



## **ASU Submission**

# **‘Towards a National Aviation Policy Statement’**

**Department of Infrastructure, Transport,  
Regional Development & Local Government**

**Issues Paper April 2008**

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## EXECUTIVE SUMMARY

The ASU has members in the aviation industry in various roles: in check-in and operations, call centres, retail reservations, maintenance, freight, catering, IT, finance and administration across many airlines.

This submission covers areas of aviation policy as it relates to our members. It is informed by a nation wide survey 'ASU Aviation Issues Survey 2008' of members and non members working in a variety of roles.

- The ASU has concerns about pursuing 'open skies', or further international air service agreements. The ASU urges the Government to include union's in future international air service negotiations, as occurs in both the United States and European Union, and to prioritise agreements with countries with sound labour and safety practices.
- The ASU supports the maintenance of the foreign ownership cap for Qantas, and urges the Government to preserve Qantas as an Australian carrier and Australian employer.
- The ASU supports subsidies for regional routes and expresses some concern about the lax security at our regional airports, and the threat it poses to our major airports.
- We need the Government to address the skills shortage in customer service and travel professional roles.
- A renewed focus on airports as an aviation service is an urgent priority as distractions such as retail are causing airport corporations to neglect investment in infrastructure and maintenance of airport facilities which results in and queues and capacity constraints. Pricing of airport services is also unaffordable for airport employees.
- Air rage continues to be a big issue at our airports, and attention needs to be paid to increasing passenger awareness of ticket restrictions.
- More support is needed in the area of disability support.
- Electronic check-in machines pose a significant security risk to our airports, and there is a lack of passenger awareness of security restrictions. Further efficiencies could be made in administering Aviation Security Identification Cards (ASIC) without compromising security. Government also needs to consult with unions and employees on security and safety issues.

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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.

6. Overall our members enjoy working in the aviation industry. They enjoy the variety and diversity of the passengers, the team work, helping people, the vibrant airport atmosphere and the opportunities to travel. Those that work for Qantas are proud of their airline, its record and its status as the national carrier. Our members want to see the industry grow and prosper, and so welcome the opportunity to provide input into the development of Australia's aviation policy.
  
7. The ASU on their behalf makes this submission as a contribution to the debate on the future of aviation policy in Australia. It is informed by the ASU Aviation Issues Survey 2008, a nation-wide survey of employees in various occupations and a range of employers (ASU members and non-members), and represents the views of people on the ground, who deal with these issues on a daily basis.
  
8. The ASU has concerns about the future direction of aviation, and the pursuance of deregulation policy at the cost of Australian jobs and conditions. For our members it's pretty simple: they love their jobs and they would like to keep them.
  
9. We would also like addressed as part of this review the neglect of basic conditions, security and safety in the workplace, general amenities issues at airports as well as the ongoing issue of air rage against airport staff.

10. This submission will deal with the following areas raised in the aviation policy issues paper released in April 2008.

1.1 International Services

1.2 Domestic Services

1.3 Regional Aviation

1.4 Addressing skills in the aviation industry

2.1 Airport planning and development

3.1 Aviation Safety- safety regulation and regulatory reform

4.2 Aircraft Noise

4.3 Consumer Protection

4.4 Disability Standards

4.5 Aviation Security.

11. The ASU intends also to comment on 'Aviation emissions and Climate Change' as part of the green paper stage of consultation.

## INTERNATIONAL SERVICES

### 1.1 International Services > *Key Challenges*

Do Australia's international air services policies serve Australia's national interest and balance the need to have an Australian based industry with robust competition from international competitors? What should our negotiating priorities and approach be in the future?

12. The recent announcements of the Rudd Government's pursuit of further 'open skies' agreements is a cause of consternation for workers in the aviation industry. The continued deregulation of the aviation market has and will continue to erode wages and conditions as well as push Australian jobs off-shore. The ASU is concerned about this policy approach, and stresses the need for caution. We need favourable and reciprocal access rights that give Australian airlines a fair chance in the world market.
  
13. In this section we will discuss our concerns with 'open skies', the lifting of caps on services, and the granting of 5<sup>th</sup> and 7<sup>th</sup> freedoms access to foreign carriers to access Australian routes. It will consider:
  - The reality of 'open skies' against the Government objective of more competition, more flights and lower fares, finding that competition is not increased, but potentially decreased.
  - That 'open skies' threatens the viability of Australian airlines, and the economic and social cost that it would have in isolating Australia from the rest of the world.
  - The nature of aviation as an unstable industry that is sensitive to external shock and, as a result is unsuitable for high levels of competition.
  - The pressure 'open skies' puts on safety margins, historically decreasing safety for passengers.

- The loss of Australian jobs, as competitive pressure forces Australian airlines to find cheaper labour sources overseas.
  - The example of the shipping industry, and the potential for airlines to become flags of convenience instead of flagship carriers.
  - Whether it is environmentally responsible to pursue low fares above all other considerations.
14. In the event that the Government pursues this policy position, the ASU stresses the need for:
- Consultation in any further Air Services Agreements.
  - The prioritization of markets and airlines that have comparable and fair labour practices, conditions and standards, and strong safety regulation, both in their home country and in their Australian operations.
15. Australia has dangerously taken a leading role in liberalising the skies, to the potential detriment of its airlines, passengers and employees. Under the previous government we were viewed as a radical fringe country in this matter, obsessed with unfettered competition in a market that is not free or fair. Australia should not be anxious to continue this reputation.
16. The objective of 'competition, more flights and lower fares' is a positive aim, and one the ASU supports. However competition is not an end in itself, but should be fostered where it contributes to improved living standards and the welfare of the community. We must have an Australian aviation policy that provides a good balance between regular and low cost flights, and maintaining sustainable airlines that can cross subsidize regional routes, survive cyclical demand and external shocks and provide skilled and well paid jobs for Australians.

17. The ASU does not support foreign airlines accessing Australian routes, what is essentially the granting of 5<sup>th</sup> and 7<sup>th</sup> freedom access. 'Open skies' agreements threaten the viability, reliability and safety of Australian airlines, and Australian jobs, wages and conditions.
18. The ASU stresses the need for a cautious consultative approach to international air services agreements. When considering whether service limits should be removed, the Government must evaluate the impact on safety standards, Australian jobs, servicing of Australian routes and the long term contribution (or disadvantage) to the local economy. It is essential that access rights are reciprocal, so negotiations must be pursued with greater access and opportunities for Australian airlines in mind.
19. In the ASU Aviation Issues Survey 2008 there was overwhelming opposition to granting 7<sup>th</sup> freedom rights to foreign carriers.
  - 65% of survey respondents opposed granting foreign carriers seventh freedom rights.
  - 57% thought that the number of jobs in the Australian aviation industry would decrease as a result of expanding seventh freedom rights for foreign carriers.
  - 57% also thought that wages and conditions would decrease as a result of expanding seventh freedom rights for foreign carriers.
20. Typical of the responses was that:
  - *The government should grow a spine and some balls and support the industry. If not with \$ but at least by not letting foreign airlines in unless QF gets reciprocal arrangements by the foreign governments wanting to come here.*

- *...Without Aviation this country would be at a standstill. We are needed and need to be looked after.*

### **Competition**

21. The Government objective of increased competition in the aviation industry is not achieved under 'open skies'. Consumers are actually provided with less choice and higher airfares as smaller local players are unable to compete with international carriers.
22. That Australia has delayed the negotiation of access by foreign airlines to the Australian – US route, to support the establishment of V Australia is telling. Increased competition on our key profitable routes will mean new airlines have little chance of entering the market. 'Open skies' favours the established airlines, those large international carriers that can exploit economies of scale, are efficient, and can sustain low prices long enough to starve out competitors. There is no room for new airlines (such as V Australia) finding their way, or even smaller airlines servicing the national interest of their home countries. 'Open skies' establishes market dominance for the big players. Once the floodgates, or rather the skies, are open, there is no going back. The inevitable result of 'open skies' is an international aviation oligarchy, where passengers are left with less choice and higher prices.
23. There is no guarantee that Australian airlines would survive in this climate. In the international market Qantas was ranked 13<sup>th</sup> overall by revenue in 2007. In our region Japan Airlines (JAL) and the ANA group outrank us, with Singapore, Cathay and Korean Air following closely behind.<sup>1</sup>
24. The proposed 'open skies' agreement between Australian and the EU has many observers predicting increased competition on this route. However

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<sup>1</sup> "The Airline Rankings - Financial", Airline Business, August 2007

the competition will not be from European carriers, but rather the Middle Eastern airlines such as Emirates and Etihad.<sup>2</sup> Heavily backed by their governments, these airlines are formidable competitors for Qantas.

