



HOUSTONKEMP
Economists

Car parking and ground access – market power assessment

A report for Brisbane Airport

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Executive summary

The Australian Competition and Consumer Commission (ACCC) is required to monitor car parking and other ground access services at Sydney, Melbourne, Brisbane and Perth airports. These monitoring arrangements were put in place in light of concern that the airports may be exercising market power in relation to those services.

This report considers whether Brisbane Airport Corporation Pty Limited (BAC) has substantial market power in relation to the provision of either car parking or landside access services (such as access land, pick-up and drop-off points, taxi holding areas, and so on), and whether it has exercised any such power.

In particular, we assess the extent to which BAC:

- has the ability to sustain revenues that exceed significantly the underlying economic cost of its car parking services, with this assessment being undertaken by reference to the competitive constraints faced by BAC from:
 - > off-airport car parking facilities; and
 - > other modes of transport, such as pick-up and drop-off, taxi, rideshare and public transport options; and
- whether BAC has exercised that market power by successfully engaging in at least one of the following forms of conduct, ie:
 - > increasing car parking or landside access charges to levels that exceed the underlying economic cost of providing the relevant services (including the opportunity cost of land);
 - > reducing the quality of its car parking or landside access services without a corresponding reduction in prices; and/or
 - > restricting unduly its competitors' access to the airport.

Our analysis shows that BAC does not have substantial market power in car parking services. Further, there is no evidence that BAC has exercised market power in respect of car parking or landside access services.

BAC does not hold substantial market power in car parking services

Several factors suggest strongly that BAC does not have substantial market power in relation to its car parking arrangements.

First, there are at least four 'off-airport' car parking providers in close proximity to the terminals, and which offer a door-to-door service for passengers. These operators provide an alternative to parking at the airport for people wishing to leave their car for one day or more and they constrain BAC because:

- BAC's Airpark car park offers a very similar service to the off airport parking operators, including that they both uses buses to transport passengers;
- the prices offered by these operators are generally similar to or lower than the prices charged by BAC's long term parking facilities; and
- most offer high quality parking services such as undercover parking, optional extras such as car cleaning or minor mechanical repairs, and convenient online booking arrangements, although there are also some disadvantages of these off-airport alternatives.

Second there are many alternative ways of accessing Brisbane Airport with varying comfort, speed and cost, including free pick up and drop off, public and private buses, taxis, rideshare, and the train. Each service offers particular advantages and disadvantages to different people in different circumstances.

Third, BAC has a strong incentive to maximise total visitor traffic, regardless of how the visitors arrive, given the small proportion of total BAC revenue that parking represents. BAC can therefore be expected to seek to maximise patronage of the airport (and the range of commercial opportunities such visitors present), rather than car parking revenue.

The existence of a range of potential substitute services – many of which are not provided by BAC – is likely to constrain BAC's ability to charge excessive prices for parking, since customers have the ready ability to switch between alternative modes.

On balance, it may be that BAC holds a degree of market power in car parking, on account of the convenience premium associated with car parking options located in close proximity to terminals. However, the evidence set out above suggests it is unlikely that this market power is substantial and enduring.

Market power has not been exercised in car parking services

Several factors suggest that, notwithstanding our finding that BAC does not hold substantial market power, there is no evidence that any form of market power has been exercised.

The ACCC has said that BAC earns high levels of profits from its car parking services. Such measures take no account of a key important element of the economic cost of car parks, being the opportunity cost of the relevant land or other locational attribute. In the absence of such analysis, the ACCC's assessment of the economic costs of car parking is significantly compromised, and the reported profitability of car parking services at Brisbane Airport is overstated.

The evidence suggests that the locational rents at Brisbane Airport are likely to be significant and have recently increased, ie:

- airports are becoming more like small cities with a wide range of services, giving BAC a wide range of alternatives for the land used for car parks;
- the land used for car parks has increased substantially in value over the last four years; and
- the value of locational rents are very substantial in Brisbane CBD, with car parks closer to the centre of the CBD having much higher prices than those further out.

It follows that the prices set by BAC for car parking are likely to be explained to a significant extent by locational rents and convenience premiums. The ACCC's assessment would also benefit from assessing other aspects of opportunity cost (such as return on other capital). As such, there is no evidence that BAC has exercised substantial market power by charging high prices for parking.

The evidence and analysis set out above is also not consistent with BAC exercising substantial market power in the supply of car parking services by other non-price means, ie:

- there is no indication that BAC has restricted capacity to create scarcity rents; and
- there is no evidence that the quality of car parking is below that of a competitive market.

Car parking prices have risen only slightly in real terms over the past five years, which can be explained by increased costs associated with operational and capital expenditure over the period – noting that the capital expenditure required to increase capacity for car parking at Brisbane Airport has been significant. Further, there has been substantial investments in car parking services made by BAC over the last five years.

None of these factors are suggestive of a firm seeking to exercise its market power by charging excessive prices, reducing quality or hindering access. This is unsurprising in light of our earlier observation that BAC is unlikely to possess substantial market power.

No evidence that market power has been exercised in landside access

Access to terminals is an essential component of the services provided at an airport and it is inherent in the physical configuration of its facilities that each airport controls (or has the ability to control) access to its terminals. It follows that BAC is likely to have some market power in the provision of landside access services.

However, the available evidence is not consistent with BAC exercising this market power, given that:

- BAC does not prevent any public or private operators from accessing the airport;
- BAC chooses to locate facilities for a variety of low to no yielding access modes, such as private vehicle pick-up and drop-off and taxi ranks and supporting holding areas on high value land located proximate to terminals. This prioritises the efficient movement of passengers and vehicles over the superior commercial returns that could otherwise be generated from this land;
- to manage peak demand and reduce vehicle congestion for pick-up and drop-off, BAC also provides one hour free parking in its Airpark facilities, prioritising the efficient movement of vehicles over commercial returns that would be otherwise generated in these car parks;
- BAC has introduced a number of new options for landside access in the last few years, including introducing rideshare pick up bays within walking distance of each terminal;
- BAC has continued to invest substantial sums in providing new and improved landside access services. This is reflected in the ratings of quality for landside access as reported by the ACCC. Indeed, in 2016-17, the ACCC stated that all of the ratings for the quality of landside access services and facilities provided by Brisbane Airport were 'good' or 'excellent'; and
- landside access fees have generally only increased gradually over the last five years.

1. Introduction

This report has been prepared for Brisbane Airport Corporation Pty Limited (BAC) to support its participation in the recently commenced Productivity Commission inquiry into the economic regulation of airport services.

Aeronautical services, car parking and ground access services at Brisbane Airport are currently subject to price, financial reporting and quality of service monitoring by the Australian Competition and Consumer Commission (ACCC) under Part VIIA of the *Competition and Consumer Act* (2010). The performance of the airports' regulatory regime has been the subject of two substantial reviews undertaken by the Productivity Commission, in 2007 and 2012, with these reviews following an earlier 2002 Productivity Commission review which recommended the removal of price controls on aeronautical services. The Productivity Commission is currently undertaking a further detailed review of the performance of the regulatory regime for airports, with the final report due to be presented to the government in June 2019.

This report addresses the provision of car parking and ground access services provided at Brisbane Airport from the financial year ended 30 June 2013 onwards. It considers whether BAC has a substantial degree of market power in relation to the provision of both car parking and landside access services (such as access roads, taxi holding area, and so on), and whether it has exercised any such power.

Our report is structured as follows:

- in section two we describe the car parking and other ground access services provided at Brisbane Airport, including trends in the price and quality of those services since 2013;
- section three summarises the key findings of the ACCC's recent monitoring report as it relates to activities at Brisbane Airport;
- section four considers whether BAC has substantial market power in relation to car parking and landside access services;
- in section five we assess whether BAC has an incentive to exercise market power in relation to car parking and ground access services, and whether there is any evidence that suggests it has exercised market power; and
- finally, section six concludes on the existence or use of market power by BAC in car parking and ground access services provided at Brisbane Airport.

2. Car parking and ground access services

Brisbane Airport is situated approximately 15km north east of the Brisbane CBD. It operates 24 hours a day, seven days a week and has two major terminals accommodating 32 airlines flying to 83 domestic and international destinations.¹ It is the largest capital city airport in Australia by land size (2,700 hectares) and the third-largest airport in Australia by passenger numbers, with nearly 22.9 million passengers travelling through the airport in FY17.²

The domestic terminal has routes to 50 destinations with 17.4 million passengers in the year to December 2017, whilst the international terminal has 30 destinations and 5.8 million passengers in the year to December 2017.³

The remainder of this section details the car parking and ground access services available at Brisbane Airport, including:

- the car parking services at Brisbane Airport;
- the usage and investment in Brisbane Airport's car parking facilities;
- the pricing of BAC's car parking facilities;
- the other ground access services at Brisbane Airport; and
- BAC's revenue from car parking and other ground access services.

2.1 Car parking services

Brisbane Airport offers three public car parking locations, ie:

- two multi-level car parks at the domestic terminal;
- a multi-level car park at the international terminal; and
- the open air Airpark facility, which is located separately from the terminals.

A number of car parking services are provided at each location. Specifically, there are currently seven car parking services available at Brisbane Airport, namely:⁴

1. ParkShort, which is located next to both terminals, and allows parking for up to four hours;
2. ParkLong, which is located next to both terminals, and allows parking for more than four hours;
3. ParkValet, which includes a concierge service and is located next to both terminals;
4. ParkPremium, which is the closest self-parking to the domestic terminal;
5. Guaranteed Space, which is located next to the domestic terminal and allows customers to book a specific space online, so that the customer knows the space will be available;
6. Airpark Everyday, which is located at the Airpark facility shown in Figure 2.1, and is accessible from both terminals by a complimentary shuttle bus; and
7. Airpark Undercover, which is also located at the Airpark facility and provides shaded parking.

¹ BAC, *Annual Report 2017*, p 2.

² BAC, *Annual Report 2017*, p 2.

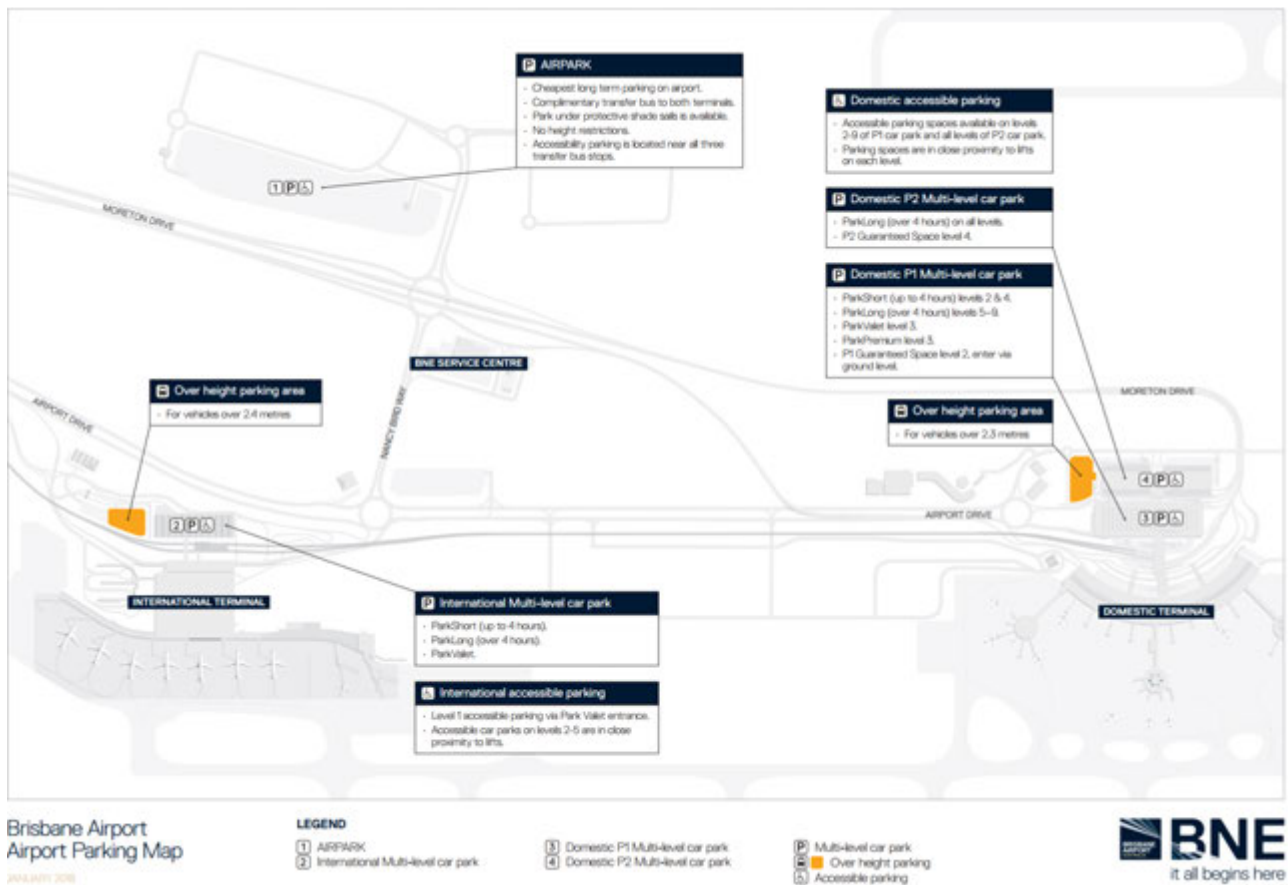
³ Information from BAC, and Brisbane Airport website, <https://bne.com.au/corporate/partner-with-us/aviation-business/passenger-statistics>, accessed 30 April 2018.

⁴ Brisbane Airport website, <https://bne.com.au/passenger/parking/>, accessed 30 April 2018.

There is also a free car park, called the ‘public waiting area’ where 30 minutes of free parking is available. The public waiting area is located next to the P2 ParkLong car park at the domestic terminal.

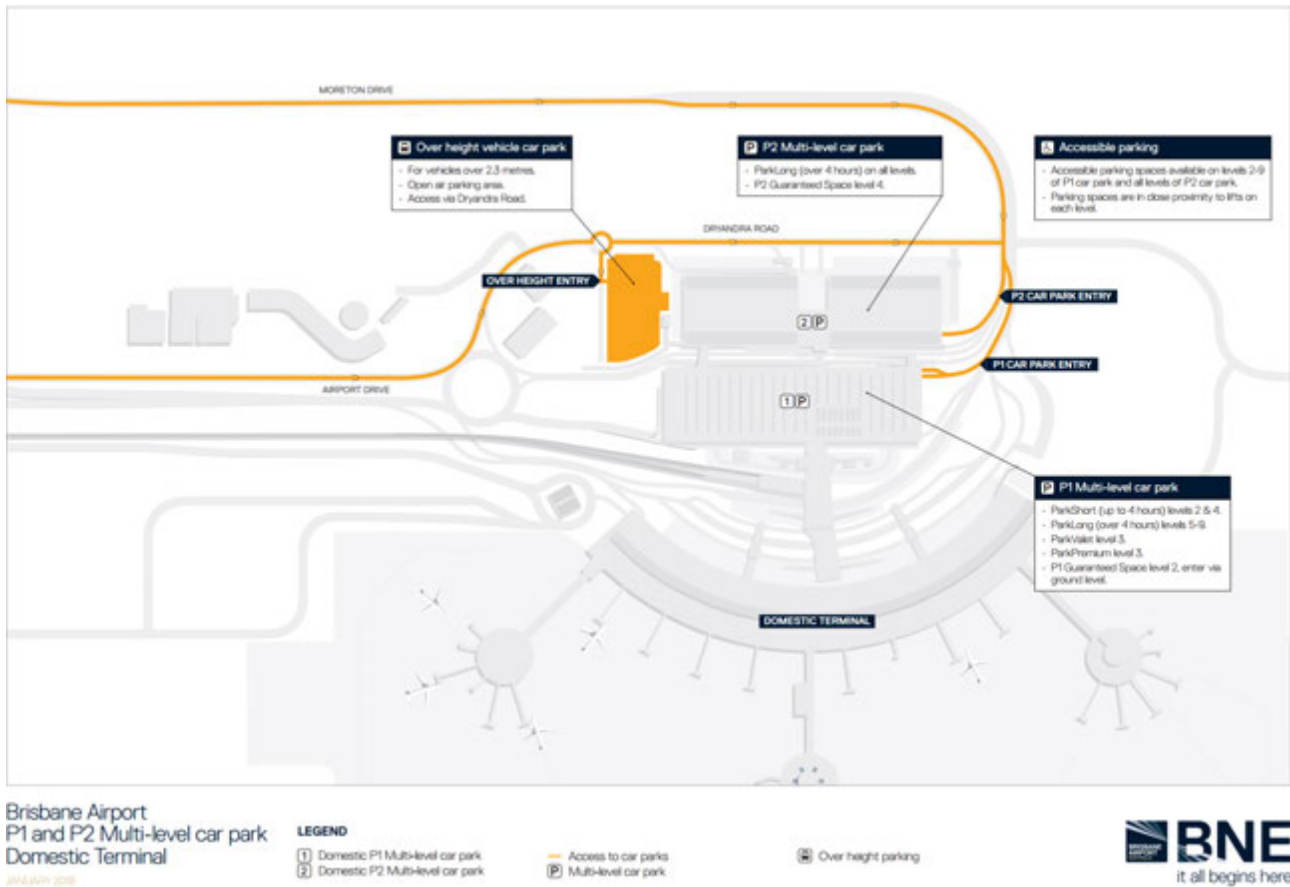
Figure 2.1 depicts the locations of Brisbane Airport’s terminals and car parking facilities, and Figure 2.2 and Figure 2.3 provide the location of the car parking facilities within the domestic and international terminals respectively.

Figure 2.1: Brisbane Airport car parking map



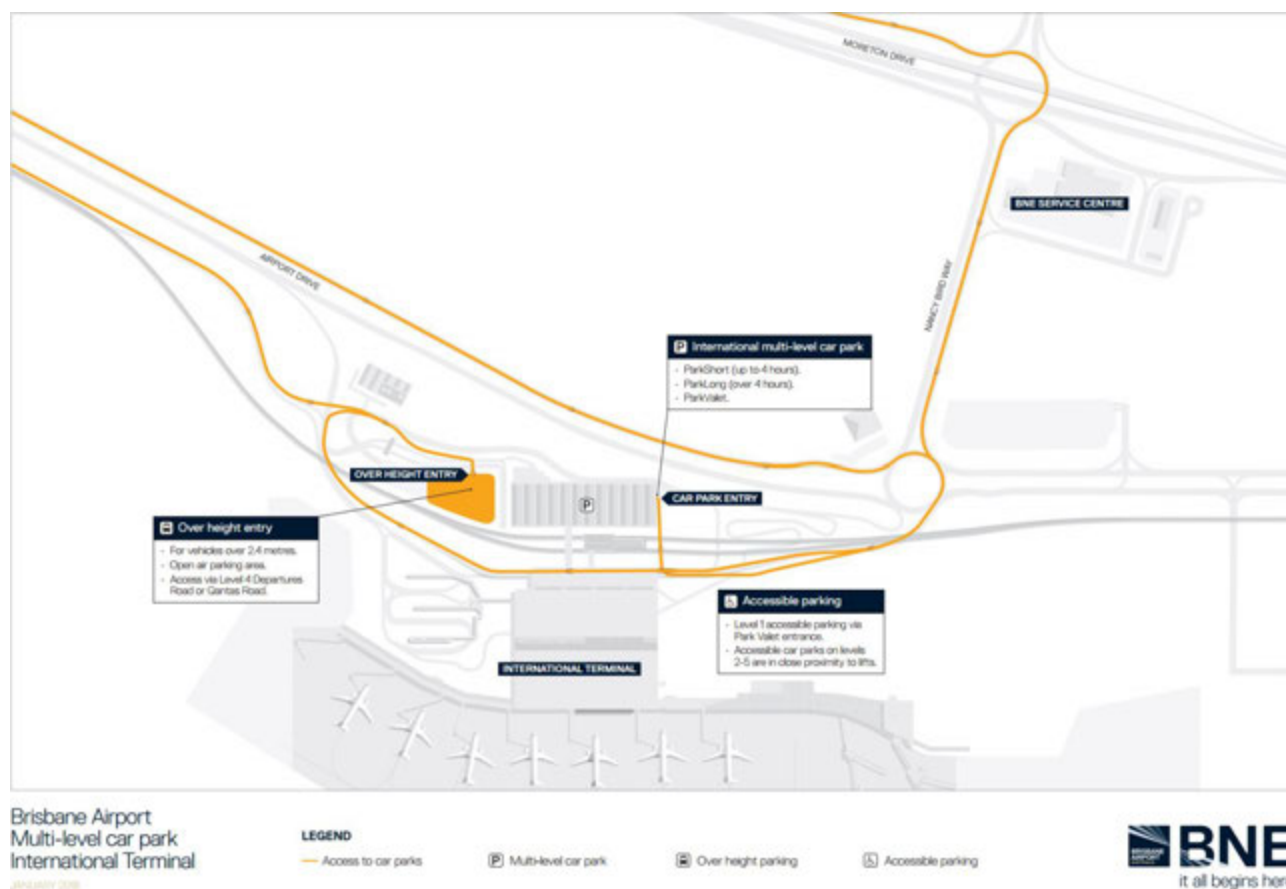
Source: Brisbane Airport website, https://bne.com.au/sites/default/files/docs/Airport-Parking-Options_Map.pdf, accessed 30 April 2018.

Figure 2.2: Car parking facilities located at the domestic terminal



Source: Brisbane Airport website, https://bne.com.au/sites/default/files/docs/Domestic-Terminal-Parking_Map.pdf, accessed 30 April 2018.

Figure 2.3: Car parking facilities located at the international terminal



Source: Brisbane Airport website, https://bne.com.au/sites/default/files/docs/International-Terminal-Parking_Map.pdf, accessed 30 April 2018.

2.2 Capacity and investment in the car parking facilities

The capacity and utilisation of car parking facilities at Brisbane Airport are described below, as well as recent investments made in those facilities.

2.2.1 Expectations for car parking at Brisbane Airport

A critical characteristic of demand for airport parking is that passengers and other visitors at Brisbane Airport generally expect car parking to be available onsite at any time. Passengers accessing the car park may also be time sensitive and may not have factored in a long wait for a car park in planning to catch their flight. BAC must therefore ensure its car park capacity is able to meet peak demand on the busiest days of the year, without heavy congestion at busy times. This does not suggest that airport car parks never become congested, but rather that BAC is likely to be more mindful of capacity than would a commercial car park operator in, for example, a city's central business district (CBD).⁵

Maintaining sufficient capacity to meet consumer expectations imposes a high opportunity cost of intermittent usage, since average utilisation must be well below peak demand to accommodate this level of service

⁵ Car park operators generally aim for their car parks to be less than full, but an operator with a car park in the CBD is likely to be less concerned about reaching capacity than an airport because customers at a CBD car park can go to a nearby alternative car park, but there are generally no car parks within walking distance of the airport.

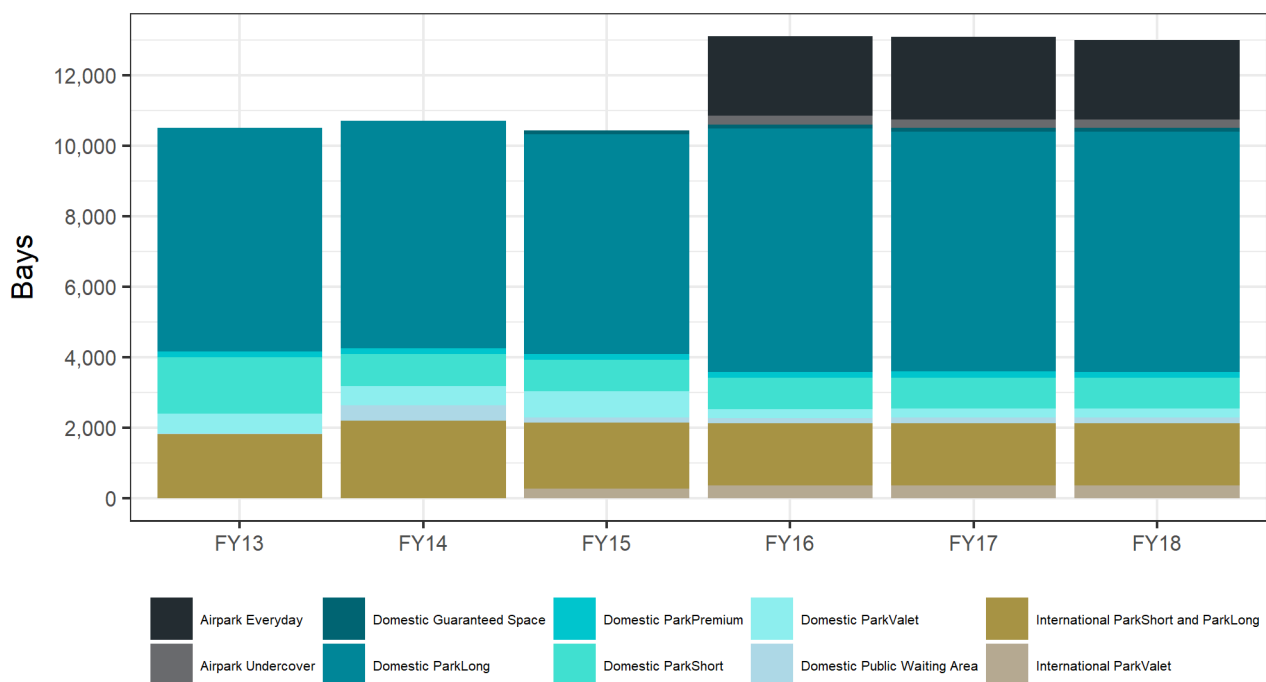
availability. Put differently, capacity must significantly exceed average use. As noted, this form of service ‘requirement’ is unlikely to be shared to the same extent by off-airport or CBD car parks.

2.2.2 Capacity of BAC’s parking facilities

BAC can accommodate 12,998 public vehicles across its parking facilities at any one time (see figure 2.4).⁶ In addition, BAC provides parking bays for staff, car rental companies, storage for valet parking, and public car parking at a shopping centre that is located at the airport.⁷

The capacity of Brisbane Airport’s public car parking facilities is set out at in figure 2.4 below.

Figure 2.4: Number of car parking bays at public car parks at Brisbane Airport, FY17



Source: Information provided by BAC.

Over the period from FY13 to FY18, the total number of spaces across Brisbane Airport’s public car parks has increased by 24 per cent, primarily a result of the introduction of the Airpark option in FY16.

Figure 2.4 also highlights that the domestic terminal has the greatest number of car parks, with majority allocated to long-term parking.

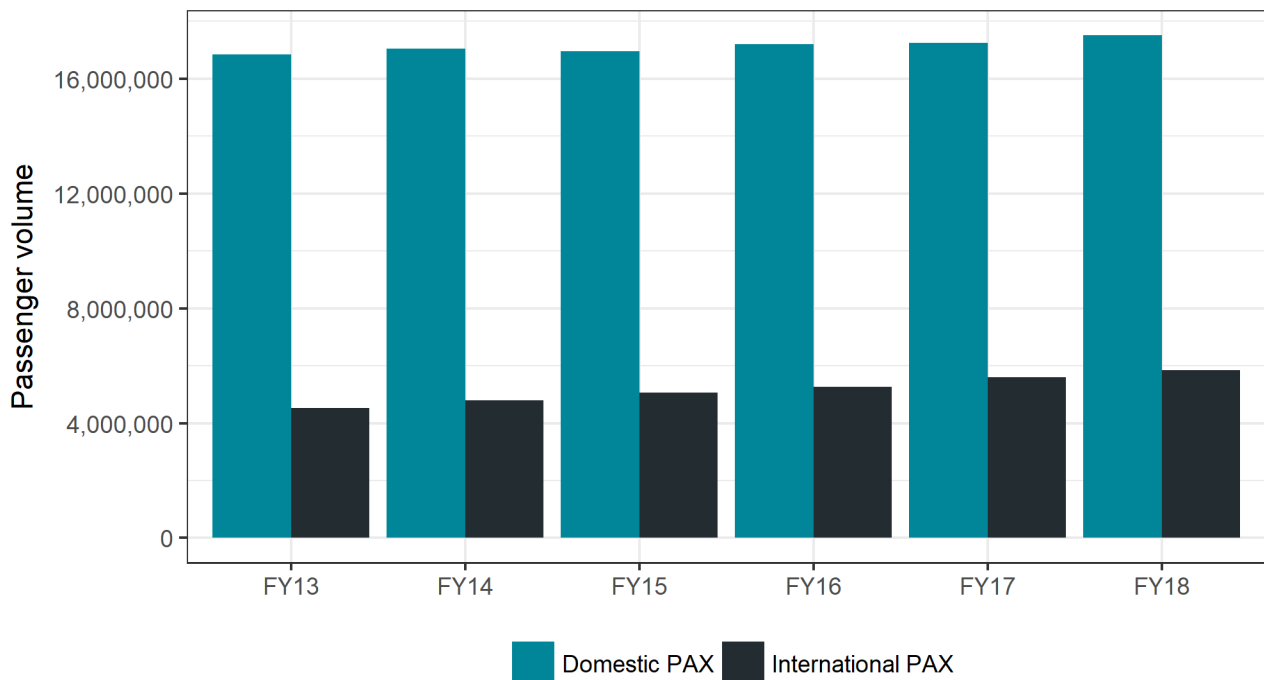
2.2.3 Volume of car parks used

The number of passengers using Brisbane Airport has gradually increased over the last six years as illustrated in Figure 2.5 below. Specifically, from FY13 to FY18, the number of domestic and international passengers has increased by approximately 4 per cent and 29 per cent respectively.

⁶ Note, this figure excludes the 25 car parks available at the Domestic car wash, the 34 public pickup bays at the international terminal and the 117 Uber bays available at Airpark.

⁷ These additional car parking facilities are excluded from our capacity analysis.

