



ASU Submission

## “National Aviation Policy Green Paper”

Department of Infrastructure, Transport,  
Regional Development & Local Government

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## Introduction

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 male and female members, although proportions vary in particular industries. In aviation around 65% of our members are female.
3. Today, ASU 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 passenger handlers in the industry like Menzies Aviation Services and Toll Dnata, and airfreight companies such as Australian Air Express.
6. The ASU has engaged in the development of the National Aviation Policy from the beginning. In June 2008 the ASU provided a submission ("the first submission") to the *National Aviation Policy Issues Paper* that raised issues important to workers in the Aviation industry.
7. We are pleased to see some of the issues we raised in the first submission have been addressed in the *National Aviation Policy Green Paper* however the ASU believes that greater attention is required on some key areas of concern including Air Rage, ASIC issues, air cargo and terminal security and industry skills that were

covered in our original submission. This submission adopts the first submission and further addresses the policy issues requiring additional emphasis and attention.

## **Aviation Safety**

### *Air rage*

8. The issue of air rage is one critical to the safety of customer service agents working in Australian airports. Agents are the subject of frequent abuse from passengers, with rage incidents often escalating to violent attacks on workers. This issue was discussed at length in the first submission to the Issues Paper stage of consultation, but did not rate a mention in the Green paper. This issue is an urgent priority for workers in customer service roles whose workplace is becoming increasingly antagonistic and dangerous as passengers react to deficiencies and cut backs in airline services, and infrastructure constraints in airports that cause queues and delays.
9. Air rage is defined as disruptive passenger behaviour which can range from a failure to obey safety instructions to verbal harassment or physical assault directed at airline staff.
10. The 2008 ASU Aviation Issues survey, referred to in the first submission, reported that 81% of surveyed workers in customer service roles had experienced air rage whilst at work at Australian airports. Airlines have been slow to move in displaying appropriate warnings and signage, and despite being well aware of the problem most airlines and passenger handlers still do not provide training in conflict resolution for their frontline staff.
11. In the short period since the first submission on this issue, Air Rage problems have received considerable coverage in the media. The Courier Mail reported incidents of a customer service agent being slapped at the Brisbane Domestic Airport Terminal in early December 2008. Another worker collapsed from stress and an information desk officer had to leave her post due to passenger abuse. The Courier Mail also

reported on an incident in 2007 where staff were spat on and abused as they attended to an elderly woman who collapsed died in a long queue.<sup>1</sup>

12. Further media outlets reported that incidents of air rage had increased in 2008. Statistics from the Office of Transport Security reported 279 altercations in 2008 as compared to 64 in 2007.<sup>2</sup> This statistic may just reflect an increased recording rate or incidence – it is difficult to know. Either way it is a significant statistic.
13. Some airlines have put in place measures to prevent Air rage but it is typically in response to a major incident that receives media coverage. Qantas has only just recently agreed to display signage warning against air rage at check in desks as a result of the incidents at Brisbane Airport. All the measures are voluntary, and unenforceable.
14. The responsibility for this issue lies with individual airlines and airports and government. This is not a problem that is unique to Australia. The United States congress introduced the criminal offence, US Code Title 49 Section 46503 post September 11 which provides that individuals who assault aviation workers with security duties can be fined or imprisoned for up to 10 years and may receive life imprisonment if a dangerous weapon is used.
15. In contrast the Australian Federal Government Aviation Transport Security Regulations 2005 at Regulation 9.01 provide strict liability offence of “Threats regarding Aviation Security” with a maximum fine of \$5,500. Given the increasing statistics of air rage at airports it is time to review this regulation as the penalty does not seem to be a deterrent.
16. Workers in customer service at airports deserve a safe workplace like any other Australian worker. Government Aviation policy needs to reflect a commitment to this principle by providing a plan of action to deal with this escalating problem.