25. 'Open skies' creates a heightened competitive market, in which inevitably many airlines will not be able to compete. It is a policy that favours large efficient international airlines. In the long term consumers are not necessarily provided with more or cheaper flights, as the aviation market will become serviced and controlled by a few big players.

### **Impact of airline collapse**

26. 'Open skies' threatens the viability of Australian airlines; we cannot risk another airline collapse in Australia. The collapse of the Ansett Group in 2001 was a harsh lesson for Australia on the impact of airline collapse. 15,000 Ansett Group employees were retrenched. 4,500 of these were ASU members, making us the single largest union group to be affected by the collapse. As a knock on effect, an estimated 60,000 jobs were lost in associated industries, most especially in the tourism industry.
27. Almost seven years later the administration of Ansett continues and many long term employees have not received their full entitlements to redundancy pay. This was despite the introduction of a ticket tax of \$10 on passengers - which raised \$334.4 million - being advertised as a contribution to the entitlements for former Ansett employees. Ansett workers never received any of this money.<sup>3</sup>
28. Employees of related industries also suffered. Gate Gourmet, Ansett's catering supplier had employees of over twenty five years service who

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<sup>2</sup> Caroline Adam "Getting a fair share of air", Travel Weekly, 13.06.08

<sup>3</sup> Korda Mentha "Ansett Group, Eighth report to creditors", 11 April 2008

received no money other than the Government assistance, many years worth of accumulated entitlements were never recovered.

29. Our recent aviation history is littered with the collapse of Australian airlines such as Compass 1, Compass 2 and Ansett. We have had some near misses too with Impulse and OzJet, which were saved by buyouts. The Australian Bureau of Statistics measures tourism's contribution to the Australian economy at 3.7% of Gross Domestic Product (2006-2007).<sup>4</sup> The social and economic cost of the collapse of Australian airlines is considerable. Why would we expose another airline, and the Australian community to the risk of the same fate?

#### **Maintaining our national carrier**

30. This notion of a national carrier might seem outdated, but it is integral to our economic and social connection to the rest of the world. A national carrier employs Australian labour and ensures that regional routes are serviced.
31. Currently Qantas earns 20% of its revenue from the US – Australia route; opening up this route to other competitors would impact Qantas revenue significantly. Profit from routes such as these support less profitable routes undertaken in the national interest, including many regional services.
32. Australian airlines employ Australian labour. Foreign carriers operating in Australia employ only small numbers of Australians, whereas the majority of Australian airlines employ Australian labour. This is considered in more depth in the issue of foreign ownership of Qantas.

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<sup>4</sup> Australian Bureau of Statistics '2008 Year Book Australia' released February 2008

### **Servicing Australian routes**

33. Under 'open skies' foreign carriers can dominate Australian routes. There is the very real possibility that in the not too distant future our routes would be only serviced by foreign carriers.
34. With rising fuel prices and the reality of our geographic position, we question the assumption that foreign carriers or international carriers will always find commercial interest to fly to Australia or employ Australian labour.
35. Australia is an isolated island country located at the end of a spoke. If we think of aviation routes as a wheel, some ports are hubs, and others are ports along the spokes. Where a country is located on this wheel affects demand and traffic through an airport. Australia is the end of a spoke, its primary traffic is people travelling to and from Australia, and there are few routes that pass through Australia to refuel for other destinations. In contrast Singapore is assured of traffic through its airport, and flights to the country, because flights travel through Singapore to destinations such as Europe. Australia's position means it takes a lot of fuel to get here, and service of Australian routes relies on the desire for passengers to travel here. In a purely commercial assessment, Australian routes may not be attractive to foreign carriers, whereas Qantas must always service those routes to return to its base.
36. Over the past few decades many foreign carriers, most especially in Europe, have pulled out of Australian routes. To name a few, Lufthansa, KLM, Air France, Olympic and Alitalia no longer fly here as there are greater profits to be generated elsewhere. In times of crisis like September 11 and SARS, airlines retreat to their most profitable routes, and understandably serve their home countries needs. During the SARS

epidemic, for example, Singapore Airlines cut back many of its services to Australia.

- 37. If we rely on foreign carriers to service Australia's aviation demand, we are at the whim of their commercial considerations and the interests of foreign countries. Those interests may not always be to fly to Australia.
- 38. Maintenance of an airline with loyalties to Australia is imperative if we are to ensure that Australia is always serviced by regular and affordable flights.

**Unstable and cyclical demand**

- 39. Aviation is a unique industry that cannot sustain competition in times of crisis. Major world events and changing fuel prices impact the operations and profitability of airlines and airports. The industry is unstable and subject to cyclical and uncertain demand.
- 40. The impact of September 11 and the SARS epidemic are clear on the Japan - Australia route. This table shows the impact in September 2001 and June 2003 that major world events have on the aviation industry. <sup>5</sup>



Source: Overseas Arrivals and Departures, Australia, cat. no. 3401.0.

<sup>5</sup> Australian Bureau of Statistics, 'Australian Economic Indicators', January 2006

41. A similar effect occurred on the Australia – China route, with Australians unwilling to travel to China during the SARS epidemic.<sup>6</sup>



Source: ABS Overseas Arrivals and Departures, Australia, cat. no. 3401.0.

42. The effect of these unpredictable and dramatic drops in demand on the aviation industry is job losses and cutting of routes. On average, labour costs make up 25-30% of an airlines operation costs. When times require cost cutting, labour costs and unprofitable routes are the easiest things to cut.
43. September 11 led to 400,000 job cuts in a worldwide push to downsize due to low passenger confidence and demand.<sup>7</sup> In response to recent increases in oil prices, Qantas has announced it will cut 1,400 jobs and significantly reduce services to Tokyo, critically cutting the Cairns to Tokyo service. Other services to Kuala Lumpur, Ho Chi Minh City and Indonesia

<sup>6</sup> *ibid*

<sup>7</sup> International Labor Organization “Tripartite Meeting on Civil Aviation: Social and Safety Consequences of the Crisis subsequent to 11 September 2001 (Final Chairpersons summary)”, Geneva 21-25 January 2002

(Denpasar and Jakarta) have also been affected as Qantas endeavors to cut 5% capacity.<sup>8</sup>

44. The ASU is concerned that by allowing 5<sup>th</sup> and 7<sup>th</sup> freedom rights for international carriers to operate on Australian routes, pressure will be added to an already unstable and frequently turbulent local industry. The aviation market cannot sustain increased competition at low points in its demand cycle.

### **Australian Jobs**

45. In an article advocating 'open skies' in Asia in the Far Eastern Economic Review, Tae Hoon Oum and Katsuhiro Yamaguchi show the challenges of international competitiveness from an airline perspective.

*Japanese Airlines suffer from high unit costs because they buy much of their inputs from high- cost Japanese sources. They are forced to do so because they only have major operational bases in Japan. In an integrated open skies market...all Asian airlines are free to source their inputs from the least costly sources...Chinese airlines enjoy the lowest unit costs as compared to Japanese and South Korean carriers.*<sup>9</sup>

46. Japan is in a similar position to Australia. Some of our competitors operate with significantly lower labour costs and have lower safety and environmental regulations. As such our competitors can offer much lower prices to consumers.
47. We see signs of this competitive pressure already, Qantas has already shifted to locations such as India, USA, Great Britain, Thailand, Fiji,

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<sup>8</sup> Scott Rochfort "Qantas to axe Queensland flights", Brisbane Times, May 29 2008

<sup>9</sup> Tae Hoon Oum and Katsuhiro Yamaguchi "Asia's tangles skies" Far Eastern Economic Review, Jan/Feb 2006

- Mexico, Philippines, China and New Zealand. This will accelerate with more 'open skies' agreements.
48. Qantas could never compete in such an environment and still operate out of Australia and employ primarily Australian labour. Inevitably Qantas would move its operations off- shore to compete and benefit from lower input costs, joining the frenetic race to the bottom on worker's wages and conditions. Australians lose jobs and our labour standards are undermined.
  49. 'Open skies' forces Qantas to compete in an unfair market, putting downward pressure on wages and conditions in Australia, and ultimately threatening Australian jobs.