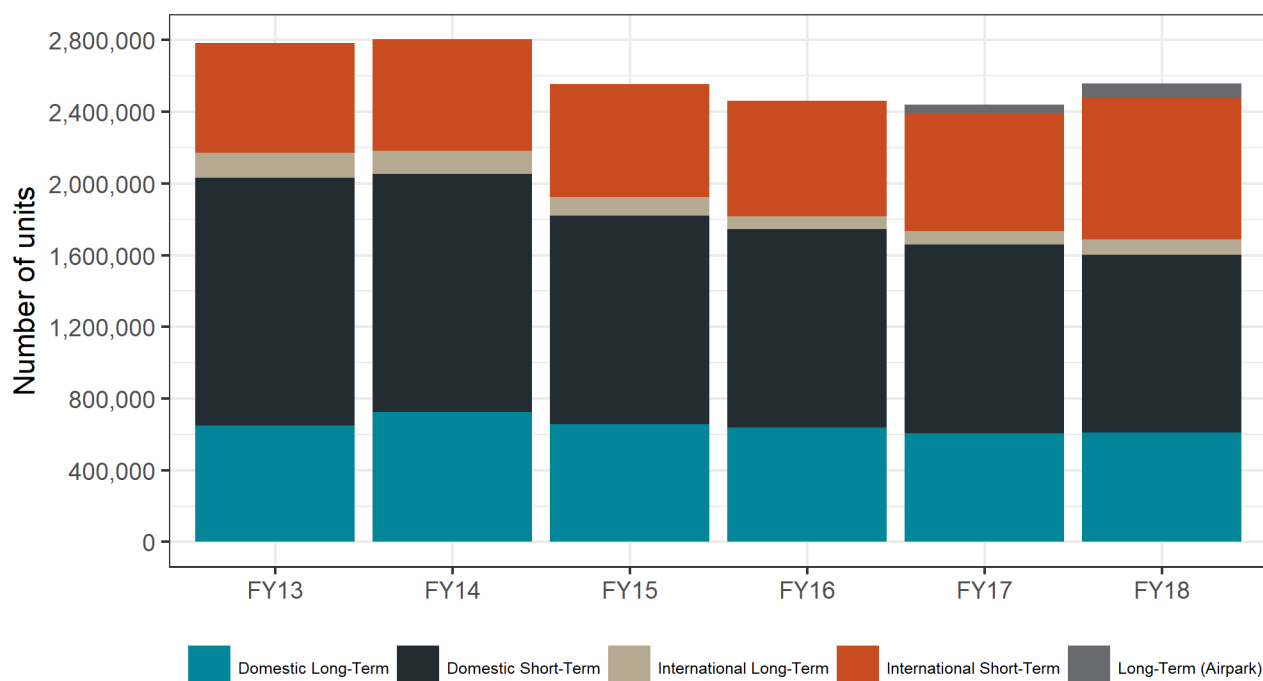
Figure 2.5: Number of passengers using Brisbane airport



Source: Information provided by BAC. Notes: International PAX includes infants and excludes domestic-on-carriage.

Comparatively, the volume of car parks purchased at Brisbane Airport has generally declined over the last six years – see Figure 2.6 below. In other words, more people are using the airport than five years ago, but fewer people are paying for parking in total, particularly in relation to domestic short-term parking.

Figure 2.6: Public paid users car parking volumes



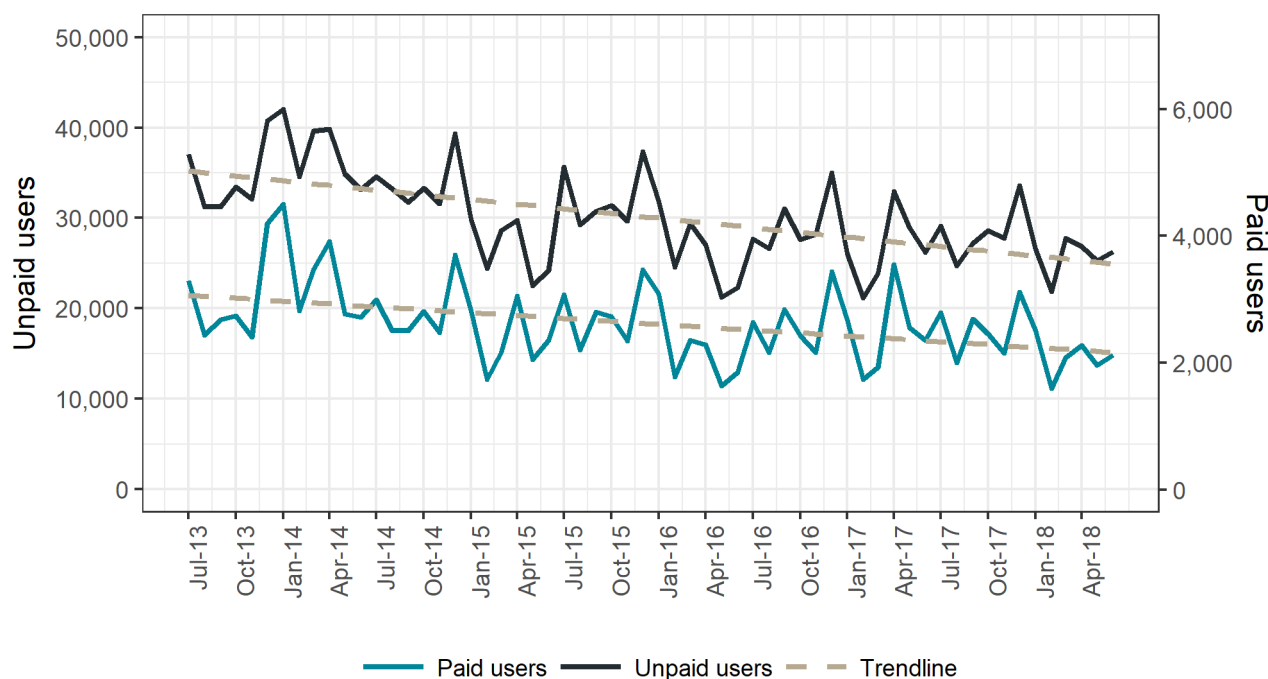
Source: Information provided by BAC.

The main cause of the reduction in paid parking has been the reduction in the number of paid users of the domestic short-term car park. In addition, the number of paid users of the international long-term car park has also declined, however part of this decline can likely be attributed to customers switching to the cheaper Airpark facility following its introduction in FY16.

The decline in the number of users of the short-term domestic car park in combination with the increase in the number of domestic passengers implies that passengers are either switching to other modes of transport or are being dropped off and picked up without using a paid parking service.

However, the number of unpaid visits to the public waiting area at the domestic terminal has also declined slightly over the last few years – see figure 2.7. This indicates that the shift away from domestic paid parking is not due to the price of parking, because if that were the case then the use of the free car park would presumably have increased. Rather, this information is consistent with a fall in the demand for parking as a whole.

Figure 2.7: Number of visits to the public waiting area at the domestic terminal



Source: Information provided by BAC. Notes: Graph depicts unpaid users and paid users of the public waiting area, which offers 30 minute free parking.

2.2.4 Occupancy

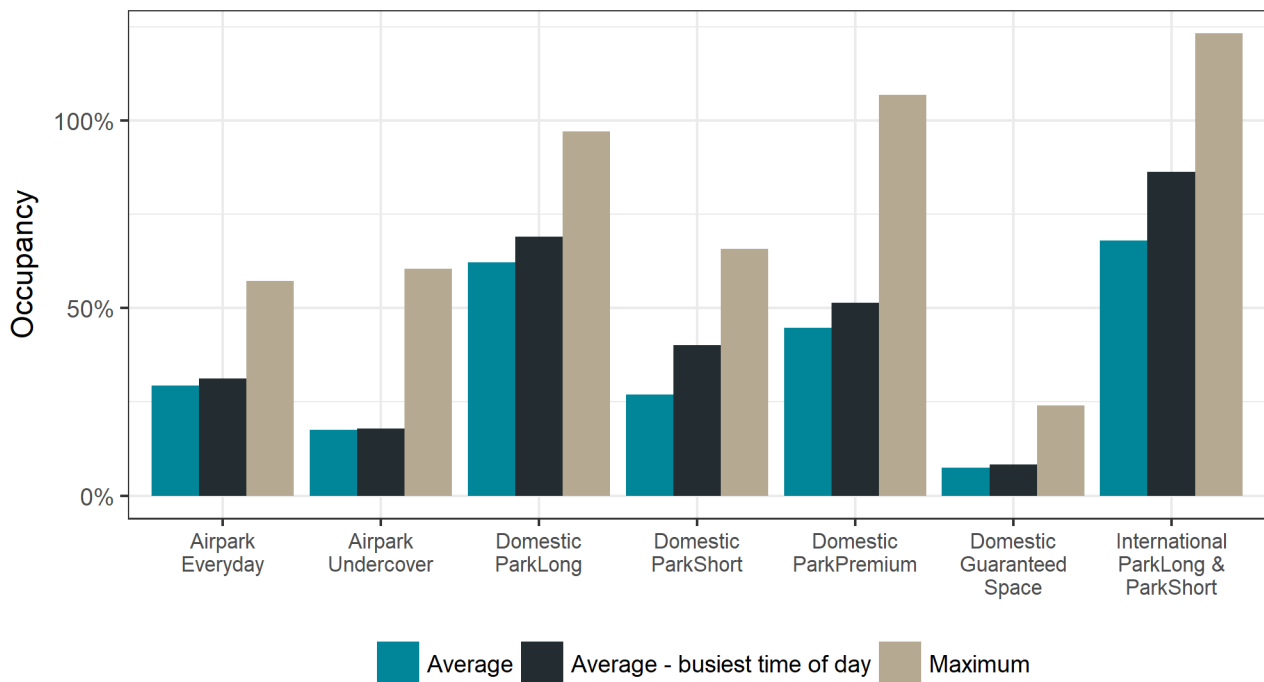
Figure 2.8 below shows average occupancy and average peak occupancy in FY17.⁸ These data show that average occupancy for most car parks is very low, with the average occupancy at the busiest part of the day 43 per cent.⁹ In other words, most of the car parks have a significant number of unused bays at the busiest times of the day. The average occupancy for across the day is much lower – that is, the car parks have a large number of unused bays for substantial periods. This is necessary in order to minimise congestion at the busiest times, especially for short term car parks that are not used much overnight.

The maximum occupancy for Domestic ParkPremium and International ParkLong & ParkShort exceeds capacity in part because occupancy measures how many cars are parked per hour, and multiple short term users can park in the same space during the same one hour period. In addition, valet vehicles are stored in holding yards in Brisbane Airport's International ParkLong & ParkShort facilities, which has in part resulted in maximum occupancy exceeding capacity at this parking facility.

⁸ We note that the averages in the graph refer to the average of the hourly average occupancy during FY17.

⁹ Calculated as the average of the average occupancy at the busiest time of day for each car park included in Figure 2.8.

Figure 2.8: Average occupancy of Brisbane Airport's car parks in FY17

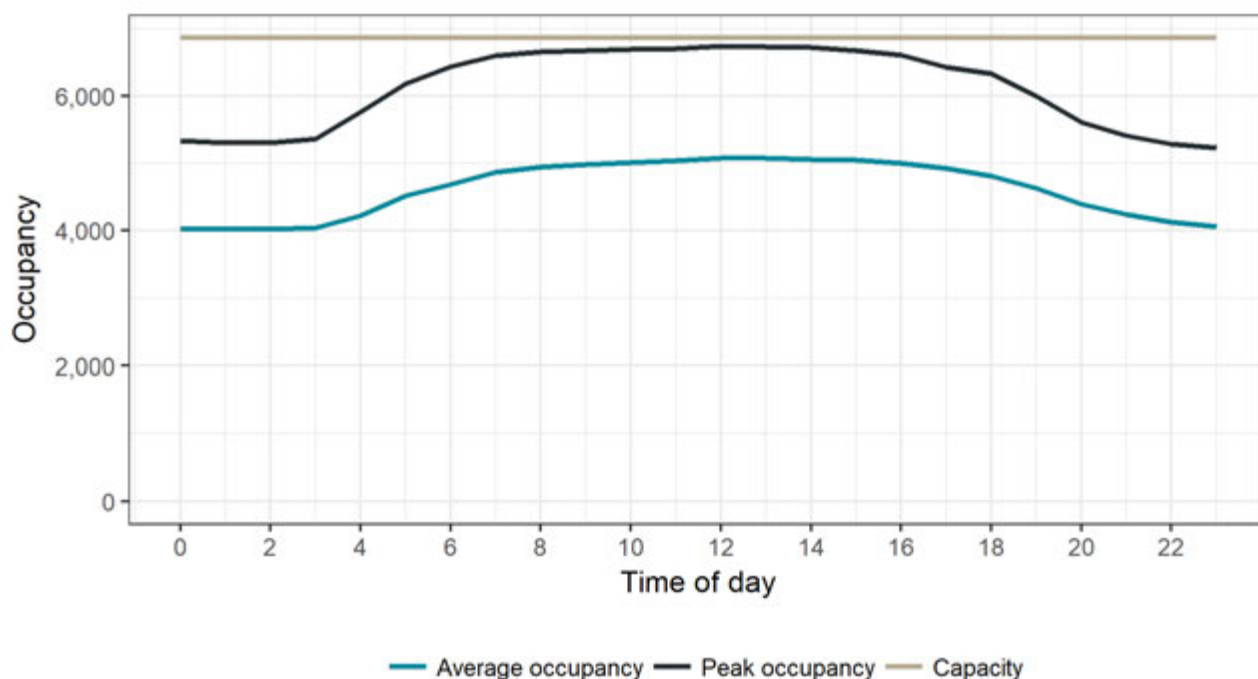


Source: Information provided by BAC. Notes: (1) Occupancy refers to the number of vehicles in a car park as a percentage of capacity. (2) Average occupancy at busiest time of day refers to the average level of occupancy over FY17 for the hour of the day that has the highest average occupancy. (3) The averages depicted in the graph refer to the average of the hourly average occupancy during FY17.

Despite the relatively low rates of occupancy, BAC has continued to invest in additional car parking capacity to ensure it can meet future peak demand. These investments are detailed in section 2.2.5.

In terms of the occupancy throughout the day, figure 2.9 below shows that the long term domestic car park is usually busiest at around 1 pm. Other car parks have different peak times, as shown in appendix A3.

Figure 2.9: Occupancy of the long term domestic car park throughout the day in FY18



Source: Information provided by BAC. Notes: Occupancy refers to the maximum number of vehicles in bays per hour.

2.2.5 Recent and planned investments in car parking services by Brisbane Airport

BAC's recent capital upgrades to its car parking facilities are set out in table 2.1 below. As indicated in Table 2.1, BAC has recently undertaken major investments, such as completing the Airpark facility in FY16 giving customers the opportunity to park at much reduced prices.

Table 2.1: Recently completed major investments in car parking facilities

Year project finished	Description of project	Cost of project
2016	Airpark, upgrade remote car park with bussing to the terminal	\$31.1 million
2016	Refurbishment of park premium, domestic park valet and the car park control room	\$1.3 million
2016	Upgrade to the online booking platform	\$0.1 million
2016	Upgrade to the electronic fee collection system	\$0.1 million
2017	International valet upgrade to meet capacity demands	\$0.3 million
2017	Upgrade parking guidance system at domestic car parks	\$0.3 million
2017	New valet management system	\$0.3 million
2017	Digital entrance display screens installed in car parks	\$0.3 million

Source: Information provided by BAC.

BAC expects to undertake large investments in car parking facilities at Brisbane Airport in the next couple of years, including major new car parking facilities at both the domestic and international terminals – see table 2.2 below.

Table 2.2: Expected major investments in car parking facilities over the next couple of years

Year project expected	Description of project	Cost of project
2018	Electric bus charging facility for all the landside bus services, staff, Airpark and terminal transfer bussing	\$3.4 million
2018/19	Equipment and system upgrades	\$2.0 million
2018/19	Signage upgrades	\$0.5 million
2018/19	Staff parking stage 3	\$15.3 million
2019/20	P2 International car park	\$99.7 million
2020/21	P3, another 9 level public car park at the domestic terminal	\$170.0 million

Source: Information provided by BAC. Notes: Future project costs are forecast as at 28 August 2018 and are subject to change.

As discussed above, BAC has and plans to continue to make substantial capital investment in car parking facilities at Brisbane Airport (including providing cheaper options for customers). BAC has made these investments despite significant capacity in all but the busiest periods and declining volume of car parking sales. Therefore, in our opinion, BAC is not underinvesting in car parking facilities.

2.3 Pricing of BAC's parking facilities

Visitors to Brisbane Airport can pay for parking by either paying on departure from the airport or when booking online. Parking users that book online in advance typically pay reduced rates, with rates varying over time based on demand and capacity. Approximately 24 per cent of all paid car parks were booked online in FY18, and this has increased over time.¹⁰ Further, excluding ParkShort, which largely attracts drive up customers, approximately 51 per cent of car parks were booked online in FY18.

BAC parking charges are levied on either an hourly or daily (24 hour) basis and vary by car park. The drive up prices for parking at Brisbane Airport over the last five years are set out in appendix A1, with the drive up prices for domestic and international ParkShort and ParkLong in real terms illustrated below.

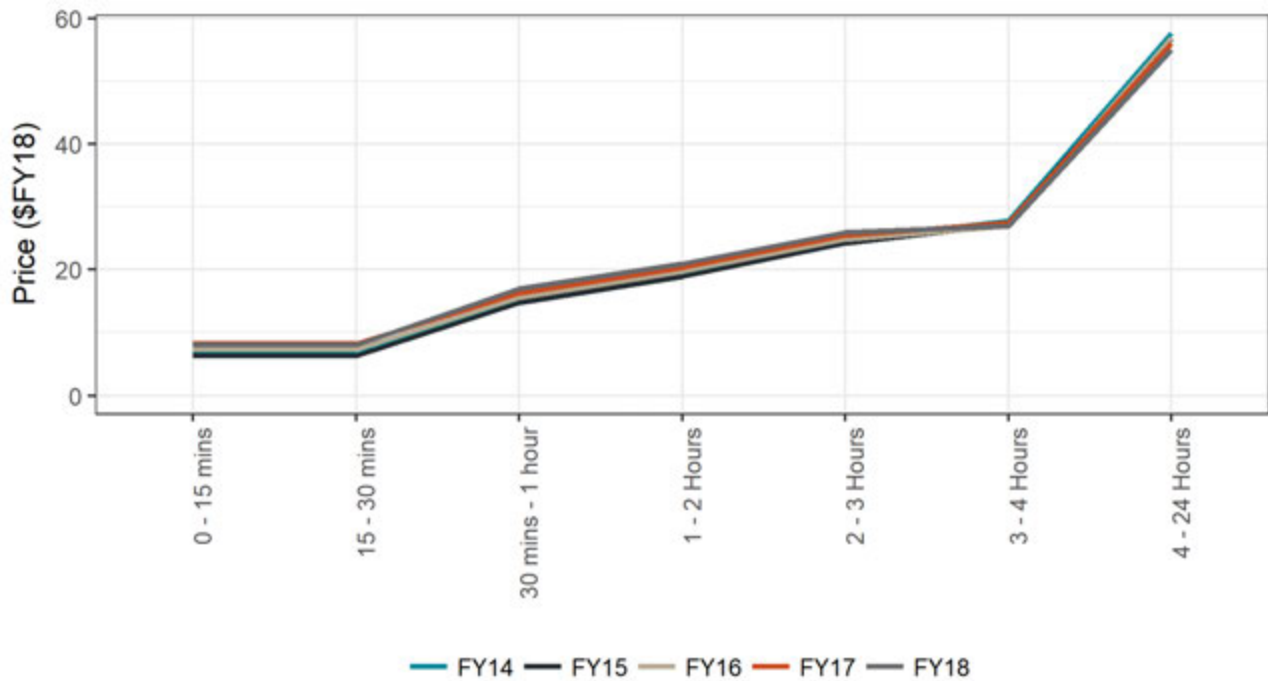
The real price of the domestic ParkShort car park in is displayed at figure 2.10. As depicted by figure 2.10, the price of domestic ParkShort:

- increases with the length of stay, especially after four hours at which point customers can use the long term car park; and
- has changed very little in real terms over the past few years in terms of level or structure – indeed, the annual average growth rate across all time periods in real prices from FY14 to FY18 is 2.4 per cent.¹¹

¹⁰ Information provided by BAC.

¹¹ Calculated by estimating the annual growth rate for each time period for each duration of stay, and then taking the average across this duration of stay and time period pairs.

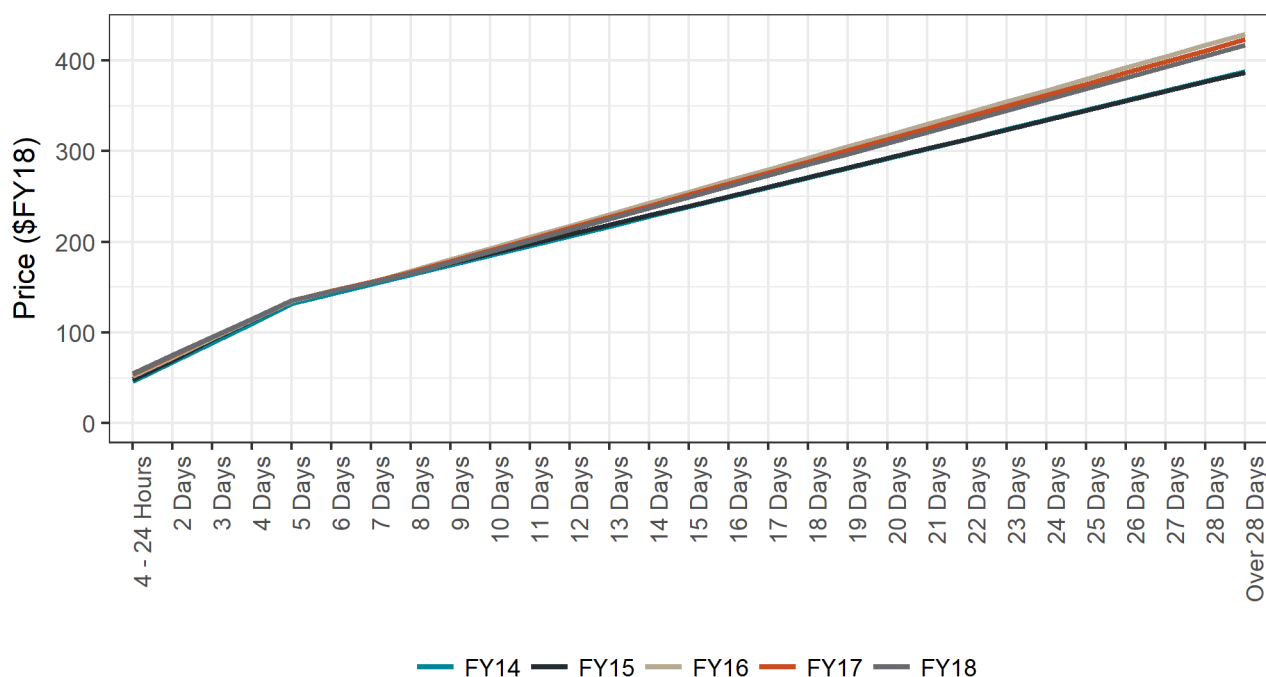
Figure 2.10: Drive up prices for parking at the domestic ParkShort car park



Source: Information provided by BAC; and ABS, 6401.0 Consumer Price Index, Australia.

Figure 2.11 shows that real prices at the domestic ParkLong car park have increased slightly over the past five years. For example, the annual average growth rate for parking for 10 days in real terms over FY14 to FY18 was 0.6 per cent.

Figure 2.11: Drive up prices for parking at the domestic ParkLong car park



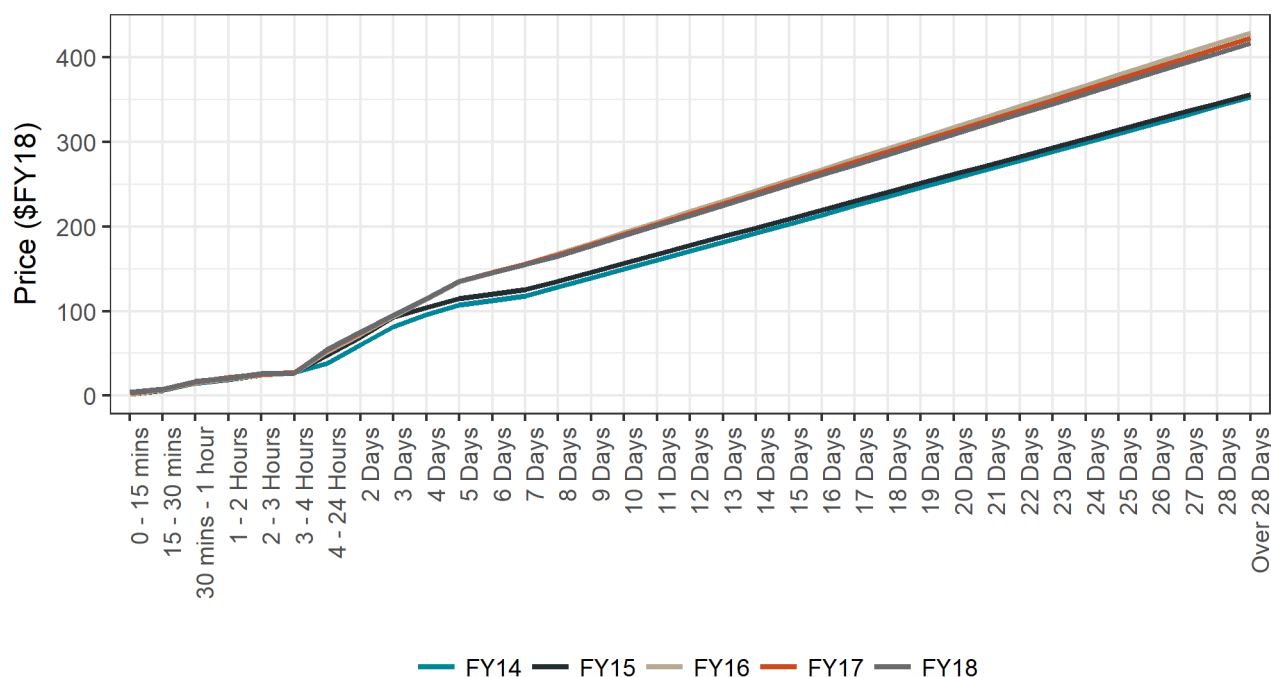
Source: Information provided by BAC; and ABS, 6401.0 Consumer Price Index, Australia.

Figure 2.12 illustrates that the drive up prices in real terms for parking for more than four days at the international terminal increased after FY15 and have subsequently remained relatively unchanged. For example, the annual average growth rate of parking prices in real terms for parking for a duration of 14 days was 5.8 per cent over the period from FY14 to FY18.

The price increase in long term parking reflects the increased demand for parking at the international terminal, as a result of the rise in passenger numbers – as previously stated, the number of international passengers has increased by approximately 29 per cent from FY13 to FY18 (see figure 2.5). Despite the price increase, the international terminal car park remains close to or exceeding capacity (see figure 2.8). Consequently, BAC is building a new multi-level car park that is expected to be completed by March 2020.

In contrast to the long term parking prices, the prices of short term parking at the international terminal have not changed substantially over the past five years in real terms. For example, the annual average growth rate of parking prices in real terms for parking for a duration of between two to three hours was 1.4 per cent over the period from FY14 to FY18.

Figure 2.12: Drive up prices for parking at the international terminal (ParkShort and ParkLong)



Source: Information provided by BAC; and ABS, 6401.0 Consumer Price Index, Australia.

2.4 Other ground access services

BAC needs to offer access to its terminals by means of land access for private vehicles dropping or collecting passengers, taxis, rideshare, charter vehicles and buses. Landside infrastructure facilities include:

- terminal access roads;
- train station;
- areas for hire car operators;
- taxi, rideshare, charter vehicle, commercial vehicle and bus zones;
- covered walkways and lighting in landside areas;
- electronic tolling fee collection points;
- rental car wash facilities; and
- ground transport zones.

In addition, Brisbane Airport's international terminal has a free passenger drop-off zone, a free passenger pick-up zone and 34 spaces that allow 10 minutes free parking.¹² Similarly, the domestic terminal has a free 230 metre zone for picking-up and dropping-off passengers, with the zone including four disabled bays.¹³ Brisbane Airport also operates a free inter-terminal bus service between the domestic and international terminal.¹⁴

¹² ACCC, *Airport Monitoring Report, 2016-17*, p 79; and information provided by BAC.

¹³ ACCC, *Airport Monitoring Report, 2016-17*, p 79.

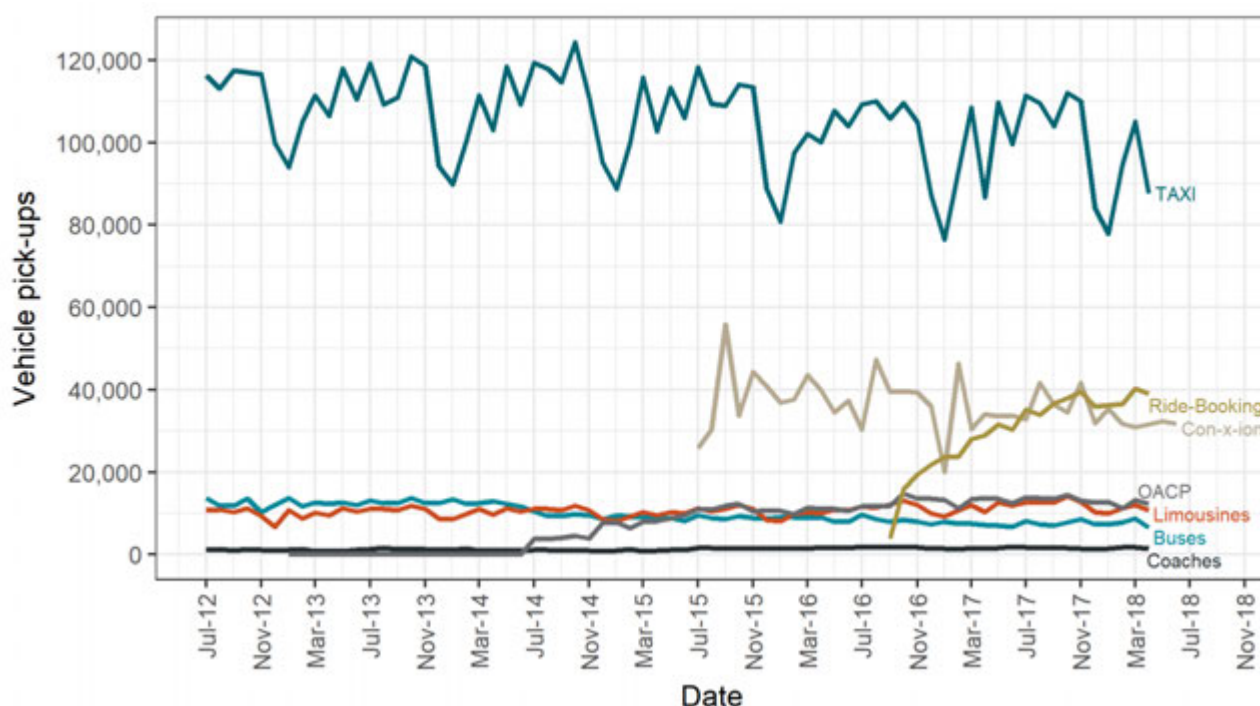
¹⁴ ACCC, *Airport Monitoring Report, 2016-17*, p 79.