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<sup>1</sup> Robyn Ironside ‘Tempers fly at airport- Check in staff slapped in queue rage’, Courier Mail, 13 Dec 2009

<sup>2</sup> Lee Taylor ‘Aussie air rage attacks going up’, NEWS.com.au, December 10 2008

17. The ASU reiterates its recommendations detailed in the *ASU National Aviation Policy Issues Paper* submission.

**That is a safe workplace requires:**

- a. **Adequate signage warning passengers the air rage is not acceptable behaviour.**
  - b. **Higher penalties for offenders of air rage.**
  - c. **Greater consumer protections and communication to ensure consumers are aware about the extent of the service provided and any additional costs that may be incurred at check in.**
  - d. **A greater police presence in the check in area.**
  - e. **Alleviation of infrastructure constraints at passport control and quarantine stations which causes lengthy delays and queues and is the source of much passenger frustration.**
18. The Green Paper commits the Government to a 'Travellers charter' securing conditions and a basic level of service for all passengers travelling through Australian airports. A similar plan is urgently required for workers who rather than just passing through spend significant periods in airports and deserve a reciprocal set of rights and responsibilities from passengers who travel.

**Aviation Security**

*Terminal and front of house security*

19. One of the threats identified in the Green Paper is the security of the terminal or 'Front of House'. ASU members have a particular stake in this issue as for most customer service agents the terminal is their workplace, and traditionally they have played an important role in keeping this area safe by providing the first layer of security of Australian airports, assessing the basic demeanour and behaviour of passengers at check in.
20. The Green Paper acknowledges the importance of workers such as customer service agents in protecting airport terminals and identifying potential security threats and at page 84 says as follows:

*“Human factors are critical to the provision of preventative security covering the front of house area. Human factors covers both the operators capabilities and training and a capability to identify and analyse suspicious behaviour...public areas at major airports are places of significant operational focus for the AFP in applying counter terrorism deterrence strategies and the broader unified model functionality.”*

21. Such a statement justifies a greater human presence in front of house areas, and greater training for customer service agents. Yet airports and airlines are taking the opposite strategy, replacing ‘human factors’ with electronic machinery that cannot assess a person’s identity let alone suspicious behaviour.
22. In the first submission the ASU highlighted this large security issue at our domestic airports where electronic check in machines have replaced a check in process in which a passenger must provide identification and interact with a human being who undertakes a preliminary security evaluation. In our domestic airports there is no one checking that the person flying is the person whose name is on the ticket. Some airlines in Australia are now trialling processes to allow passengers to tag and check in their baggage. This is a retrograde step for security.
23. In considering improvements to terminal security the central role of customer service agents should be considered. We once required every passenger to undergo a basic security check as they gained their boarding pass and checked in luggage. In the pursuit of Airline cost cutting we are increasingly delegating this role to a machine. This practise threatens the safety of our airports. The Australian government must regulate to ensure the vital role of customer service agents in security is not undermined and a ban should be placed on the self check in of baggage by passengers.
24. The ASU recommends greater training and greater levels of customer service agents to staff terminal areas. This is particularly relevant for domestic terminals where passengers should be required to interact with a customer service agent in order to undergo a basic security check before they commence further into the airport and onto airplanes.

25. However if we were really serious about terminal security we would limit the extent the general public can access the security controlled areas. At airports around the world only passengers who have undergone a basic identity check can access the security controlled areas of terminals. This enhances security as it ensures at the very least authorities are aware of the identity of all the people within the security controlled areas of the terminal at any one time. Australian airports are shopping centres where the general public are allowed and even encouraged to mill around, shop and in domestic terminals walk right up to the boarding gate. Airport security requires the Australian government to commit to the core role of airports as airports that require secure zones and security checks for the people that frequent them, which we say should just be passengers.

### *ASIC*

26. The opportunity to gain a five year qualification is a positive reform and will reduce the hassle and frustration of the two year validity period for long term employees. However the ASU has concerns about other aspects of the proposed reforms to ASIC.
27. Increasing the frequency of criminal checks is a backward move that does nothing to enhance security. It is certainly important that employees are subject to criminal checks, however this already occurs. All employees working in sensitive areas are currently subject to a check upon applying and renewing their ASIC (which is currently every two years). On top of this Qantas Group requires a police check for all its employees before employment commences.
28. The Green Paper deals extensively with the threat that 'trusted insiders' pose. However it is unclear how increasing the frequency of criminal checks alleviates this threat, or whether this is the area of greatest threat in our airports security system.
29. Criminal checks assess past criminal behaviour. The Green Paper explains that the 'trusted insider' is 'willingly recruited, coerced or deceived', they are not necessarily criminals or will have exhibited criminal behaviour in the past. Sometimes they are coerced, or bribed, whatever the case the important point is that criminal checks are not a panacea for the problem of 'trusted insiders', increasing the frequency of

checks makes does not make the checks any more accurate in detecting these individuals. While the September 11 hijackers did not work in aviation it is important to note that if they had, they did not have criminal records and would not have been detected through criminal checks.