### **The Shipping Industry**

50. The inevitable outcome of 'open skies' in the aviation industry is it becomes like the shipping industry, with flags of convenience replacing flagship carriers.
51. The shipping industry is dominated by ships registered in Liberia, Panama, Cyprus and Honduras, and crewed by cheap labour from the Philippines, Poland and Sri Lanka. In the shipping industry owners can register their vessel in any country, regardless of the owner's nationality. Tax minimization and less onerous safety and environmental regulation and labour laws have enticed companies from their original place of establishment. These ships are called 'flags of convenience' (they fly the flags of the countries in which they are registered, rather than their national flag). Flags of convenience are notorious for poor safety conditions and records, untrained crews, poor working conditions and wages. They accounted for half the world's merchant tonnage in 2000.<sup>10</sup>

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<sup>10</sup> The Economist "Bolivia waves the flag", May 27 2000

52. 'Globalising' industries like shipping and aviation leads to companies seeking the lowest labour costs, and the lowest safety and environmental regulation. The shipping industry is a stark lesson for Australia of the consequences of liberalisation. The shipping industry has competition, and its fares (or equivalent charges) are incredibly low. Yet the sacrifice for this outcome is the complete disregard for the basic conditions, wages and human rights of crew members, and the degradation of safety and environmental standards.

### **Environmental impact**

53. The intention of 'open skies' is to allow more competition and offer cheaper fares for Australian passengers. Such an intention is environmentally irresponsible. In an era where we are trying to reduce our reliance on aviation, this is an attempt to ratchet up demand by dropping prices for consumers.
54. Heightened competition generated by 'open skies' will stymie the efforts of airlines to become environmentally responsible. Intense competition forces airlines to strip back to a basic bare minimum service in order to remain viable. This leaves little funds for investment in strategies and technologies for aviation to become environmentally sustainable.
55. To date low cost carriers have offered an optional carbon offset surcharge on top of a normal fare. While many consumers elect to pay this additional charge, it is a piecemeal approach to climate change, which unless mandated for all consumers will produce no real effect. In the frenetic 'low cost carrier' market there is no incentive to make this compulsory, as an airline's survival and profit is predicated on offering the cheapest fare.

'Open skies' threatens to expand this imperative across all airline markets. In this era of climate change the game cannot just be about who can offer the cheapest prices.

### **Safety and security**

#### 1.1 International Services > *Key Challenges*

How might the Australian Government continue to develop improved competition and access to services while maintaining appropriate levels of aviation safety and security?

56. Under 'open skies' the safety and security of passengers is compromised. Safety and security are significant operational costs for airlines, when competitive pressure is applied, history has shown that corners are cut and safety is compromised.
57. Reducing costs is increasingly becoming a more important consideration than passenger safety. History has shown that this can lead to poor maintenance and inevitable accidents. The US ValuJet example best illustrates this point. ValuJet was a 'virtual' airline that contracted out most of its functions, ValuJet Flight 192 crashed in 1996 killing 110 passengers, because of a maintenance contractor failing to perform a proper inspection.<sup>11</sup>
58. Worldwide there is an increasing trend towards contracting out engineering and maintenance services in an effort to undermine unions and to lower wages and conditions of workers. This further distances the airlines from responsibility and control over the quality and safety of their aircraft.

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<sup>11</sup> National Transportation Safety Board "NTSB Urges Tighter Aircraft Repair Station Rules, Updated Cockpit Voice Recorders on All Planes Following 1995 Atlanta ValuJet Engine Accident". (July 30, 1996).

59. This problem is not just confined to maintenance of aircraft. In 2002 a supervisor at American Airlines ordered airline dispatcher Julie Robichaux to delay reporting an incident to the Federal Aviation Administration on concerns that the plane might be delayed. The incident was passenger Richard Reid's possession of a shoe bomb, and Robichaux ignored the orders, potentially averting a terrorist attack. The airline supervisor that told Robichaux to keep the plane on schedule displays the will of airlines in a highly competitive market to prioritize profit over safety.<sup>12</sup>
60. Such incidents also show the importance of quality staff in ensuring safety. Our best asset in ensuring the safety of passengers is the wellbeing, training and alertness of staff in airports and airlines. Under competitive pressure staff are reduced in numbers creating greater workloads for staff that are kept on. Low airfares are not always optimal if it means safety is compromised.

### **Consultation**

61. The ASU is disappointed in the Government's lack of consultation and involvement of unions in the negotiation of recent 'open skies' agreement. In future agreements, most urgently the upcoming negotiations with the EU, the ASU recommends the Government include union representatives in the negotiation process and the review of the implementation of agreements.
62. In similar negotiations overseas unions have been involved throughout the negotiation process. The European Transport Workers Federation and other European trade unions were and are involved in the preparation and are observers at negotiation meetings. Unions are also involved in the EU/US Joint committee that monitors the process and implementation of

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<sup>12</sup> Congressman James E Clyburn, "Aviation Safety Protection Act employed in shoe bomber case", US House of Representatives, June 20 2002.  
Bob Orr, "Airline sued over shoe bomb threat" CBS News, Washington, June 13 2002.

the agreement. It was their vital input that ensured the EU/US agreement addressed the social consequences of 'open skies'.

63. Similarly US unions like the Air Line Pilots Association (ALPA) are routinely involved in the negotiations of international air service agreements. ALPA and other aviation unions were involved in the EU/US negotiations, Canada/EU negotiations and the US-Australia negotiations earlier this year.
64. Union involvement in this process has been to the benefit of agreements, as our members provide a valuable awareness of the practical implications of decisions. Australia is neglecting an important stakeholder in its exclusion of unions in such negotiations.

### **Prioritizing Australian labour and safety standards**

#### 1.1 International Services

> *Australia continues to expand its international air services relationships.*

How will new routes, technology and business structures change the profile of Australia's aviation market? Given Australia's evolving aviation sector, to which markets should the Australian Government seek improved access?

How might the Australian Government best ensure all international airlines flying into Australia maintain the highest of safety standards?

65. If 'open skies' is pursued the ASU would like to see air service agreements prioritised with countries that have airlines with strong labour standards and conditions, and strong safety records in their operations in Australia and in their home countries.
66. Opening our skies to competition from countries and airlines with poor industrial records threatens the maintenance of Australian standards. It is

not fair competition if Qantas must compete with a company with low wages and poor conditions operating in countries where freedom of association and the right to belong to and be represented by a union is ignored.

67. Airlines servicing Australia must also abide by Australian labour practices, conditions and standards including freedom of association. The ASU has concerns that we are accepting airlines on Australian routes that do not uphold Australian laws and community expectations. At times government has also provided tax concessions to attract carriers with dubious records to operate services to Australia. Australians clearly believe that industrial relations practices are important – there is no better illustration of this than the recent federal election result.
68. The issue of safety standards is also of concern. The Australian public has an expectation that when they board a plane from or to Australia that certain safety regulations are complied with. This is not necessarily the case for foreign airlines that are monitored by and comply with countries with laxer standards than Australia.
69. We do not believe it is in the national interest to have such airlines service Australia. When assessing future market opportunities, preservation of Australian labour and safety standards should inform which countries and operators the Government pursues agreements with.

## DOMESTIC SERVICES

### 1.2 Domestic Services > *Key Challenges*

Do the existing criteria strike the right balance between allowing Australian airlines to access global investment markets and promoting an Australian- based aviation industry?

70. The ASU supports the status quo on foreign ownership regulation which caps foreign ownership in Australian international airlines at 49%, and applies a test of the national interest (as well as the further restrictions on foreign airline ownership etc).
71. The ASU Aviation Issues Survey 2008 found that 74% of airline workers surveyed oppose removing the 49% foreign ownership cap on Qantas shares.
72. Respondents who opposed foreign ownership made the following comments:
  - *3 words "Spirit of Australia"*
  - *We are the safest airline and that would change if it was foreign owned as shortcuts would be taken and work sub contracted out to the lowest bidder.*
73. The ASU disputes Qantas's claims that its profitability and operations have been curtailed by the foreign ownership cap. Qantas is a successful international airline with a strong brand and reputation. Further Qantas enjoys a unique symbolic position as National Carrier, despite its privatisation, that means Australians invest, support and fly with Qantas before all others. Capital opportunities exist in Australia, and it has

sustained the growth of Qantas to date. Today, Qantas is one of the most profitable airlines in the world.

74. Moreover, there are reasons of national interest that Qantas should retain majority Australian ownership. Majority Australian ownership ensures a loyalty to Australia. A majority Australian owned airline is more likely to act in the interest of Australian consumers and citizens than foreign carriers, or a foreign owned Qantas. It ensures that when key decisions are being made about which routes will be cut, or where jobs are cut, that those making the decisions are Australian. It is that human connection to the country that ensures a loyalty to Australia.

