

**A SUBMISSION FROM**

**BARTON CHAUFFEURS  
SPECIALISED SECURITY TRANSPORT  
OMEGA CHAUFFEUR CARS**

**TO THE PRODUCTIVITY COMMISSION'S ENQUIRY INTO**

**THE ECONOMIC REGULATION OF  
AIRPORT SERVICES.**

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## Executive Summary

As small business owners, we would like to offer the Productivity Commission our perspective of Australia Pacific Airports Melbourne PTY Limited (APAM) operations at Melbourne's Tullamarine Airport. In particular we would like to comment on the APAM's actions and policies that impact the airport's land transport links.

Our services result in our daily transport to and from the airport and it is evident that since privatisation of the airport in 1997, some of the government's goals around privatisation have been achieved. Investment to enhance some airport related services has occurred and government funds have been released towards other projects. It is also evident that there have been some unintended consequences including impacts to public transport links.

Current regulation has failed to deter monopolistic behaviour by APAM in various aspects of their operations. In particular, their continued drive to make it more difficult and expensive for alternative forms of transport delivering and collecting air travellers from the airport. Despite our attempts to encourage APAM to discuss and consult with us as public transport providers to the airport, they continue to demonstrate a lack of desire to acknowledge us as stakeholders or engage with us on any meaningful level.

One method of ensuring APAM provide fair and adequate access for alternative forms of land transport access in the future, would be for tighter regulatory requirements that return to users such as ourselves, the same level of access as was enjoyed prior to the airport privatisation. Their behaviour to date offers no indication that they have a desire to work in a collaborative manner and why should they when current regulation allows them to do otherwise.

## Background

This submission is from a group of small business owner operators who provide limousine hire car services to predominantly corporate clients within Victoria. Between us we operate 17 hire vehicles, employing over 20 drivers and we have operated in the industry for over 20 years. We handle in excess of 20000 bookings per year and more than 80% of our work relates to airport transfers, so we spend a lot of time delivering clients to meet flights and awaiting their arrival.

In Victoria, with no rail link to Tullamarine airport, taxis, pre-booked taxis and hire vehicles play a significantly more important role in supporting travel requirements to and from the airport than perhaps experienced in other states. Taxis and hire vehicles are regulated by the Victorian Taxi Directorate (VTD) which is part of the Public Transport Division of the Victorian Department of Transport.

Hire vehicles can only operate after being previously booked and they do not have meters; charges are nominally negotiated between the driver and customer although we all operate under our own pre-determined prices for airport transfers. We are not permitted to accept direct hirings from ranks or public areas. The hire vehicle industry directly and indirectly employs thousands of local Victorians and is an integral part of public transport, corporate, conference and tourism industry.

As at 19 October 2010, there were 908 hire vehicle licences in Victoria, 835 of which are based in Melbourne. A one-off fee, currently \$60500, is required for a new hire vehicle licence to operate in the Melbourne metropolitan area. These fees along with our ongoing investment in vehicles, increasing fuel prices, tolls and standard business operating expenses require us to ensure adequate returns. The increasing competition through the issuance of extra licenses, along with increasing costs, has resulted in an industry that is quite price-sensitive. The flow on effect is that we have observed many hire vehicle operators reduce their price to a point where they are effectively undercutting the more easily hired taxis.

## Airport Operations

### Car Parking

Since privatisation of the airport in 1997, it appears that some of the government's goals around privatisation have been achieved. Investment to enhance some airport related services has occurred and government funds have been released towards other projects. There have also been some unintended consequences in relation to land transport links.

Prior to the privatisation of Tullamarine airport in 1997, pre-booked taxis and hire vehicle drivers were provided with free and unhindered access to Melbourne's Tullamarine airport. Hire vehicles along with taxi's shuttle buses and private vehicles were and remain the only means to access the airport given no rail link existed. The sale of the airport to Australian Pacific Airports Corporation PTY

LTD (APAC), (now known as Australia Pacific Airports Melbourne PTY LTD (APAM)) has resulted in large and unexpected impacts on this segment of the public transport industry who continue to service airport travellers through transport to and from the airport.

Over past years, APAM have added thousands of public parking spaces, from 7984 in 2001<sup>1</sup> to 23000<sup>2</sup> in 2010, yet through the same period have failed to provide any increased parking spaces for the pre-booked taxi and hire car industry. This discrepancy was also recently noted by the ACCC<sup>3</sup> who stated that;

*Melbourne Airport appears to have reduced the ability of off-airport parking and private bus operators to compete with the airports own car parking services. For example, the airport appears to impose excessive access levies and controls the available space for those operators. This can lead to increased demand for on-airport parking, which brings about higher prices paid by consumers and allows Melbourne Airport to earn monopoly profits.*

Our small businesses are servicing increasing customer arrivals for major events, conferences etc, an occurrence shared by other forms of transport. As a marketing tool, many airlines also now provide clients with limousine transfers to and from the airport as part of their premium travel offers. Regular hire car users are generally the airlines recurrent, premium travellers and it is imperative that convenient, well located hire car spaces are made available for the airlines frequent flyers and V.I.P's.

APAM provide a premium car park for pre-booked taxis and hire cars with 62 bays into which it is almost impossible to gain access during peak period, as it is always busy. Using this premium area can cost \$9 for 65 minutes, which must be topped up every 30 mins if flights are delayed. The overflow must use the public parking at \$20 for 65 minutes if flights and luggage are also delayed-a significant cost we can't pass onto customers in our price sensitive industry.