30. Further the greatest risk to the security of our airports is not the 'trusted insider'. September 11 did not require the aid of trusted insiders, in this case terrorists exploited gaps in the airport security system. While these systems have been improved post September 11 there are still gaps in the security system in which resources could be better deployed instead of increasing the frequency of criminal checks for existing employees. The issue of securing the supply chain discussed below is a far greater priority and a better use of limited security resources in reducing the risk and potential for terrorist attacks on our airports.

#### *Regional Security*

31. The ASU is supportive of the reconsideration of the formula which determines which flights from regional destinations are screened and which are not. Clearly the jet /non jet definition no longer reflects security threats or the type of planes being used to carry large numbers of passengers. As our original submission elaborated on, workers and passengers in both regional departures and metropolitan destinations are at risk by the lax security and screening requirements on non jet airlines.

#### *Securing the supply chain*

32. The issue of the security of the supply chain was an important issue highlighted in the first submission. This is a subject of particular concern for workers and was raised in the 2008 ASU Aviation Issues Survey. Employees working in air cargo areas cited staff shortages, time constraints and a lack of experienced cargo handlers as the main deficiencies in air cargo security.
33. The Green Paper makes a startling admission when it states '*It is not possible to effectively examine 100 per cent of all air cargo using ETD or X – ray technology*'.<sup>[89]</sup> This is a serious gap in the security of our airplanes and airports. The Green Paper covers extensively the continued threat of terrorism to our airports

and yet just a few pages over provides the information as to the security systems vulnerabilities.

34. Air cargo is often transported on passenger flights and therefore poses a risk to passengers as well as infrastructure. Post September 11 we have an elaborate and sometimes intrusive security check for passengers and their luggage yet allow cargo to board the same planes with in some cases no scrutiny. This security system seems illogical and poses a real risk for passengers and workers who handle cargo as well as for those whom the airport is their workplace and a potential target.
35. This reflects an inconsistent approach to security. The ASIC recommendations are overly onerous and view workers in airport with suspicion as potential terrorists, yet security gaps in air cargo and in domestic terminal check in processes are allowed to continue. The Green Paper establishes the clear need for stringent security at Australian airports, and workers at airports should be scrutinised, however equal scrutiny needs to be applied to other aspects of airport operations. Anything less is populist policy that uses workers as the scapegoat for poor investment in security of our airports.

### **International Aviation**

36. The ASU remains concerned about the eager pursuit of open skies and warn against unilateral liberalisation that does not provide some benefit domestic carriers and preserves the national interest.
37. As the Green Paper attests due to government ownership of international airlines, government subsidies, bankruptcy protection and tax concessions aviation is not a fair or free market. The Australian Government should not feel compelled to liberalise at the expense of our domestic industry.
38. These concerns for unfettered open skies were shared by Virgin Blue and Qantas Airways in their submissions to the Issues Paper. Both workers and industry are aware that open skies leads to off shoring, and threatens safety standards. Such a policy should be pursued with caution.

39. It is encouraging however that the government recognises the challenges and potential detriment to national interest of unilateral liberalisation. The consideration of factors such as an airlines investment in Australia in the negotiation of bilateral agreements is a positive approach to way ensuring the national interest is protected in increasingly open skies.
40. However if we are willing to factor in the '*extent to which international airlines are prepared to invest in Australia, through marketing Australia as a tourist destination and through direct investments, such as enhanced commitments to employment of Australian based staff and establishing maintenance and training centres*'. We can equally consider other factors such as an airlines record on environmental and labour standards.
41. This is an important issue for the ASU, if international airlines and their subsidiaries and related companies are going to operate in Australia or fly to Australia and gain benefit and profits from the Australian market they must abide by local standards.
42. Most recently an Emirates subsidiary company was found to be providing wages and conditions below the Award. Toll Dnata a joint venture of Emirates Group and Toll Holdings provides customer service and check in services for Emirates in Australia, it employs approximately 200 staff in these roles. In September 2008 the Workplace Authority found the contracts upon which workers were employed failed the No Disadvantage Test. The Victorian Workplace Rights Advocate also determined in December 2008 that the companies AWA's and ITEA's reduced and removed terms and conditions prescribed in the Award, and 'significantly and unfairly disadvantaged' employees.
43. Bilateral agreements should require airlines subscribe to local standards. This is particularly important for ensuring local labour standards are abided by, but equally applies to environmental regulations and safety standards. The activities of companies such as Toll Dnata should be reflected in future bilateral negotiations with airlines such as Emirates and their sponsoring Government the United Arab Emirates.