#### **Servicing Australian destinations**

75. Australia cannot afford to be cavalier about the maintenance of a national airline. As an island nation, air transport is our connection to the rest of the world, and underpins our economic success. It is essential to our tourist industry and the Australian economy. In 2006-2007 the tourism industry contributed 3.7% of overall gross domestic product. 61.3% of that industry contribution was from air and water transport.<sup>13</sup>
76. Australia is located at the end of a spoke, it does not have the geographic advantages that other countries have in relying on the demand generated by being a hub.
77. Over the past few decades European airlines have decreased, or ceased altogether routes to Australia. In times of crisis, during the SARS epidemic, and post September 11 several airlines cut flights to Australia. Due to rising pressure from fuel prices, airlines are increasingly rationalising the routes they service, with Qantas cutting key destinations in Asia. The one guarantee we have during these times of pressure and

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<sup>13</sup> Australian Bureau of Statistics '2008 Year Book Australia' released February 2008

crisis is that Qantas will continue to service Australia. Other carriers will consider their own national interest, and that will not always be the servicing of Australian ports.

78. The only assurance we have of continued access to the world, is through the maintenance of an Australian airline that considers the national interest in its operations.

### **Supporting Australians in times of crisis**

79. As the national carrier Qantas and previously Ansett (when it was majority owned) have played a key role in times of crisis. In war time Qantas assists the defence force in transportation, and aviation expertise.

80. This point was made in the ASU Aviation Issues Survey 2008 when one respondent said:

*It needs to stay an Australian Company and not be let into foreign hands thereby reducing it's ability to primarily employ Australians and assist in situations of National importance, i.e. Bali Bombing, repatriate Australians trapped in America after 9/11, Tsunami, etc. A foreign company will not invest as heavily into the Australian economy in the areas of the environment, sports the arts and charities as Qantas currently does. Profits will be the only consideration.*

81. Immediately following the Bali bombings Qantas scheduled additional flights to evacuate people home, as well as allowing customers to cancel existing travel plans to Bali. Qantas has always supported Australians getting home in times of crisis overseas. This is an important role that cannot be guaranteed without majority Australian ownership.

### **Supporting Australian employment**

82. As an Australian company, Qantas employs Australian labour. 93% of Qantas' international workforce is Australian. In contrast foreign carriers operating in Australia employ very few Australians. Singapore Airlines is the largest employer, with 368 people (excluding managers) in Australia, and Emirates employs 342. The figure is less than 200, for all other foreign airlines.
83. If Qantas ceases to be an Australian company, foreign owners will not prioritise employing Australian labour. With skilled labour available for much lower rates overseas, without a loyalty to Australia, the trend of moving or contracting out work off-shore would only increase.
84. The clearest example of this is when Ansett was taken over by Air New Zealand: key administrative, finance and management jobs were shifted to New Zealand. This was despite the Treasurer and Foreign Investment Review Board setting criteria for foreign ownership that included that skilled jobs and the headquarters of the company should remain in Australia.
85. Australian public opinion very clearly opposes jobs being moved off-shore. In 2006 a special Roy Morgan poll commissioned by the Australian Workers Union found that 87% of Australians preferred that Qantas keep its long haul maintenance facilities in Australia. Just 10% approved of Qantas relocating overseas.<sup>14</sup>

### **Community support for Qantas**

86. Qantas is an integral part and reflection of the Australian identity, Australian ownership of the company is important to the community.

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<sup>14</sup> Roy Morgan Research 'Overwhelming majority want Qantas maintenance at home' February 27 2006.

87. There was community outrage when Ansett became foreign owned by Air New Zealand. There was further disbelief when the Government then failed to intervene and save the airline from collapse, such as the New Zealand Government did for Air New Zealand.
88. The proposed privatisation of Qantas last year further shows the country's expectation that we maintain an Australian carrier. A Roy Morgan poll on the electorate response to the takeover proposal by Airline Partners Association consortium found that the majority of Australians opposed the plan. Respondents stressed the need for Australian ownership to continue, for reasons of iconic value, losing jobs overseas and maintaining strong safety standards.<sup>15</sup>
89. Luckily market forces stopped the takeover of Qantas. Had the takeover occurred Qantas would more than likely have been facing collapse, given the fate of the proposed owners like Allco. The community was right then, and continues to be right, Qantas must remain majority Australian owned.

#### **Government support for Qantas**

90. In international service agreements Qantas is our designated carrier in international air services agreements. As an Australian airline it is the beneficiary of any further access and routes gained by the Government in negotiations with other countries.
100. Why would the Australian Government bother for a company that has no relationship to Australia? Presumably Qantas would have to maintain its status as an 'Australian carrier' so it could continue to service Australian routes, yet it would have no tangible connection to the country.

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<sup>15</sup> Roy Morgan Poll 'Majority of Australians don't want Qantas takeover to go ahead.' January 10 2007.

101. Foreign ownership of Qantas would in fact provide a back door entrance to 'open skies' access. If you are a foreign airline wanting access to Australian routes, why would you pursue lengthy negotiations with the Australian government for bilateral access, if you can simply buy Qantas and operate it along its entitled routes?
102. Foreign ownership does not remove the community expectations of the Government treating Qantas as the 'Australian carrier'. That Qantas is Australian is a key part of its marketing strategy and success, we can only presume that would continue if it was sold. It would 'Still call Australia home' from its headquarters overseas. To the Australian public it would appear to still be Australian. This was certainly the case with Ansett, despite ownership residing in New Zealand, the Australian public still expected the Government to intervene to save it from collapse. The Australian Government shouldn't put itself in a position where it would be expected (by the electorate at least) to be financially supportive of a foreign owned company.
103. Qantas is viewed as an Australian company, by the community and international aviation convention. If the Government is expected to negotiate air services agreements on its behalf, and in the extreme case intervene to save the airline, it must be retained as an Australian company.
104. For a privatised company Qantas gets an incredibly good deal from the Government and community. It maintains status as the national carrier with all the business and loyalty that creates, yet demands access to foreign capital, and ownership. We do not believe it is in Australia's interest to meet these demands.

**Servicing Australian regions.**

105. Another reason to keep foreign ownership caps is the servicing of regional and remote communities by air. The expectation that Qantas acts in the national interest has ensured that regional routes are serviced. These routes are usually unprofitable and in many cases are long distances. They are sometimes subsidised by state and federal governments or cross subsidised by Qantas profits from other routes.
  
106. These flights are essential to regional and remote communities, flying in supplies, as well as transporting passengers to provide services in the communities. For many of these communities, aviation is the connection to the rest of Australia. There is no incentive for a foreign carrier, or foreign owned Qantas to service these routes.

## REGIONAL AND GENERAL AVIATION

107. The ASU represents several hundred employees working in regional carriers or at regional airports. We have comments on the continuing subsidies for regional routes and operations and the security arrangements at regional airports.

### **Government support for regional communities.**

1.3 Regional and General Aviation > *Key Challenges- regional air services*  
What should be the basis of government and industry policy towards air services to regional and remote communities?

108. The ASU supports the continued subsidy of flights to regional and remote communities. Aviation is a crucial connection for these communities for supplies, medical and educational support as well as passenger transport to and from larger cities.

109. In the recent ASU Aviation Issues Survey 2008, 68% of respondents thought that regional airlines should be subsidized to fly on regional and remote routes in Australia.

110. These routes often operate at a loss for airlines, and continued subsidy is required to continue service to these communities.

111. The effect of leaving regional routes to the whims of the market can be seen in the US.<sup>16</sup> Exacerbated by recent fuel price increases, but following a long term trend, nearly 30 cities across the US have had their scheduled services cut totally in the last year. 400 airports have experienced flight

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<sup>16</sup> Micheline Maynard 'Airlines cuts making cities No Fly Zones' (21/5/08 New York Times)

cuts. One airport in Hagerstown in Maryland had their services cut two months before the opening of a \$61.4 million new runway that had been built to lure regional services. Hagerstown has a population of approx. 39,000, a comparable city to Alice Springs or Coffs Harbour. They are yet to attract a new carrier to fly to Hagerstown Regional Airport.

112. Subsidies for regional and remote aviation routes underpin, and help build the social inclusion of regional and remote communities. These communities are disadvantaged, as they do not have the same access to services that urban residents enjoy. Aviation ensures that people can travel to capital cities to access services, and that goods and services can be delivered to the communities. The role that aviation plays in the economic participation of non urban areas and residents can not be underestimated. Our aviation policy needs to address and encourage the role aviation plays in facilitating the social inclusion of all our citizens regardless of where they live and work.
113. The ASU supports the continuation of initiatives such as the QLD Rural and Remote Airport Development Program and federal government grants that ensure flights continue to regional and remote communities

**Security concerns at regional airports**

1.3 Regional and general aviation > *Key challenges- regional air services*  
Are security and safety measures adopted for major capital city trunk routes appropriate for regional and remote services? If not, what alternative measures could be adopted?