Through these facilities, visitors to Brisbane Airport have many options for travelling to the airport, including (as at August 2018, although not necessarily exhaustive) shuttle services, buses, trains, taxis, rideshare, charter vehicles, pick-up and drop-off, off-site parking and car rental. In order to manage peak demand and reduce vehicle congestion for pick-up and drop-off, BAC also provides one hour free parking in its Airpark Everyday facilities, prioritising the efficient movement of vehicles over commercial returns that would be otherwise generated in these car parks.

Most forms of ground access have exhibited relatively constant levels of usage over the last five years, with the most substantial changes being an increase in the use of ride-share – see Figure 2.13 below.

The fall in the use of car parking (as described in section 2.2.3) does not appear to be matched with an increase in any other mode of transport – although rideshare usage has increased over the last five years, BAC's car parking volumes were already in decline prior to the introduction of ride-share (see figure 2.6).¹⁵ The observation that other modes of transport have not been growing whilst the usage parking was falling indicates that passengers are likely to be making more use of drop-off zones, whose use is not measured.

Figure 2.13: Number of times various methods of transport were used to access Brisbane Airport



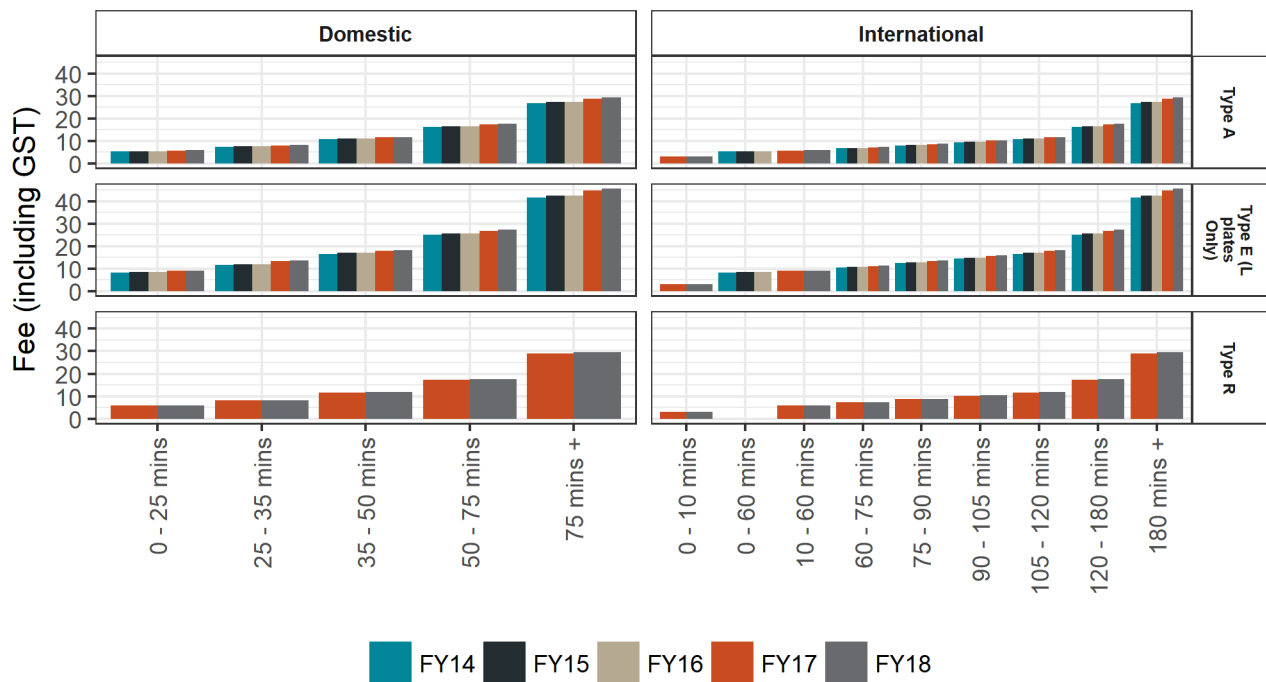
Source: Information provided by BAC. Notes: (1) All values represent the number of vehicle pick-ups. (2) Off airport car parking (OACP) represents the number of vehicles operated by off airport car park companies. (3) Con-x-ion provides airport shuttle buses. Data only available between July 2015 and June 2018. (4) Information on the use of the train was not available.

BAC levies landside access fees on some vehicles that enter the airport precinct, with these covering the costs that BAC incurs in providing, operating and maintaining the access facilities, such as kerbside management, covered waiting areas and taxi queuing areas.

Landside access fees increase with time spent at the airport, and they tend to be higher for vehicles that carry more passengers. For example, figure 2.14 illustrates that the fee for a type A pre-booked taxi (that holds up to four people) at the domestic airport was \$5.89 for up to 25 minutes in FY18. By contrast, figure 2.15 shows that the fee for a type B bus (that holds up to 11 people) at the domestic airport was \$9.13 for up to 30 minutes in FY18.

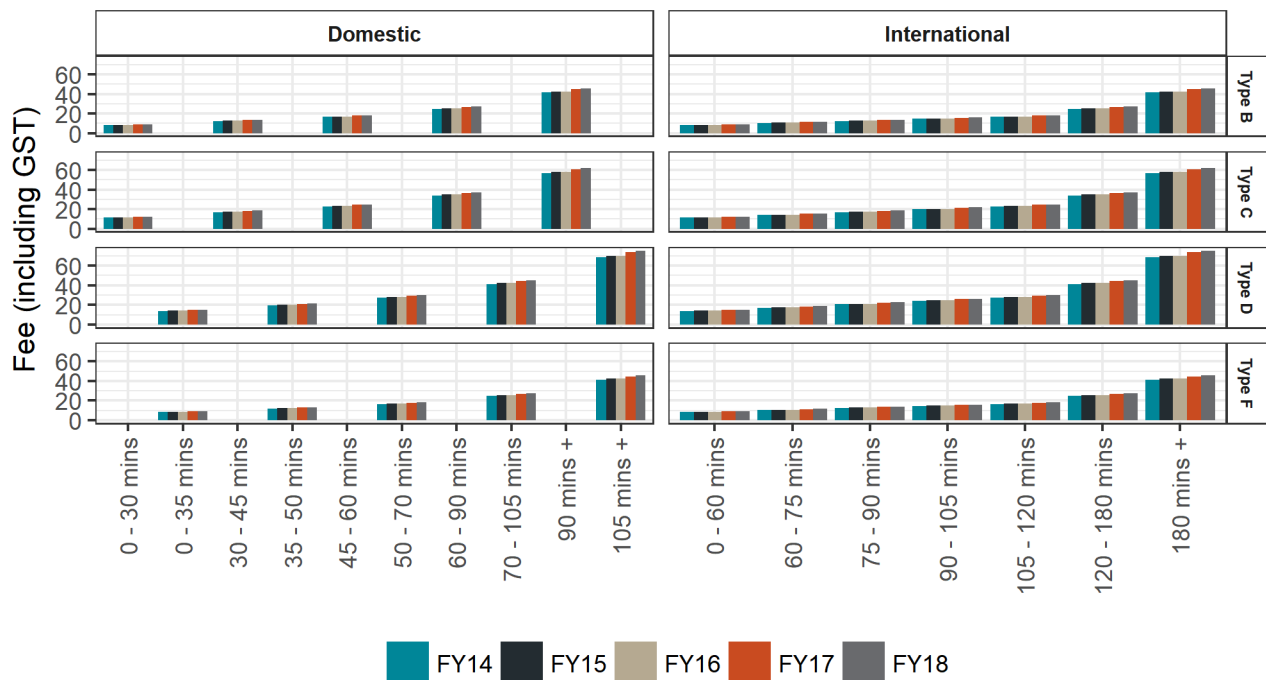
¹⁵ We note that there may have been some ride-share before it was recorded by BAC.

Figure 2.14: Limousines/Pre Booked Taxi/Sedans ground transport access fees



Source: Information provided by BAC. Notes: (1) All prices are in nominal terms. (2) Vehicle categories are as follows: Type A = Limo, pre-booked taxis (including Maxi Taxi), other sedan vehicles, all with capacity for 1-4 passengers; Type E (L plates only) = vehicle registered as a Limousine and displaying a "L" registration Plate capable of carrying 5 or more passengers; and Type R = rideshare, pre-booked, with capacity for 1-6 passengers.

Figure 2.15: Buses and coaches ground transport access fees

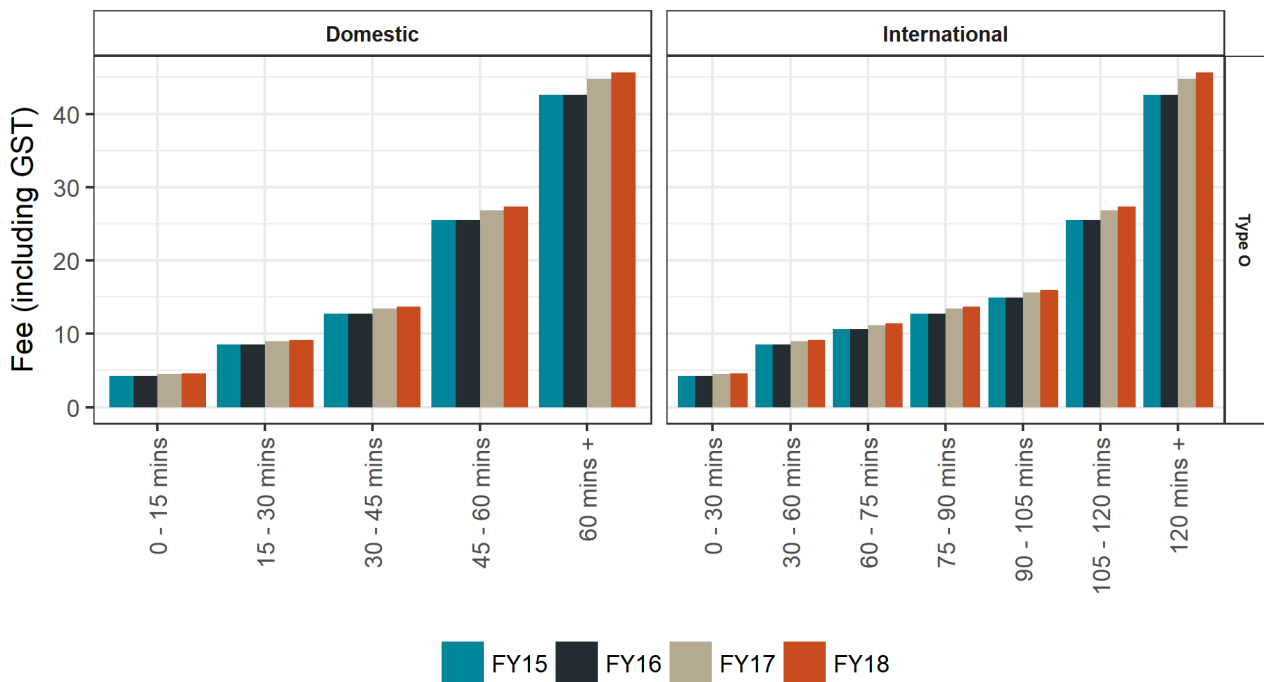


Source: Information provided by BAC. Notes: (1) All prices are in nominal terms. (2) Vehicle categories are as follows: Type B = Mini bus with capacity for 5-11 passengers; Type C = Bus with capacity for 12-28 passengers; Type D = Coach with capacity for 29+ passengers; and Type F = BAC approved luggage truck accompanying another vehicle for the purpose of carrying luggage only.

Figures 2.14 and 2.15 also show that landside access fees have increased gradually over time. For example, the annual average increase in the domestic landside access fees for type A limousines/pre booked taxi/sedans between FY14 and FY18 was approximately 2.4 per cent for all lengths of stays. Similarly, the annual average increase in international landside access fees for type B buses between FY14 and FY18 was also approximately 2.4 per cent for all lengths of stays.

BAC charges off airport car parking operators for access to the terminals (see figure 2.16). However, these fees are almost identical to those paid by other vehicles that carry the same number of passengers, ie, type B buses (see figure 2.15).

Figure 2.16: Off Airport Car Parking/ Off Airport Car Rentals ground transport access fees



Source: information provided by BAC. Notes: (1) All prices are in nominal terms. (2) Vehicle categories are as follows: Type O = BAC approved high volume courtesy vehicles for off-airport car parking companies and off-airport rental companies, with capacity for 5-11 passengers.

2.4.1 Recent and planned investment in maintaining ground access

Over the past five years, BAC has made significant investments to improve the ground access services it offers – see table 2.3 below. For example, BAC implemented the taxi short fare system in 2015 in response to feedback from taxi driver around the frustration of waiting to get a fare and it being only a short ride. This system gives priority to taxis that have previously had only a short fare and was updated in 2017 to improve accuracy through further integration into the taxi GPA data.

Table 2.3: Recent investments in ground access

Year project finished	Description of project	Cost of project
2014	Short fare taxi system	\$0.5 million
2015	Upgrade to the taxi short fare system	\$0.2 million
2016	Weather protection for domestic terminal face roads	\$2.0 million
2016	CPA taxi facility shade sail upgrade	\$1.6 million
2017	International terminal express public pick up area development	\$1.8 million
2017	Resurface all rental car wash bays	\$0.5 million
2017	GTO area at International terminal upgrade	\$0.3 million

Source: Information provided by BAC.

In addition, there are some significant planned investments are in the pipeline at Brisbane airport – see table 2.4 below. For example, BAC provides facilities for the ground transport operators with parking areas to wait that include flight boards, a canteen, vending machines, toilet facilities and table and chairs.¹⁶ BAC endeavours to regularly upgrade these facilities to meet capacity demands and integrate the latest technology. BAC recently received a complaint in relation to the toilet facilities and in response BAC has undertaken a project to upgrade those facilities at a cost of \$93,000.¹⁷

Table 2.4: Expected ground access capital investment in 2018

Year project finished	Description of project	Cost of project
2018	GTO toilet facilities upgrade	\$0.1 million
2018	GTO area roof replacement	\$0.1 million
2018	Domestic terminal taxi touch screens	\$0.03 million
2018	Rental car damage camera system installation at both international and domestic car parks	\$0.5 million
2018	Car rental yard overflow and storage yards, hardstand parking	\$1.0 million
2018	Rideshare waiting facility	\$0.1 million

Source: Information provided by BAC.

2.5 Revenue from car parking and ground access

We set out BAC's revenue in relation to car parking and landside access services below.

2.5.1 Car parking

Car parking revenue has increased by approximately 27 per cent in real terms over the past six years (see figure 2.17 below). The increase in revenue reflects the price increases set out in section 2.3 offsetting the fall in the number of people paying for parking – as described in section 2.2.

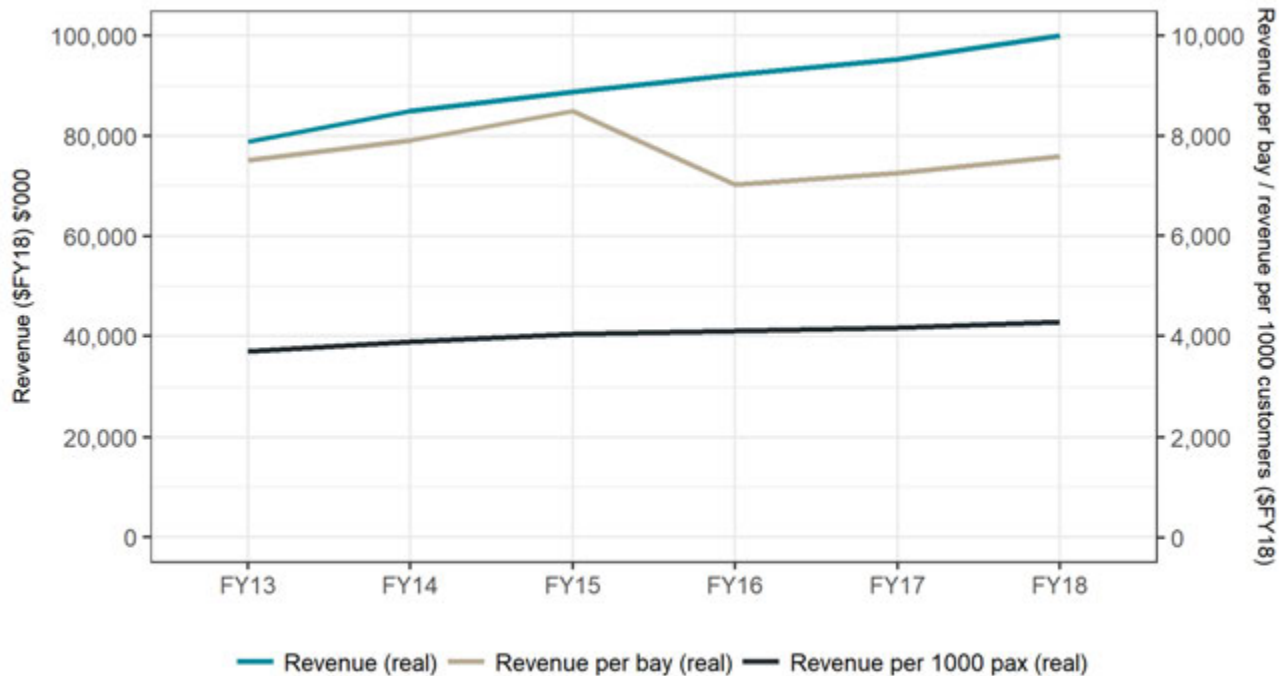
However, in terms of revenue per car park, Brisbane airport is earning similar revenues in real terms per car park in FY18 as compared to FY13 (see figure 2.17), following a sustainable fall in real revenue per bay

¹⁶ Information provided by BAC.

¹⁷ Information provided by BAC.

between FY15 and FY16. BAC's substantial investment in new capacity has resulted in this lack of growth in revenue per car park between FY13 and FY18.

Figure 2.17: Car parking revenue at Brisbane airport



Source: Information provided by BAC; and ABS, 6401.0 Consumer Price Index, Australia.

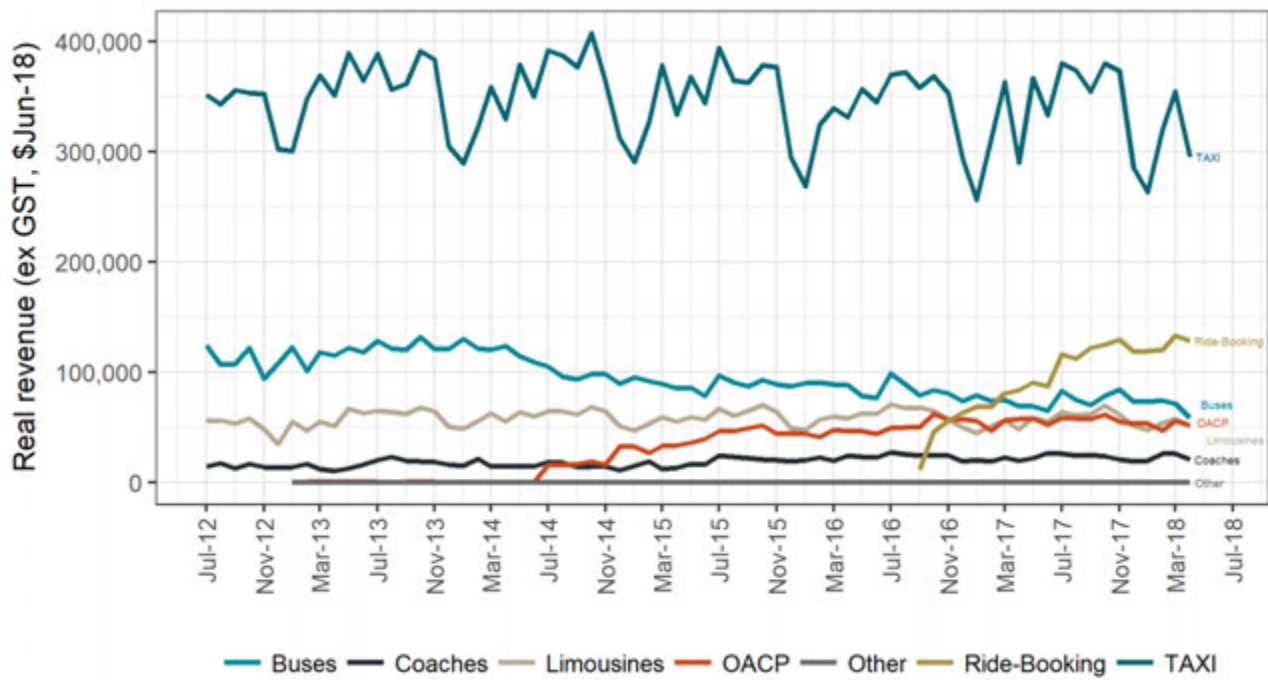
2.5.2 Other ground access

Figure 2.18 shows that BAC's ground access revenue is largely derived from taxis. The total real revenue from taxis has declined over the past five years, reflecting the lower use of taxis (see figure 2.13) and relatively flat ground access fees in real terms.¹⁸ Comparatively, real revenue from buses has also been falling, whilst real revenue from ride-sharing has increased substantially over the past 1.5 years.

¹⁸ In real terms, the average annual change in Brisbane Airport's taxi ground access fee between FY13 and FY18 was 0.4 per cent – excluding FY13 (the year in which Brisbane Airport introduced E-tag, the average annual change in Brisbane Airport's taxi ground access fee in real terms was 1.2 per cent).

Sources: ACCC, *Prices monitoring and financial reporting information request from Brisbane Airport 2012-13*, p 37; ACCC, *Prices monitoring and financial reporting information request from Brisbane Airport 2013-14*, p 27; ACCC, *Prices monitoring and financial reporting information request from Brisbane Airport Corporation Pty Limited 2014-15*, p 25; information from Brisbane Airport; ACCC, *Prices monitoring and financial reporting information request Brisbane Airport 2016-17 Financial Year*, Table 7.1; and ABS, 6401.0 Consumer Price Index, Australia.

Figure 2.18: Ground transport real revenue over time (in June 2018 dollars)



Sources: Information provided by BAC; and ABS inflation data, "ABS 640101.xls". Notes: Real revenue calculated by multiplying nominal revenue by quarterly CPI index (rebased to June 2018).

3. ACCC Airport Monitoring Report 2016-17

This section summarises the key findings of the ACCC Airport Monitoring Report 2016-17 (the ACCC report) that was released in April 2018, as it relates to activities at Brisbane Airport.

The principal observations from the ACCC report as they relate to Brisbane Airport appear to be:

- Brisbane Airport maintained its 'good' overall quality of service rating, which has been very stable in recent years;
- passenger traffic at Brisbane Airport increased by 1.6 per cent to 23.1 million, driven mostly by increases in international passenger traffic;
- profit margins for car parking 'remained very high across all airports',¹⁹ and Brisbane Airport reported a 6.6 per cent increase in its profit margin in 2016-17; and
- independent car parks and online booking options offer passengers lower cost alternatives to on-airport drive up car parking services.

3.1 Brisbane Airport's quality of service was rated good in 2016-17

Brisbane Airport maintained its 'good' quality of service rating for both the international and domestic terminals. This included the quality of the car parking facilities at Brisbane Airport, which were rated very highly on all dimensions. Specifically, the car parking facilities at the international terminal are rated 'excellent' in relation to their availability, standard and time taken to enter. The car parking facilities at the domestic terminal are rated 'excellent' in relation to their standard and time taken to enter, and 'good' in relation to their availability.²⁰

3.2 Brisbane Airport experienced increases in passenger volumes

Total passenger numbers at Brisbane Airport increased by 1.6 per cent to 23.1 million in 2016-17.²¹ This increase was driven by a 5.4 percent increase in international passengers, with more modest growth in domestic passenger numbers.

We set out in sections 2.2.5 and 2.4.1 above the recent and planned investments BAC has undertaken in relation to car parking and ground access services, respectively. BAC has continued to invest in car parking infrastructure despite passengers increasingly utilising alternative transport options, as described by the ACCC:²²

In total, car parking spaces increased by 5.5 per cent to 16 703 spaces in 2016–17. The capacity of Airpark increased by 13.6 per cent to 2 500 spaces.

...

However, the decreases observed in short-term parking facilities in particular also indicate that consumer preferences may have changed, with many people opting to use public pick up and drop off points rather than parking to 'meet and greet', or choosing long-term parking options.

¹⁹ ACCC, *Airport monitoring report 2016-17*, April 2018, p 2.

²⁰ ACCC, *Airport monitoring report 2016-17*, April 2018, pp 78-79.

²¹ ACCC, *Airport monitoring report 2016-17*, April 2018, p 3.

²² ACCC, *Airport monitoring report 2016-17*, April 2018, p 70.

3.3 Profit margins for car parking remain high

Brisbane Airport's profit margin for car parking increased in 2016-17, to \$63.7 million on revenue of \$93.5 million.²³ The higher profit margin was a result of both increased revenues and reduced expenses.

The measure of profit margin adopted by the ACCC is earnings before interest, tax and amortisation (EBITA), as a percentage of revenue. However, EBITA is an accounting measure of profit that does not take into account the opportunity cost of the capital assets employed in providing car parking services.

It follows that observations made by the ACCC using EBITA are apt to mislead, if the opportunity cost of the capital assets is substantial. In the context of car parking, an important element of the opportunity cost of the capital assets is the opportunity cost of the land itself, ie, the revenue foregone by not using the land for another purpose.

3.4 Independent car parks and online booking offer lower cost alternatives

The ACCC has observed the rise of independent off-airport car parks, which offer an alternative to on-airport car parking facilities:²⁴

The ACCC found that motorists could save between 30 and 70 per cent for 3 days of parking, compared to paying drive-up rates for the airports' own car parks at a distance from the terminals.

The ACCC also alludes to the impact of the close substitutability of other transport options on car parking service demand, stating that:²⁵

Car parking throughput has been on a gradual decline in recent years as passengers find other ways to get to and from the airport.

We explore the competition from other transport options in section 4.1.3 of this report.

²³ ACCC, *Airport monitoring report 2016-17*, April 2018, p 3.

²⁴ ACCC, *Airport monitoring report 2016-17*, April 2018, p 12.

²⁵ ACCC, *Airport monitoring report 2016-17*, April 2018, p 39.

4. Does BAC have substantial market power?

This section considers whether BAC can be said to possess a substantial degree of market power in relation to either car parking or landside access arrangements.

4.1 Car parking

In this section, we show that BAC's car parking services face competition from both off-airport car parking operators and other means of accessing Brisbane Airport.

4.1.1 ACCC's opinion

The ACCC has historically contended that airports have 'a monopoly position' in airport car parking. The ACCC bases its view on the observations that:²⁶

- airports have discretion in determining landside access provisions, which influence the ability of car parking alternatives such as taxi and off-airport car parking facilities, to compete;
- airports have control over the number of car parking spaces supplied in proximity to the terminals; and
- airports typically charge 'high prices' for car parking.²⁷

However, the ACCC acknowledges that there are a range of options for travel to and from airports,²⁸ which may limit the degree to which BAC has market power.

4.1.2 Competition from off-airport car parking operators

There are at least four other providers that offer parking services to passengers and other users of Brisbane Airport.²⁹ These other car parking service providers are located off-airport on nearby land, typically between 4 km to 9 km of the international terminal. In addition, three car parking service providers are located at Brisbane Airport, namely Skyclean Airport Parking, Qantas Valet and Virgin Valet. Figure 4.1 below shows the location of these independent car parking service providers. Appendix A2 provides more details on each of these competitors.

²⁶ See for example: ACCC, *Submission to the Productivity Commission's inquiry into the economic regulation of airport services*, March 2011, p 26.

²⁷ The Productivity Commission noted in its 2011 report on airport regulation that airport users – particularly those who infrequently use the airport – may experience 'sticker shock' when parking at airports, which may lead to efficient prices being perceived as 'high'. See Productivity Commission, *Economic regulation of airport services*, December 2011.

²⁸ For example, ACCC, *Airport monitoring report 2016-17*, April 2018, pp 23-24.

²⁹ Based on publicly available information as at 23 August 2018. These car parking service providers include Alpha Airport Parking, Andrews Airport Parking, Gateway Airport Parking and Portside Parking.