44. As the aviation industry becomes increasingly liberalised the Australian Government needs to assert its right to enforce local standards and it would be appropriate to do this in international agreements. The message needs to be clear if airlines are to access the Australian market they do so abiding by Australian conditions, and anything less than that will affect those access rights.

*Foreign ownership*

45. It is encouraging to see that the Australian Government remains committed to an Australian owned domestic carrier. The preservation of the 49% total foreign ownership clause and other aspects of the Qantas Sale Act such as ensuring an Australian chair person and Australian head office are important in maintaining that commitment, and preserving the national interest.
46. With these safeguards in place the ASU believes it is reasonable to lift the further restrictions on foreign ownership that limit any one shareholder to 35% ownership.
47. However the ASU has serious concerns with the proposal to change from 'place of substantial ownership' to 'principal place of business' in bilateral agreements and any other international aviation agreements. The preservation of 'place of substantial ownership' is founded in the original Chicago Convention and is the basis of the consideration of the national interest in Aviation. The Aviation industry is like no other Australian interest, it has a vital role in national security, and underpins the Australian economy. This role is recognised throughout the Green Paper. Australia is the place of substantial ownership for Qantas, and as such the Australian government is the principal stakeholder in international negotiations that affect Qantas.
48. Moving to a definition of 'principle place of business' gives greater flexibility to airlines to offshore or move their operations. It essentially no longer requires airlines to have a sponsoring government. The ASU remains concerned about any moves towards an international aviation industry in which companies can move their operations in search of lower labour and environmental standards and cost cutting opportunities.

49. The Shipping Industry provides us with a very real example of the outcome of this. Shipping companies have become 'flags of convenience' moving their operations to countries such as Panama which can offer low regulations, and low operating costs. As a result the safety record and treatment of workers on ships registered in 'convenience' locations is appalling. We must avoid at all costs the aviation industry following a slippery slope of deregulation to a situation in which airlines fly flags of convenience or 'principal place of business'.

### **Industry Skills**

50. The Green Paper fails to address any of the serious workforce issues in customer service areas. Reference is made to a review of workforce issues in the tourism sector however it is important to acknowledge that ASU members are not part of the tourism sector but are Aviation workers. The Government recognises this in all other areas of policy, subjecting workers to security checks, and requiring them to have aviation specific skills. The skill issues of this workforce should therefore be considered as part of an Aviation review in recognition of the important role that customer service agents, ground handlers and cargo handlers and more, play in the efficient and secure operations of airports and the aviation industry more generally.

### **Consumer Protection**

#### *Managing Consumers expectations*

51. The Green paper accurately identifies a problem with managing consumer expectations of the services provided by low cost carriers. While this will improve with time as consumers become more aware of what services are offered, in the interim measures are needed to protect workers from customers reactions when their expectations are not met. This is discussed above in the section on Aviation security. One of the major causes of passenger abuse and air rage is unmet passenger expectations and frustrations and rigid rules for luggage, check in and boarding. It is not good enough to wait until consumers readjust their expectations, action is required now to secure and make safe the workplace for customer service agents.

### *Disability Discrimination*

52. It is important in all future reviews and working groups on disability discrimination that representatives of the employees who support passengers with disabilities have a voice. Workers want to support people with disabilities and enable their smooth passage however often lack the resources and support from airport and airline management to make this possible. In order to get the reform of this area union representation is essential on the working party and in the review of transport standards under the disability discrimination act.

### **Airport Infrastructure**

53. The Green Paper provides for community consultation yet neglects consultation for workers who also experience the airport and airport infrastructure constraints on a daily basis. Employees have unique issues and insights into the deficiencies in airport infrastructure. Employees are part of the airport community and should be consulted as part of any community consultation forums.
54. It is positive that the ACCC price monitoring has been extended to include car parking costs. However this needs to also take into account costs for employees. The Green Paper only refers to the cost for passengers. Workers at many airports face unreasonable prices just to park at their workplace.

