

Productivity Commission SUBMISSION COVER SHEET (not for publication)



Australian Government
Productivity Commission

Please complete and submit this form with your submission to:
 Airport Regulation Inquiry **OR** **By facsimile (fax) to:**
 Productivity Commission Christine Underwood (02) 6240 3377
 PO Box 1428
 Canberra City ACT 2601 **By email: airport-**
 regulation@pc.gov.au

Organisation or Individual: Australian Services Union

Principal contact: Linda White

Position: Assistant National Secretary

Phone: 03 9342 1400 **Fax:** 03 9342 1499

Mobile:

Email address: lwhite@asu.asn.au

Street address: Ground Floor 116 Queensberry Street

Suburb/City: Carlton South **State:** Victoria **P'code:** 3053

Postal address: As Above

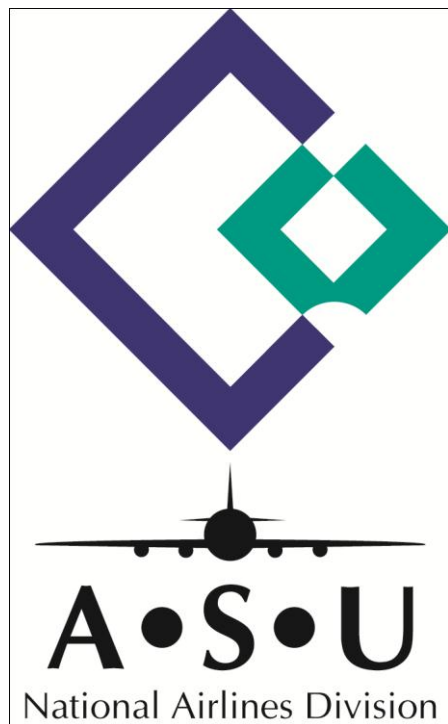
Suburb/City: **State:** **P'code:**

Please note:

- For submissions made by individuals, all personal details other than your name and the State or Territory in which you reside will be removed from your submission before it is published on the Commission's website.
- Copyright in submissions resides with the author(s), not with the Productivity Commission.
- Submissions will be placed on the Commission's website, shortly after receipt, unless prior contact has been made concerning material supplied in confidence, or to request a delayed release for a short period of time. **Submissions will remain on our website as public documents indefinitely.**

Please indicate if your submission:

- contains NO material supplied in confidence and can be placed on the Commission's website
- contains SOME material supplied in confidence (provided under separate cover and clearly marked COMMERCIAL IN CONFIDENCE, or PERSONAL IN CONFIDENCE)



**Australian Services Union
Submission**

**Productivity Commission Inquiry into the
Economic Regulation of Airport Services
Issues Paper, January 2011**

Date: 8th April 2011
Submitted by: Linda White
Assistant National Secretary
Address: ASU National Office
116 Queensberry Street
Carlton South, VIC 3053

About the Australian Services Union

1. The Australian Municipal, Administrative, Clerical and Services Union [ASU] is one of Australia's largest Unions, representing approximately 120,000 employees.
2. The ASU has members in every State and Territory of Australia, as well as in most regional centres. The Union has approximately equal numbers of males and females as members, although proportions vary in particular industries. In aviation around 65% of our members are female.
3. Today, the ASU's members work in a wide variety of industries and occupations. In aviation, ASU members work both in the transport of passengers and freight.
4. They work in airports in check-in and operations, in call centres, retail reservations, in maintenance, freight, catering, IT, finance and administration.
5. The ASU is the largest Australian union covering aviation industry workers – with members in the widest number of companies and activities in the industry. Our members work for Qantas, Jetstar, Virgin Blue, Regional Express, Qantaslink, Singapore Airlines, United Airlines, Emirates, Malaysia Airlines, Thai, Garuda, Cathay, Air Niugini, South African Airlines, Air France – KLM, Air New Zealand and twenty other overseas airlines. As well as contractors in the industry like Menzies Aviation Services and Toll Dnata, and Airfreight companies such as Australian Air Express.

