

Commentary from Copenhagen Airports A/S

With this commentary, Copenhagen Airports A/S seeks to answer the questions raised by Danish Minister of Finance Thor Pedersen regarding the handling of traffic by Copenhagen Airports.

Highlights of the commentary

- Copenhagen Airports' areas of responsibility are characterised by a high level of operational stability and a high service level. Therefore, it is a very extraordinary situation that passengers have recently faced periods of unacceptably long waits, delays and other nuisances. This is a situation which Copenhagen Airports A/S (CPH) considers to be very serious, and we consider it a deeply unacceptable and regrettable situation for our passengers.
- CPH shares the Minister's view that CPH has the main responsibility for securing the necessary interaction between the different players to make Copenhagen Airport function efficiently for the benefit of our passengers. However, CPH does not have contractual relations with the airlines and is unable to directly control the use of resources by third parties. Close collaboration between the parties is required and will be required in future in order to develop Copenhagen Airport's good service and image. CPH intends to promote and advance this collaboration to the widest possible extent.
- The situation at Copenhagen Airport has now normalised, in view of the busy summer period. This past Tuesday, Wednesday and Thursday, the average waiting time for security checks was approximately ten minutes.
- CPH wishes to continue to contribute to further reductions in the general waiting time. This will be done through a number of initiatives to improve the situation in the short term and to avoid that similar situations occur in future. For instance, CPH has now decided to make a major increase in the number of security staff as we recognise that in view of the changed security procedures, CPH will not be able to meet the high security standards we wish to continue to offer our passengers. In addition CPH will invest DKK 150 million in a new central security checkpoint, which will be ready for use by next summer.
- The recommendation that passengers should be at the airport 2½ hours before departure during certain periods is meant solely as good advice to ensure that passengers can enjoy a calm start to their journey, no matter what type of ticket they have and no matter how used they are to travelling. The recommendation is neither a requirement nor a reflection of the expected queuing time. The recommendation was announced as early as on 24 May with the backing of the airport's two largest customers: SAS and Sterling. In recent days, we have received complaints that it is not at all necessary to be at the airport that early, and that not all airlines open for check-in that early, so CPH now advises passengers to be at the airport two hours before departure.
- Ideally, the general information for the airport should include an overview showing the requirement by each airline with respect to when passengers should be at the airport, since waiting times vary a dramatically from airline to airline. As an example, the largest airline at Copenhagen Airport, SAS, which carries half of all passengers, allows intra-European business class and economy flex passengers with only carry-on baggage to be at the airport only a half hour before departure. For other airlines, it is usual for passengers to be

queuing at the check-in for 1½ hours. We have asked both the tour operators and the airlines to give us this information, but only eight airlines, representing less than about 7% of the passengers, have informed us of their service targets and maximum waiting times. None of the tour operators, including My Travel and Star Tours, have answered our written inquiries.

1. Recent traffic handling and new initiatives

Traffic handling and passenger service is the joint responsibility of Copenhagen Airports, the airlines, the handling companies, the police, customs and a number of other parties. As in previous summers, all parties are under pressure right now due to the record-high numbers of travellers – up to 80,000 per day. By comparison, the number of passengers on an average day is 55,000.

The key points at the airport for the individual passenger are check-in, security and passport control, if applicable. While security checking is the responsibility of Copenhagen Airports, the responsibility for check-in, passport control and baggage handling lies with third parties. In these areas, Copenhagen Airports makes central infrastructure available, which is manned by the staff of the individual airlines and the authorities. CPH cannot make demands for these areas, but only make recommendations.

Check-in:

The airlines have the overall responsibility for check-in, but in practice the job is handled by a number of handling companies which the airlines contract with. Due to the extra number of passengers, waiting times at check-in are generally longer during the summer period than at other times of the year – especially during morning and afternoon peak hours.

The waiting time at check-in varies and depends on how many desks the airlines open for each departure. The airlines have internal targets for waiting time at the check-in desks, which vary from airline to airline. There is often, but not always, a correlation between the waiting time and the fare paid. This means that passengers travelling on low-fare tickets must be prepared to stand in line at check-in for up to 1½ hours at some airlines.

Copenhagen Airports has no influence on the staff level at the check-in desks or the waiting time except in extraordinary situations, when the waiting time is affected by technical problems involving the infrastructure.

Initiatives in the field of check-in

Copenhagen Airports has invested in infrastructure on an ongoing basis and has expanded the capacity. Examples are passport booths, check-in desks, SmartCheck terminals (self-service check-in) and paperless check-in.