114. The ASU has some concerns about the level of security provided at regional airports.

115. The current screening arrangements reported by DOTARS to the Wheeler Review include screening of all domestic checked baggage at airports classed counter terrorism first response airports, do not require baggage screening or screening of people at many regional airports.
116. The ASU has concerns that adequate screening of both hand luggage checked luggage and cargo, is not taking place at many regional airports, threatening the safety of passengers, and staff.
117. Most alarming this security gap threatens the security of our major airports, as these unsecure regional flights often land at Australia's largest airports. For example Tamworth Airport in regional NSW has daily flights into Sydney airport, carrying up to 50 passengers at a time (they have bigger aircraft starting soon that will take up to 72). Yet there is no security check undertaken on these passengers or their baggage. At check in passengers are asked whether they are carrying any sharps and other prohibited items yet there are no screening facilities to actually check passengers or their baggage. This is a glaring gap in the security of both our regional airports and our major airports.
118. In a major airport if an individual breaches a security door, a full security crackdown is launched and people are immediately evacuated. Yet someone can walk freely into security terminal alighting from a plane from a regional airport without undergoing any security check and it is business as usual.
119. The Wheeler Review of Australian Airport Security observed this potential security risk:

- The issue of non- jet regular passenger transport aircraft without screened passenger carry on luggage landing at major airports such as Sydney or Melbourne and walking (or being bused ) on the apron. <sup>17</sup>*
120. This is an unacceptable security risk for passengers and the staff both at the regional airport and at the destination airports.
121. The ASU supports the Wheeler Review's comments on the importance of regional airports and their impact on the wider industry, and difficulties they face in providing for security and passenger confidence.
122. *Regional and smaller airports demand more attention. Their importance in Australia should not be underestimated: in many areas they are crucial in sustaining the vitality of communities. Yet their operators face an awkward dilemma: they are aware that security measures are necessary to keep public confidence in air travel high, but the increased cost of security measures can threaten their existence. <sup>18</sup>*
123. The only regional airports that do have screening facilities are those such as Coffs Harbour that have a high amount of tourism traffic and so can offset the cost of security measures with ticket sales. Regional airports are most often run by local government who do not have the means to install expensive screening technology. Until there is government legislation and assistance that requires increased security, there is little incentive or ability for councils to undertake such an upgrade on its own.
124. The ASU is sympathetic to the difficulties regional airports face, and views it as a priority for the Australian Government to address the security needs

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<sup>17</sup> The Rt Hon Sir John Wheeler DL, An Independent Review of Airport Security and Policing for the Government of Australia, September 2005, Australian Government, Paragraph 23. Page 57

<sup>18</sup> The Rt Hon Sir John Wheeler DL, An Independent Review of Airport Security and Policing for the Government of Australia, September 2005, Australian Government, Paragraph 90, Page 81.

and responsibilities at regional airports within future aviation policy. Not to address this problem and bring all regional airports up to standard exposes a security gap that is there to be exploited. This is not an acceptable risk.

## ADDRESSING SKILLS NEEDS IN THE AVIATION INDUSTRY

### 1.4 Addressing skills needs in the aviation industry > *Key Challenges*

What are the long term training needs for the Australian aviation industry? Where will the future pressures lie? How do we ensure the industry remains internationally competitive in retaining key staff and in attracting new entrants to the workforce?

125. The skills shortage facing the aviation industry is not limited to 'pilots, aircraft maintenance engineers and air traffic controllers'. It is an industry wide problem affecting all areas including much of the tourism industry.
126. The tourism industry is facing many problems in attracting, recruiting and maintaining skilled staff. The House of Representatives standing committee on Employment, Workplace Relations and Workforce Participation delivered a report 'Workforce challenges facing the Australian tourism sector' in June 2007 that observed industry faces significant challenges in staff retention and recruitment of skilled people.<sup>19</sup>
127. The ASU made a submission and presented at a hearing for this committee emphasizing the importance of collective agreements in ensuring decent wages and conditions that will attract and retain staff in the industry. The ASU rejects the myth that tourism requires 'flexibility', this has been an excuse for employers to provide low wages and conditions.<sup>20</sup>

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<sup>19</sup> House of Representatives standing committee on Employment, Workplace Relations and Workforce participation 'Current vacancies: Workforce challenges facing the Australian tourism sector', June 2007, The Parliament of the Commonwealth of Australia.

<sup>20</sup> Paul Slape, ASU 'ASU Submission to Inquiry into Workforce challenges in the Australian tourism sector', 8 September 2006

128. This is true of the aviation industry, which is a subset of this greater tourism problem. Customer Service Agents at airports are important parts of the tourism industry. They are the first and last contact for tourists visiting Australia and the quality of service they provide leaves lasting impressions on the visitor experience of Australia. The aviation industry, like the tourism industry, is facing difficulties in recruiting skilled staff. This is particularly the case at regional airports including at vital tourism gateways. There is a shortage of skilled travel professionals, like those working in airline reservations, sales and retail. More generally there is a shortage of people with customer service skills.
129. The ASU supports the introduction of the new National Aviation Training standards and stresses the need for its expansion to consider and provide for all areas of skill shortage in the aviation industry.

## AVIATION INFRASTRUCTURE: AIRPORT PLANNING AND DEVELOPMENT

### 2.1 Airport planning and development > *Future Airport needs*

How can future airport needs best be addressed, recognising the importance of airports as an element of the national economic infrastructure?

#### **The airport shopping experience.**

130. Getting recognition of the importance of airports as an element of the national economic infrastructure, with the core role of aviation is a challenge in itself.
  
131. As one respondent to the ASU Aviation Issues Survey 2008 commented;  
  
*Airports are to facilitate AIRLINE PASSENGER PROCESSING not shopping centres with a runway!*
  
132. At airports there is increasing frustration with the further commercialisation of airport space. Staff working at airports are finding that space is being prioritised for retail outlets, over the basic functions of an airport and passenger movement.
  
133. At Melbourne International Airport, upon arrival, passengers are forced to walk through duty free in order to reach customs. One person who works in this area described it as an 'obstacle course'. They have problems with passengers rushing and knocking over displays, and getting waylaid causing log jams and disruption to the customs and security clearing process.
  
134. This experience is supported by one survey respondent who commented:

*Melbourne Airport is a prime example of this, and its facilities are nothing short of laughable in comparison to 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... duty free and airport concessions, however, seem to be in a state of perpetual boom and expansion.*

135. The biggest problem this causes is for staff members looking after passengers in wheelchairs and generally people with disabilities. Navigating a clear path through the chaotic displays is a significant challenge.
136. Further, the general emphasis on airports as a shopping experience causes frustration for staff trying to board the flights, and have them leave on time. Regularly people are late for departure, because they are shopping or at the pub. Staff have a 'search and locate' system, which takes time and is frustrating for the plane loads of people waiting to take off. This creates considerable pressures as there is limited availability of slots at both departure and landing. Flights need to depart on time to make the scheduled time allocated at a slot, at their destination.
137. The Australian Financial Review confirmed that even the check in process is now being phased out in favour of more shops. An unnamed executive interviewed was quoted as saying "Not having check in counters any more means more space for retail".<sup>21</sup>
138. Less counters, distracted passengers, and retail obstacles have created longer queues and frustrated passengers. For the staff who manage this

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<sup>21</sup> Ben Woodhead 'Simple sums: airlines to save billions if clients do most of the work', The Australian Financial Review, 21 June 2008. See Appendix.

process, it is unnecessary chaos, most especially at peak times, and interferes with their ability to fulfill the basic functions of the airport; check in, security, boarding and arrivals. It seems like this core purpose has been forgotten amidst the glittering lights and shiny products of the duty free shop and the contribution to airport owners' bottom lines from selling every available square inch of their real estate.

### **Maintenance of Airport facilities**

139. The facilities at Australia airports are in urgent need of attention. The privatised airports have neglected the maintenance of basic airport facilities, and as such there is a critical need for investment in infrastructure. The most common issue at airports is the maintenance of aero bridges, which consistently malfunction, causing occupational health and safety issues.

140. This is best exemplified by a comment from the ASU Aviation Issues Survey 2008:

*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...*

## **Queues and capacity constraints**

### 2.1 Airport planning and development > *Future airport needs*

What are the current and future pressure points in relation to airport capacity?