ACCC findings

6. The ASU supports the ACCC's finding that some airport providers have failed to undertake investment in infrastructure and services and are charging higher prices than would be the case in a competitive market. This has been the experience of ASU members working in Airports who regularly encounter poorly maintained facilities in their daily work, and exorbitant prices for food and parking in their workplace.
7. This is particularly the case at Sydney Airport. Sydney Airport in particular is notorious amongst workers for its poor quality facilities such as aerobridges and baggage belts, and inferior check in facilities that pose an OHS risk for the workers operating them.
8. The ACCC submission to this inquiry makes the following observations about Sydney Airport; 'between 2002 – 03 and 2009 – 10, the number of check in desks available to airlines at the international terminal has not increased nor has the capacity of inbound baggage handling systems. It was also questions whether this investment largely improved retail operations rather than aeronautical services provided to airlines.' The ASU supports these observations.

Failure to invest in services and Airport infrastructure

9. In 2008 the ASU undertook a nation-wide survey of its members working in the aviation industry. Just over 700 responses were received from the full gamut of ASU members, including customer service agents, load controllers, and people working in freight, which are all occupations based at the Airport.
10. Respondents were invited to make comment or suggestions about what they thought should be included in the ASU's submission to the Aviation White Paper in 2009. A number of the responses commented on the issue of maintenance of facilities and the price of services at the airport.

a) *Response from a Customer Service Agent employed by Qantas working at Melbourne Airport:*

Apart from the obvious issues of air rage, airports are to the facilitate *airline passenger processing* not shopping centres with a runway. Melbourne Airport is a prime example of this, and its facilities are nothing short of laughable in comparison with the rest of the world.

Space is unnecessarily cluttered by ludicrous duty-free carousels (especially in the departure area), making easy access through this area well-near impossible.

Gates, check-in counters are all-but neglected. Most of the aerobridges have no heating or cooling that functions properly, making them freezing in winter, and unbearably hot in summer. Check-in counters, although receiving an upgrade, are still well-behind world standards.

The equipment at gates (drawers and so on) is a hazard to operate, (pull-out drawers) that require almighty heaves to pull out, and great shoves to push back in. The arrival door at gate 3 international has had to be propped open with a pole for well over a year, and the new barrier arrangement at gates 3 and 5 departures can only be described as baffling.

Toilets are sadly lacking in the whole terminal, and those in existence are filthy at best.

International departures airside near McDonald's are perhaps the worst. There is also no smoking room at the airport airside, which contributes to passenger frustration, and ultimately, aggression during lengthy delay which are now becoming commonplace.

Duty free, and airport concessions, however seem to be in a state of perpetual boom and expansion.

b) *Response from a Customer Service Agent employed by Qantas working at Sydney Airport:*

More bays/less shops, more space, more information booths - a state police station at the airport- and get Macquarie Bank to CLEAN it now and then - the dust is everywhere – it's disgraceful.

c) *Response from a Customer Service Agent employed by Menzies Aviation at Sydney Airport:*

OH&S - there are not enough poles at each gate to set up a queue for boarding, staff have to find them from unoccupied gates by lifting them onto hand luggage trolleys - The fix: provide enough poles for everyone.

Pushing wheelchairs through pier C (gates 50 - 63) is a joke. The rise in the floor after security is far too steep to be pushing chairs up especially when the person in the chair is of large build. The fix: Change the floor so that the rise is not so steep.

A constant safety issue are leaking ceilings at arrival gates, very dangerous for people disembarking from an aircraft.

Airport definitely needs more gates to ease inconvenience mainly to passengers.