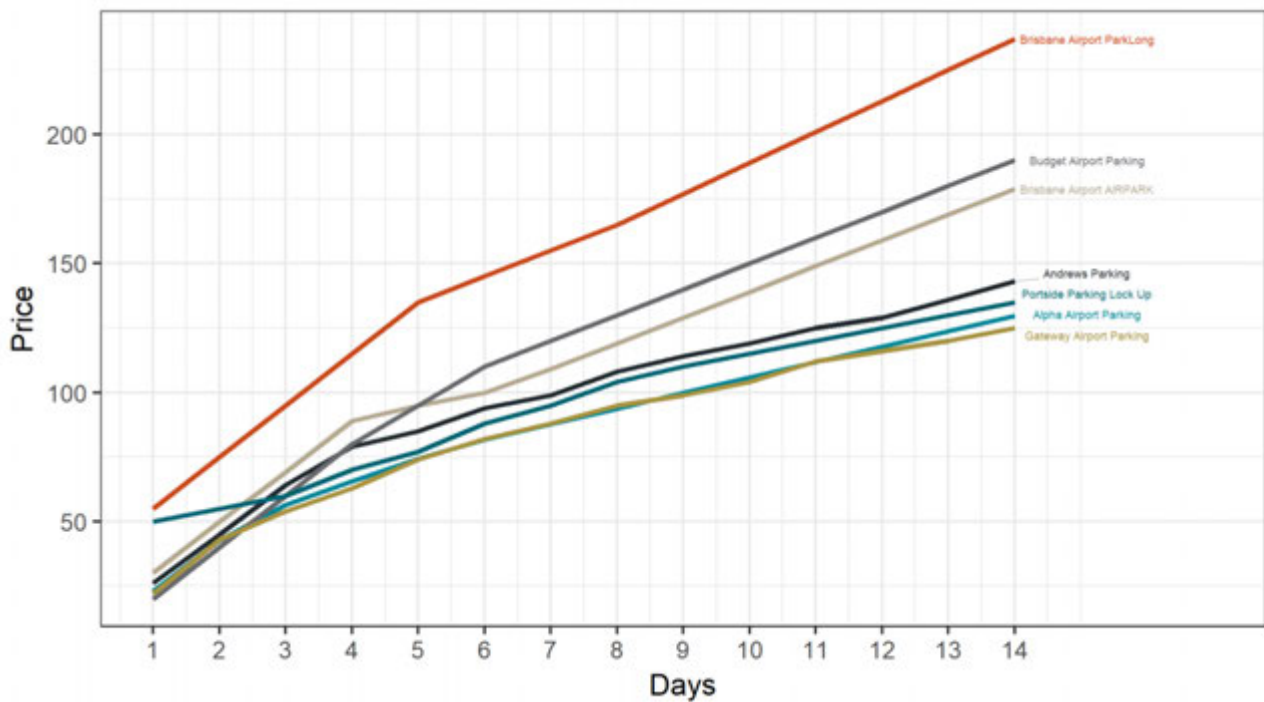
Figure 4.1: Map of car parking service providers for Brisbane Airport customers



Note: Budget Airport Parking closed as of 22 July 2018, see Budget Airport Parking website, <https://prebook.bap.com.au/public/BAP/>, accessed 23 August 2018.

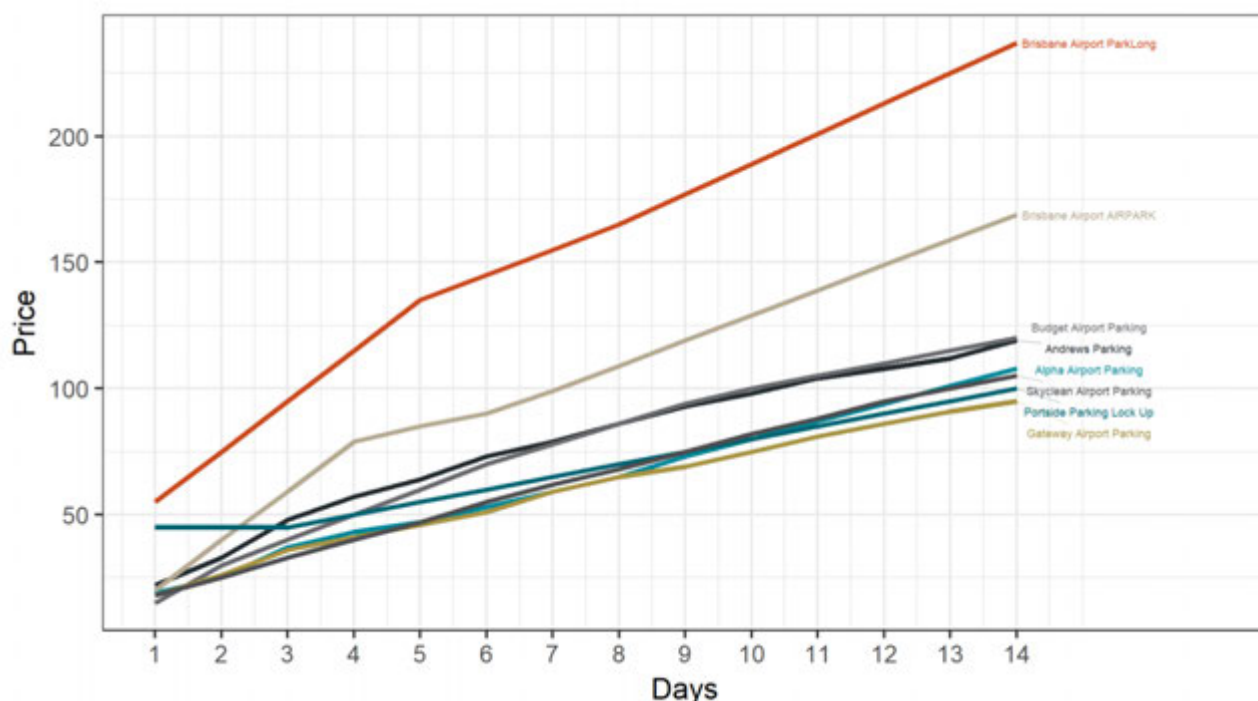
Figure 4.2 and figure 4.3 below show that car parking prices of those car parks located next to the terminal at Brisbane Airport (ParkLong) are higher than those of competitors, presumably reflecting the convenience of the location and the cost to provide the infrastructure. Brisbane Airport's Airpark car park is also more expensive than off airport car parks, excluding Budget Airport Parking, which has recently closed.

Figure 4.2: Brisbane Airport, off-airport and external undercover car parking provider prices (\$)



Sources: Alpha Airport Parking, <https://www.alphaairportparking.com.au/>, accessed 30 April 2018; Andrews Airport Parking, <https://www.andrewsairportpark.com.au/Andrews/Brisbane/Rates>, accessed 30 April 2018; Budget Airport Parking, <https://bap.com.au/rates/>, accessed 30 April 2018; Gateway Airport and Cruise Parking, <https://gatewayairportparking.com.au/Parking-Rates/Rates.aspx>, accessed 30 April 2018; Portside Cruise and Airport Parking, <http://www.portsideparking.com.au/rates.asp#>, accessed 30 April 2018; Skyclean Airport Parking, <http://www.skycleanairportparking.com/price-list.html>, accessed 30 April 2018; Information provided by BAC. Notes: (1) Budget Airport Parking closed as of 22 July 2018, see Budget Airport Parking website, <https://prebook.bap.com.au/public/BAP/>, accessed 23 August 2018. (2) Brisbane Airport rates reflect drive up rates. (3) Alpha Airport Parking's prices were derived from the online quote tool. (3) Budget Airport rates reflect drive up rates. (4) Portside Parking's prices reflect the provider's standard rates.

Figure 4.3: Brisbane Airport, off-airport and external outdoor car parking provider prices (\$)



Sources: Alpha Airport Parking, <https://www.alphaairportparking.com.au/>, accessed 30 April 2018; Andrews Airport Parking, <https://www.andrewsairportpark.com.au/Andrews/Brisbane/Rates>, accessed 30 April 2018; Budget Airport Parking, <https://bap.com.au/rates/>, accessed 30 April 2018; Gateway Airport and Cruise Parking, <https://gatewayairportparking.com.au/Parking-Rates/Rates.aspx>, accessed 30 April 2018; Portside Cruise and Airport Parking, <http://www.portsideparking.com.au/rates.asp#>, accessed 30 April 2018; Skyclean Airport Parking, <http://www.skycleanairportparking.com/price-list.html>, accessed 30 April 2018; Information provided by BAC. Notes: (1) Budget Airport Parking closed as of 22 July 2018, see Budget Airport Parking website, <https://prebook.bap.com.au/public/BAP/>, accessed 23 August 2018. (2) Brisbane Airport rates reflect drive up rates. (3) Alpha Airport Parking's prices were derived from the online quote tool. (3) Budget Airport rates reflect drive up rates. (4) Portside Parking's prices reflect the provider's standard rates.

There are more than 4,900 parking bays offered across the four off-airport car park locations.³⁰ As such, when excluding the three car parking service providers located at Brisbane Airport, off-airport car park bays represent approximately 38 per cent of the total capacity of public bays at Brisbane Airport's car parks.

Brisbane Airport has more than twice the number of bays of the four off-airport car park locations combined, reflecting the difference between the operation of Brisbane Airport's car parks and off airport car parks. Specifically, visitors to Brisbane Airport have an expectation that they will be able to get a car park at the airport at any time, and consequently, Brisbane Airport must build its car park capacity with a view to meeting peak demand. As a result, there are periods throughout the day when Brisbane Airport's car parks utilisation is well below capacity, which imposes a high opportunity cost of intermittent usage.

Advantages and disadvantages of other car parking operators

Off-airport providers do not face the same necessity as BAC to maintain sufficient capacity to meet peak demand. Instead, off-airport operators are prepared to turn people away if the car park is full. Operators also tend to set prices on a per calendar day basis and are not obliged to offer hourly rates.

Off-airport operators also offer products that have different attributes to Brisbane Airport's most comparable product, ie Airpark. Some of these products are advantageous (see Appendix A2), including:

³⁰ Brisbane Airport estimate.

- the vast majority of off-airport car parks are undercover, whereas only 235 of the 2,588 spaces in the Airpark are undercover; and
- off-airport operators commonly offer extra services (for an additional charge) such as car cleaning packages and minor mechanical repairs.

Off-airport operators face potential disadvantages, including:

- the additional cost of operating a shuttle or similar service to deliver passengers to the terminals, although we note that BAC's Airpark also offers such a service;³¹
- the existence of a convenience/time premium associated with on-airport car parks; and
- that operators often require customers to leave the keys to the vehicle with a parking attendant who may relocate the vehicle while the customer is away, and some people may feel uncomfortable with this.

Off-airport operators offer low cost alternatives

The ACCC has emphasised the increasing constraint of these independent, off-airport car parks, noting that:

While many independent operators did offer discounted rates compared to each airport, there were also some big differences in prices observed between operators. This could reflect convenience levels, with some car parks located further away from the airport than others. Independent car park operators have the potential to provide significant savings for customers³²

In summary off-airport operators provide an alternative to parking at the airport for people wishing to leave their car for one day or more and they constrain BAC because:

- BAC's Airpark car park offers a very similar service to the off airport parking operators, including that they both uses buses to transport passengers;
- the prices offered by these operators are generally similar to or lower than the prices charged by BAC's long term parking facilities; and
- most offer high quality parking services such as undercover parking, optional extras such as car cleaning or minor mechanical repairs, and convenient online booking arrangements, although there are also some disadvantages of these off-airport alternatives.

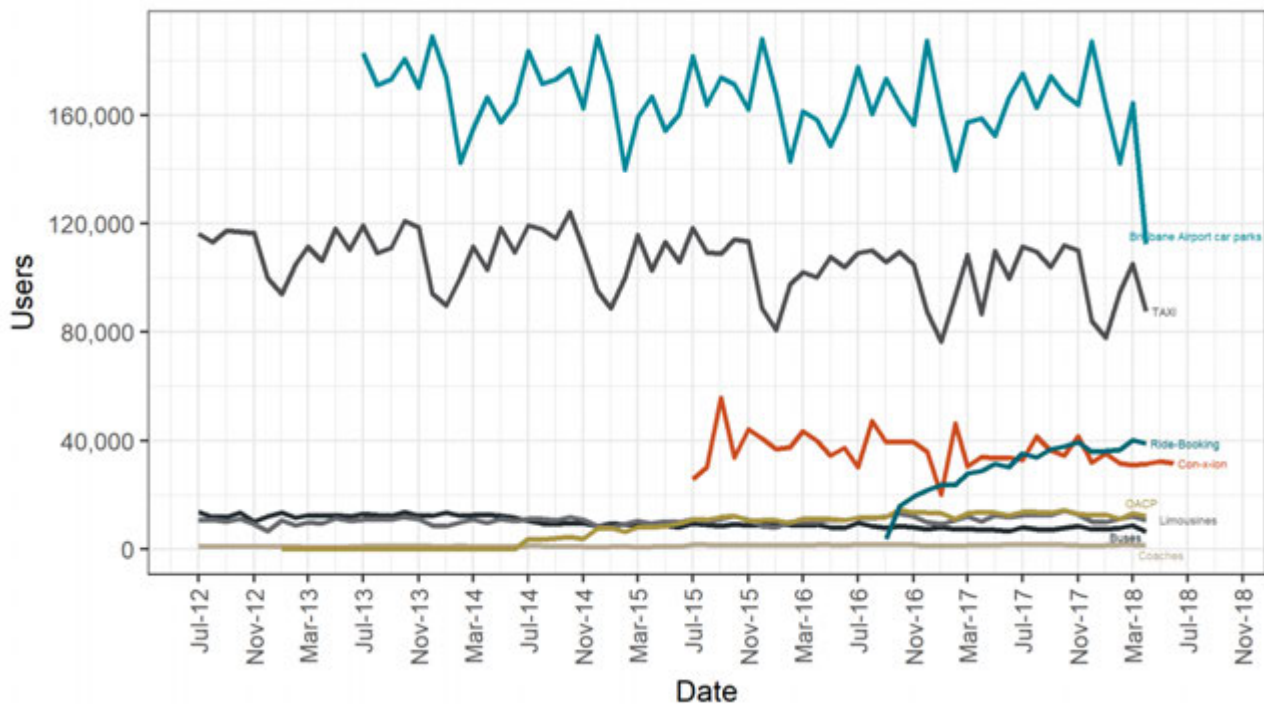
4.1.3 Competition from other transport options

Other forms of accessing the airport represent a close substitute for the parking of a private vehicle for many users of Brisbane Airport. Figure 4.4 below shows approximately how often they have been used in the last few years, with parking and taxis being the most popular way of accessing the airport. Brisbane Airport does not collect data on the number of people dropping off or picking up passengers without parking or travelling by train, so this is not included in the figure below.

³¹ Off Airport operators typically run shuttle buses on demand, whereas shuttle buses from Airpark run every 15 minutes during peak times and 25 minutes during off peak times.

³² ACCC, *Airport monitoring report 2016-17*, April 2018, pp 23-24.

Figure 4.4: Methods used by visitors to access Brisbane Airport



Source: Information provided by BAC. Notes: (1) All values represent the number of vehicle pick-ups. (2) Off Airport Car Parking (OACP) represents the number of vehicles operated by off airport car park companies. (3) Con-x-ion provides airport shuttle buses. Data only available between July 2015 and June 2018. (4) 'Brisbane Airport car parks' captures the number of paid users of the car parks provided at the Domestic and international terminals, and Airpark.

Drop-off and pick-up

Private vehicles can drop-off and pick-up passengers at Brisbane Airport at no cost, as detailed in Table 4.1 below.³³

³³ The domestic terminal has parking whereas the international terminal has a pick up area where drivers can wait for up to 10 minutes for free. See Brisbane Airport website, <https://bne.com.au/passenger/parking/parking-faqs>, accessed 30 April 2018.

Table 4.1: Free public drop-off and pick-up facilities at Brisbane Airport

Location	Facilities
Domestic terminal forecourts	<ul style="list-style-type: none"> • Free two minute public drop-off; and • free 30 minutes pick up waiting area.
International terminal forecourts	<ul style="list-style-type: none"> • Free two minute public drop-off; and • free 10 minutes pick up waiting area.
Airpark Everyday	<ul style="list-style-type: none"> • Free one hour parking; and • Free car park bus shuttle available to transport customers to and from the terminals.
Airpark Undercover	<ul style="list-style-type: none"> • Free 30 minute parking; and • Free car park bus shuttle available to transport customers to and from the terminals.

Sources: Information provided by BAC; and Brisbane Airport website, <https://bne.com.au/passenger/parking/parking-faqs>, accessed 30 April 2018.

This represents an attractive alternative for friends and family who might otherwise pay to park for a few hours to ‘meet and greet’ passengers inside the terminal.

BAC is not obliged to offer free access for pick-ups and drop-offs. Internationally, there are many examples of airports charging for access closest to terminal – such as Birmingham,³⁴ Luton (London),³⁵ Belfast,³⁶ and Edinburgh³⁷ airports. Such charges reflect that while many airports such as BAC may offer this option to passengers at no charge, it is not a costless service from BAC’s perspective.

Does drop-off and pick-up compete with car parking?

Free parking for pick-ups and drop-offs provide a constraint for short term parking:

- ‘meeters and greeters’ may substitute from short term parking to this fly-by approach if the prices for short term parking at the airport exceed their willingness to pay; and
- passengers that would like to use the airport’s car parking facilities may instead ask family or friends to drop them at the airport, if the cost of parking over the duration of their trip are too high.

Put differently, BAC can be said to be ‘competing with itself’ by offering free pick-up and drop-off as a substitute for airport car parking. The most likely incentive for doing so is that the core driver of long term profits for BAC is people using the airport.

³⁴ Birmingham Airport website, <https://www.birminghamairport.co.uk/airport-parking/dropping-off-and-picking-up/>, accessed 20 August 2018.

³⁵ Luton Airport website, <https://www.london-luton.co.uk/to-and-from-lla/want-to-drop-off-for-free/>, accessed 20 August 2018.

³⁶ Belfast Airport website, <http://www.belfastinternationalairportparking.com/news/drop-off-charges/>, accessed 20 August 2018.

³⁷ Edinburgh Airport website, <https://www.edinburghairport.com/edinburgh-airport-parking/drop-off-and-pick-up>, accessed 20 August 2018.

Taxi

Yellow Cabs is Brisbane's largest Taxi network.³⁸ BAC provides taxi ranks in front of each terminal, with signs indicating the way for passengers. Kerbside officers operate the taxi ranks to assist travelers wishing to use a taxi.³⁹

In addition to the fare charged by the taxi service, a \$3.90 airport fee is applied to all taxi pick-ups at the airport.⁴⁰ This fee assists BAC to provide, operate and maintain infrastructure to support taxi facilities, including waiting areas, monitoring equipment and kerbside facilities.

Estimated fares for Yellow Cabs rides from Brisbane Airport are displayed in table 4.2 below.

Table 4.2: Taxi estimated fares from Brisbane Airport (as at May 2018)

Location	Location to Airport	Airport to Location	Return
Brisbane CBD	\$50.70	\$45.00	\$95.70
Springwood	\$81.90	\$78.60	\$160.50
Shorncliffe	\$51.70	\$53.20	\$104.90
Ipswich	\$134.20	\$134.10	\$268.30

Source: Yellow Cabs website, <http://www.yellowcab.com.au/fare-estimator/>, accessed 3 May 2018. Notes: (1) Fares are estimates only and may vary based on time of day and pick-up and drop-off locations. (2) Fares were calculated using Yellow Cab's fare estimator (suburb used as address).

Rideshare

The ridesharing service Uber currently operates at Brisbane Airport. Passengers can request a car from their mobile phone using the Uber app and then follow the signs to the designated ride share area at both the domestic and international terminal.⁴¹

Uber offers a selection of services to passengers:

- UberX, a low-cost option with space for up to four passengers;⁴²
- UberSELECT, a higher-end option for up to four passengers;⁴³
- UberXL, a larger vehicle seating up to six passengers;⁴⁴ and
- UberASSIST, an option with space for wheelchairs, walkers and scooters.⁴⁵

In addition to the standard fare charged by Uber, a \$3.90 airport fee applies to all pick-ups at the airport.⁴⁶ Again, this fee assists BAC in providing the infrastructure necessary to support rideshare activities.

³⁸ See Cabcharge, *Annual report 2017*, p 19; and ACCC, media release: *ACCC won't oppose Cabcharge*, 22 June 2017, <https://www.accc.gov.au/media-release/accc-wont-oppose-cabcharge-buying-yellow-cabs-in-queensland>.

³⁹ Brisbane Airport website, <https://bne.com.au/passenger/to-and-from/transport-options>, accessed 3 May 2018.

⁴⁰ Brisbane Airport website, <https://bne.com.au/passenger/to-and-from/transport-options>, accessed 8 August 2018.

⁴¹ Brisbane Airport website, <https://bne.com.au/passenger/to-and-from/transport-options>, accessed 3 May 2018.

⁴² Uber website, <https://www.uber.com/ride/uberx/>, accessed 3 May 2018.

⁴³ Uber website, <https://www.uber.com/en-AU/ride/uberselect/>, accessed 3 May 2018.

⁴⁴ Uber website, <https://www.uber.com/en-AU/ride/uberxl/>, accessed 3 May 2018.

⁴⁵ Uber website, <https://www.uber.com/en-AU/airports/bne/>, accessed 3 May 2018.

⁴⁶ Brisbane Airport website, <https://bne.com.au/passenger/to-and-from/transport-options>, accessed 27 August 2018.

Estimated fares for UberX rides from Brisbane Airport (including the \$3.90 airport fee) are displayed in table 4.3.

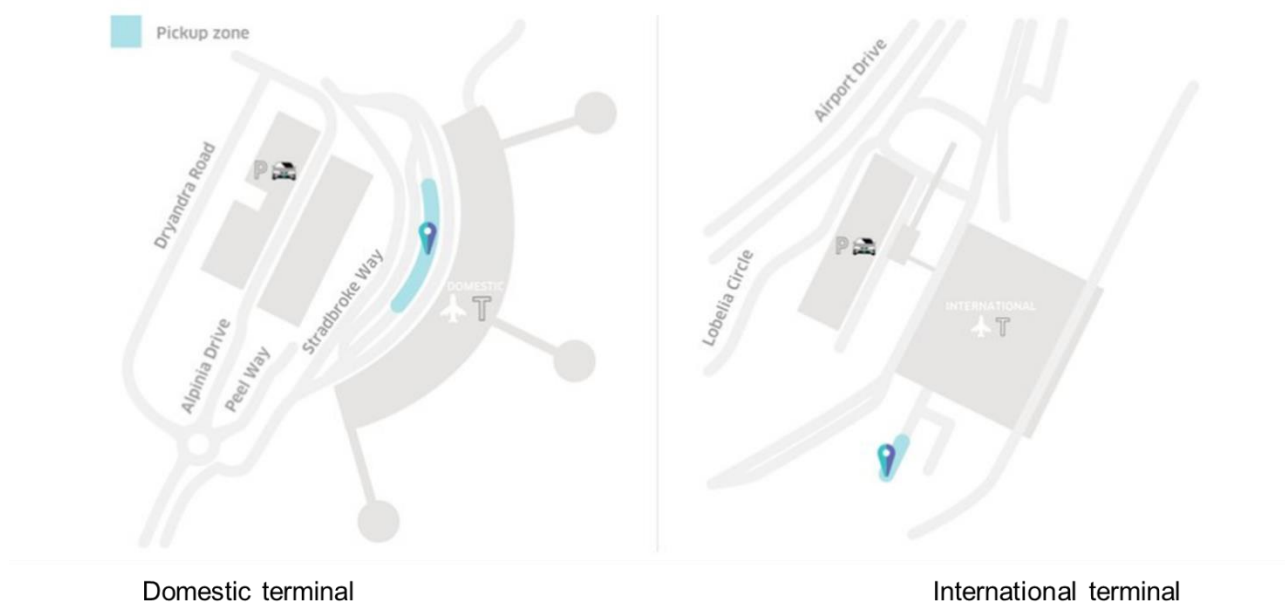
Table 4.3: UberX estimated fares from Brisbane Airport (as at May 2018)

Destination	Price
Brisbane CBD	\$30-\$39
Springwood	\$46-\$60
Shorncliffe	\$31-\$42
Ipswich	\$85-\$110

Source: Uber website, <https://www.uber.com/en-AU/airports/bne/>, accessed 3 May 2018. Notes: (1) Fares are estimates only and may vary based on time of day and pick-up and drop-off locations. (2) Fares were calculated using Uber's fare estimator (suburb used as address).

Maps of the dedicated rideshare pick-up areas showing their location relative to the terminals are displayed in figure 4.5 .

Figure 4.5: Rideshare pick-up areas at Brisbane Airport



Source: Uber website, <https://www.uber.com/en-AU/airports/bne/>, accessed 3 May 2018.

Public bus

Brisbane City Council operates public bus services (route 590) to Brisbane Airport's Skygate centre – a shopping and eatery complex less than five kilometres from the airport terminals.⁴⁷ Route 590 runs every day of the week, departing Skygate between 6:15am and 7:30pm on weekdays, with departures occurring every

⁴⁷ See Brisbane Airport website, <https://bne.com.au/passenger/shop-dine-explore/explore/skygate>, accessed 3 May 2018.

We understand that BAC does not restrict public bus services to Brisbane Airport terminals, however this is restricted by Brisbane City Council.

15 minutes to 30 minutes.⁴⁸ On weekends and public holidays, Route 590 departs every half hour between 8:00am and 7:30pm.

Passengers can take route 590 to the Toombul Interchange (less than 15 minutes from Skygate) to access trains and buses that service the city and other Brisbane suburbs.⁴⁹ The current price for a single ticket between Skygate and Toombul Interchange is a one zone cash fare of \$4.70.⁵⁰ Passengers can then take an approximately 15 minute train ride to Brisbane CBD for another one zone fare of \$4.70.⁵¹

BAC provides a free bus, the Skygate Loop, between the terminals and Skygate. The Skygate Loop service departs half hourly, approximately between 6:30am and 6:00pm on weekdays, and between 8:30am and 6:00pm on weekends.⁵² Travel time between the terminals and Skygate varies depending on the start and end destination. For example, passengers can travel from the Domestic Terminal to Skygate in approximately 5 minutes, whereas the return journey between Skygate and the Domestic terminal takes approximately 20 minutes (via the international terminal).⁵³

Train

Airtrain, a privately owned and operated railway, provides train services from Brisbane Airport's domestic and international terminals directly to Brisbane City and then on to the Gold Coast.⁵⁴ The journey from Brisbane Airport to Brisbane City takes approximately 20 minutes, at which point passengers can connect to the Queensland Rail suburban network.⁵⁵ Airtrain continues from Brisbane City to stop at numerous Gold Coast train stations allowing passengers to travel to various destinations on the Gold Coast including theme parks, beaches and the Gold Coast Airport.⁵⁶

Airtrain operates its Brisbane Airport to Brisbane City and the Gold Coast services between approximately 5am and 10pm on weekdays, and between 6am and 10pm on weekends and public holidays.⁵⁷ Trains depart Brisbane Airport approximately every 15 minutes during peak periods and every 30 minutes during off peak periods.⁵⁸

Upon arriving at Brisbane Airport, passengers can follow the signs towards the Airtrain stations and can purchase tickets from kiosks located in the terminals or at the Airtrain stations – see figure 4.6 and figure 4.7 below. The cost of a standard Airtrain fare between Brisbane Airport and Brisbane City is \$18.50 one-way or \$35 return, with Airtrain offering discounts for online bookings.⁵⁹ Airtrain also accepts GoCards – an electronic ticket that can be used on all TransLink bus, train, ferry and tram services in greater Brisbane, Ipswich, Sunshine Coast, and Gold Coast regions.⁶⁰

⁴⁸ TransLink, Route 590 timetable, effective from 9 January 2017, available at <https://translink.com.au/sites/default/files/assets/timetables/161212-590.pdf>.

⁴⁹ Brisbane Airport website, <https://bne.com.au/passenger/to-and-from/transport-options>, accessed 3 May 2018.

⁵⁰ See Translink website, <https://translink.com.au/tickets-and-fares/fares-and-zones/current-fares> and <https://jp.translink.com.au/plan-your-journey/journey-planner>, accessed 4 May 2018.

⁵¹ See Translink website, <https://translink.com.au/tickets-and-fares/fares-and-zones/current-fares> and <https://jp.translink.com.au/plan-your-journey/journey-planner>, accessed 4 May 2018.

⁵² Brisbane Airport, Skygate Loop service timetable, July 2017, available at: <https://bne.com.au/sites/default/files/2017-08/Brisbane%20Airport%20Skygate%20Loop%20Timetable%20-%20July%202017.pdf>.

⁵³ Brisbane Airport website, <https://bne.com.au/passenger/to-and-from/terminal-transfers>, accessed 3 May 2018.

⁵⁴ Airtrain website, <https://airtrain.com.au/contact-us>, accessed 7 May 2018.

⁵⁵ Brisbane Airport website, <https://bne.com.au/passenger/to-and-from/transport-options>, accessed 7 May 2018.

⁵⁶ Airtrain website, <https://airtrain.com.au/gold-coast-connect>, accessed 7 May 2018.

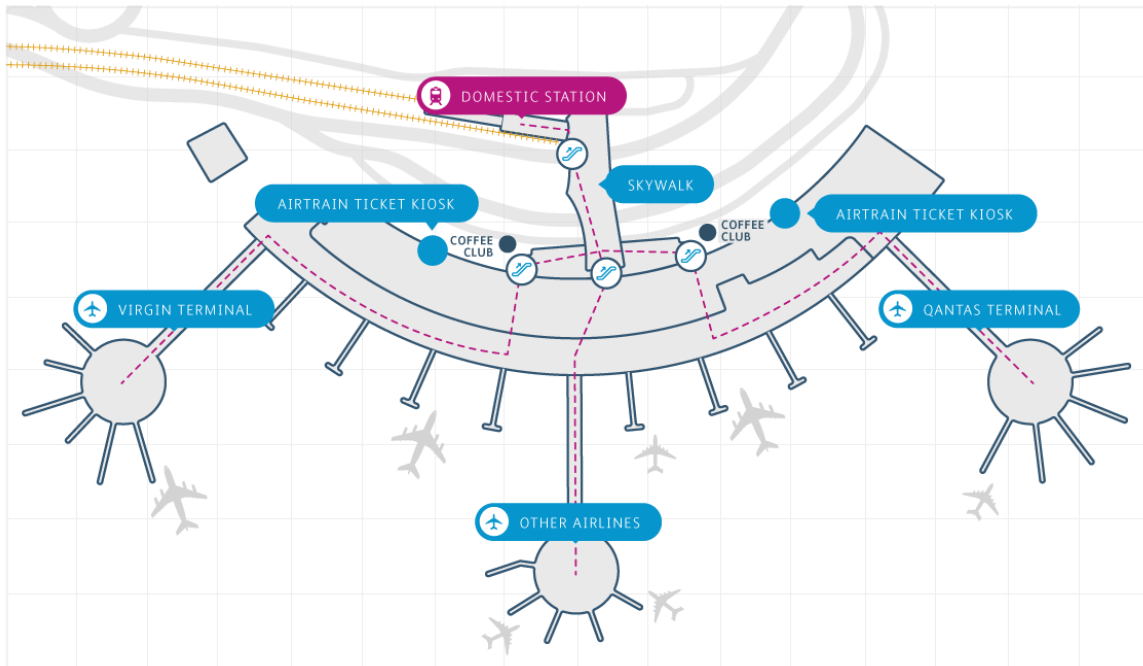
⁵⁷ Airtrain, Airtrain Timetable, effective 1 December 2017, available at <https://airtrain.com.au/Content/documents/AirtrainTimetable.pdf>.