141. Our members are finding airport infrastructure inadequate to perform their jobs effectively. The ASU Aviation Issues Survey 2008 asked airline workers to choose the biggest problems with our airports.
142. The single biggest problem identified by 73% of airline workers in the survey was the lack of check in staff.
143. 35% of respondents cited poor facilities, 27% named cramped AQIS facilities. Not enough passport control stations was the second biggest problem with 46% identifying it as an issue. 33% cited not enough gates as another problem. These infrastructure and planning deficiencies are causing problems for passengers and staff alike.
144. General security infrastructure and customer service desks (at customs, arrivals, check in etc) are not adequate for dealing with the increasing volumes coming through airports. During peak hours it is not unusual for passengers to have to wait 30- 50 minutes just to check in at Melbourne's domestic airport.
145. It is an even longer wait for international passengers clearing customs upon arrival. It is not unusual for a passenger to wait in a queue for up to two hours to clear through customs at Melbourne International Airport. There is an urgent need for more resources into customs and arrivals to accelerate this process for passengers, (and for their relatives waiting to pick them up!).

146. Poor design, layout and staffing levels cause passenger frustration, which is often taken out on staff (see air rage section). It is also another factor which slows down boarding and the security process.

### **Pricing of Airport Services**

#### 2.1 Airport planning and development > *Pricing of airport services*

Is there sufficient transparency in the setting of charges for services at those airports that are not subject to price or quality of service monitoring?

147. For the staff working at airports the pricing of airport services is expensive and impractical.
148. Respondents to the ASU Aviation Issues Survey 2008 cited cost of staff parking (31%) and lack of staff parking (37%) as problem at our airports. 66% identified cheaper parking as one of the biggest improvements that could be made to our airports.
149. One respondent commented that:
- We are a captured market and have NO options of services provided for us, i.e. closer parking to work place, cheaper food availability (staff canteens)...*
150. At some Australian airports the primacy of the airport as a workplace has been forgotten. Airports like any other workplaces should have basic infrastructure and services to support employees in fulfilling their jobs.
151. The clearest example of this issue is the pricing and location of staff car parking at Sydney Airport. While terminal parking at Sydney is undergoing an upgrade it has resulted in significant inconvenience and increased costs for many staff working for some airlines, ground handlers and others

at the airport. The workplace parking areas were removed to distant locations and at considerable cost. This issue is compounded by the poor servicing of the car parks by shuttle buses.

152. Such practices neglect staff needs and the workplace requirements. They are unnecessary hurdles for people just trying to get to work and home, and do their job.

## AVIATION SAFETY:

### SAFETY REGULATION AND REGULATORY REFORM

#### 3.1 Safety regulation and regulatory reform > *Key challenges*

What issues should a 21<sup>st</sup> Century aviation regulator be focused on?

#### **Open Skies**

153. As was outlined in the first section of this report ASU has concerns that pursuing 'open skies' and further deregulation will jeopardise safety practice by airlines.

#### **Air rage**

154. Air rage continues to be an issue at Australian airports. Air rage is disruptive passenger behaviour which can range from the failure to obey safety instructions to verbal harassment or physical assault directed at airline staff.

155. 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 air rage included cases of stalking, and physical assault, with various respondents commenting they had been spat at, punched, had objects such as mobile phones thrown at them, and grabbed at and pushed.

156. The increase in air rage incidents was confirmed by Australian Federal Police commissioner Mick Keelty, *Statistics show a rise in screening point*

*incidents and subsequent responses by the Australian Federal Police and Australian Protective Services post September 11 2001.*<sup>22</sup>

157. This issue was acknowledged also in the 2004 Review of Aviation Security in Australia.<sup>23</sup>
158. The ASU suggested ways to improve security and avoid further air rage incidents, some of which we're taken up. However some airlines were slow to move, with Jetstar only responding to the issue in the last year.
159. Media attention on this issue has been effective in ensuring airlines fulfill their responsibilities towards their passengers. After negative reports about stranding passengers at airports after flights were cancelled, Jetstar has taken some action to reduce incidents that lead to passenger discontent.
160. There also appears to have been an increase in the number of charges against passengers who abuse or assault airport staff. There is still much work to be done.

**A continuing problem...**

161. In the most recent survey conducted by the ASU (ASU Aviation Issues Survey 2008), 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, it is still a considerable issue at our airports.

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<sup>22</sup> Luke McIlveen 'Delays spark Airport Rage', Herald Sun, 24 February 2004

<sup>23</sup> Joint Committee of Public Accounts and Audit (Commonwealth) 'Review of Aviation Security in Australia, June 2004 Canberra. P28

162. One survey respondent commented that:

*I worked in Australian airports for QANTAS in both domestic and International Terminals. Recently I have re-located to London...I think the worse ground rage I ever encountered was at Qantas Domestic Brisbane Airport. Hopefully by the time I am ready to return to OZ the travelling public have calmed down.*

163. When asked what they thought makes passengers angry and violent at Australian airports, survey respondents identified these issues:

The biggest issue was long waits in queues (90%) and then not enough staff (79%) and a lack of understanding of ticket restrictions (78%). A majority of respondents also acknowledged 'Affected by alcohol', 'excess baggage control,' 'excess baggage charges' and 'baggage cutoff times' as important reasons.

164. 90% of respondents in customer service roles said they had received no training as to how to deal with hostile and abusive customers. Only 13% answered that they had received training.

### **Air rage and Low Cost Carriers**

165. These issues and occurrences of air rage are amplified for employees of low cost carriers. A 2004 survey of Jetstar employees by the ASU showed Jetstar employees experienced a higher rate of air rage than employees working for premium carriers.

166. The ASU Aviation Issues Survey 2008 had a sample of respondents employed by low cost carriers (LCC). Of those employed by Virgin Blue and Jetstar, 82% had experience air rage. LCC employees cited a lack of understanding of ticket restrictions (90%), not enough staff (82%),

baggage cut off times (82%) and excess baggage charges (82%) as the major reasons for air rage incidents.

LCC rates of air rage are now consistent with other carriers. A possible reason for this is that air rage is increasing in premium travel as carriers adopt similar practices to LCC (premium carriers are increasingly applying excess baggage charges etc).

167. This is considered in more depth further in this submission as part of 'Consumer Protection'.

### **Strategies to increase the safety of Customer Service Agents**

#### 3.1 Safety regulation and regulatory reform > *Key challenges*

What steps can the aviation industry as a whole take to ensure it maintains safety standards as it grows and diversifies?

168. The ASU highly recommends that ongoing training is provided to Customer Service Agents that is monitored by the Government.
169. The ASU highly recommends that signage detailing penalties for abusive behaviour is located in airport check in areas and terminals.
170. Airline workers were asked in the ASU Aviation Issues Survey 2008 to identify what measures they supported to reduce air rage incidents. The percentages indicate the level of support each measure received from respondents (they could choose more than one):
- a) More staff to reduce queues: 79%
  - b) Higher penalties for offenders: 63%
  - c) Clearer explanations of ticket restrictions: 62%
  - d) More signs about penalties for abusing staff: 61%
  - e) More police: 45%

f) Reduce access to alcohol at airports: 34%

171. The importance of staff training was stressed by one respondent to the 2008 survey:

*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 the situation before there is a physical threat or violence.*

## AIRCRAFT NOISE

### 4.2 Aircraft noise > *Key Challenges*

Which airports in Australia need to remain curfew free and under what conditions? Can operations at airports be better managed to ensure the community is protected while at the same time providing for night time access?

172. A recent study 'The Economic Impact of Melbourne Airport' commissioned by the Victorian Government and Melbourne Airport shows the economic value of curfew free airports. The study estimates that introducing a curfew at Melbourne Airport would cost \$309 million in Gross State Production, and 4642 jobs.<sup>24</sup>
173. The curfew at Sydney Airport has allowed the curfew free Melbourne Airport to gain competitive advantage. International flights are scheduled at Melbourne during the night (between 11pm – 6am) so they land at a convenient time for passengers, or when there is landing opportunities at key destinations such as Heathrow. The efficiencies to be gained from 24 hour operation have supported the growth of Low Cost carriers.
174. The curfew at Sydney Airport, among others, causes significant problems for freight movement. The vast majority of commercial freight travels at night, and overnight services are crucial to Australia's export of fresh produce overseas.
175. At Sydney Airport the current restrictions allow only one type of aircraft to operate, which can only operate on the East-West runway. Under certain weather conditions this runway cannot be used, meaning freight doesn't arrive, or can't take off. This is more than an inconvenience, virtually

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<sup>24</sup> Sinclair Knight Merz 'Melbourne Airport Economic Impact study', April 2008

cutting Sydney off from goods delivered, and causing disruption to exports that rely on overnight freight.

176. The ASU is sympathetic to the issues of aircraft noise and the impact it has on people living in the surrounding suburbs of airports. We believe that it is wise to continue to review these restrictions based on noise levels rather than static arbitrary measures such as aircraft type, as there continue to be developments in aircraft in this area. There is undoubtedly a balance that must be struck between the 24 hour modern economy and freight movements, Australian jobs and the amenities for those in the surrounding areas.