Training to handle hostile and abusive people should be mandatory for ALL companies within the airport environment to provide to their employees. The amount of calls to the police or security would decrease if employees were taught how to diffuse or handle the situation before there is a physical threat or violence.

d) *Response from a Customer Service Agent employed by Sunstate at Brisbane Airport:*

The government should treat all airlines equally (not subsidise some just to get them into Aus) and more Public Transport to Airports at early and late hours. Airport corporations should be more accountable for their business decisions concerning staff working there. We are a captured market and have NO options of services provided for us ie. closer parking to work place, cheaper food availability (staff canteens).

e) *Response from a Administration Officer employed by AaE at Sydney Airport:*

Stop airport owners e.g. Sydney from continually adding more retail to the airport when the feeder roads can't handle the congestion- look at building a new government owned airport.

f) *Response from an AaE employee at Sydney Airport:*

Parking should be provided close to work place, discount travel.

11. These responses give a good indication about the frustrations that ASU members experience interacting with Airport facilities and services on a day to day basis. These survey results are now a couple of years old, but our members and organisers tell us that little has changed.
12. Once recent example is the Canberra Airport upgrade. The ASU has watched with keen interest the upgrade of the Airport over the last few years. The upgrade is a good example of the misguided priorities of private airport providers and their failure to invest in vital infrastructure. At Canberra Airport the first areas to be upgraded were the car parks and shopping zones. The terminal upgrade followed much later as a secondary concern. The dramatic increase in buildings and activity necessitated increased in surrounding road infrastructure, at the states expense. We have observed across Australia that private operators prioritise the maintenance and upgrade of commercial outlets, at the expense of the aviation facilities. And where vital infrastructure, like roads, are desperately needed, it is left to the state to foot the bill.

Impact of market failures

13. The impact of this abuse of market power is workers face Occupational Health and Safety risks in their workplace, and difficulties dealing with passengers who become frustrated with the airport facilities.
14. One example of the type of risks workers face is a recent issue the ASU has been involved with at Sydney International Terminal. The Sydney International Terminal does not have any duress buttons at the check in counters. This is a disgrace, particularly at an airport where just a kilometre across the tarmac, at the Qantas Domestic Terminal, someone was murdered. At the Qantas Domestic Terminal all counters had duress buttons which were used during the incident. Yet the airport operator has no incentive to respond to airline and worker demands to install duress buttons, because their market monopoly ensures that there is no competitive disadvantage to their neglect of facilities and safety.
15. When facilities don't work, or when the airport refuses to install duress buttons at check in, workers suffer. They suffer first because the safety of their workplace is compromised.
16. The other problem caused by the failure to invest, is how passengers respond to the poor infrastructure. This is a problem that has evaded the current economic regulation. When there aren't enough check in counters queues necessarily become very long, and passengers have to wait. They often become frustrated, cranky and sometimes abusive. Similarly when baggage belts break passengers have to wait for their bag, and after long haul international flights are prone to particularly emotional responses. These responses are well documented in shows such as the UK 'Airport' and the Australian 'Air Ways' which show passengers navigating their way through the check in and customs process.

17. It is the Customer Services Agents working in the front of house, ASU members who bear the brunt of the passenger abuse. This abuse is termed 'air rage' and it is an all too common occurrence in Australian airports.
18. In 2004 the ASU conducted a survey of customer service staff working at airports about the prevalence of air rage in Australian airports. 96% of respondents had experienced air rage while at work, with 33% experiencing air rage on a daily basis. The incidents of air rage included cases of stalking, and physical assault. Several respondents said they had been spat at, punched, grabbed at and pushed and had objects such as mobile phones thrown at them.
19. The ASU conducted a follow up survey in 2008 to inform the union's response to the Aviation Issues White Paper. The survey showed that air rage continues to be a problem. Of those surveyed in customer service roles 81% has experienced air rage at their airport. While this is a slight improvement on the 2004 responses, it is clearly still an issue at our airports.
20. Little has been done to stop air rage, and the underlying causes remain. There are a range of triggers for air rage that include alcohol, excess baggage charges and a lack of understanding about ticket restrictions. However the most common reason that 90% of respondents identified in the 2008 survey was long waits in queues. Part of this is caused by a lack of airline staff but the other cause is the infrastructure constraints caused by a lack of check in facilities at check in.
21. The constant threat of air rage makes the difficult job of Customer Services Agent that much harder, and threatens the safety and security of their workplace. Nobody should have to endure the sort of daily abuse, and threat to physical safety that these workers have to put up with.
22. This problem warrants regulatory intervention to address the issue of airport operators exploiting their monopoly and failing to invest in infrastructure and services.