⁵⁸ Brisbane Airport website, <https://bne.com.au/passenger/to-and-from/transport-options>, accessed 7 May 2018.

⁵⁹ Airtrain website, <https://airtrain.com.au/fare-calculator>, accessed 7 May 2018.

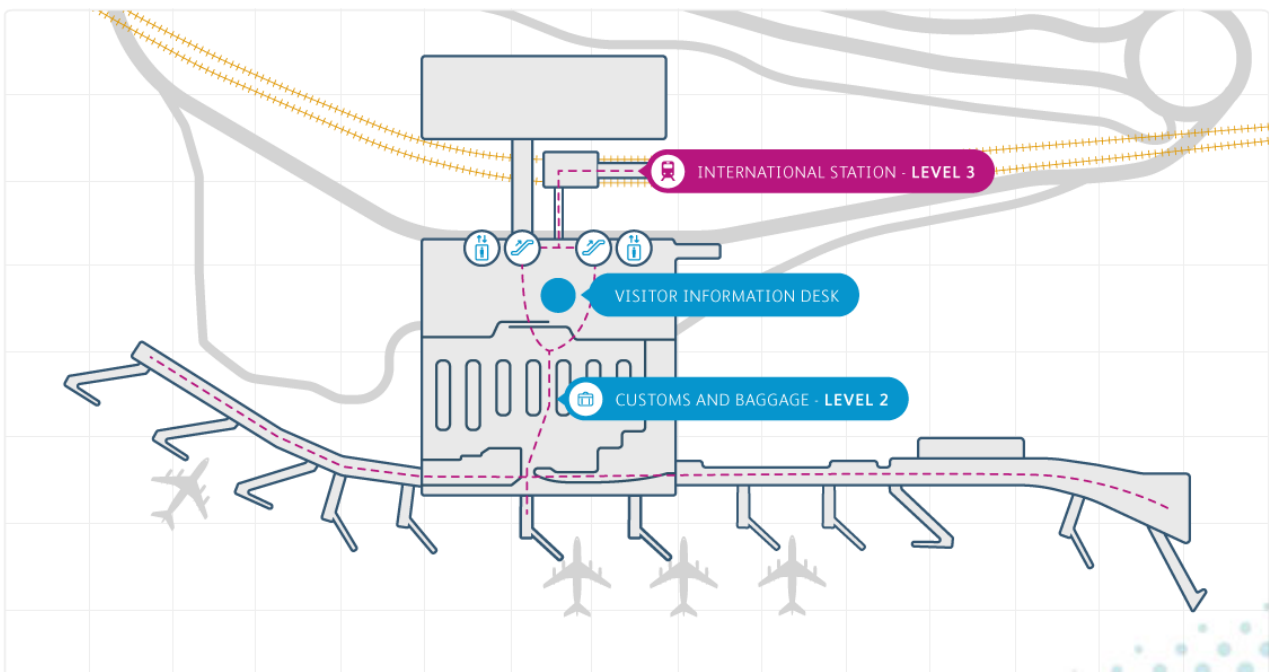
⁶⁰ TransLink website, <https://translink.com.au/tickets-and-fares/go-card>, accessed 7 May 2018.

Figure 4.6: Domestic terminal Airtrain platform location



Source: Airtrain website, <https://www.airtrain.com.au/catching-brisbane-airport-train>, accessed 7 May 2018.

Figure 4.7: International terminal Airtrain platform location



Source: Airtrain website, <https://www.airtrain.com.au/catching-brisbane-airport-train>, accessed 7 May 2018.

4.1.4 Summary

There are many ways of accessing Brisbane Airport with varying comfort, speed and cost. There is also a wide range of people that want to access the airport with varying preferences as to the ground access options, depending on where they are coming from, the length of time for which they will be leaving Brisbane, their income, etc

The degree of substitution between the various means of accessing the airport will vary depending on the person and their requirements. Each service offers particular advantages and disadvantages to different people in different circumstances. A summary of the options available to visitors is provided in table 4.4 below.

The cost of parking increases with the length of the stay, and so becomes a less attractive option as the length of stay increases. For example, the cost of accessing the airport by taxi for someone living in Brisbane's CBD and travelling for three days will be about the same as using BAC's long-term car park. A taxi will be cheaper as compared with parking for longer stays and more expensive for shorter stays.

Table 4.4: Price comparisons for return trips from Brisbane CBD to Brisbane Airport

Trip duration	Pick-up / Drop off	Taxi ¹	Uber ²	Bus ³	Train ⁴	Brisbane Airport Long Term ⁵	Off-airport parking (average) ⁶
1 day	<i>Minimal – petrol, convenience / time costs incurred by friends / family</i>	\$95.70	\$60-\$78	\$18.80	\$35	\$55	\$22.83
2 days		\$95.70	\$60-\$78	\$18.80	\$35	\$75	\$30.67
3 days		\$95.70	\$60-\$78	\$18.80	\$35	\$95	\$39.83
5 days		\$95.70	\$60-\$78	\$18.80	\$35	\$135	\$53.17
7 days		\$95.70	\$60-\$78	\$18.80	\$35	\$155	\$67.00
14 days		\$95.70	\$60-\$78	\$18.80	\$35	\$237	\$107.83

Notes: (1) Price for taxi is based on estimated fares between Brisbane Airport and Brisbane City (see table 4.2). (2) Price for Uber is based on an estimated one-way UberX fare from Brisbane Airport to Brisbane city of \$30 to \$39 (see table 4.3). (3) Bus price reflects four one zone journeys at \$4.70 each (see section on public buses above). (4) Train price reflects the price of a standard return trip between Brisbane Airport and Central Station excluding online discounts. (5) Reflects ParkLong drive up rates. (6) Reflects arithmetic average of off-airport car parks provided by Alpha Airport Parking, Andrews Parking, Budget Airport Parking, Gateway Airport Parking, Portside Parking and Skyclean Airport Parking. (7) We note that Budget Airport Parking closed as of 22 July 2018, see Budget Airport Parking website, <https://prebook.bap.com.au/public/BAP/>, accessed 23 August 2018.

There has been a general decline in the use of paid parking at Brisbane Airport over the last six years (see Figure 2.6) despite an increase in the number of passengers using the airport. In other words, more people are using the airport than five years ago, but fewer people are paying for parking. It follows that passengers are switching away from using paid car parking at Brisbane Airport.

The existence of such a range of potential substitute services – many of which are not provided by BAC – is itself likely to constrain BAC's ability to charge excessive prices for parking, since customers have the ready ability to switch between alternative modes.

On balance, it may be that BAC holds a degree of market power in car parking, on account of the convenience premium associated with car parking options located in close proximity to terminals. However, the evidence set out above suggests it is unlikely that this market power is substantial and enduring.

4.2 Landside access

Access to terminals is an essential component of the services provided at an airport and it is inherent in the physical configuration of its facilities that each airport controls (or has the ability to control) access to its

terminals. It follows that BAC is likely to have some market power in the provision of landside access services.

5. Has BAC exercised market power?

In this section we consider whether there is any evidence of BAC exercising a degree of market power in relation to car parking or landside access services.

5.1 Car parking

We consider below whether BAC has:

- the incentive to charge monopolistic prices for car parking;
- derived monopoly rents on car parking activities;
- reduced the quality of its car parking services; and/or
- reduced the quantity of car parking spaces available below the competitive level.

Finally, we examine whether these market outcomes have deteriorated since 2013.

5.1.1 Incentives to set excessive charges

Airport operators' revenue is primarily generated by people coming to the airport, regardless of whether they park a car or generate access fees. As noted by the ACCC, BAC's car parking revenue in the last five years has typically been around 14 per cent of total airport revenue.⁶¹

Airport operators are therefore likely to have incentives to charge efficient prices that attract visitors to the airport, since doing so will maximise the revenue and profit associated with the commercial activities inside the terminal.⁶²

In short, it is unlikely to be in the long term interests of an airport to discourage visitors by setting high prices on car parking and landside access. BAC's ongoing investment in car parking and other landside access facilities appears to be consistent with this long term interest.

5.1.2 Locational rents

The ACCC has consistently reported that the margins (ie, profit expressed as a percentage of sales) derived by the major airports in relation to car parking services are high.

We noted in section 3.3 above that the ACCC's measure of accounting profit is of limited relevance for assessing the extent of any economic profit derived by airports on car parking services.

An economic framework for interpreting profit margins

In order to establish by means of profit-based observations whether an airport has exercised substantial market power through setting car parking charges above competitive levels, it is essential to distinguish between two forms of economic rent that may be present. These are locational rents, and rents arising from use of market power, or 'monopoly rents'. The distinction between these is that:

- locational rents arise if the space or land available at a preferred location is limited, and users are prepared to pay a premium (though not because of artificial restrictions); whilst
- monopoly rents come about through the use of market power, which arises when a facility owner has the ability to set a price that exceeds the cost of supply (including any locational rent that may exist) or the

⁶¹ ACCC, *Airport monitoring report 2016-17*, April 2018, p 77.

⁶² See Starkie, David, *Reforming UK Airport Regulation*, *Journal of Transport Economics and Policy*, vol 35(1), 2001.

price that would prevail under workable competition, or to reduce its quality below that which would prevail under workable competition, thus reducing its costs and increasing its margins.

There are many examples of locational rents, including residential land values that increase with proximity to city centres, good schools or beaches. Locational rents reflect that the land in premium locations is scarce, and that people are willing to pay more for the land as a result, ie, the opportunity cost of the land. Unless users of premium land are charged prices that reflect its locational attributes, over-crowding or congestion is inevitable.

The same principle applies to airports, which are centres of commerce in their own right. Land proximate to the terminal tends to be scarce, and so a premium must be paid to secure such prime locations. The critical, in principle distinction between a locational rent and a monopoly rent is that the former covers the opportunity cost of the land, and no more. This distinction is important, because it has implications for efficiency and for whether market power can reasonably be said to have been exercised, ie:

- locational rents are consistent with efficient pricing, since they represent the opportunity cost of space or land which is in scarce supply; and
- monopoly rents come about because the owner has set prices above an efficient level, thereby reducing output below the efficient level, creating a dead weight loss.

Locational rents do not justify regulatory intervention since they represent an important component of efficient, cost-reflective prices. In practice, the distinction between monopoly and locational rents is a challenging one to draw. The opportunity cost of land can be very high, difficult to measure and vary considerably by location.

The absence of any evidence on the location value of airport land is an intrinsic shortcoming in the way in which the ACCC monitors car parking and ground access charges. Because the reported operating margin does not factor in the opportunity cost of land, it provides no indication of whether prices are excessive. Past contentions by the ACCC that airports have been charging excessively have therefore had no basis.

In the case of Brisbane Airport, if BAC did not provide car parking facilities, it could, for example:⁶³

- enter into a long term lease with a property developer to make a convenient airport hotel; or
- use the land for further retail outlets.

Locational rents in Brisbane CBD

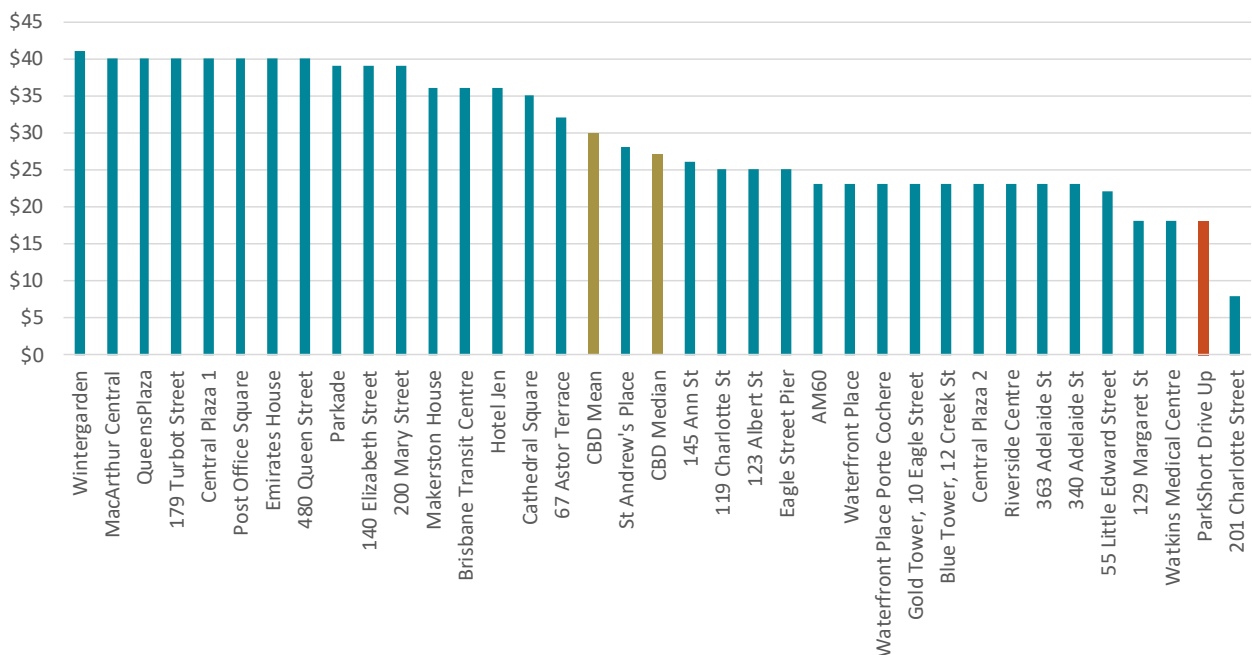
One approach to estimate the extent of the locational premium applicable to Brisbane Airport land is to compare the airport's car parking prices with those charged by parking operators in the Brisbane CBD. Car parks located in Brisbane's CBD can be expected to include an element of locational rent, unlike non-CBD car parks such as shopping centres and stadiums, that may also face close competition from free parking on surrounding streets, and which (in particular, for shopping centres) may cross-subsidise car parking to encourage patronage.

The existence of many public car parks in Brisbane's CBD allows for an illustration of the existence of locational rents. Since the services provided are largely the same, differences in prices may be used to examine the existence and range of locational rents. Our analysis focuses on short term pricing, since the land closest to the terminals is likely to command the greatest degree of locational rent, and BAC faces significant competition from off-airport providers for longer term stays.

Figure 5.1 below highlights that there is a wide range of prices for short term parking in Brisbane, and so the locational rents are likely to be very significant. Moreover, the price for one hour of car parking at Brisbane Airport's ParkShort is substantially less than the prices charged at the majority of car parks in the CBD.

⁶³ See Forsyth Peter, *Locational and monopoly rents at airports: creating them and shifting them*, Journal of Air Transport Management, vol 10, 2004, pp 51-60.

Figure 5.1: Comparison of one hour car parking rates at Brisbane Airport vs CBD

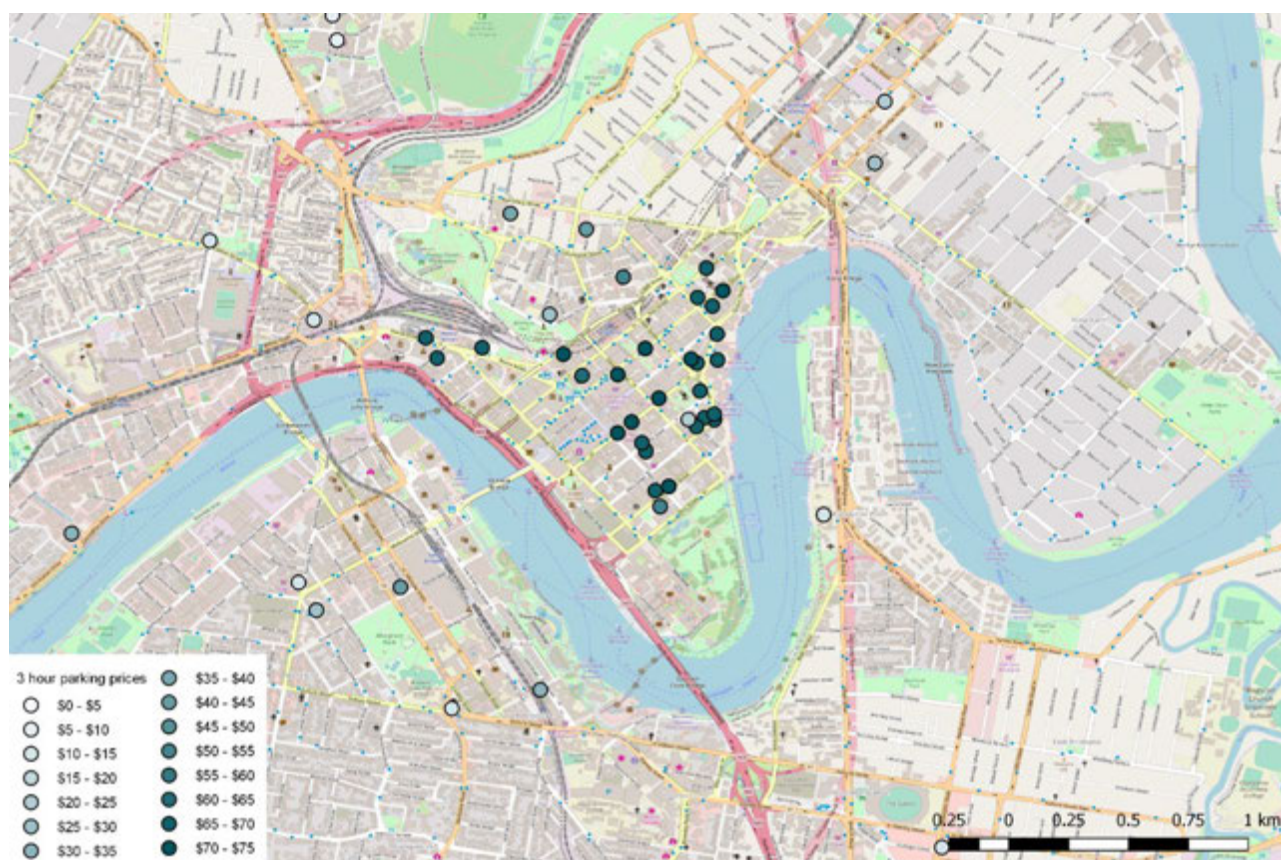


Sources: Brisbane Airport website, <https://bne.com.au/passenger/parking/parkshort>, accessed 9 July 2018; Wilson Parking website, <https://www.wilsonparking.com.au>, accessed 25 June 2018; and Secure Parking website, <https://www.secureparking.com.au>, accessed 4 July 2018.

Figure 5.2 below shows car parking prices for a three hour stay at a range of Wilson Parking and Secure Parking car parks near Brisbane's CBD. In particular, it shows that car parks towards the geographic centre of Brisbane tend to charge higher prices (shown by darker shading) than those further out, because these locations have a higher opportunity cost of providing car parking services.⁶⁴

⁶⁴ This analysis is included to show the *general* trend that car parks close to the city centre charge higher prices than those further out, but prices may also vary with the services provided, for example undercover compared to outdoor parking, or with other factors including the number of parks provided, proximity to shopping centres and security levels. It is not intended to be an in-depth analysis of CBD parking prices.

Figure 5.2: Three-hour car parking prices at Wilson Parking and Secure Parking car parks in Brisbane CBD



Sources: Wilson Parking website, <https://www.wilsonparking.com.au>, accessed 25 June 2018; and Secure Parking website, <https://www.secureparking.com.au>, accessed 4 July 2018.

5.1.3 Quality

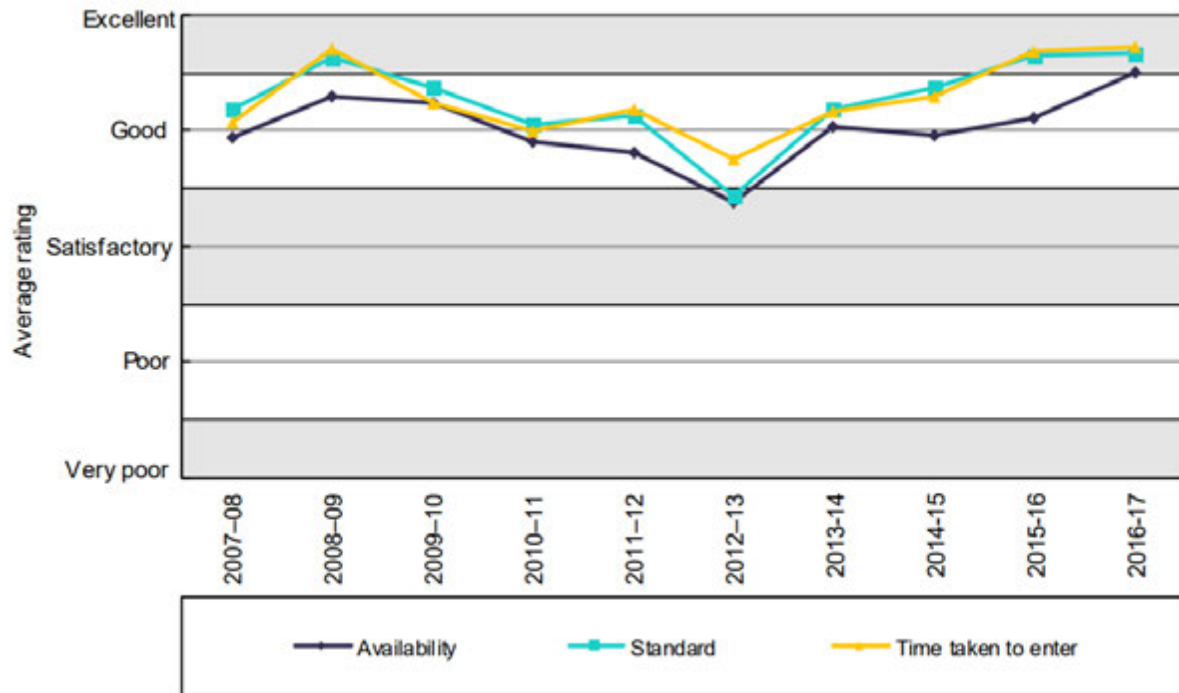
BAC may also be able to exercise market power through reducing the quality of its services below the level that would otherwise apply in a workably competitive market. The most likely form of such conduct would be under-investment in capacity or by allowing service quality to deteriorate in other ways that reduce costs.

As discussed in section 2.2.5, BAC has invested significantly in car parking infrastructure, with the aim to improve the quality of service provided to users.

There is no evidence or suggestion that BAC has allowed its quality of service to deteriorate. Aspects of quality are difficult to measure, although any changes could be expected to flow through into the customer satisfaction metrics reported by the ACCC. Figure 5.3 and figure 5.4 below illustrate the continued rating of the quality of BAC's parking facilities as either 'good' or 'excellent' over the last five years, in particular, showing improvement within the 'good' category over this period, and all metrics either in the higher band of the 'good' category or classed as 'excellent' as at 2017.⁶⁵

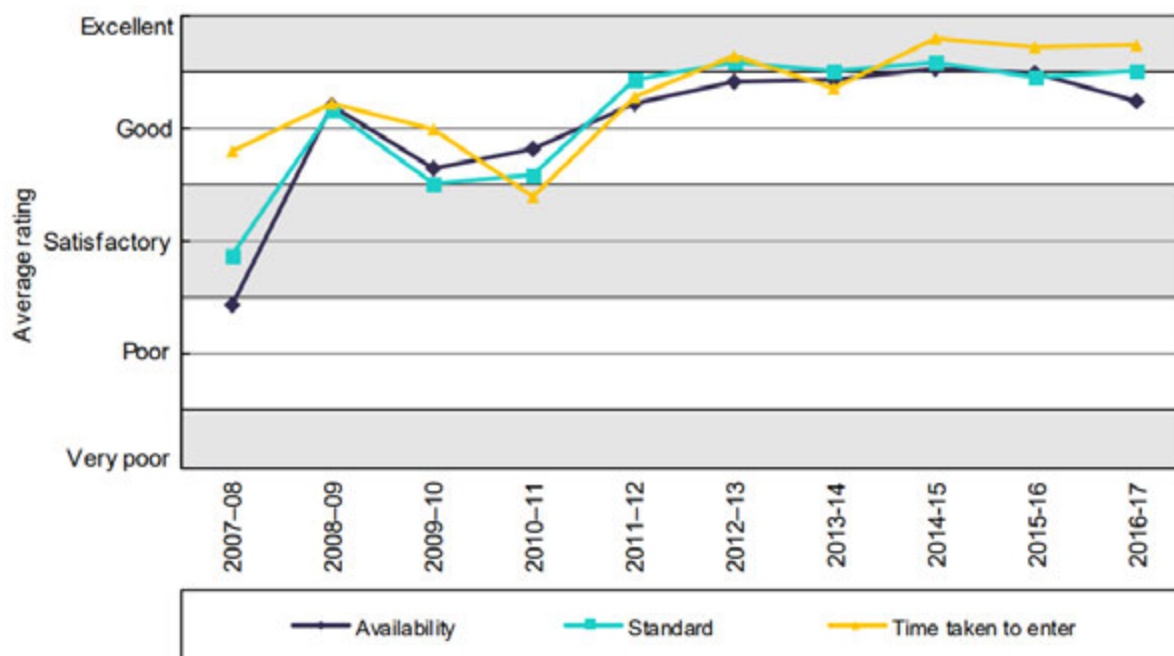
⁶⁵ ACCC, *Airport monitoring report 2016-17*, April 2018, pp 78-79.

Figure 5.3: International terminal passenger survey ratings of car parking facility quality



Source: ACCC, Airport monitoring report 2016-17, April 2018, p 78.

Figure 5.4: Domestic terminal passenger survey ratings of car parking facility quality



Source: ACCC, Airport monitoring report 2016-17, April 2018, p 79.

5.1.4 Capacity

BAC has continued to invest in expanding car parking capacity at its terminals. There is no evidence of BAC acting to induce any artificial shortage of car parks in order to increase prices. By contrast, multiple,

significant investments in new parking facilities continue to be undertaken, as described in section 2.2.5 above. These investments have taken place despite average occupancy remaining below capacity (see section 2.2.4).

5.1.5 Changes since 2013

Prices

In section 2.3, we set out that prices for parking at Brisbane Airport have increased over the past five years. We understand that recent price increases have been driven by management of scarce long term parking capacity at the international terminal – as previously described, there has been increased demand for parking at the international terminal, as a result of the rise in passenger numbers.

Prices relative to land values

It is relevant to compare the movement in BAC's car parking prices to the movement in land values in various locations near the airport. If the land surrounding the airport (and in Brisbane in general) has increased in value, it is reasonable to infer that the land on which BAC's car parks are located will have increased as well. As such, the opportunity cost of BAC's car parking land will have increased and it should be expected that it would earn more revenue from car parking to reflect that increased opportunity cost.

Table 5.1 below sets out the changes in land values in the Brisbane Local Government Area (LGA) over the past four years. In total, land values in the Brisbane LGA have increased by more than 31 per cent since 2013.

Table 5.1: Movement in Brisbane LGA land values between 2013 and 2017

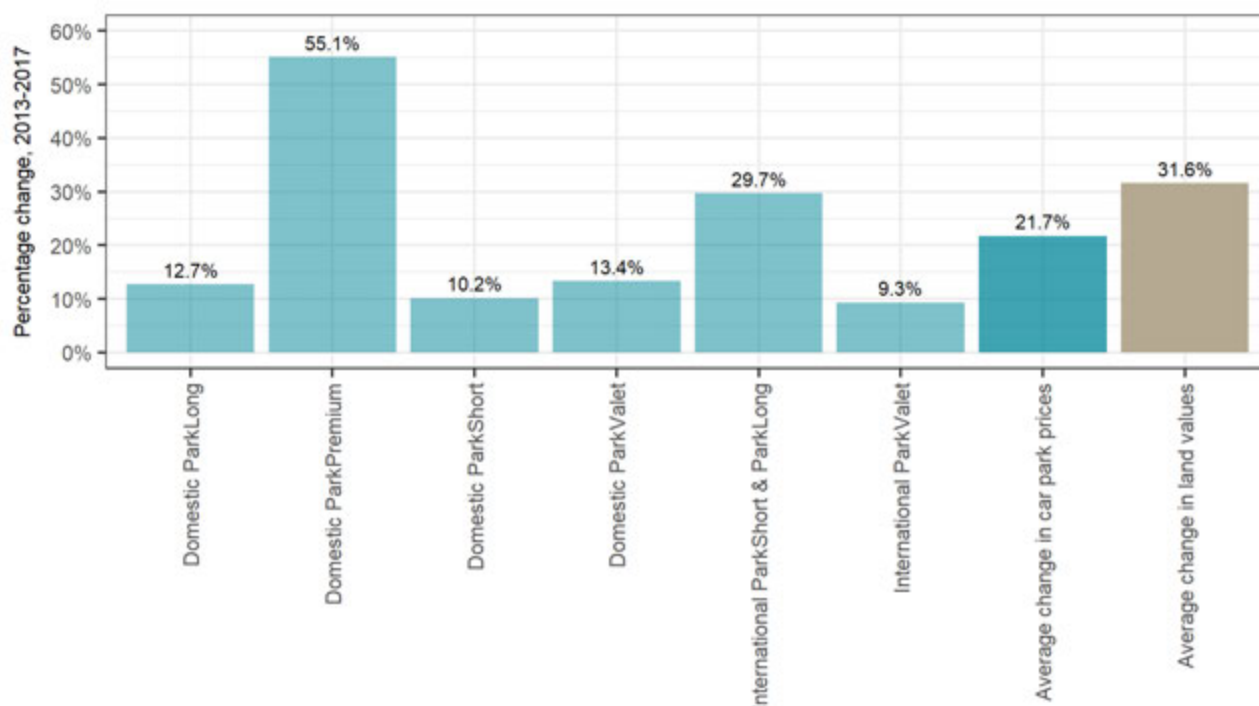
	2014	2015	2016	2017	% change since 2013
Percentage change	3.0%	9.7%	9.9%	6.0%	31.6%

Sources: Queensland Government website, <https://data.qld.gov.au/dataset/historical-trends-in-land-valuations/resource/03f430d3-de9b-44ba-bc8b-a147ad00c080>, accessed 29 May 2018. Notes: (1) Each year represents the effective year the valuation change takes effect, with changes in land values effective from 30 June for the given year.