### **Aviation Emissions and Climate Change**

55. The ASU did not provide comment on the climate change section of the Issues Paper and instead made a contribution to the Carbon Pollution Reduction Scheme Green Paper. Our full submission on this issue is attached in **Attachment A**.
56. Climate change poses serious viability issues for the Aviation industry as the industry has few short term carbon abatement opportunities. The ASU urges the government to take action on this issue to assist the industry into the transition into a low carbon future.

57. Unless reform and technology advances are undertaken quickly the industry risks a public backlash as 'No Fly' campaigns become increasingly popular, and most importantly risks further damage to the environment.
58. The ASU recommends the establishment of a Sustainable Aviation Fund that invests in research and development into alternative fuels. The development of environmentally sustainable fuels is critical to the long term viability of the Aviation industry. The US set up a similar fund, the 'Commercial Aviation Alternative Fuels Initiative' in January 2008. With our heavy reliance on Aviation as our connection with and transport to the rest of the world Australia should be at the forefront of development of these new technologies.
59. The ASU also has concerns about the full impact of the Carbon Pollution Reduction Scheme on the Aviation Industry. The CPRS White Paper rejected the need for transitional assistance for the aviation industry on the basis that it could pass on carbon costs to consumers. The ASU reiterates its scepticism about this fact due to its experience with fuel price increases.
60. In the past Airline management has responded to cost pressures such as oil price increases by cutting back its staffing. In many segments of the market airlines believe they cannot pass costs on to consumers, (this is particularly so in the holiday market and low cost carriers) and therefore reduce their costs in other areas, most often staffing. The ASU believes that airlines would respond to a carbon cost in a similar way. Perhaps on the Melbourne to Sydney business route costs could be passed on, however this is not the case for international travel and travel to holiday destinations. There is the very real risk that aviation workers will be subject to cost cutting as a result of cost pressures brought about by the introduction of the Carbon Pollution Reduction Scheme.
61. The real impact of the Aviation industry on the environment is made by international travel. It is these long haul flights that cause the most considerable harm to the environment. The ASU urges the government to work with the ICAO to formulate an international plan to mitigate the effects of the aviation industry on climate change.



**A•S•U**  
Australian Services Union

## **ASU Submission**

# **‘Climate Change & Aviation’**

**Department of Climate Change**

**Carbon Pollution Reduction Scheme  
Green Paper July 2008**

**Date:** 10<sup>th</sup> September 2008

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# Executive Summary

## Building a sustainable aviation industry

The ASU holds serious concerns for the future of the aviation industry. As a vital industry that connects Australia to the world economy through the provision of international and domestic travel and access to world markets, it is of critical importance to Australia's future. Yet it is a growing contributor to climate change with no significant options for carbon abatement available in the near future.

The ASU supports the inclusion of domestic aviation in the Carbon Pollution Reduction Scheme. However the ASU has concerns over the lack of transitional assistance to support the aviation industry and the price dynamic that is created within the transport sector.

The ASU recognises the serious impact of aviation on climate change. The reports of the Intergovernmental Panel on Climate Change (IPCC) provide compelling evidence that aviation makes a significant contribution to climate change. Little has been done to curb the growth of the aviation industry and conservative estimates now put aviation's contribution at 1% of Australia's national emissions.

If aviation is to be a sustainable industry into the future it is going to have to make significant changes to its operations and business practices. It can not do this alone; industry, government and aviation workers must work together to find carbon abatement solutions, and in the long term develop alternative fuels.

## Recommendations

1. Creation of a sustainable aviation fund to invest in research and development of alternative fuel technologies and best practice in the industry generally
2. Transitional Assistance for the aviation industry, possibly including access to free permits
3. No further deregulation or so called 'open skies'
4. Australia should engage in international efforts to create a global carbon market to address emissions from international aviation

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# Introduction

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.

# Climate Change and the Vulnerable

6. Climate Change most adversely affects the most vulnerable in our society.
7. In our community extreme weather patterns and rising sea levels will have an effect. Those without the means or mobility to avoid or adapt to these new realities will suffer.
8. As public opinion and the need for action on climate change intensifies workers in unsustainable industries may lose their employment as carbon intensive activities become unpopular and are made obsolete.
9. Low income households will also be disproportionately affected by a rise in the cost of basic household goods as carbon is factored into the price of goods and services.
10. Workers and the most vulnerable in our society have the most to lose from climate change, but also risk losing out in the transition to a new low carbon economy. The ASU strongly supports the measures outlined in the green paper to support low and middle income households through the transition. Support for these groups must remain a priority throughout the policy development and planning on how we adapt to climate change.