Through CPH's collaboration with the airlines, including our collaborative forum, Airline Operators Committee (AOC), CPH seeks to contribute to reducing waiting times at check-in.

Check-in in the form we know today began already in the 1930s, and in future passengers will experience completely new and modern ways of checking in. The International Air Transport

Association (IATA), the airlines' own organisation, has an official target that all tickets should be electronic by the end of 2007.

As late as on 27 June this year, the organisation officially confirmed that 31 December 2007 is the airlines' deadline for ensuring 100% electronic ticketing. The check-in kiosks are a step in that direction, but also online check-in and other types of electronic ticketing will become a reality going forward.

Copenhagen Airports A/S has wished to contribute to this development by making SmartCheck terminals available free of charge to the airlines wishing to use such terminals. The target is to have substantial check-in activity through self-service technologies to the effect that passengers themselves may steer clear of any queuing problems arising from the insufficient manning of the check-in desks. Copenhagen Airports expect to expand the number of SmartCheck terminals as and when the airlines wish to join the arrangement. However, several airlines do not currently wish to make use of this option.

Copenhagen Airports pursues an ongoing dialogue with the airlines about the check-in problem, but has no sanction powers if the airlines do not meet the service targets. This follows from EU rules that the airlines must themselves handle the manning of the check-in desks in airports with more than two million passengers per year.

Baggage handling:

The handling companies take care of baggage handling, whilst CPH operates the system used to transport, sort and security checks baggage.

On Sunday 2 July and Monday 3 July, overheating caused technical breakdowns on parts of the baggage system, which resulted in very long waiting times at check-in, delayed flights and an accumulation of baggage which did not reach the destinations until a later time. This created a chaotic situation at Copenhagen Airport because the breakdown occurred on two of the busiest days of the summer period.

The baggage system was built in 1998 and is normally very reliable – also at high summer temperatures. However, the breakdown on the specific days was due to a chain of technical defects, which led to overheating of the system.

Copenhagen Airports regrets this situation and the great inconvenience it has caused to our passengers and business partners.

The airport's baggage sorting facility has not previously suffered breakdowns with such serious consequences, and it is normally a very reliable system. The baggage sorting facility functions correctly during 99.7% of the time in operation.

Passengers also experience waiting times at baggage reclaim. The waiting times vary a lot depending on the airline and ticket type. An EU directive has stipulated that airports with more than two million passengers a year are not allowed to handle baggage. At Copenhagen Airport, the airlines are responsible for baggage reclaim, which is, in practice, carried out by handling companies.

Within the past couple of weeks, some passengers have had to wait for their baggage for an hour and 45 minutes on their return to Copenhagen. Arriving baggage is unloaded onto a very simple

system which has never failed, and shortly after being unloaded, it turns up on a belt in the baggage reclaim area. The critical factor here is unloading of the aircraft, which is managed by the airlines. In this field as well, CPH has no contractual relations and therefore does not have the power to control third-party resources. In order to provide guidance to passengers, CPH has invested in information screens which show how long time passengers should expect to wait for their baggage.

Initiatives in the baggage field

CPH has put in extra manpower in the baggage field – the so-called “butterflies” – to help in key areas during the summer months in order to ensure that handling of baggage is as flexible as possible. Finally, extra service technicians have also been called in so that any technical problems with the baggage sorting facilities can be solved quickly.

The system is regularly updated technically, and in 2006 CPH is investing DKK 35 million in various system upgrades.

Security check:

Copenhagen Airports' investments in security have never been greater than now. Over the past three years, CPH has doubled the number of security staff to currently approximately 700.

CPH is responsible for security checks and is subject regulatory inspection of the security systems to ensure that they meet EU requirements. As late as on 6 April, Flemming Hansen, the Danish Minister for Transport and Energy, provided the following answer to the Danish parliament Traffic Committee:

“The CAA's inspections of the individual sites have not resulted in any comments on the quality of the security equipment used, the performance of the inspections or the design of the points of inspection”.

The national authorities have recently found elements which do not comply 100% with the EU rules. CPH follows the directions made by the authorities, and this resulted in unacceptably long waiting times at the security checkpoints for some time. On the day that turned out to be the most critical, some passengers were in line for about 1½ hours during certain periods.

Through a dialogue, the authorities and CPH have found a model for solving the problem without subjecting passengers to extraordinarily long waits.