Figure 5.5 compares the change in land values to the change in the average price of each of Brisbane Airport car parks over the same period.⁶⁶ For all but one car parking product (Domestic Park Premium), the increase in land values exceeds the increase in car parking prices. Furthermore, the increase in Brisbane LGA land values is almost 1,000 basis points higher than the average increase in car parking prices over the period spanning 2013 to 2017. As such, the price of car parking has not generally increased by more than the increase in land value.

⁶⁶ Airpark was not in operation as at 1 July 2013 and is therefore excluded from our analysis.

Figure 5.5: Comparison of change in Brisbane Airport car park prices and Brisbane land values



Sources: Land value data from Queensland Government website, <https://data.qld.gov.au/dataset/historical-trends-in-land-valuations/resource/03f430d3-de9b-44ba-bc8b-a147ad00c080>, accessed 29 May 2018; and Brisbane car park pricing data provided by BAC. Notes: (1) The change in Brisbane Airport car park prices is calculated as the percentage change between the arithmetic mean of the drive up rates as at 1 July 2017 and the equivalent rates as at 1 July 2013. (2) The average change in land values is represents the percentage change in land values in the Brisbane LGA between the effective value as at 30 June 2017 and the effective value as at 30 June 2013. (3) Airpark was not in operation as at 1 July 2013 and is therefore excluded from our analysis.

Movement in implied return on land

We examine below how the implied rate of return on BAC's car parking land changed from 2013 to 2017. The ACCC airport monitoring reports set out car parking revenues and operational expenditure as shown in table 5.2.

Table 5.2: BAC car parking revenues, expense and EBITA profit

Item	2012-13	2013-14	2014-15	2015-16	2016-17
Revenue (\$ millions)	71.8	79.4	84.5	89.0	93.5
Expenses (\$ millions)	24.9	28.4	27.7	30.2	29.7
EBITA profit (\$ millions)	47.0	51.1	56.8	58.8	63.7

Sources: ACCC, Airport monitoring report 2012-13, April 2014, p 95; ACCC, Airport monitoring report 2013-14, April 2015, p 78; ACCC, Airport monitoring report 2014-15, April 2016, p 70; ACCC, Airport monitoring report 2015-16, March 2017, p 70; and ACCC, Airport monitoring report 2016-17, April 2018, p 77.

The table above reveals that in 2012-13, BAC received \$71.8 million in revenue from car parking and incurred \$24.9 million in operating costs, resulting in a \$47.0 million operating margin. The operating margin can be thought of as a return on the assets in situ at that time, including the relevant land. In other words, it provides a high-level indication of the implied return on car parking land at that time.

Using table 5.1, we estimate that the value of BAC's land has increased by 31.6 per cent (in nominal terms) from 2012-13 to 2016-17, on average. Assuming that this increase in land values also applies to the value of

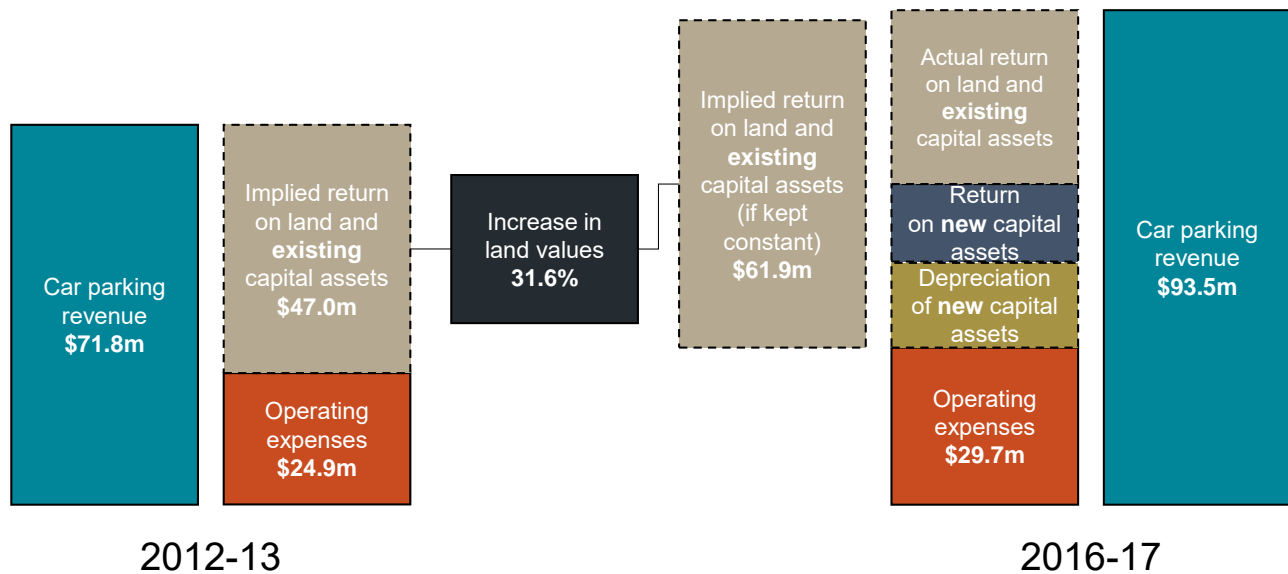
the capital assets as a whole, we find that BAC would have needed an operating margin of \$61.9 million in 2016-17 to earn the same return on car parking assets as in 2012-13.⁶⁷

This amount is only 2.9 per cent lower than the actual operating margin in 2016-17 of \$63.7 million. The implied return of \$61.9 million does not include the return on and of any new capital expenditure by BAC, including approximately \$35 million undertaken by BAC during 2016 and 2017 alone. When this is taken into account, BAC is likely to have experienced a decrease in the implied return on land.

Figure 5.6 below illustrates that the implied return on 2012-13 assets in 2016-17 is likely to be more than the actual return on those assets in 2016-17, once the return and depreciation of new capital assets since 2012-13 is taken into account.

⁶⁷ This analysis also assumes that the weighted average cost of capital remains constant between 2012-13 and 2016-17.

Figure 5.6: Movement in implied return on land



Quality

Figure 5.3 and figure 5.4 above show that the quality of ratings of car parking services given by passenger surveys have been increasing over the past five years. Therefore, there is no evidence of the quality of car parking services declining over the last five years.

Capacity

As set out in section 2.2, BAC has increased the number of car parks available to the public in recent years. As such, BAC has not reduced the quantity of car parks available over the past five years.

In summary, the above analysis indicates that BAC has not increased the extent to which it has used market power in the supply of car parking services over the past five years.

5.1.6 Summary

The ACCC's assessment of profitability at airports focuses on accounting measures of profitability. Such measures take no account of a key important element of the economic cost of car parks, being the opportunity cost of the relevant land or other locational attribute.

The evidence suggests that the locational rents at Brisbane Airport are likely to be significant and have recently increased, ie:

- airports are becoming more like small cities with a wide range of services, giving BAC a wide range of alternatives for the land used for car parks;
- the land used for car parks has increased substantially in value over the last five years; and
- the value of locational rents are very substantial in Brisbane CBD, with car parks closer to the centre of the CBD having much higher prices than those further out.

It follows that the prices set by BAC for car parking are likely to be explained to a significant extent by locational rents and convenience premiums. The ACCC's assessment would also benefit from assessing other aspects of opportunity cost (such as return on other capital). In the absence of such analysis, the ACCC's assessment of the economic costs of car parking is significantly compromised, and the reported

profitability of car parking services at Brisbane Airport is overstated. As such, there is no evidence that BAC has exercised substantial market power by charging high prices for parking.

The evidence and analysis set out above is also not consistent with BAC exercising substantial market power in the supply of car parking services by other non-price means, ie:

- there is no indication that BAC has restricted capacity to create scarcity rents; and
- there is no evidence that the quality of car parking is below that of a competitive market.

There is no evidence that market outcomes have deteriorated since the Productivity Commission's last review five years ago, ie:

- the price of car parking has not generally increased by more than the increase in land value;
- BAC is likely to have earned a lower return on land used for car parks in 2016-17, as compared to 2012-13;
- there is no evidence of the quality of car parking services declining over the last five years; and
- BAC has not reduced the quantity of car parks available in the last five years.

5.2 Landside access

The ACCC has repeatedly voiced the concern that airports are in a position to reduce competition by placing restrictions on landside access to terminals.⁶⁸ Such restrictions might include excessive levies, setting inconvenient locations for pick up and drop off points, and under-investment in the quality of roads and waiting areas for passengers using such routes. Despite such actions having the potential to contravene section 46 of the *Competition and Consumer Act 2010* (Cth) we are not aware of the ACCC undertaking any enforcement actions in such circumstances.

Although it is clear that BAC has considerable discretion over its terms and conditions of landside access, the available evidence suggests that BAC has set those terms so as to facilitate access, with the ultimate objective of maximising long-term foot traffic at Brisbane Airport.

5.2.1 Access to Brisbane Airport

There are 1,200 ground transport operators that have access to Brisbane Airport.⁶⁹ Access is via a charge per use system using e-tag technology.

BAC has not refused access to any operator to date in terms of allowing them to enter into a licence for access. We understand that BAC would only do so if the access seeker was in default of their licence agreement, not insured or did not have the appropriate licences/registrations.

Vehicles are prevented from access if the associated e-tag does not have sufficient funds, with vehicles regaining access once the e-tag is reloaded with the required funds. Taxi drivers can check whether their tag is financially valid in the taxi staging area before lining up to avoid being denied access at the end of the lining up process. There are help buttons located on the entry gates to allow a vehicle to contact the control room if they are having trouble gaining entry.

BAC has only had one ACCC complaint in the last five years that related to an off-airport provider who was at the end of its fixed term agreement and was resisting transferring onto the pay per use system. The ACCC did not find any fault with BAC's processes and did not investigate further.

⁶⁸ ACCC, *Airport Monitoring Report 2015-16*, March 2017, p xii.

⁶⁹ Information provided by BAC.

5.2.2 Landside access fees

We described in section 2.4 that BAC charges fees to some users for accessing the terminals. However, there are substantial costs involved in maintaining the landside access infrastructure, including roads, drop off and pickup bays, taxi stands, and so on. The recovery of the costs for such facilities through access charges does not in itself suggest that market power is being exercised. The Productivity Commission has previously acknowledged this basic point, ie:⁷⁰

As a first step, the price of ground transport access must reflect the cost of providing the service.

Access fees are not charged to private vehicles and off-airport car parking operators, the closest competitor to BAC's own (long term) car parking facilities, face similar charges to other operators with comparable sized vehicles – see figure 5.7 and figure 5.8.

BAC chooses to locate facilities for a variety of no to low yielding access modes – such as private vehicle pick-up and drop-off and taxi ranks – on high value land located proximate to terminals, thereby prioritising the efficient movement of passengers and vehicles over higher commercial returns that could otherwise be generated from this land, and over locating BAC's own car parking facilities closest to terminal.

To manage peak demand and alleviate congestion for access modes like private vehicle pick-up and drop-off, BAC provides free parking options in its Airpark parking facilities, prioritising quality for customers and the efficient movement of passengers and vehicles over the potential commercial returns from these assets.

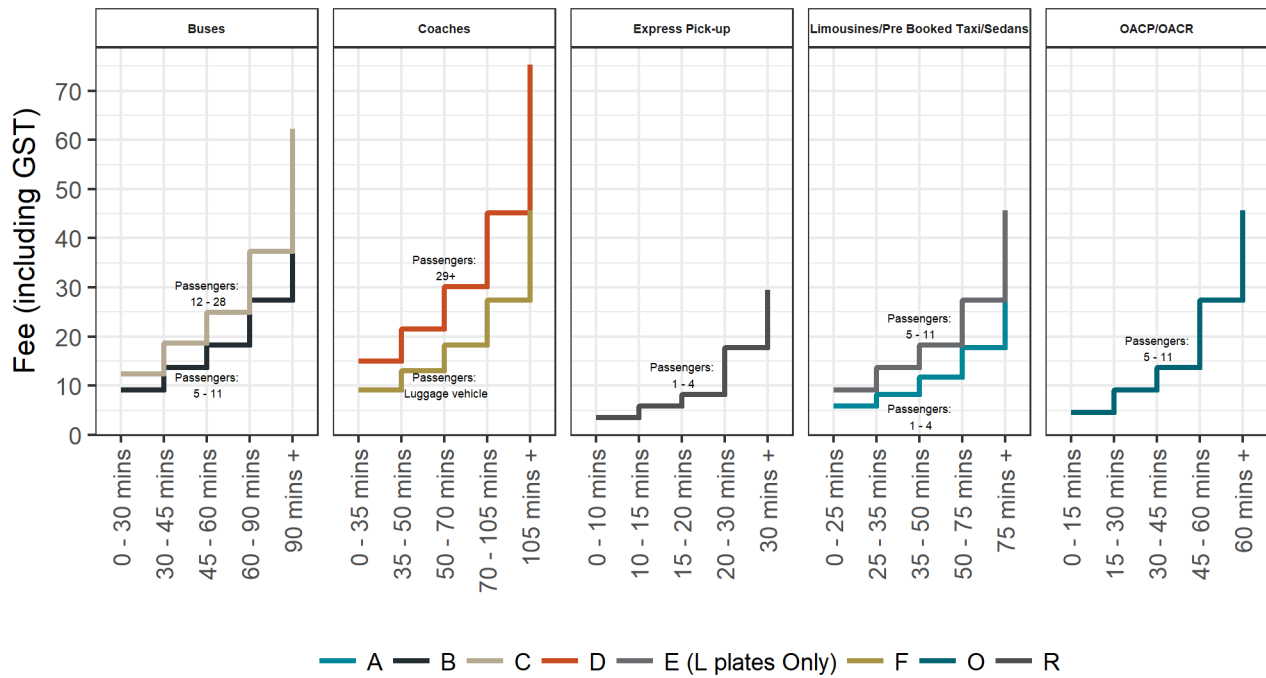
In addition, BAC has actively worked to improve public transport access to Brisbane Airport, for example:

1. in July 2013 Brisbane Transport's contracted service Route 369 was removed from the airport as part of the Brisbane City Council Bus network review. This route serviced the western catchment of Brisbane connecting to Skygate precinct. To supplement, Route 590 (existing service to Skygate) was extended to connect to Toombul interchange, where the 369 would end. BAC lobbied the State to re-look at routes and suggest alternate supplementary public transport services.
2. in late 2017, BAC, Brisbane City Council (BCC) and Department of Transport and Main Roads (DTMR) jointly funded the Brisbane Airport Access Study which was a result of continued engagement to identify opportunities to increase public transport offerings to Brisbane Airport. Several initiatives were identified under the banner of Public Transport Improvements. BAC, BCC and State continue to work on opportunities which are subject to Public Transport funding; and
3. discussions are currently underway with the State/QR to include a third Airtrain station at Brisbane Airport.

Facilitating access is a strategy consistent with a profit maximising airport whose primary revenue stream depends on foot traffic inside the terminals, regardless of the mode of transport by which passengers and visitors arrive at airport.

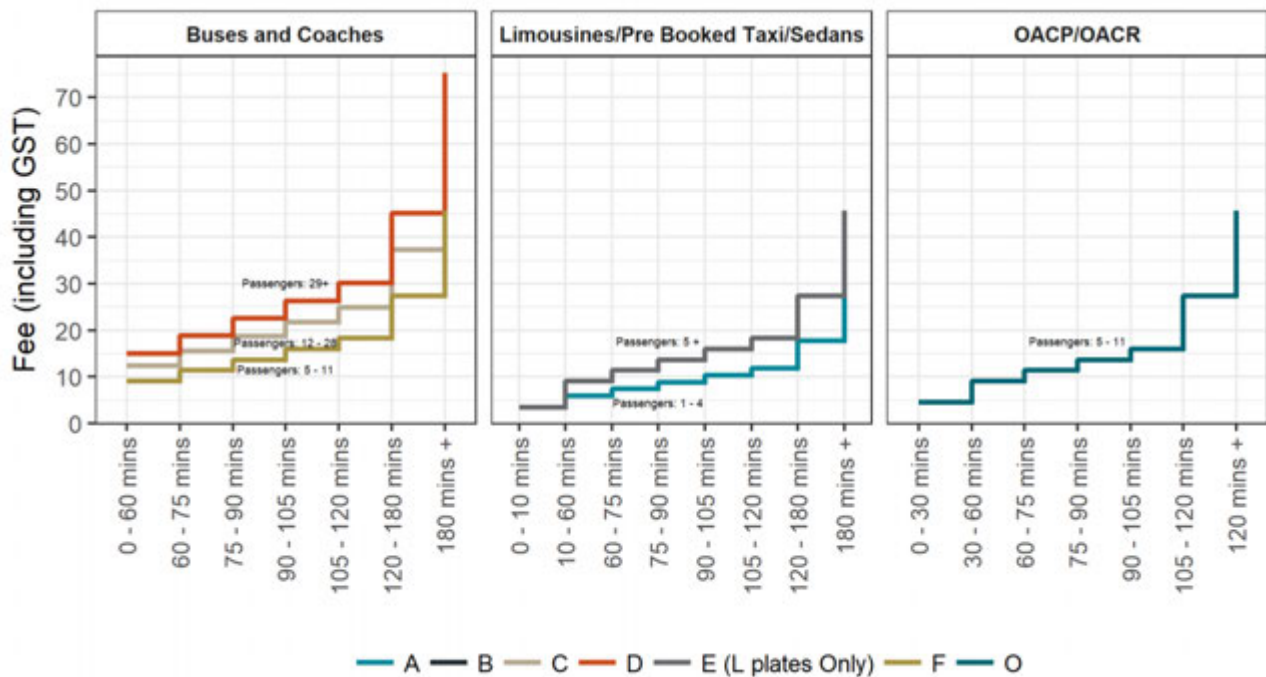
⁷⁰ See, for example, Productivity Commission, *Economic regulation of airport services*, 14 December 2011, p 286.

Figure 5.7: Domestic landside charges for 2017-18



Notes: (1) OACP represents off airport car parking providers and OACR represents off airport car rental providers. (2) Vehicle categories are as follows: Type A = Limo, pre-booked taxis (including Maxi Taxi), other sedan vehicles, all with capacity for 1-4 passengers; Type B = Mini bus with capacity for 5-11 passengers; Type C = Bus with capacity for 12-28 passengers; Type D = Coach with capacity for 29+ passengers; Type E (L plates only) = vehicle registered as a Limousine and displaying a "L" registration Plate capable of carrying 5 or more passengers; Type F = BAC approved luggage truck accompanying another vehicle for the purpose of carrying luggage only; Type O = BAC approved high volume courtesy vehicles for off-airport car parking companies and off-airport rental companies, with capacity for 5-11 passengers; and Type R =rideshare, pre-booked, with capacity for 1-6 passengers.

Figure 5.8: International landside charges for 2017-18



Notes: (1) OACP represents off airport car parking providers and OACR represents off airport car rental providers. (2) Vehicle categories are as follows: Type A = Limo, pre-booked taxis (including Maxi Taxi), other sedan vehicles, all with capacity for 1-4 passengers; Type B = Mini bus with capacity for 5-11 passengers; Type C = Bus with capacity for 12-28 passengers; Type D = Coach with capacity for 29+ passengers; Type E (L plates only) = vehicle registered as a Limousine and displaying a "L" registration Plate capable of carrying 5 or more passengers; Type F = BAC approved luggage truck accompanying another vehicle for the purpose of carrying luggage only; Type O = BAC approved high volume courtesy vehicles for off-airport car parking companies and off-airport rental companies, with capacity for 5-11 passengers; and Type R =rideshare, pre-booked, with capacity for 1-6 passengers.

5.2.3 Quality

BAC has continued to invest in landside access as discussed in section 2.4.1 – additionally, we note that BAC spends around \$1.7 million on maintaining landside access services.⁷¹ This is reflected in the ratings of quality for landside access as reported by the ACCC. Indeed, in 2016-17, all services were rated as either 'good' or 'excellent' by passengers, with all improving since 2007-08.⁷²

In summary, BAC does not appear to have the incentive to restrict landside access to its terminals, and there is no evidence that it has done so.

⁷¹ Information provided by BAC.

⁷² ACCC, *Airport monitoring report 2016-17*, April 2018, p 81.

6. Conclusion

This report has assessed the extent to which BAC can be regarded as having a degree of market power in relation to either car parking or landside access services at Brisbane Airport, and whether it has taken advantage of any such power.

Our analysis shows that, in relation to car parking:

- BAC is unlikely to have substantial market power, on account of competition from other transport options for accessing Brisbane Airport, such as train, drop-off and pick-up, taxi and rideshare, as well as competition from off-airport car parking operators, each of which constrain the prices that BAC is able to set for car parking;
- we find no evidence of BAC exercising any market power in the supply of car parking services, given that:
 - > the locational rents at Brisbane Airport are likely to be significant and have recently increased, and so explain a large part of the prices for car parking services set by BAC;
 - > investment in car parking facilities continue; and
 - > there is no indication that BAC has restricted the capacity or the quality of car parking services; and
- car parking prices have risen only slightly in real terms over the past five years, which can be explained by increased costs associated with operational and capital expenditure over the period – noting that the capital expenditure required to increase capacity for car parking at Brisbane Airport has been significant.

In relation to ground access:

- access to terminals is an essential component of the services provided at an airport and it is inherent in the physical configuration of its facilities that each airport controls (or has the ability to control) access to its terminals. It follows that BAC is likely to have some market power in the provision of landside access services; however
- the available evidence is not consistent with BAC exercising this market power, given that:
 - > BAC does not prevent any public or private operators from accessing the airport;
 - > BAC chooses to locate facilities for a variety of low to no yielding access modes, such as private vehicle pick-up and drop-off and taxi ranks and supporting holding areas on high value land located proximate to terminals, prioritising the efficient movement of passengers and vehicles over the superior commercial returns that could otherwise be generated from this land, over locating BAC's own car parking facilities closest to terminals;
 - > to manage peak demand and reduce vehicle congestion for pick-up and drop-off, BAC also provides free parking in its Airpark facilities, prioritising the efficient movement of vehicles over commercial returns that would be otherwise generated in these car parks;
 - > BAC has introduced a number of new options for landside access in the last few years, including introducing rideshare pick up bays within walking distance of each terminal;
 - > BAC has continued to invest substantial sums in providing new and improved landside access services. This is reflected in the ratings of quality for landside access as reported by the ACCC. Indeed, in 2016-17, the ACCC stated that all of the ratings for the quality of landside access services and facilities provided by Brisbane Airport were 'good' or 'excellent';
 - > landside access fees have generally only increased gradually over the last five years.

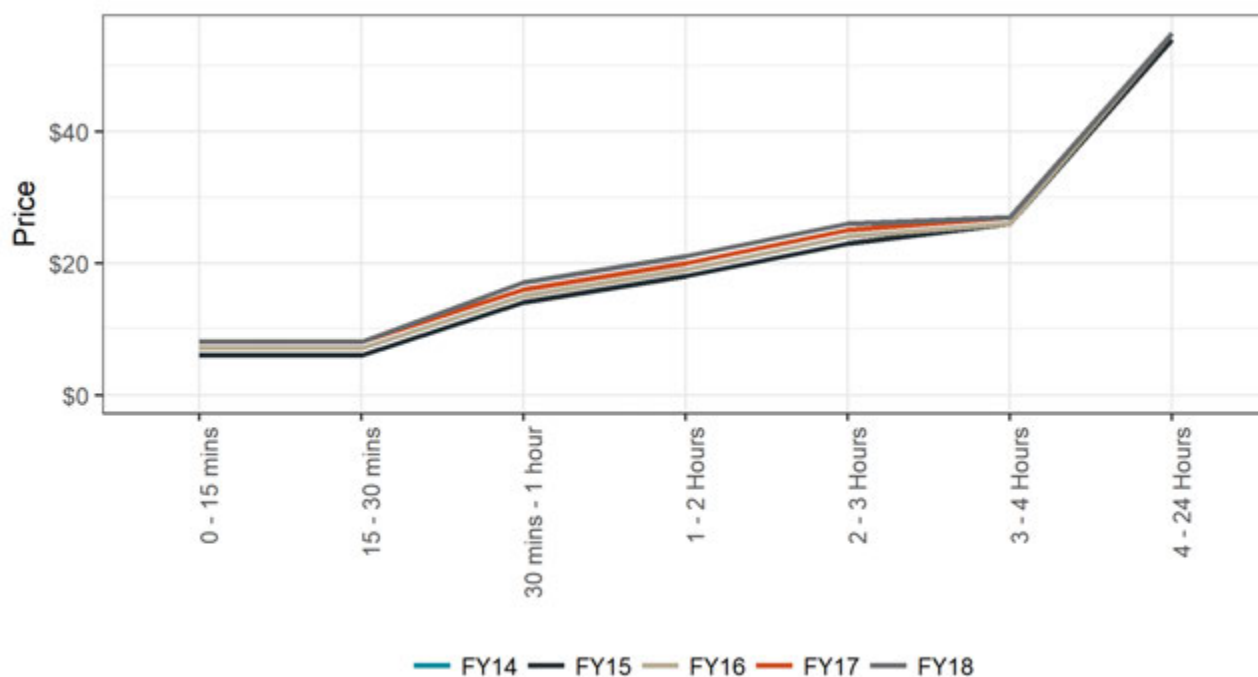
In our opinion, this amounts to compelling evidence that BAC is not exercising market power, but is instead seeking to *facilitate* access. Facilitating access is a strategy consistent with a profit maximising airport whose

primary revenue stream depends on foot traffic inside the terminals, regardless of its visitors' mode of transport.

A1. Brisbane Airport price changes

In this section we set out the drive up prices for each of Brisbane Airport's carpark over the last five years.

Figure A 1.1: Domestic ParkShort drive up prices



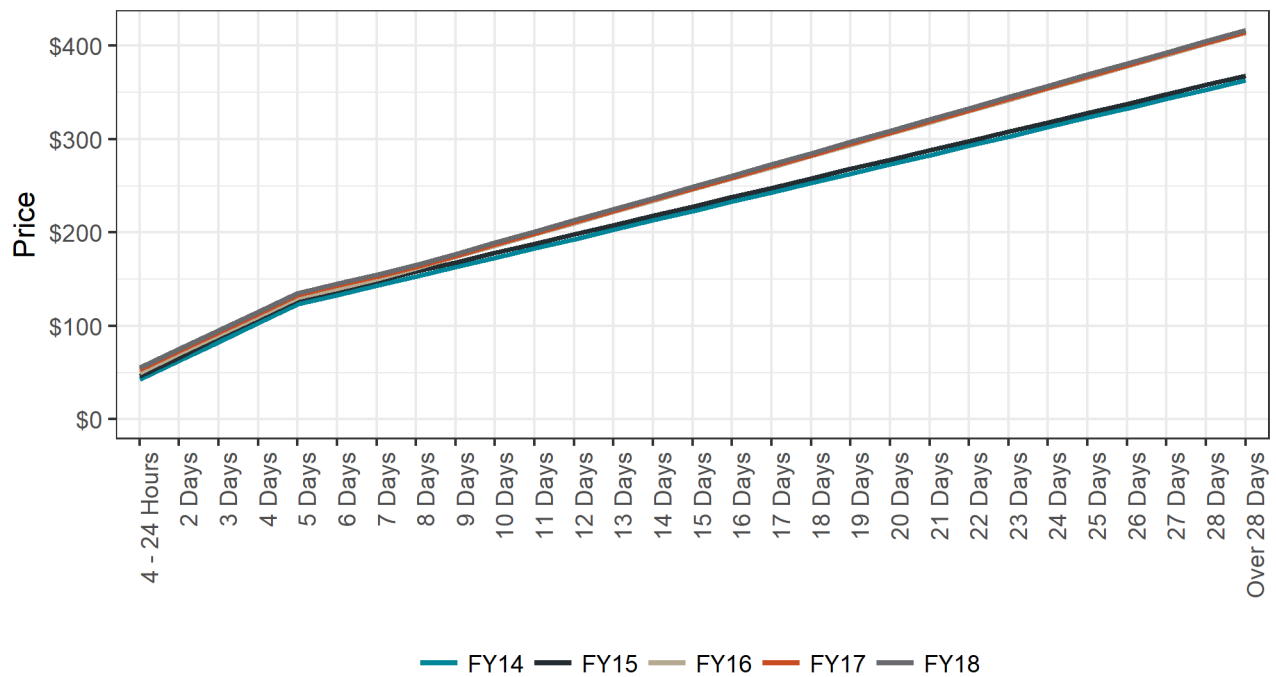
Source: Information provided by BAC.

Table A 1.1: Domestic ParkShort drive up prices

Duration	FY14 (as at 01-Jul-13)	FY15 (as at 01-Jul-14)	FY16 (as at 01-Jul-15)	FY17 (as at 01-Jul-16)	FY18 (as at 01-Jul-17)
0 - 15 mins	6	6	7	8	8
15 - 30 mins	6	6	7	8	8
30 mins - 1 hour	14	14	15	16	17
1 - 2 Hours	18	18	19	20	21
2 - 3 Hours	23	23	24	25	26
3 - 4 Hours	26	26	26	27	27
4 - 24 Hours	54	54	55	55	55

Source: Information provided by BAC.

Figure A 1.2: Domestic ParkLong drive up prices



Source: Information provided by BAC.