The 30 minute parking restriction in the premium area for pre-booked taxi and hire vehicle drivers collecting clients is:

- unworkable due to flight arrivals differing from scheduled arrival times
- creating angst and confusion amongst drivers and travellers
- disadvantaging our business reputations and inconveniencing the airlines clients.

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<sup>1</sup> 2001 APAC Annual Report, page 12

<sup>2</sup> 2010 APAC Annual Report, page 26

<sup>3</sup> Airport Monitoring Report 2009-10 , viii Summary Australian Competition and Consumer Commission

## Hire Vehicle Operating Agreements

APAM introduced requirements for licenced hire vehicle owners to sign agreements<sup>4</sup> related to accessing the airport building and car-parks. Taxis and their drivers are not required to sign these agreements nor pay the applicable fees.

These agreements have evolved over a period of time to documents that seek to remove from licensed hire vehicle operators, rights conveyed through our licence fees that are permitted anywhere else in our licensed operating areas. No other forms of transport to and from the airport including taxis are required to commit to 10 pages of agreement. As these agreements evolve over time, they have included increasingly onerous operating terms and conditions with no consultation opportunities and a complete lack of response to requests for discussion. An example of this is the agreement section relating to customer privacy.

Section 7 (o) of the current Terms and Conditions-Landside Driver Authority states that the Authorised Driver must;

*'on request by any Authorised Person, must produce evidence relating to any pre-booked client to the satisfaction of such Authorised Person by producing a log book with the Customer Information in respect of customer(s) whom the Driver has picked up or dropped off at Melbourne Airport pursuant to the Authority, as well as all other written records under the control of the Driver or his/her employees or representatives relating to those customers including but not limited to diaries, schedules, timetables, notes, electronic records and other materials which record or refer to such bookings. The logbook must be retained for the duration of the Authority specifying all Customer Information and immediately produced to Melbourne Airport upon written or verbal request by Melbourne Airport, its representatives or any Authorised Person.'*

This clause is probably well intentioned and designed to eradicate touting by a very small percentage of the industry. However it does not acknowledge the status and privacy requirements of most hire

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<sup>4</sup> All documents related to APAM's agreements with licensed hire vehicle drivers and cars are hyperlinked below

[Hire Car and Limousine Operators Information & Policy document](#)

[Hire Car Operator Registration Form](#)

[Vehicle Authority Application Form](#)

[Landside Driver Authority Application Form](#)

vehicle customers, who by definition utilise our services in part to preserve their anonymity. This is especially true of entertainment personalities and senior corporate representatives.

Touting is prevalent at many 5 star hotels, MCG, Collins Street and most of Melbourne's major events. However APAM is the only one forcing us to sign such restrictive operational agreements. If touting is evident at the airport it would most probably be because of long taxi queues combined with the public's demand for quick departure. Surely a more effective remedy for touting is a proper enforcement program by the appropriate authority that acts as a deterrent to drivers when they observe penalties being furnished.

Clause 23 (c) of the current Terms and Conditions-Landside Driver Authority also dictates that Authorised Drivers must disclose to their customers, the possibility that their personal information may be passed on to Melbourne Airports. We have discussed this disclosure requirement with many of our customers and most have declined permission to pass on their details if requested by APAM. If the clients choose to protect their personal privacy, APAM's position is we are not to accept their booking, therefore making our businesses unviable.

This is a very heavy handed approach and consequently poor business practice for APAM to take with their stakeholders, especially without appropriate consultation. Our small businesses have driven some of Australia's business and parliamentary leaders, royalty, U.S. generals and senators, international movie stars and sporting celebrities etc, all requiring the highest level of discretion and confidentiality. All hire car operators take their obligation of customer privacy very seriously and we fail to see how alarming customers with threats of potential disclosure of their personal information will be mutually beneficial.

Further, through some of their clauses, the agreements are tantamount to restraint of trade. APAM have been refusing or restricting the issue of further hire car driver ID's and premium car park passes over the past few years. When this matter was discussed with APAM representatives, they stated that there are already 2000 hire car drivers and that was enough. Article 3 of the Terms and conditions of the current Landside Driver Authority states;

*"Each vehicle owned by the company in Section A will be limited to (2) Landside Driver Authorities".*

Professional hire car companies offer a 7 day by 24 hour service which clearly requires more than two drivers to operate each vehicle. This is an unwarranted restraint on our ability to service our client base and clearly prohibits growth for the 'airport transfer' segment of our businesses which as stated previously is up to 80% of our total work.

## **Improving Land Transfer Links**

Increasing air travel numbers through Melbourne Airport will surely require efficient and effective airport land transfer links. To date APAM's behaviour demonstrates a desire to only consider options that improve their own profitability-just what any other commercial organisation would do in similar circumstances and regulatory environment.

The only method of ensuring APAM provide fair and adequate access for public transport and alternative forms of land transport access in the future, would be for changes to regulatory requirements. We believe they should be required to provide public transport should have unlimited and unhindered access to the gateway for Victoria, Melbourne's international airport.

Rod Barton

**Barton Chauffeurs**

Ray Waters

**Specialised Security Transport Pty Ltd**

Ulysses Gimas

**Omega Chauffeur Cars**



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