The situation at Copenhagen Airport has now normalised, in view of the busy summer period. This past Tuesday, Wednesday and Thursday, the average waiting time at security was approximately ten minutes, and during peak hours, the maximum waiting time was approximately half an hour. However, CPH wishes to further reduce waiting times.

Initiatives in the security field

In the short term

Over the past three years, CPH has doubled the number of security staff to currently approximately 700. CPH is continuously recruiting and training new staff, and new groups started as late as on 1 June and 1 July. The first group is now ready to participate in the shifts.

However, CPH recognises that the changed procedures require an even greater increase in our security staff to enable us to continue to meet the high standards we wish to offer our passengers. More specifically, this means that CPH now intends to hire additional groups of security staff over the months to come.

Moreover, CPH will increase the use of service assistants to improve the flow through the airport.

These initiatives will all contribute to a strengthening of the security organisation and to a reduction of waiting times.

In the longer term

CPH's Board of Directors has adopted a resolution to invest DKK 150 million in a new central security checkpoint which will be ready for use by next summer. The change will result in greater capacity and increased flexibility, and thus in shorter waiting times for passengers.

As a result of the stricter regulatory requirements, CPH considers it necessary to establish a new central security checkpoint designed to take into account some of the requirements the airport may face in future, so that CPH can maintain the high service and quality levels to passengers without compromising security.

In recent months, CPH has investigated the options available and worked with the project, which is now materialising into project descriptions and plans. The new security checkpoint will be built at the first-floor level in the Arcade with access from both Terminal 2 and Terminal 3 via skywalks.

The security checkpoint will have new facilities which will make it easier for passengers to prepare for the security check and thus help reduce waiting times.

Moreover, we are currently experiencing situations with long waits at the security checkpoint in one terminal and almost no waiting time in the other terminal. With the central checkpoint, CPH will solve this problem as passengers will automatically distribute themselves more equally in the "tracks" available.

2. Recommendation on when to be at the airport

Criticism has been voiced of CPH considering it necessary to recommend passengers to be at the airport 2½ hours before departure at certain times of the day; it has been said that this is not consistent with what should be expected from a major airport.

CPH made this recommendation with the support of our largest customers, SAS and Sterling, already on 24 May, before the summer traffic really started.

The reason for making this recommendation was that, during the summer period, many travellers are not familiar with conditions at the airport. In addition, there is nowadays strong differentiation in the ways the airlines handle their passengers. Intensified competition, lower fares and greater focus on resources by the airlines today result in major differences in the time passengers have to spend in line for check-in.

A rule of thumb is that the lower the fare, the longer the waiting time.

At SAS for instance, intra-European passengers with carry-on baggage and a business class or economy flex ticket are allowed to check-in half an hour before departure, whilst check-in on economy class to the USA takes substantially longer.

Several of the low-cost airlines at Copenhagen Airport have one or two check-in desks open, which means that passengers are queuing for 1½ hours as a completely normal practice.

With such great differences in the handling of passengers by the various airlines, CPH chose to recommend that passengers arrive at the airport very early on peak travel days. The recommendation is neither a requirement nor a reflection of the expected queuing time. It is solely meant as good advice to ensure that passengers can enjoy a calm start to their journey irrespective of the type of ticket they travel on and how experienced travellers they are.

In recent days, we have received complaints that it is not at all necessary to be at the airport that early, and that not all airlines are open for check-in such a long time before departure. Therefore, CPH now advises passengers to be at the airport two hours before departure in order to start out their journey in a calm manner.

Ideally, the general information for the airport should include an overview of the time the individual airlines require their passengers to be at the airport, since waiting times vary dramatically from airline to airline. We have asked both the tour operators and the airlines to give us this information, but only eight airlines, representing less than 7% of the passengers, have informed us of their service targets and maximum waiting times. None of the tour operators, including My Travel and Star Tours, have answered our written inquiries.

3. All in all

Copenhagen Airports' areas of responsibility must also in future be characterised by a high level of operational stability and a high service level. Therefore, CPH has taken a number of initiatives to ensure flexible handling of traffic.

In CPH's own areas of responsibility, we are not only increasing our security staff significantly, we are also making large investments in new infrastructure and capacity, among other things by way of a new central security checkpoint and by upgrading our baggage system.

It is more difficult to show action in the short term in the areas where CPH does not hold responsibility, as CPH does not have contractual relations with the airlines and cannot control third-party resources. However, we will continue our dialogue and collaboration with the airlines about service standards and new ways of reducing waiting times, for instance new, modern forms of check-in.