## The Aviation Industry

11. The aviation industry is the backbone of the Australian economy and our connection with the rest of the world. As a large island nation flying is the only realistic means of getting to other countries, as well as travelling

within Australia. In the Australian context options such as substitution with rail, or other travel methods are not realistic in most circumstances. There may be limited opportunities on certain well frequented routes to build a high speed train line but this opportunity is the exception not the rule. Aviation will still be necessary to travel to regional destinations and remains the only time efficient and economical option for travel across the country. The aviation industry is an integral part of our transport system.

12. Aviation also generates certain social goods. Aviation facilitates the social inclusion and connection of regional and remote communities with the wider Australian community. Regional aviation services deliver medical and educational supplies into communities, as well as flying people to capital cities to access services.
13. Aviation encourages Australia's social connection with the rest of the world. The increase in Australians travelling overseas encourages better cross cultural communications and greater understanding. This has positive effects for foreign relations and trade, contributing to a positive image of Australia within the international community.
14. Our schools and universities are encouraging students to travel as part of their degrees in recognition of the important role it plays in education.
15. Aviation underpins Australia's economic interactions with the rest of the world. Whether it is transporting overnight freight or fresh produce to Asian markets, or getting Australians to meetings all over the world, aviation is integral to the Australian economy.
16. Aviation will continue to play an important and integral part in the Australian transport system. The challenge is how to make this sustainable.

# The Future of the Aviation Industry

## Alternative Fuels

17. Alternative fuels provide a long term carbon abatement opportunity for the aviation industry. The development of algae based fuels would significantly reduce aircraft emissions and make aviation environmentally competitive with alternative forms of transport such as rail. In reality aviation has very few carbon abatement options in the short term. Better air traffic management, operational efficiencies and fleet renewal will reduce aviation's carbon footprint, but will not negate the heavy impact that aviation fuel emissions contribute to environmental degradation.

18. For this industry the focus must be on a long term solution through research and development. Short term cost pressures such as those created by the Carbon Pollution Reduction Scheme encourage airlines to find short term solutions and can only ever produce marginal environmental benefit in this industry. Australia and the industry must invest in finding practical and economical alternative fuels.

## Sustainable Aviation Fund

19. As part of any climate change strategy in the aviation industry must be a commitment to invest in alternative fuels. The ASU recommends the creation of a sustainable Aviation Fund. The Fund would be a positive investment in research and development of alternative fuel technologies and a means to encourage best practice in the industry.

20. The development of alternative fuels is a key factor in the viability of the aviation industry in the long term. Due to our geographic position in the

world and our reliance on aviation, Australia should be a leader in development of these technologies.

21. Similar to the motivation behind the National Clean Coal Fund, a sustainable Aviation Fund seeks to find a real solution to climate change in an essential activity area.

22. The US set up a similar sort of fund in January this year the 'Commercial Aviation Alternative Fuels Initiative'. The fund is focussed of developing alternative fuels for the aviation industry to promote energy security and environmental sustainability. The US have recognised the need for a sustainable aviation industry as aviation drives approximately 6% of the U.S. gross economic output, and nearly 9% of national employment.<sup>1</sup>

23. The ASU also believes that the Sustainable Aviation Fund should be utilised to make the Australian aviation industry into a best practice model for the worldwide aviation industry. A significant amount of aviation industry work in Australia is performed in offices or at airports. A focus on sustainable practices in these workplaces together with alternative technologies and fuels should be a target of such a fund.

## Addressing Consumer Demand

24. Some environmental leaders and groups advocate that the easiest way to reduce the impact of aviation on the environment would be to ground all

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<sup>1</sup> Federal Aviation Administration '*Fact Sheet- Commercial Aviation Alternative Fuels Initiative, Supporting solutions for secure and sustainable aviation.*', January 3, 2008, <Available at: [http://www.faa.gov/news/fact\\_sheets/news\\_story.cfm?newsId=10112](http://www.faa.gov/news/fact_sheets/news_story.cfm?newsId=10112)>

planes tomorrow and cease the operation of the aviation industry. The ASU does not support such a position.

25. As a community Australia needs to make some decisions about the role aviation plays in our lives. Aviation demand increased by 68.5% over the period from 1990 to 2000 primarily because flying has become more affordable and accessible<sup>2</sup>. People who previously could not afford to travel can now fly. The primary outcome of the Carbon Pollution Reduction Scheme for consumers is to make flying more expensive. To what extent is yet to be determined, but in theory the scheme should be sending a price signal to consumers that they need to be flying less, or pay more. While this serves the purpose of limiting environmental damage, it may have some undesirable social costs.