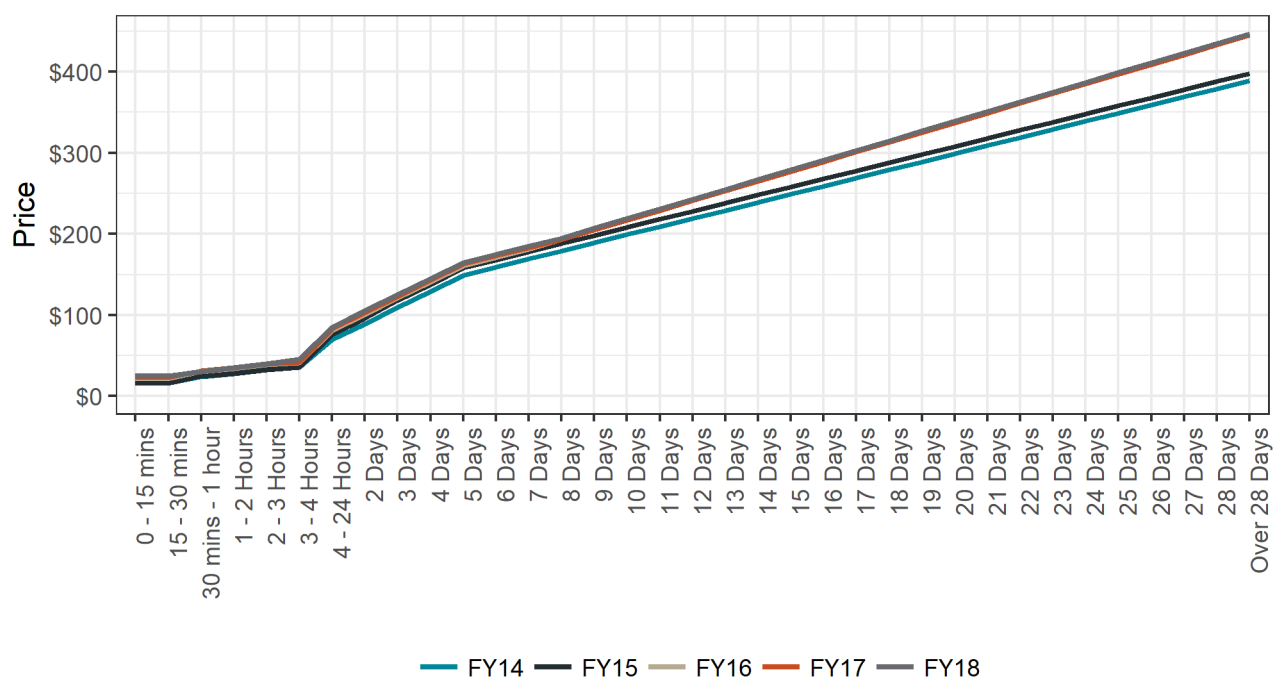
Table A 1.2: Domestic ParkLong drive up prices

Duration	FY14 (as at 01-Jul-13)	FY15 (as at 01-Jul-14)	FY16 (as at 01-Jul-15)	FY17 (as at 01-Jul-16)	FY18 (as at 01-Jul-17)
4 - 24 Hours	43	46	50	53	55
2 Days	63	66	70	73	75
3 Days	83	88	90	93	95
4 Days	103	108	110	113	115
5 Days	123	128	130	133	135
6 Days	133	138	140	143	145
7 Days	143	148	150	153	155
8 Days	153	158	162	163	165
Additional Day	10	10	12	12	12
9 Days	163	168	174	175	177
10 Days	173	178	186	187	189
11 Days	183	188	198	199	201
12 Days	193	198	210	211	213
13 Days	203	208	222	223	225
14 Days	213	218	234	235	237
15 Days	223	228	246	247	249
16 Days	233	238	258	259	261

17 Days	243	248	270	271	273
18 Days	253	258	282	283	285
19 Days	263	268	294	295	297
20 Days	273	278	306	307	309
21 Days	283	288	318	319	321
22 Days	293	298	330	331	333
23 Days	303	308	342	343	345
24 Days	313	318	354	355	357
25 Days	323	328	366	367	369
26 Days	333	338	378	379	381
27 Days	343	348	390	391	393
28 Days	353	358	402	403	405
Over 28 Days	363	368	414	415	417

Source: Information provided by BAC.

Figure A 1.3: Domestic ParkValet drive up prices



Source: Information provided by BAC.

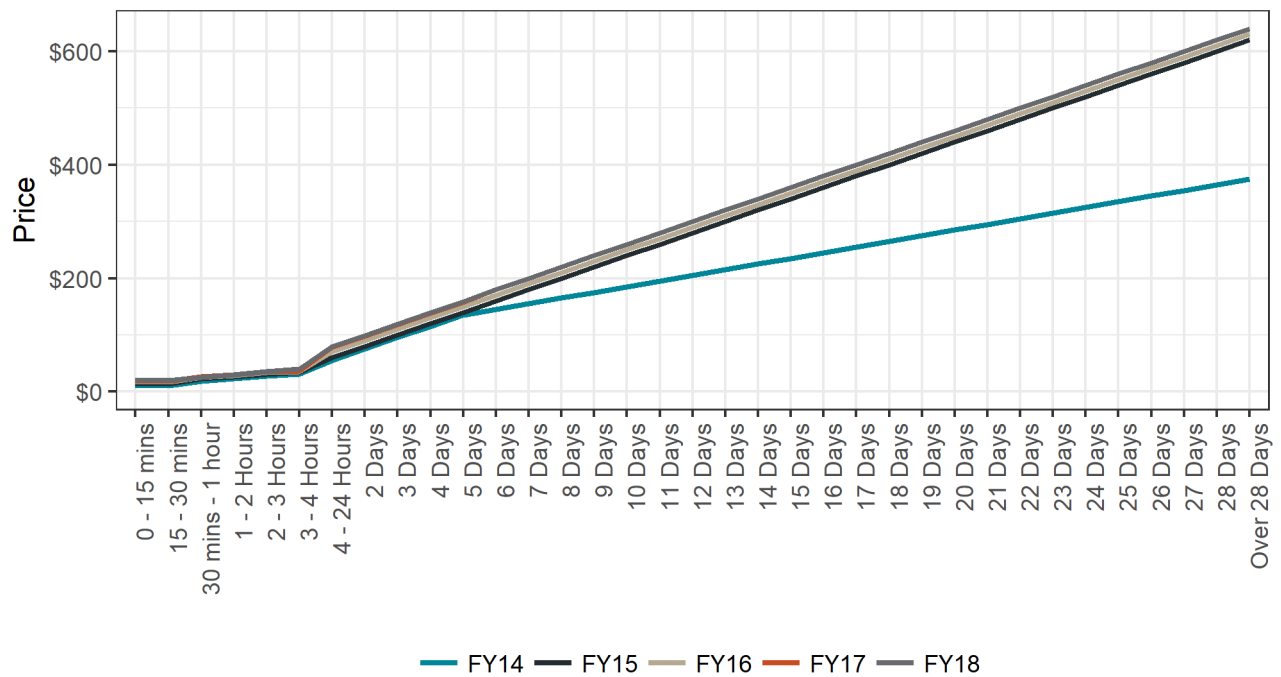
Table A 1.3: Domestic ParkValet drive up prices

Duration	FY14 (as at 01-Jul-13)	FY15 (as at 01-Jul-14)	FY16 (as at 01-Jul-15)	FY17 (as at 01-Jul-16)	FY18 (as at 01-Jul-17)
0 - 15 mins	16	16	22	23	25
15 - 30 mins	16	16	22	23	25

30 mins - 1 hour	24	25	30	31	30
1 - 2 Hours	28	28	34	35	35
2 - 3 Hours	33	33	39	40	40
3 - 4 Hours	36	36	41	42	45
4 - 24 Hours	70	76	81	83	85
2 Days	89	96	101	103	105
3 Days	109	118	121	123	125
4 Days	129	138	141	143	145
5 Days	149	158	161	163	165
6 Days	159	168	171	173	175
7 Days	169	178	181	183	185
8 Days	179	188	193	193	195
Additional Day	10	10	12	12	12
9 Days	189	198	205	205	207
10 Days	199	208	217	217	219
11 Days	209	218	229	229	231
12 Days	219	228	241	241	243
13 Days	229	238	253	253	255
14 Days	239	248	265	265	267
15 Days	249	258	277	277	279
16 Days	259	268	289	289	291
17 Days	269	278	301	301	303
18 Days	279	288	313	313	315
19 Days	289	298	325	325	327
20 Days	299	308	337	337	339
21 Days	309	318	349	349	351
22 Days	319	328	361	361	363
23 Days	329	338	373	373	375
24 Days	339	348	385	385	387
25 Days	349	358	397	397	399
26 Days	359	368	409	409	411
27 Days	369	378	421	421	423
28 Days	379	388	433	433	435
Over 28 Days	389	398	445	445	447

Source: Information provided by BAC.

Figure A 1.4: Domestic ParkPremium drive up prices



Source: Information provided by BAC.

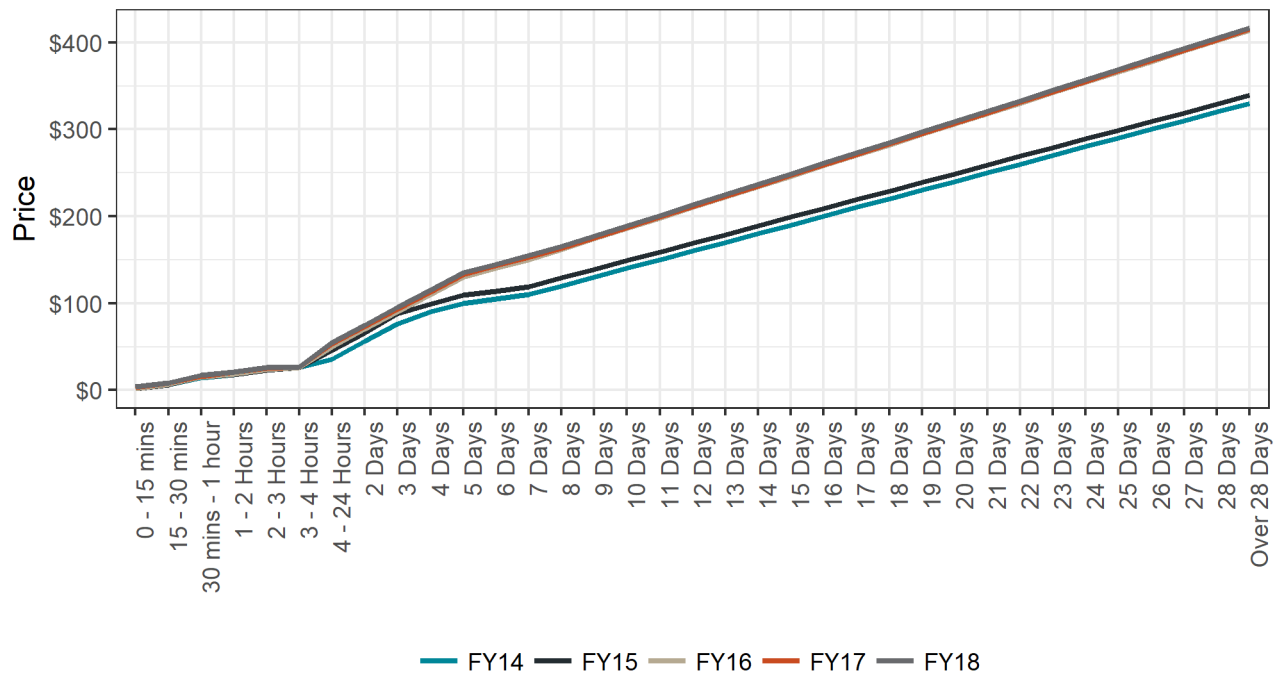
Table A 1.4: Domestic ParkPremium drive up prices

Duration	FY14 (as at 01-Jul-13)	FY15 (as at 01-Jul-14)	FY16 (as at 01-Jul-15)	FY17 (as at 01-Jul-16)	FY18 (as at 01-Jul-17)
0 - 15 mins	11	14	17	18	20
15 - 30 mins	11	14	17	18	20
30 mins - 1 hour	19	23	25	26	25
1 - 2 Hours	23	26	29	30	30
2 - 3 Hours	28	31	34	35	35
3 - 4 Hours	31	34	36	37	40
4 - 24 Hours	55	60	70	78	80
2 Days	75	80	90	98	99
3 Days	95	100	110	118	119
4 Days	115	120	130	138	139
5 Days	135	140	150	158	159
6 Days	145	160	170	180	180
7 Days	155	180	190	200	200
8 Days	165	200	210	220	220
Additional Day	10	20	20	20	20
9 Days	175	220	230	240	240
10 Days	185	240	250	260	260

11 Days	195	260	270	280	280
12 Days	205	280	290	300	300
13 Days	215	300	310	320	320
14 Days	225	320	330	340	340
15 Days	235	340	350	360	360
16 Days	245	360	370	380	380
17 Days	255	380	390	400	400
18 Days	265	400	410	420	420
19 Days	275	420	430	440	440
20 Days	285	440	450	460	460
21 Days	295	460	470	480	480
22 Days	305	480	490	500	500
23 Days	315	500	510	520	520
24 Days	325	520	530	540	540
25 Days	335	540	550	560	560
26 Days	345	560	570	580	580
27 Days	355	580	590	600	600
28 Days	365	600	610	620	620
Over 28 Days	375	620	630	640	640

Source: Information provided by BAC.

Figure A 1.5: International ParkShort and ParkLong drive up prices



Source: Information provided by BAC.

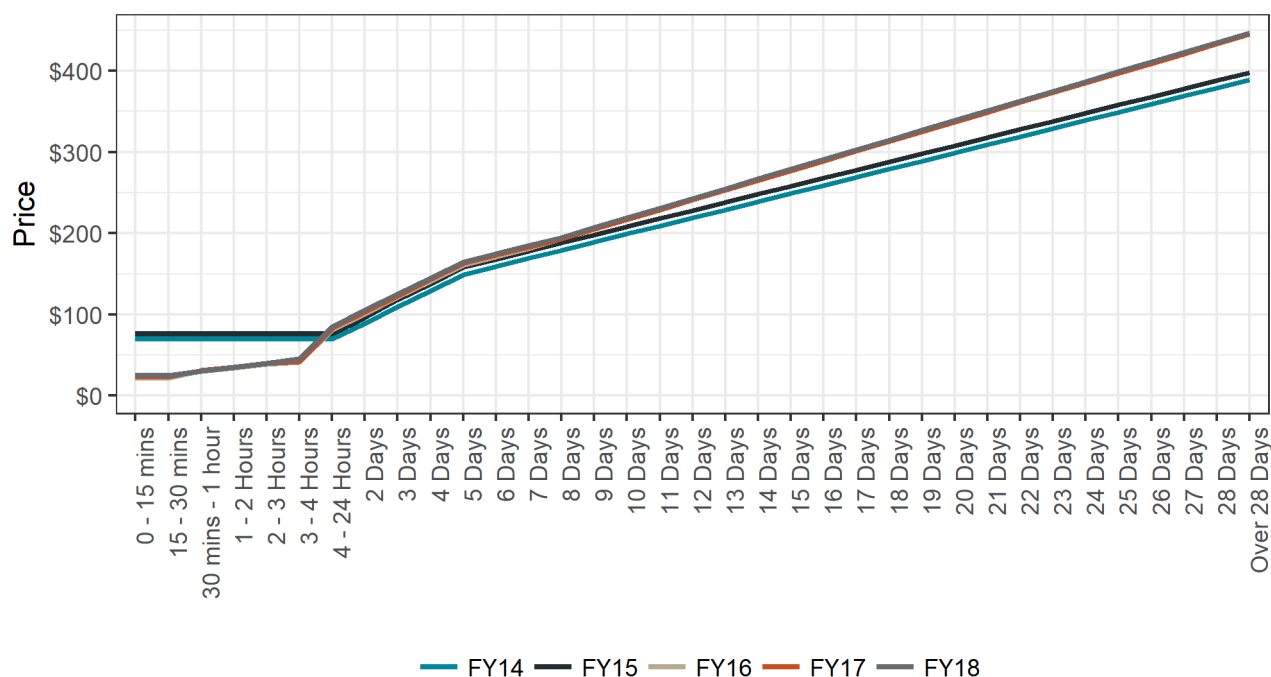
Table A 1.5: International ParkShort and ParkLong drive up prices

Duration	FY14 (as at 01-Jul-13)	FY15 (as at 01-Jul-14)	FY16 (as at 01-Jul-15)	FY17 (as at 01-Jul-16)	FY18 (as at 01-Jul-17)
0 - 15 mins	2	2	2	3	4
15 - 30 mins	6	6	7	8	8
30 mins - 1 hour	14	15	15	16	17
1 - 2 Hours	18	18	19	21	21
2 - 3 Hours	23	23	24	25	26
3 - 4 Hours	26	26	26	27	27
4 - 24 Hours	36	46	50	53	55
2 Days	56	66	70	73	75
3 Days	76	88	90	93	95
4 Days	90	99	110	113	115
5 Days	100	109	130	133	135
6 Days	105	114	140	143	145
7 Days	110	119	150	153	155
8 Days	120	129	162	163	165
Additional Day	10	10	12	12	12
9 Days	130	139	174	175	177

10 Days	140	149	186	187	189
11 Days	150	159	198	199	201
12 Days	160	169	210	211	213
13 Days	170	179	222	223	225
14 Days	180	189	234	235	237
15 Days	190	199	246	247	249
16 Days	200	209	258	259	261
17 Days	210	219	270	271	273
18 Days	220	229	282	283	285
19 Days	230	239	294	295	297
20 Days	240	249	306	307	309
21 Days	250	259	318	319	321
22 Days	260	269	330	331	333
23 Days	270	279	342	343	345
24 Days	280	289	354	355	357
25 Days	290	299	366	367	369
26 Days	300	309	378	379	381
27 Days	310	319	390	391	393
28 Days	320	329	402	403	405
Over 28 Days	330	339	414	415	417

Source: Information provided by BAC.

Figure A 1.6: International ParkValet drive up prices



Source: Information provided by BAC.

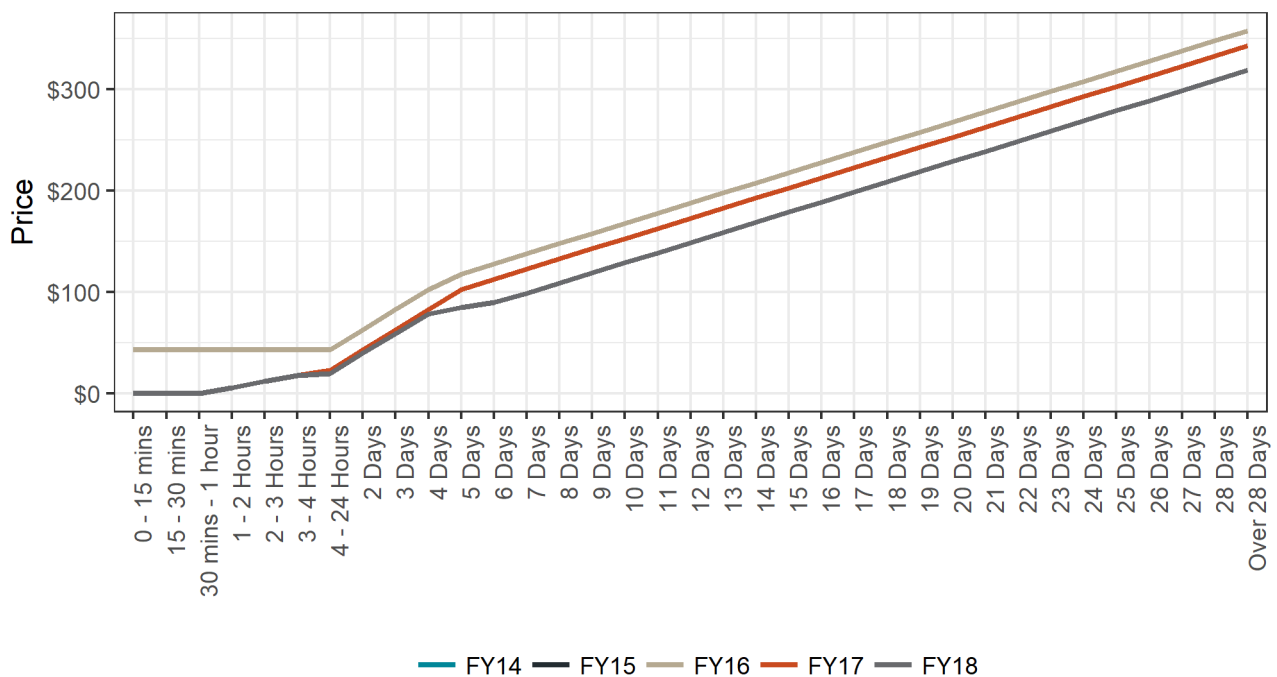
Table A 1.6: International ParkValet drive up prices

Duration	FY14 (as at 01-Jul-13)	FY15 (as at 01-Jul-14)	FY16 (as at 01-Jul-15)	FY17 (as at 01-Jul-16)	FY18 (as at 01-Jul-17)
0 - 15 mins	70	76	22	23	25
15 - 30 mins	70	76	22	23	25
30 mins - 1 hour	70	76	30	31	30
1 - 2 Hours	70	76	34	35	35
2 - 3 Hours	70	76	39	40	40
3 - 4 Hours	70	76	41	42	45
4 - 24 Hours	70	76	81	83	85
2 Days	89	96	101	103	105
3 Days	109	118	121	123	125
4 Days	129	138	141	143	145
5 Days	149	158	161	163	165
6 Days	159	168	171	173	175
7 Days	169	178	181	183	185
8 Days	179	188	193	193	195
Additional Day	10	10	12	12	12
9 Days	189	198	205	205	207
10 Days	199	208	217	217	219

11 Days	209	218	229	229	231
12 Days	219	228	241	241	243
13 Days	229	238	253	253	255
14 Days	239	248	265	265	267
15 Days	249	258	277	277	279
16 Days	259	268	289	289	291
17 Days	269	278	301	301	303
18 Days	279	288	313	313	315
19 Days	289	298	325	325	327
20 Days	299	308	337	337	339
21 Days	309	318	349	349	351
22 Days	319	328	361	361	363
23 Days	329	338	373	373	375
24 Days	339	348	385	385	387
25 Days	349	358	397	397	399
26 Days	359	368	409	409	411
27 Days	369	378	421	421	423
28 Days	379	388	433	433	435
Over 28 Days	389	398	445	445	447

Source: Information provided by BAC.

Figure A 1.7: Airpark Everyday drive up prices



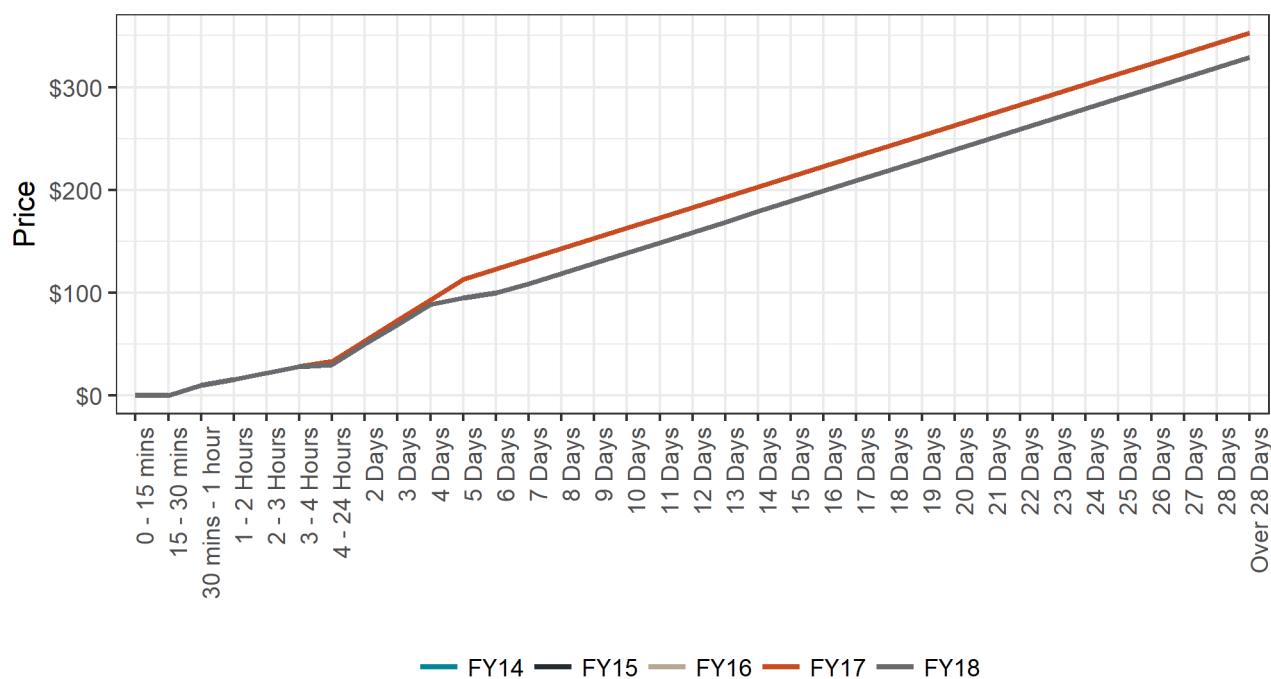
Source: Information provided by BAC.

Table A 1.7: Airpark Everyday drive up prices

Duration	FY14 (as at 01-Jul-13)	FY15 (as at 01-Jul-14)	FY16 (as at 01-Jul-15)	FY17 (as at 01-Jul-16)	FY18 (as at 01-Jul-17)
0 - 15 mins			43	0	0
15 - 30 mins			43	0	0
30 mins - 1 hour			43	0	0
1 - 2 Hours			43	6	6
2 - 3 Hours			43	12	12
3 - 4 Hours			43	18	18
4 - 24 Hours			43	23	20
2 Days			63	43	40
3 Days			83	63	59
4 Days			103	83	79
5 Days			118	103	85
6 Days			128	113	90
7 Days			138	123	99
8 Days			148	133	109
Additional Day			10	10	10
9 Days			158	143	119
10 Days			168	153	129
11 Days			178	163	139
12 Days			188	173	149
13 Days			198	183	159
14 Days			208	193	169
15 Days			218	203	179
16 Days			228	213	189
17 Days			238	223	199
18 Days			248	233	209
19 Days			258	243	219
20 Days			268	253	229
21 Days			278	263	239
22 Days			288	273	249
23 Days			298	283	259
24 Days			308	293	269
25 Days			318	303	279
26 Days			328	313	289
27 Days			338	323	299
28 Days			348	333	309
Over 28 Days			358	343	319

Source: Information provided by BAC.

Figure A 1.8: Airpark Undercover drive up prices



Source: Information provided by BAC

Table A 1.8: Airpark Undercover drive up prices

Duration	FY14 (as at 01-Jul-13)	FY15 (as at 01-Jul-14)	FY16 (as at 01-Jul-15)	FY17 (as at 01-Jul-16)	FY18 (as at 01-Jul-17)
0 - 15 mins				0	0
15 - 30 mins				0	0
30 mins - 1 hour				10	10
1 - 2 Hours				16	16
2 - 3 Hours				22	22
3 - 4 Hours				28	28
4 - 24 Hours				33	30
2 Days				53	50
3 Days				73	69
4 Days				93	89
5 Days				113	95
6 Days				123	100
7 Days				133	109
8 Days				143	119
Additional Day				10	10
9 Days				153	129
10 Days				163	139

11 Days	173	149
12 Days	183	159
13 Days	193	169
14 Days	203	179
15 Days	213	189
16 Days	223	199
17 Days	233	209
18 Days	243	219
19 Days	253	229
20 Days	263	239
21 Days	273	249
22 Days	283	259
23 Days	293	269
24 Days	303	279
25 Days	313	289
26 Days	323	299
27 Days	333	309
28 Days	343	319
Over 28 Days	353	329

Source: Brisbane Airport data.

A2. Off-airport parking operators

In this section we describe the various off-airport car operators for which information is readily available as at May 2018, including the services they offer, the location of the car parks and prices of the services.

A2.1 Alpha Airport Parking

Alpha Airport Parking⁷³ is located at 511 B Nudgee Road, Hendra, approximately 4 km from the international terminal.⁷⁴

Alpha Airport Parking provides open air and undercover parking, with valet service and 24 hour security. Alpha Airport Parking is open seven days per week from 4:00am to 11:00 pm.

Alpha Airport Parking provides free shuttle buses to and from Brisbane airport, which are operated on an 'on demand' basis. When customers are returning to their vehicles, they are advised to call Alpha Airport Parking after which a shuttle bus will be dispatched to meet them.

For additional cost, Alpha Airport Parking also offers automotive cleaning and detailing. Alpha Airport Parking charges per calendar day or part thereof, as per the table set out below. Alpha Airport Parking also notes that it has a 'price beat guarantee', under which if a customer finds a lower priced airport parking service, Alpha Airport Parking will offer a lower price.⁷⁵

Table A 2.1: Alpha Airport Parking rates

Days	Undercover	Outdoors	Motorbike
1	\$23.00	\$19.00	\$8.00
2	\$42.80	\$25.00	\$12.50
3	\$56.30	\$37.00	\$18.00
4	\$65.70	\$43.00	\$23.00
5	\$74.40	\$47.00	\$27.00
6	\$81.80	\$53.00	\$31.50
7	\$87.80	\$59.00	\$35.00
8	\$93.80	\$65.00	\$38.00
9	\$99.80	\$73.00	\$41.00
10	\$105.80	\$80.00	\$44.00
11	\$111.80	\$87.00	\$46.50
12	\$117.80	\$94.00	\$48.00
13	\$123.80	\$101.00	\$50.50
14	\$129.80	\$108.00	\$52.50
Each additional day	\$6/day thereafter	\$7/day thereafter	\$2/day thereafter

Source: Alpha Airport Parking website, <https://www.alphaairportparking.com.au/> (used quote table), accessed 30 April 2018.

⁷³ See Alpha Airport Parking website, www.alphaairportparking.com.au, accessed 29 May 2018.

⁷⁴ Distances calculated using Google Maps.

⁷⁵ Alpha Airport Parking website, <https://www.alphaairportparking.com.au/locations/brisbane-airport/>, accessed 8 August 2018.