Market failures contributing to carbon pollution

23. A further problem of the monopoly power of airports is they have failed to expand and provide sufficient runway, takeoff and landing facilities. Anyone flying into Sydney Airport at either end of business day can attest to regularity with which flights are forced to circle the airport waiting for a runway to land.
24. This represents an inefficient use of aeroplanes, cost to airlines and is a source of great frustration for the travelling public.
25. The delays also have an undesirable cost in terms of carbon pollution and the aviation industry's efforts to mitigate climate change. The aviation industry is a significant emitter of carbon and other greenhouse gases. The emissions generated by aeroplanes are particularly damaging due to the location where they are emitted. Those planes needlessly circling airports continue to burn fuel and

produce emissions. The impact of this is so significant that it has been identified as one the key carbon abatement opportunities for the aviation industry.

26. The time spent circling airports is unproductive time and use of scarce resources. It is a problem that could be rectified with more landing facilities. This responsibility to provide these falls to private airports who appear unwilling to expand to meet the increased demand for air travel. In a competitive market airport providers would need to respond to this demand, and provide more landing facilities because airlines and passengers would opt to use airports with quicker landing times. (The delays are often upwards of half an hour, it is reasonable to think that consumers would use an alternative service that makes their trip quicker.) However in most capital cities no suitable alternative airport exists, so airport providers have monopoly power and can continue to schedule more flights without the corresponding investment in new infrastructure.

Regulatory response

27. The ASU is concerned that the existing regime is not proving effective deterring abuse of market power by airport operators. The experience of ASU members on the ground, working in airports tells us they are abusing their power, and it is manifesting in poor infrastructure, deficient services and increased prices.
28. However we believe the existing regime, most especially price monitoring should continue. Whilst the ASU agrees with the ACCC finding that it is has been ineffective in deterring the incidents of abuse, at least price monitoring ensures the abuse is public. This keeps the problem on the public's agenda which can play some role, even if just on a moral level, constraining the behaviour of airport operators. It also keeps the problem in the mind of policy makers. Without price monitoring and reporting it is likely the outrageous pricing, and poor service offering will become accepted as the norm.
29. The alternative proposed by the ACCC, the use of the deemed declaration provision under Part IIIA of the Act is a poor substitute. As the ACCC acknowledge in their submission seeking to have an Airport declared is a lengthy and costly process and has little effect in constraining the decisions of Airport operators with regard to investment and pricing.
30. There appears to be few effective regulatory options that will deter abuses of market power by Airport operators. None have worked to date and there seems little prospect of constraining the power of these monopolies.
31. It begs the question, should airports built in the future be privatised? Given our members experience in privatised airports, we would say future airports should be retained in public hands. This is a discussion worth having in anticipation of a second airport in Sydney.

Price monitoring

32. One aspect of the current price monitoring regime which could be improved is the user feedback aspect of the monitoring. A key component of the ACCC quality monitoring is a survey of passengers and airlines. They place considerable weight on the views of airlines, as they say “it is the airlines that are the direct users of services under the airports control.”

33. The ASU view is this quality monitoring could be strengthened by the inclusion of workers in the survey. It is in fact not the airlines that are the direct users of the services, it is the airline employees. Their views are not always the same as those of manager who we can presume participate in the surveys. An on the ground perspective could be beneficial to the quality monitoring process.