26. In its analysis of the aviation industry the green paper acknowledges that people treat aviation as a luxury good and will continue to fly despite a price increase. Certainly that is true of some sections of the market. At the high cost end of the market many people will continue to fly, as they always have, not reducing their demand or the environmental damage caused by their behaviour.

27. However in other sections of the market flying may become unaffordable altogether. Depending on the carbon price working families may find family holidays out of their price range. There is a fundamental inequity in the design of the Carbon Pollution Reduction Scheme as it relates to aviation, as any reductions in consumer demand will be focussed at the bottom end of the market, rather than addressing overall consumption. Individuals may need to think carefully about when they fly. It may be that Australians cannot fly with the same frequency as they have in the past

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<sup>2</sup> Australian Bureau of Statistics '1301.0 Yearbook Australia, 2003'. 24/1/2003, ABS, Canberra.

decade but this sacrifice must be carried by all users of aviation not just those who can be priced out of the market.

## Transitional Assistance

### Road & Aviation

28. The ASU has concerns about the intention to provide transitional assistance to one part of the transport sector, the road transport sector, while leaving aviation and other forms of transport to deal with a harsh transition.

29. Road users cause the greatest environmental damage in the transport sector. In the year 2000 road users contributed 90% of the transport sectors emissions. Passenger cars contributed 43 Mt Co<sub>2</sub>-<sup>e</sup> 56% of Australia's transport emissions. While domestic Aviation produced 4 Mt Co<sub>2</sub>-<sup>e</sup> just 6% of Australia's transport emissions.<sup>3</sup>

30. The fuel offset scheme allows road users to escape any level of accountability for their carbon emissions.

31. One of the primary objectives of the Carbon Pollution Reduction Scheme is to create a price dynamic within a market that favours less carbon intensive products. In the Melbourne to Sydney transport market there are several options, car, bus, rail and flight. The pricing of each transport option should reflect the level of carbon emissions produced by each mode. The assistance given to road users skews this price dynamic in favour of road and bus, against rail and air. The Carbon Pollution

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<sup>3</sup> Australian Bureau of Statistics '1301.0 Yearbook Australia, 2003'. 24/1/2003, ABS, Canberra.

Reduction Scheme can only work properly and fairly if all transport modes can compete on a level playing field.

### **Free permits**

32. The ASU has some concerns over the government view that aviation will not be a 'strongly affected industry'. This is certainly not the view of the Qantas workers who have recently faced 1500 job cuts because of rising oil prices and must now brace themselves for further cost pressures due to the Carbon Pollution Reduction Scheme.

33. The ASU fully supports the inclusion of aviation in the scheme, and is committed to addressing the environmental impacts of aviation, however the ASU believes aviation should be eligible for assistance and that assistance should be consistent with what else is offered to other industries i.e. free permits.

34. The ASU supports the arguments put forward by the industry that it is both emissions intensive and trade exposed. Further the ASU believes that aviation has other unique factors that mean it requires assistance in transitioning to a low carbon economy.

### **Effect on Australian Employment**

The green paper takes the view that demand for aviation is demand inelastic, that due to the perception that aviation is a luxury good and so consumers will accept price increases and demand will remain relatively constant. While this may be true of some sections of the market, it is certainly not the case for regional, low cost carriers or for passengers booking holidays.

35. The ASU is most concerned that airlines will not feel able to pass on costs to consumers and instead absorb carbon costs into the current ticket price, and make cuts elsewhere. Australian airlines have a tried and true formula for dealing with cost pressures, they cut jobs and move operations offshore.
36. Qantas announced the loss of 1500 jobs in July of this year, due to rising oil prices and a slowdown in demand.<sup>4</sup> When times get tough Qantas and most other airlines worldwide cut jobs. Carbon costs create another cost pressure for an industry already under stress.
37. There is also the very real risk that airlines will move operations such as call centres and administration offshore. Qantas has already started to move jobs offshore. In 2005 they announced their intention to move 2500 engineering jobs overseas and 7000 jobs across the Qantas Group.<sup>5</sup> In 2006 Qantas moved two thirds of its IT support to India.<sup>6</sup>
38. The Carbon Pollution Reduction Scheme will increase cost pressures for airlines at a difficult time with world fuel prices. With few short term carbon abatement opportunities and high price sensitivity in some sections of the market, airlines will need to make significant cuts in other areas. Airlines have a proven record of making these savings through jobs cuts and moving jobs offshore. The Carbon Pollution Reduction Scheme should not provide an impetus for this trend of offshoring jobs.
39. The ASU also believes that because international aviation is not included in the Carbon Pollution Reduction Scheme, there is a real likelihood of

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<sup>4</sup> Matt O'Sullivan 'Oil prices, slowdown force Qantas job cuts.', July 19 2008, Sydney Morning Herald.

