short period would be charged a higher rate per use than taxis and ride share vehicles, that use vast amounts of airport land, with staffing, for a long period of time?

This completely opposes the Productivity Commission’s argument for a consumer’s airport parking charges, we simply ask the Productivity Commission apply the same logic when considering landside operators access charges.

Q5) Airport operators making take it or leave it offers when negotiating charges and other terms of access with landside operators.

A5 Melbourne Airport)

Take it or leave it is the nature of landside access charges at Melbourne Airport. They are not a negotiation, they are a determination. Without system, without justification and in Melbourne Airport's case without rational economic position.

As per our response to Q4), we have requested justification of rate changes, yet have received nothing. Without being told the reasons for rate increases, we can't very well negotiate against that reasoning for rate increases. On what grounds can we refute Melbourne Airport's position?

A5 Brisbane Airport)

Similarly, we perceive take it or leave it is the nature of landside access charges at Brisbane Airport. They are not a negotiation, they are a determination. Without system, without justification and seemingly having been unreasonably high at Brisbane Airport for many years.

Again, without system or justification, negotiating against impending changes is not really a viable action. On what grounds can we refute Brisbane Airport's position?

Q6) Negotiation outcomes, including acceptance of take it or leave it offers by landside operators.

This question is not one we can answer, other than to reiterate that our Group does not have the information to be able to effectively negotiate.

All access charges determined by both Melbourne and Brisbane Airports, have all materialised without system or reasoning.

Our Group's Formula for Success: Summary and Recommendations

Our position remains exactly as we established in our initial submission, that we will work with and encourage an open dialogue with the Productivity Commission on improved landside access standards. We see appropriate intervention as urgently required, holding airports to account in both system for charging fees, transparency of that system and general communication.

We offer these Summary and Recommendations as potential.

The Group accepts that both Melbourne and Brisbane Airports, as commercial businesses, are fully entitled to charge off-airport parking operators access fees that are representative of the services they provide and cover the costs resulting from those services.

We also contend that this fee must be reasonable, justifiable and should bare a direct relationship to one or both of services rendered for the fee and size of the off-airport parking operators. We have clearly demonstrated that we do not believe this is the case today, particularly when compared against access charges for taxis and ride-share.

Ultimately, we see cause to adopt a national framework for access charges at all Australian Airports. That glaring discrepancies currently exist between major airports, between both quality of access and fees charged, represents a lack of equity, transparency and expectation of customer service standards. Without framework and regulation, currently lawless access fees can impose a very high, if not unbearable, cost on a critical airport industry. These fees also make justifying claims to be acting in the interests of passenger comfort and convenience, difficult to support.

Communication should be consultative by nature, which would be a shift in both Melbourne Airport and Brisbane Airport's thinking. Neither airport displays this characteristic, their communication is more a direction than a consultation.

In a competitive business environment, there is incentive, even a need to be consultative with stakeholders. Given neither airport can experience competition, in lieu, an independently developed system for key communication can establish accountability that competition typically would. Two-way communication, issue resolutions, ideas and improvements for airport, landside operators and customers alike. Our Group would whole-heartedly support such a system.

We firmly believe there are sufficient high quality off-airport parking operators servicing all major airports, that can exert a competitive pressure on airport parking prices. Changing that group from fragmented to more easily perceived as competitive requires appropriate regulatory support, which we would expect is only made available to providers adhering to standards deemed appropriate to warrant such support.

Finally, ongoing monitoring, measurement and accountability to access fees and communication standards from airports to off-airport parking providers will go a significant distance to ensuring competition and choice for the Australia traveling public.

And from our position, would be a strong demonstration of Australian Airports not abusing their market power.

Note: Appendix have been removed from this publicly available edition.