## CONSUMER PROTECTION

### 4.3 Consumer Protection > *Key Challenges*

Are existing consumer protections and airline procedures adequate for dealing with these challenges? Is it possible to improve passengers travel experiences without adding unnecessary costs to airlines that would inevitably need to be passed on to all passengers?

How can airlines ensure passengers are appropriately informed about restrictions? Furthermore, are existing airlines terms and conditions reasonable?

177. The ASU has members who work for Jetstar and work for the ground handlers that service Tiger airways. Our members are the people who manage customer's expectations at the coal face.
178. The ASU supports the view put forward in the aviation policy issues paper about the challenges in low cost airlines managing customer expectations.
179. The view expressed by airline workers in the ASU Aviation Issues Survey 2008 was that most passengers do not understand the restrictions on their air tickets (81% of airline workers held this view).
180. These challenges do not appear to have been a concern for the airlines or management, yet they are experienced on a daily basis by Customer Service Agents working in the check in areas. It is these individuals who "manage" the customer's expectations, and who receive the brunt of passenger frustration and aggression when these expectations fall short. No amount of television shows about how low cost airlines operate (i.e. restrict baggage, cut off times, inability to change flights etc) has dampened expectations of those purchasing low priced air tickets.

181. The ASU has campaigned for better awareness of passenger ticket restrictions, and for low cost airlines to deal with the reality of air rage, which in many cases occurs as a result of passenger discontent from failed expectations. To date low cost airlines have been unresponsive. Though Jetstar has recently responded to deal with the issue of stranded passengers complaining about their flights in the media.
182. A 2004 ASU survey of Jetstar Customer Service Agents experience with air rage found that employees of Jetstar had remarkably higher rates of air rage experiences than the overall rates. (See 'Airport Safety' for more information about air rage and the survey)
183. 97% of Jetstar employees surveyed had experienced air rage while at work. With 59% of respondents saying they witnessed it almost every day, as compared to a rate of 33% overall. A further 29% witnessed air rage on a weekly basis.
184. Rates were slightly lower for incidents of stalking, (16% for Jetstar as compared to 18% overall), and for incidents of physical assault (8% for Jetstar as compared to 17% overall). However rates of passengers becoming angry, and verbally abusive at agents or other passengers we're higher (97% for Jetstar, 94% overall).
185. Jetstar employees' description of incidents appears more extreme than the overall sample. One respondent wrote *'I had a stapler thrown at me at the service desk'*, another reported a similar incident *'Passenger threw stapler at me (missed). Passenger took my photo and told me I'm f\*\*\*\*ed. If I had a dollar for every time I heard f\*\*k I would be a millionaire!*
186. The ASU Aviation Issues Survey 2008 showed the air rage was still a major issue for customer service staff at low cost carriers (this survey

included both Jetstar and Virgin Blue). 81% of respondents in customer service roles had experienced air rage at their airport.

187. Some respondents noted that Jetstar management was unresponsive and unsupportive upon reporting incidents. This appears to have changed recently (in 2008) with a program for dealing with frontline complaints at airports. That it has taken years to be implemented indicates the priority placed on dealing with customer rage. Air rage is acceptable if you are an airline executive in an office far away, but not if you are on the front line.

### **Strategies to raise awareness of ticket restrictions**

188. The ASU strongly encourages the implementation of the following initiatives to raise awareness of ticket restrictions with a view to curbing the rates of air rage against employees of low cost airlines (and airlines more generally):
- a) Signage at airports.
  - b) Making restrictions clearer on the ticket.
  - c) A clear explanation at the booking stage, both verbally and on the internet which involves passengers affirming their understanding of each restriction. (i.e. tick box for each restriction)
  - d) Raising public awareness on the issue of air rage and its impact on individuals just doing their jobs;
  - e) Stronger penalties and enforcement against air rage incidents.
  - f) Compulsory government endorsed training to deal with hostile passengers.
189. See Safety section for recommendations as they relate to air rage.

## DISABILITY STANDARDS

### 4.4 Disability standards > *Key Challenges*

Are the current complaint and compliance mechanisms effective?

190. ASU members working in airports are committed to maintaining the dignity and facilitating the travel of passengers with disabilities. This basic right and service is made difficult by inadequate staffing arrangements and training and impractical infrastructure.

191. The difficulties faced by passengers with disabilities and the staff who assist them while at the airport are highlighted in the area of airport infrastructure and planning. In many cases facilities are not provided for the passage of disabled people. This is most evident in the situation described earlier of co-coordinating a wheelchair through the arrival process through Melbourne Airport. (See Airport Infrastructure section)

192. One survey (2008) respondent observed about Sydney International Terminal:

*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.*

193. Airlines do not provide the safety equipment for staff to safely assist passengers with disabilities. One of the highest causes of workers injury and compensation claims relate to staff assisting people in wheelchairs. Most airlines don't maintain wheelchairs and many won't invest in people movers.

194. Further, staff are not provided with adequate training, and there is often understaffing which limits the ability and time that can be spent assisting disabled passengers. Staff at airports need to be supported in this area if they are to support all passengers in their varying needs. Airlines have an obligation to facilitate the travel and social inclusion of passengers with disabilities, there is much more that can be done in this area.

## AVIATION SECURITY

### 5. Aviation Security > *Key Challenges*

Could Australia improve its approach to protecting air travelers from threats while facilitating quick and efficient travel? How can we improve the system to improve both security outcomes and passenger facilitation through airports?

195. The security of their workplace is a significant concern for airline workers. 30% of the ASU Aviation Issues Survey 2008 respondents identified 'poor security' as one of the biggest issues facing our airports.
196. The Australian approach to aviation security has been a layered system, in which the likelihood of security breaches is lessened by the small probability that every 'layer' would be breached at the same time.
197. The first layer is Customer Service Agents at check in desks who ask basic security questions 'did you pack your own bag' and evaluate basic demeanor.
198. Customer Service Agents at the majority of airlines or their ground handler operations in Australia have advised us that they have received no further training in basic security evaluation post September 11.

### **Electronic check in machines**

199. The ASU is alarmed by the lax security at domestic terminals in Australia using electronic check in machines.
200. In an effort to cut labour costs airlines have increasingly been replacing staff with electronic check in machines, where passengers simply enter a reservation or frequent flyer number and receive their boarding pass. They

- are not required to show identification, and need have no contact with a Customer Service Agent.
201. No one is checking that the passengers are who they say they are.
  202. The Australian Financial Review reported this phenomenon just recently; *'By the years end, pilot programs will allow flyers with only carry- on luggage to book tickets online, check in from a home computer and board an aircraft without interacting with a human being'* <sup>25</sup>
  203. It would not take much effort to breach this system. A discarded itinerary now provides all the vital details for someone to fly using someone else's identity.
  204. This is a serious security risk. While a passenger checks in, a Customer Service Agent is evaluating their demeanor as well as asking important security questions. This is the important first layer in Australia's aviation security system. Passengers using electronic check in machines avoid this interaction altogether.
  205. The significant majority (73%) of airline workers that participated in the ASU Aviation Issues Survey 2008 supported passengers having to show ID to check in staff at airports before using automatic check in machines.
  206. No machine can replace the important role that Customer Service Agents play in assessing a passenger, and confirming their identity. This is illustrated graphically in paragraph 59 in the US shoe bomber case.

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<sup>25</sup> Ben Woodhead 'Simple sums: airlines to save billions if clients do most of the work', The Australian Financial Review', 21 June 2008. See Appendix.

### **Security of air cargo**

207. 67% of employees with an opinion of cargo security thought that air cargo measures were not the best they could be. Just 33% affirmed our current air cargo security measures.
208. Respondents commented that staff shortages, time constraints and a lack of experienced cargo handlers meant that not all cargo is scanned. Many commented that there are many holes in the system that allows prohibited items to get through. That some cargo is not screened before being loaded onto flights that in many cases are also carrying passengers is a serious security risk.

### **Communication and clarity on security restrictions**

#### 5. Aviation security > *International developments*

Could more be done at our international airports to assist passengers to comply with security requirements?

Should more be done at airports where passengers leave for Australia to make clear our own security requirements?

209. There is an urgent need for better communication in the introduction of security measures into Australian airports and clarity of the restrictions in force.
210. Our members that work at airline transfer desks feel the brunt of passenger misunderstandings. The current regulations do not allow passengers to take certain items on to a plane, but allow people to purchase them in duty free once they have cleared security. The problem then occurs if they transfer flights, (most often at hubs on long distance flights) and have to go through security again. At this point the items are confiscated.