A2.2 Andrews Airport Parking

Andrews Airport Parking⁷⁶ is located at 539 Nudgee Road, Hendra, approximately 5 km from the international terminal.⁷⁷

Andrews Airport Parking offers open air and under cover parking for up to 1,700 vehicles. Andrew Airport Parking is open 24 hours a day, seven days per week, and offers 24 hour security.

Andrews Airport Parking provides free shuttle buses to and from Brisbane airport, which are operated on an 'on demand' basis with up to six in constant operation. When customers are returning to their vehicles, they are advised to call Andrews Airport Parking to be picked up by the next available shuttle bus.

For an additional cost, Andrews Airport Parking also provide car cleaning and detailing, and servicing and repairs, including detailed repairs on brakes, engines and panel work.

Andrews Airport Parking charges per calendar day or part thereof, as per the table set out below. Andrews Airport Parking offers discounts to members, from \$10 credits for every 5th stay for 'entry level' members to 20 per cent discounts for 'VIP' members.

Table A 2.2: Andrews Airport parking rates

Days	Undercover	Outdoors
1	\$26	\$22
2	\$45	\$33
3	\$64	\$48
4	\$79	\$57
5	\$85	\$64
6	\$94	\$73
7	\$99	\$79
8	\$108	\$86
9	\$114	\$93
10	\$119	\$98
11	\$125	\$104
12	\$129	\$108
13	\$136	\$112
14	\$143	\$119
Each additional day	\$6/day thereafter	\$5/day thereafter

Source: Andrews Airport Parking website, <https://www.andrewsairportpark.com.au/Andrews/Brisbane/Rates>, accessed 30 April 2018.

A2.3 Gateway Airport Parking

Gateway Airport Parking⁷⁸ is located at 240 MacArthur Avenue, Hamilton approximately 8 km from the international terminal.⁷⁹

⁷⁶ See Andrews Airport Parking website, www.andrewsairportpark.com.au, accessed 29 May 2018.

⁷⁷ Distances calculated using Google Maps.

⁷⁸ See Gateway Airport Parking website, www.gatewayairportparking.com.au, accessed 29 May 2018.

⁷⁹ Distances calculated using Google Maps.

Gateway Airport Parking offers outdoor and under cover parking with valet service and 24 hour security. It is open 24 hours, seven days per week.

Gateway Airport Parking offers free shuttle buses to and from Brisbane airport, which run 24 hours per day. When customers are returning to their vehicles, they are advised to call Gateway Airport Parking to be picked up by the next available shuttle bus.

For an additional fee, Gateway Airport Parking offers vehicle detailing, and servicing and repairs.

Gateway Airport Parking charges per calendar day or part thereof, as per the table set out below. Gateway Airport Parking offers discounts to 'members', ranging from \$10 credits for every 5th parking stay for 'entry level members' to 20 percent discounts to 'VIP members'.

Table A 2.3: Gateway Airport Parking rates

Days	Undercover	Outdoors
1	\$22	\$18
2	\$43	\$26
3	\$54	\$36
4	\$63	\$41
5	\$74	\$46
6	\$82	\$51
7	\$88	\$59
8	\$95	\$65
9	\$99	\$69
10	\$104	\$75
11	\$112	\$81
12	\$116	\$86
13	\$120	\$91
14	\$125	\$95
Each additional day	\$6/day thereafter	\$5/day thereafter

Source: Gateway Airport Parking website, <https://gatewayairportparking.com.au/Parking-Rates/Rates.aspx>, accessed 30 April 2018.

A2.4 Portside Parking

Portside Parking⁸⁰ is located at 7/11 Curtin Avenue, Eagle Farm, approximately 9 km from the international terminal.⁸¹

Portside Parking offers indoor and outdoor parking, with valet service and 24 hour security through electronic surveillance and monitored alarms. Portside Parking offers free bus transfers to and from Brisbane airport between 4:30 am and 11:00 pm. Customers can make special arrangements to drop off or pick-up their vehicles outside of these hours, though must find alternative transport between Portside Parking and Brisbane airport.

Portside Parking charges per calendar day or part thereof, as per the table set out below. It also offers a 10 per cent discount for customers who book and pre-pay.

⁸⁰ See Portside Parking website, www.portsideparking.com.au, accessed 29 May 2018.

⁸¹ Distances calculated using Google Maps.

Table A 2.4: Portside Parking rates

Days	Undercover	Outdoors
1	\$50	\$45
2	\$55	\$45
3	\$60	\$45
4	\$70	\$50
5	\$77	\$55
6	\$88	\$60
7	\$95	\$65
8	\$104	\$70
9	\$110	\$75
10	\$115	\$80
11	\$120	\$85
12	\$125	\$90
13	\$130	\$95
14	\$135	\$100
15	\$140	\$105
Each additional day	\$8/day thereafter	\$6/day thereafter

Source: Portside Parking website, <http://www.portsideparking.com.au/rates.asp#> (normal rates as opposed to pre-paid discount), accessed 30 April 2018.

A2.5 Skyclean Airport Parking

Skyclean Airport Parking⁸² is located at 21-25 Acacia Street, Brisbane Airport, approximately 1 km from the domestic terminal.⁸³

Skyclean Airport Parking offers outdoor parking with a valet service and is open 24 hours a day, seven days per week. Skyclean Airport Parking offers free shuttle bus services, which must be pre-booked.

Skyclean Airport Parking charges per calendar day or part thereof, as per the table set out below.

⁸² See Skyclean Airport Parking website, www.skycleanairportparking.com, accessed 29 May 2018.

⁸³ Distances calculated using Google Maps.

Table A 2.5: Skyclean Airport Parking rates

Days	Outdoors
1	\$18
2	\$25
3	\$33
4	\$40
5	\$47
6	\$55
7	\$62
8	\$68
9	\$75
10	\$82
11	\$88
12	\$95
13	\$100
14	\$105
Each additional day	\$5/day thereafter

Source: Skyclean Airport Parking website, <http://www.skycleanairportparking.com/price-list.html>, accessed 30 April 2018.

A2.6 Qantas Valet

Qantas Valet⁸⁴ is located at Brisbane airport, within the Qantas domestic terminal.

Qantas Valet states that bookings are not required.

Qantas Valet is a valet service and does not specify on its website whether the parking is open or undercover. However, we understand that customers drop and pick up their cars from the terminal location which is undercover, and the cars are then stored in an outdoor holding yard. Qantas Valet's opening hours depend on the daily flight schedule and open one hour before the first flight, and close one hour after the last flight. For additional charges, Qantas Valet offers car cleaning and detailing, and chauffeured transfers at selected onward destinations. Charges are levied per hour – up to three hours – or per day, with rates detailed in the table below.

⁸⁴ See Qantas Valet Brisbane website, <https://www.qantas.com/au/en/qantas-experience/at-the-airport/valet-parking/brisbane.html>, accessed 31 May 2018.

Table A 2.6: Qantas Valet parking rates

Days	Total
1 hour	\$25
2 hours	\$40
3 hours	\$45
More than 3 hours	Daily rate
1 calendar day	\$85
2 days/1 night	\$125
3 days/2 nights	\$165
4 days/3 nights	\$195
5 days/4 nights	\$235
6 days/5 nights	\$275
7-14 days/6-13 nights	\$305
Each additional day (rate per day)	\$25

Source: Qantas Valet website, <http://www.qantas.com/nz/en/qantas-experience/at-the-airport/valet-parking/brisbane.html>, accessed 30 April 2018.

A2.7 Virgin Brisbane Premium Valet

Virgin Brisbane Premium Valet⁸⁵ is located on Hibiscus Street, at the southern end of the domestic terminal.

Virgin Brisbane Premium Valet states that bookings are not required.

Virgin Brisbane Premium Valet is a valet service available to all Virgin Australia customers. It does not specify on its website whether the parking is open or undercover. Virgin Brisbane Premium Valet opening hours depend on the daily flight schedule and open one hour before the first flight, and close 30 minutes after the last flight. For additional charges, Virgin Brisbane Premium Valet offers car cleaning and detailing.

Charges are levied per day, with rates detailed in the table below.

⁸⁵ See Virgin Brisbane Premium Valet website, <https://www.virginaustralia.com/au/en/experience/at-the-airport/valet-parking/#brisbane-premium-valet>, accessed 31 May 2018.

Table A 2.7: Virgin Brisbane Premium Valet parking rates

Parking Period	Rate
0 - 24 hours	\$80
1 - 2 days	\$110
2 - 3 days	\$140
3 - 4 days	\$165
4 - 5 days	\$187
5 - 6 days	\$198
6 - 7 days	\$209
7 - 8 days	\$222
8 - 9 days	\$234
Each additional day (or part thereof)	\$12

Source: Virgin Valet website, <https://www.virginaustralia.com/nz/en/experience/at-the-airport/valet-parking/#brisbane-premium-valet>, accessed 30 April 2018.

A3. Average and peak occupancy at Brisbane Airport car parks

This section illustrates the average and peak occupancies per time of day for each car park type offered by BAC. In the figures below, each point on the time of day (horizontal) axis represents the occupancy between that hour and the next. For example, the occupancy between 12pm and 1pm is represented by the value at 12 on the time of day axis.

Average occupancy over a period of time is defined as the average number of cars in the car park during that hour period across the year. Peak occupancy, on the other hand, is defined as the maximum number of cars in the car park during that hour period across any day of the year.

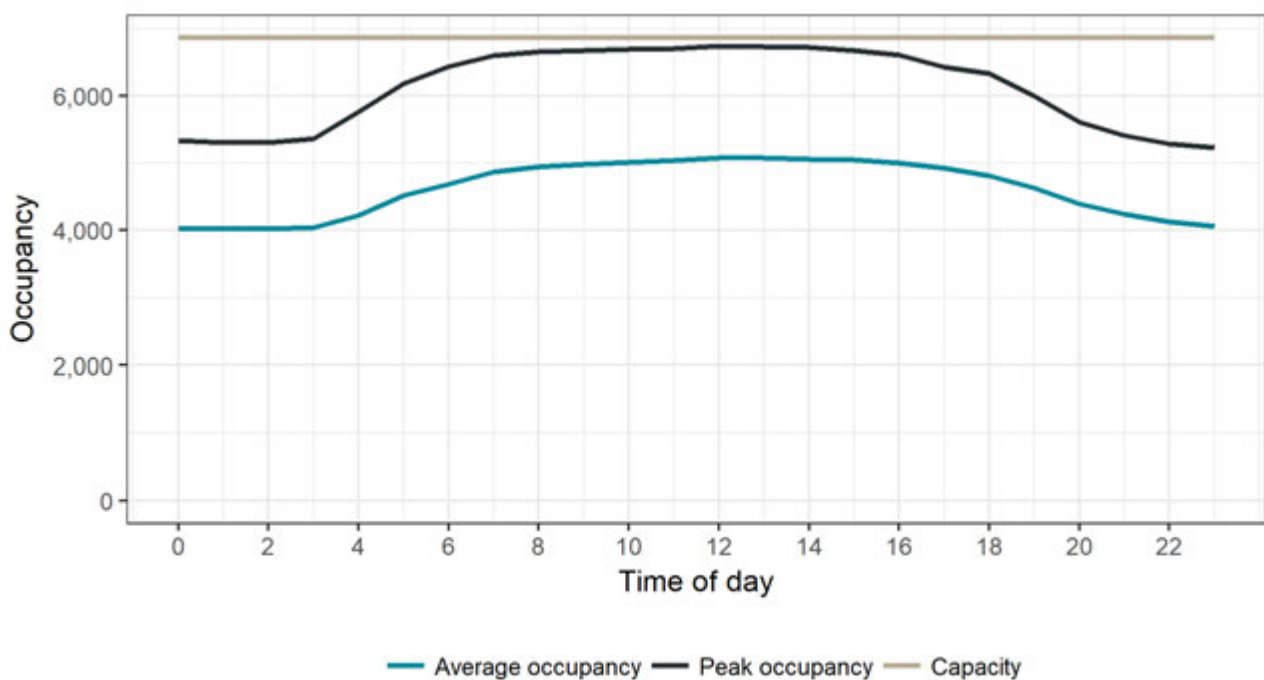
Figure A 3.1 to Figure A 3.7 below illustrate the average and peak occupancy per time of day for the parking facilities over the financial year 1 July 2017 to 30 June 2018 (FY18) where available, with the remaining occupancy graphs depicting the average and peak occupancy per time of day for the parking facilities over the financial year 1 July 2016 to 30 June 2017 (FY17).

This information shows that:

1. Average occupancy is below capacity at every car park.
2. Domestic ParkLong and International ParkShort and ParkLong have the highest average occupancies, indicating that they are the most capacity constrained car parks.
3. The maximum occupancy for Domestic ParkPremium and International ParkLong & ParkShort exceeds capacity.

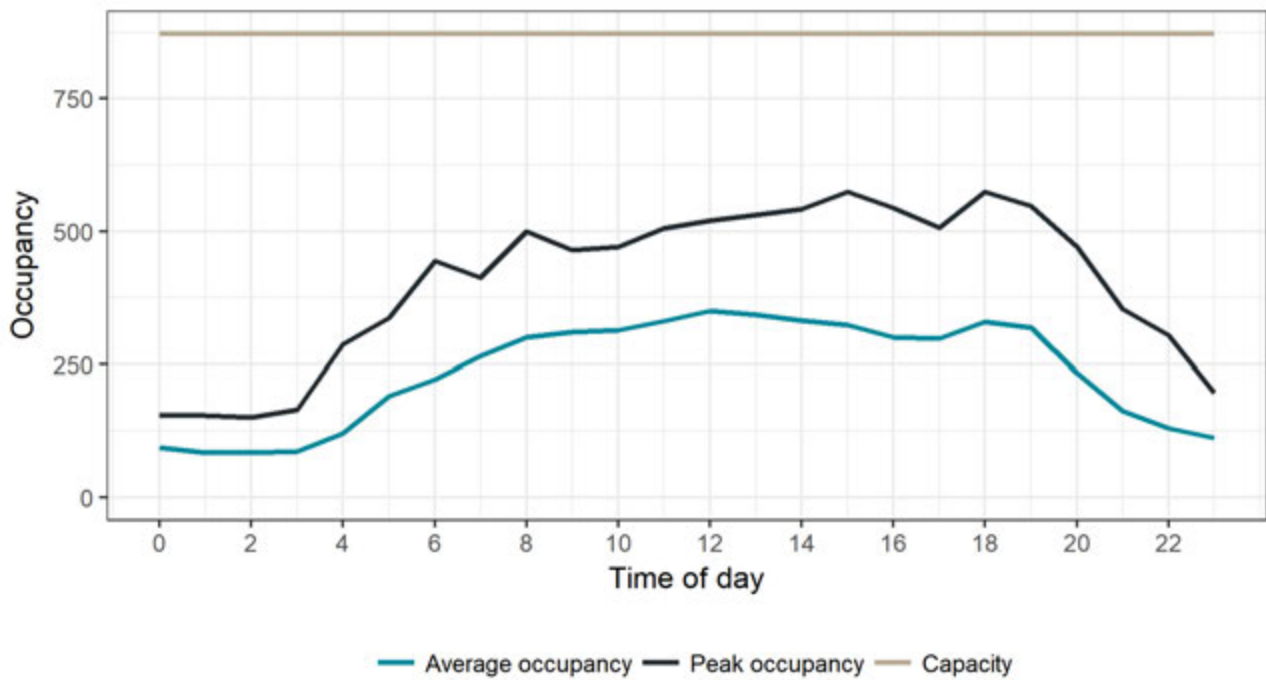
Together these observations suggest that BAC has not acted so as to restrict capacity in order to increase prices charged to customers.

Figure A 3.1: Domestic ParkLong average and peak occupancy in FY18



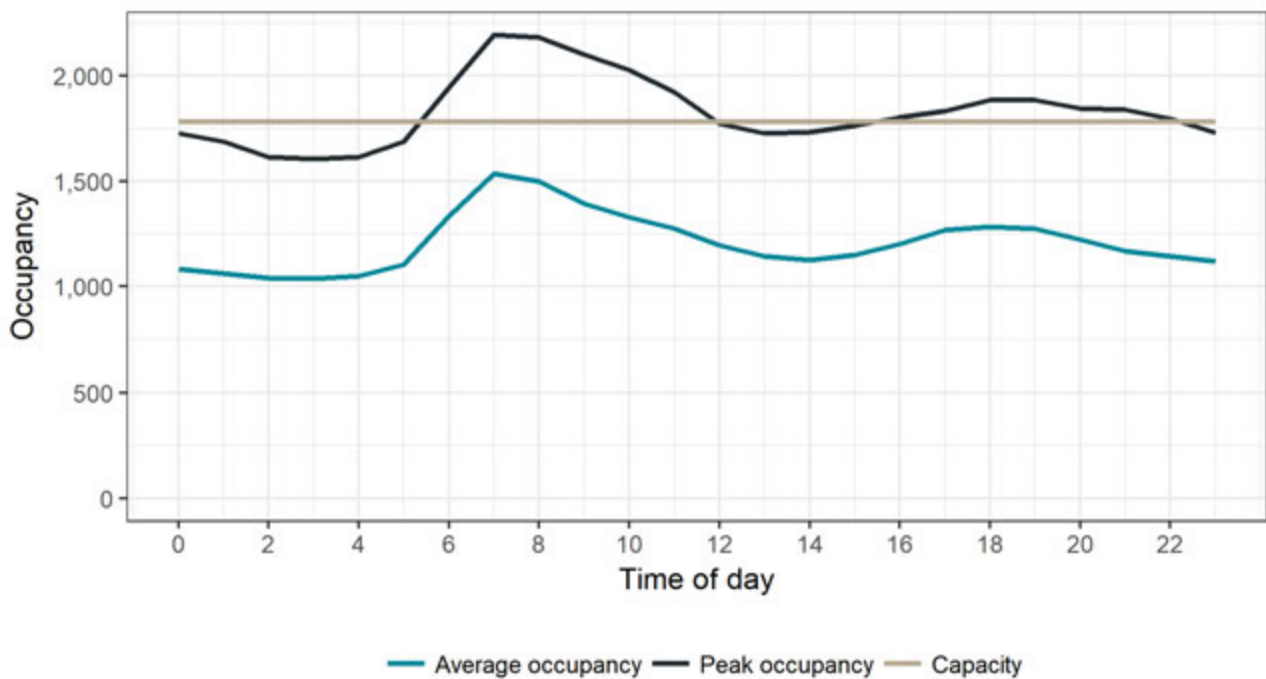
Source: Information provided by BAC.

Figure A 3.2: Domestic ParkShort average and peak occupancy in FY17



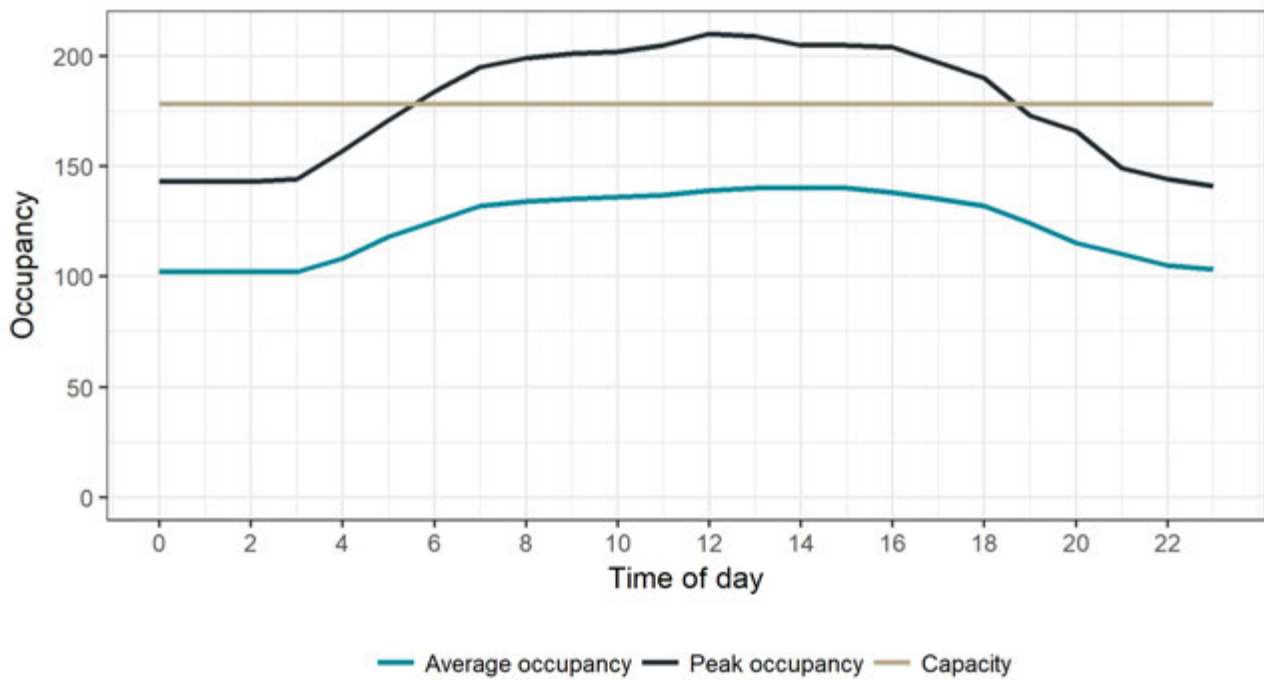
Source: Information provided by BAC.

Figure A 3.3: International ParkShort and ParkLong average and peak occupancy in FY17



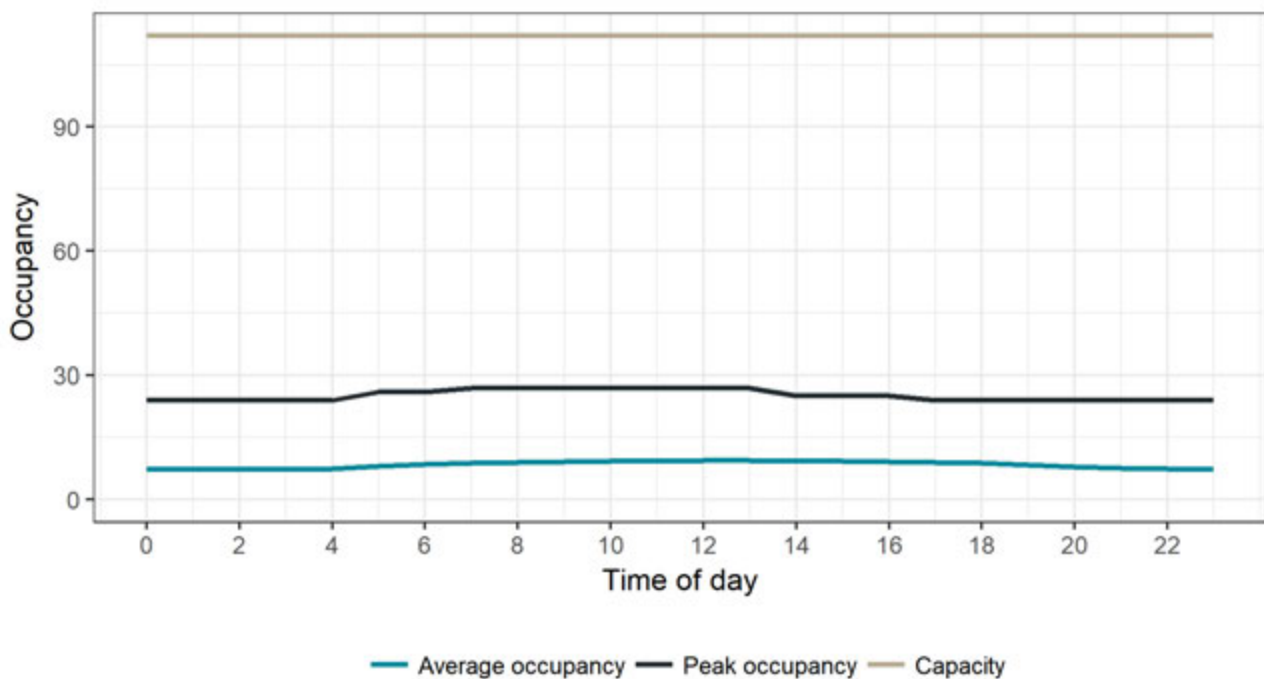
Source: Information provided by BAC. Notes: We combined occupancy numbers across International ParkLong and International ParkShort to be in line with capacity data, which is only available at this aggregated level for these two car parks.

Figure A 3.4: ParkPremium average and peak occupancy in FY18



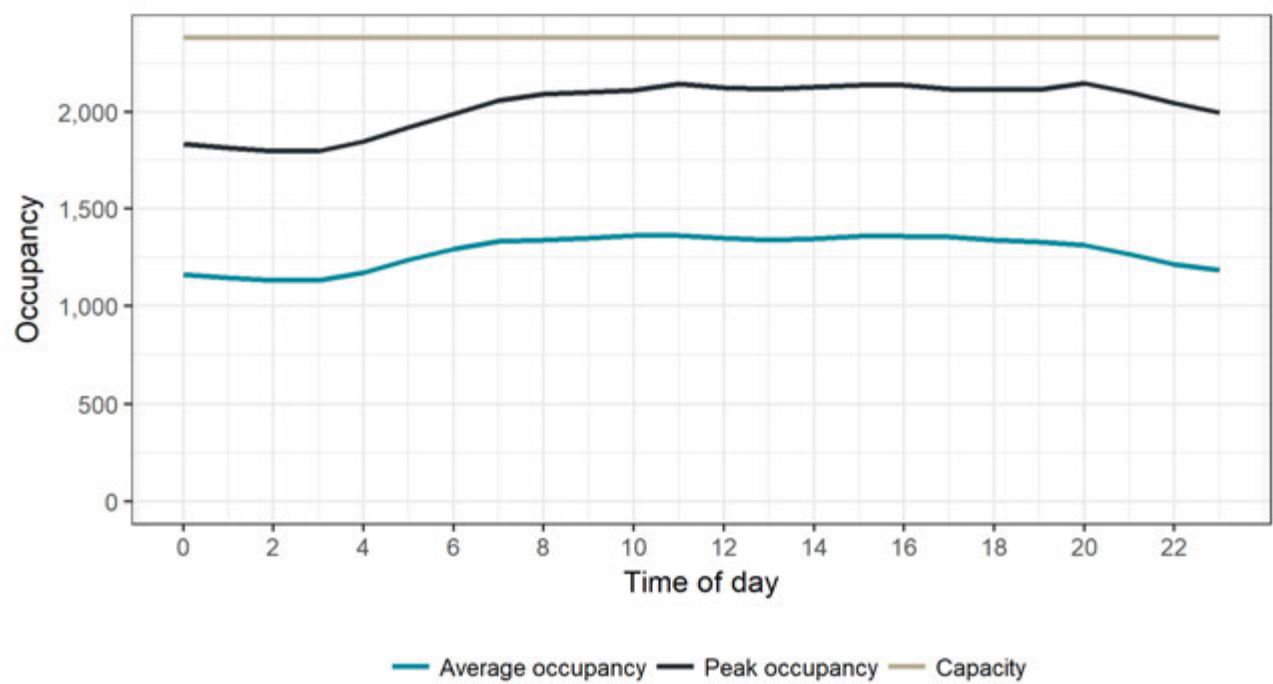
Source: Information provided by BAC.

Figure A 3.5: Guaranteed Space average and peak occupancy in FY17



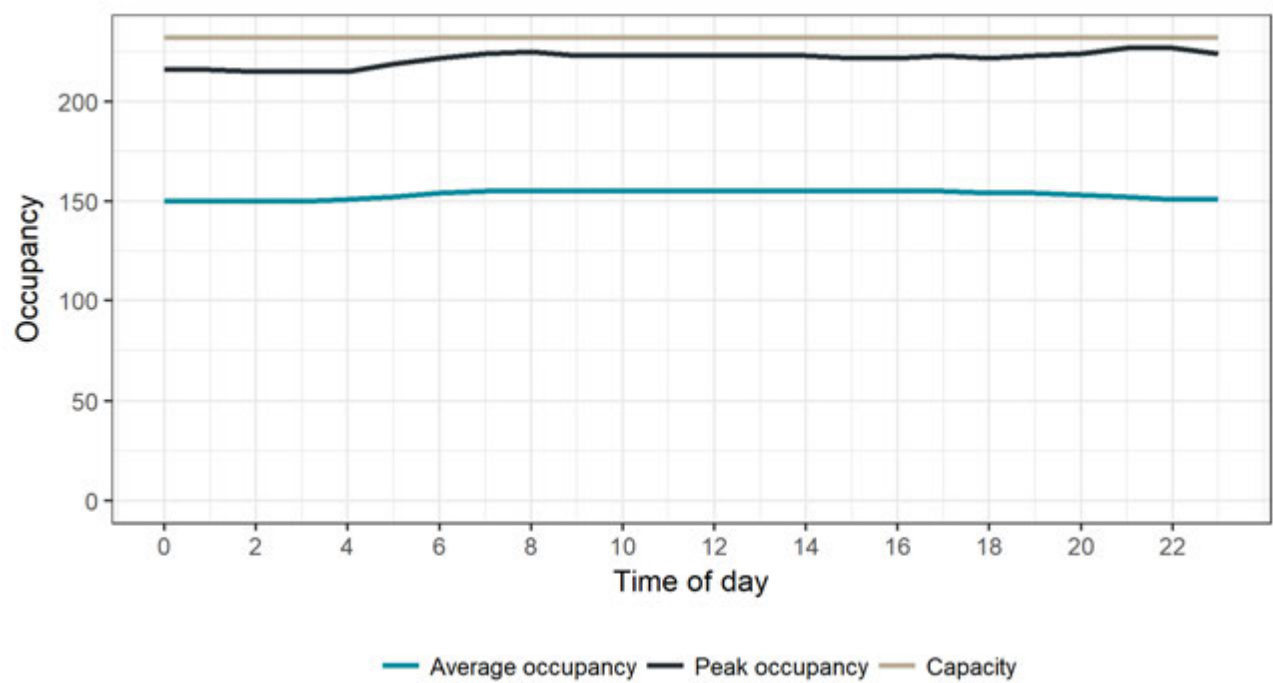
Source: Information provided by BAC.

Figure A 3.6: Airpark Everyday average and peak occupancy in FY18



Source: Information provided by BAC.

Figure A 3.7: Airpark Undercover average and peak occupancy in FY18



Source: Information provided by BAC.



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