<sup>5</sup> AAP 'Qantas staff 'ready to fight overseas job shift'' January 17 2005, The Age.  
Scott Rochfort and Nick O'Malley 'Qantas move offshore might cost 2500 jobs' October 22 2005, The Age.

<sup>6</sup> Steven Pearce 'Qantas offshores to India, 340 jobs gone' 19 October 2006, ZDNet Australia.

carbon leakage as consumers for holidays for example switch to cheaper international destinations unaffected by the Carbon Pollution Reduction Scheme. Similarly price sensitive international tourists will choose destinations other than Australia that are not subject to a Carbon Pollution Reduction Scheme. The follow on effects for the aviation industry and the tourism sector of a decrease in demand is an obvious consequence. The need for a leadership role in international aviation is discussed below to address these problems.

### **Viability of regional airlines**

40. The Green Paper provides no detail on how the Carbon Pollution Reduction Scheme might affect regional airlines. Regional air travel is subsidised by all levels of government in recognition of its importance in the social inclusion and connection of rural and remote communities with the rest of Australia. Regional travel is not profitable and extra cost pressures from the introduction of a carbon price could mean travel to capital cities becomes unaffordable for many regional Australians.

## **Other Issues**

### **'Open Skies'**

41. Airlines have advocated 'open skies' as a solution to climate change. The ASU warns against the environmental value of this policy position.

42. The stated objective of 'open skies' policies are to increase competition, dropping prices and thereby increasing demand. Such an outcome is contradictory to the aims of the Carbon Pollution Reduction Scheme,

which seeks to increase prices and curb demand for emissions intensive products such as aviation.

43. 'Open skies' creates a "flag of convenience" style arrangement for aviation. That airlines must be registered with their country of origin ensures they must also comply with our environmental, safety and labour standards. Qantas is an Australian flagship carrier and thereby must be compliant with Australian standards. 'Open skies' allows foreign airlines to operate on Australian routes but not be subject to Australian standards. In the shipping industry companies deliberately register their vessels in countries such as Panama because of their low standards. 'Open skies' promotes carbon leakage as it allows companies to operate offshore avoiding Australian environmental regulation yet still allows access to Australian markets.

44. If Australia is serious about reducing emissions we need to ensure aviation activity undertaken on Australian routes complies with Australian environmental regulation, and where relevant (at this stage just on domestic routes) is accountable for its emissions through the Carbon Pollution Reduction Scheme. 'Open skies' allows companies to avoid their responsibility for carbon emissions and pollution in Australia.

### **International Aviation**

45. Aviation contributes most of its carbon footprint along international routes. International aviation contributes 2% of total global CO<sub>2</sub> emissions.<sup>7</sup> International Aviation is not considered in the Carbon Pollution Reduction Scheme, presumably because emissions produced on international flights are not calculated in the Kyoto national emissions targets.

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<sup>7</sup> Intergovernmental Panel on Climate Change 'Climate Change 2007: Synthesis report' 17 November 2007, Valencia, Spain.

46. The ASU believes that to truly address the impact of Aviation emissions we must consider international aviation. Australia must engage with the ICAO to develop a global strategy to reduce emissions caused by international aviation.

47. In a previous section we have discussed the carbon leakage that will occur because of the lack of an international approach to aviation carbon reduction. Australia is well placed to advocate a worldwide scheme and we believe must take a leadership role in this area. This should be addressed as a matter of urgency and priority in all relevant international forums.

## Summary

48. The ASU recognises the large impact that the aviation industry has on the environment. The ASU wants to see the implementation of a scheme that minimises any loss of jobs in the industry. The Australian government must invest and promote investment in alternative fuels and best practice to secure jobs in the industry and that where job losses may occur, that new job opportunities associated with a sustainable aviation industry are identified.