211. Sydney Airport is one of such hubs that often have passengers transiting to domestic flights. Often passengers have spent hundreds of dollars in duty free, naturally assuming that if it is sold in duty free they would be allowed to carry it on the flight.
212. Passengers should be told about these restrictions at the check in desk, however there are often language difficulties if people are coming from overseas, as well as time constraints.
213. In many cases the result of this confusion is front line staff become the victims of passenger aggression, (see air rage section of this report), as they are perceived as responsible for the decision to restrict or confiscate something. This is an undue stress on staff for what is ultimately a government and management decision.
214. The ASU believes that better communication to passengers about new security regulations, and international co-ordination and clarification on the rules of each country is needed.

#### **Aviation Security Identification Cards (ASIC)**

##### 5. Aviation security > *Efficiency and costs*

Could the requirements imposed on industry be changed to achieve similar security results at less cost, or greater security at the same cost?

215. The ASU acknowledges the need for the ASIC card, and supports its rigorous application process. Yet it is unnecessarily testing long serving employees.
216. An employee of fifteen years plus gets asked every two years what flight he emigrated on several decades ago. The application is the same every time he renews, and is the same application filled out by a new employee

- applying for the first time. The cost to the company is approximately \$200 every time.
217. This is an unnecessary cost, and process. Of course security updates should be undertaken, however this could be done with a few simple questions updating current information and checking that in the past two years an employee has not committed a criminal offence.
218. 54% of survey airline workers (2008) thought that ASIC renewal processes should take account of an applicant's length of service in the aviation industry. 75% of airline workers surveyed support staff with existing ASICs having a shorter, quicker process for their renewal application.
219. Further, 54% of respondents believed that applicants with convictions for minor offences should not be disqualified from holding an ASIC. There are several incidents of employees being sacked for minor offences they may have committed when they were 16.
220. The ASU recommends that the application process for ASIC is streamlined for ongoing employees renewing their credentials.

*5. Aviation > Growth and industry development*

Whether current passenger security screening requirements based around jet aircraft should be extended to non-jet aircraft of similar capacity, speed and weight?

221. This issue is considered in the issue of regional airports earlier in the report.

### **Consultation**

222. Aviation employees stand to lose the most when security breaches occur. It is the front line staff that lose their lives or livelihoods when security measures fail. Employees and unions are important allies in the effort to secure our airports. It is those on the ground in a variety of professions from cleaners to customer service staff that will pick up on a passenger or visitors unusual behavior, and on a practical level, on a daily basis, see the real efficacy of security arrangements.
223. The ASU is disappointed it, and other unions, were not included on the Aviation Security Screening Review Advisory Group. We look forward to consultation by this group on this issue in the coming months.
224. Consultation and involvement of aviation employees in safety and regulation reform is imperative if we are to secure our airports.

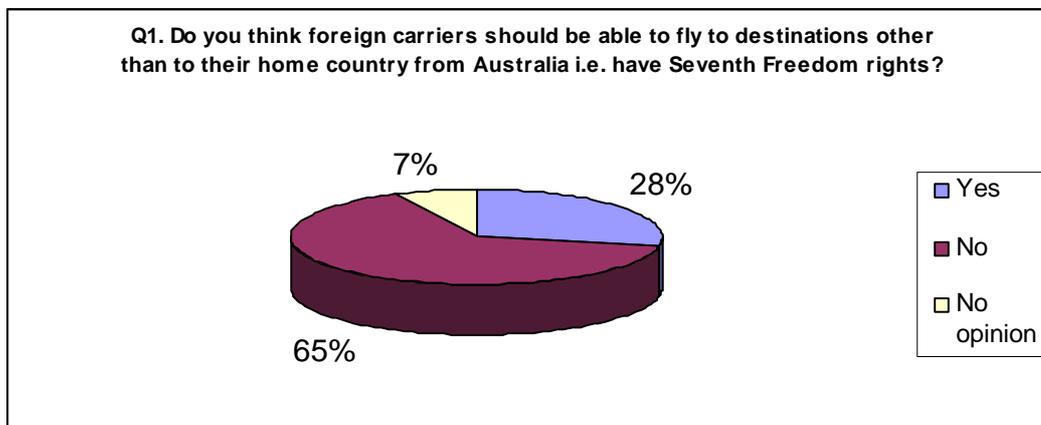
## **ASU AVIATION ISSUES SURVEY 2008**

The ASU Aviation Issues Survey 2008 was a nationwide survey undertaken in June 2008 to inform the ASU response to the Aviation Issues paper. A total of 754 people responded to the survey, with the following demographics:

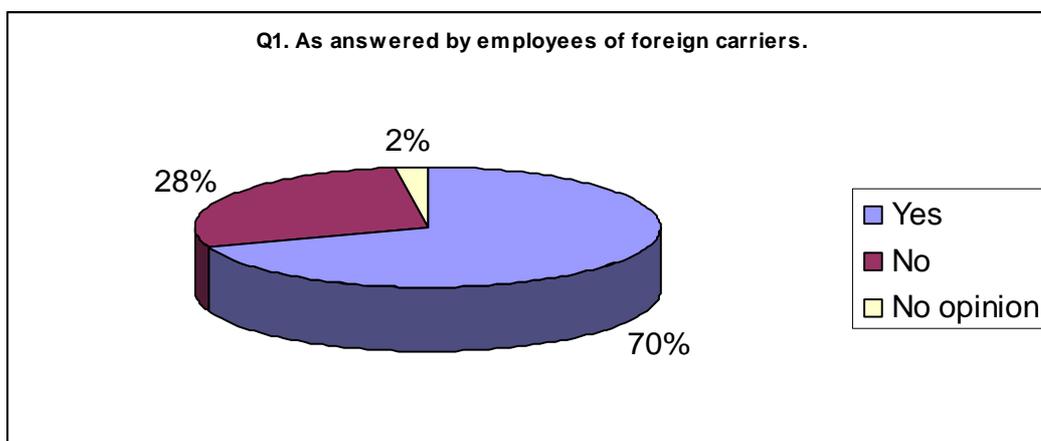
- Majority of respondents were from Victoria, NSW and Queensland, with representation from NT, WA, SA, Tasmania and ACT. All capital cities and a number of regional locations were represented.
- Respondents worked for a variety of companies including a cross section of overseas carriers, low cost carriers and ground handlers. As would be expected the majority of respondents are from the Qantas group.
- Job titles included Customer Service Agents at airports, Telephone Sales Agents, Load controllers, Administration Officers, Supervisors, Managers, freight officers and a variety of sales and specialist workers.
- There was a variety of age groups with the majority in the age brackets of 25- 39 and 40 to 54.
- The gender breakdown of respondents was 55% female, 45% Male.
- The vast majority (74%) worked full time.

## SEVENTH FREEDOM RIGHTS

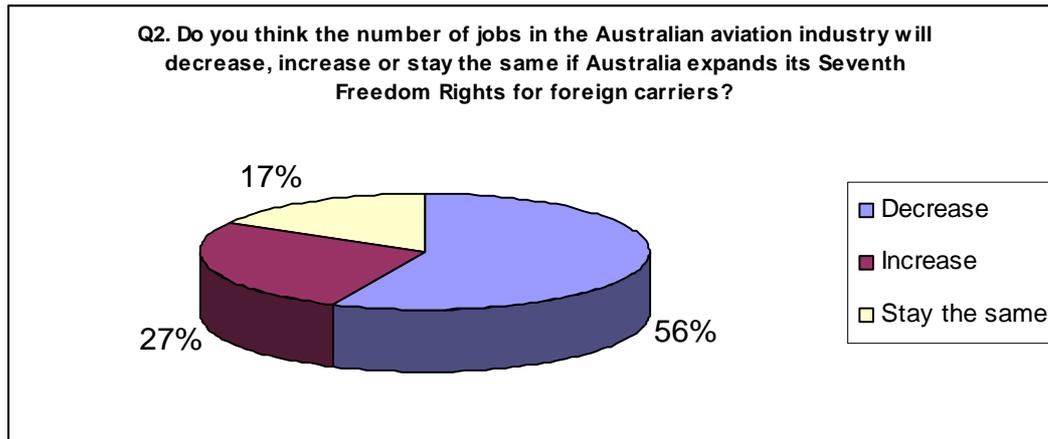
Q1. At present foreign carriers cannot fly on routes that do not return the aircraft to the country in which they are registered e.g. Singapore Airlines cannot fly from Sydney to Los Angeles (this is known as “Seventh Freedom Rights”). Do you think foreign carriers should be able to fly to destinations other than to their home country from Australia. i.e. have Seventh Freedom rights?



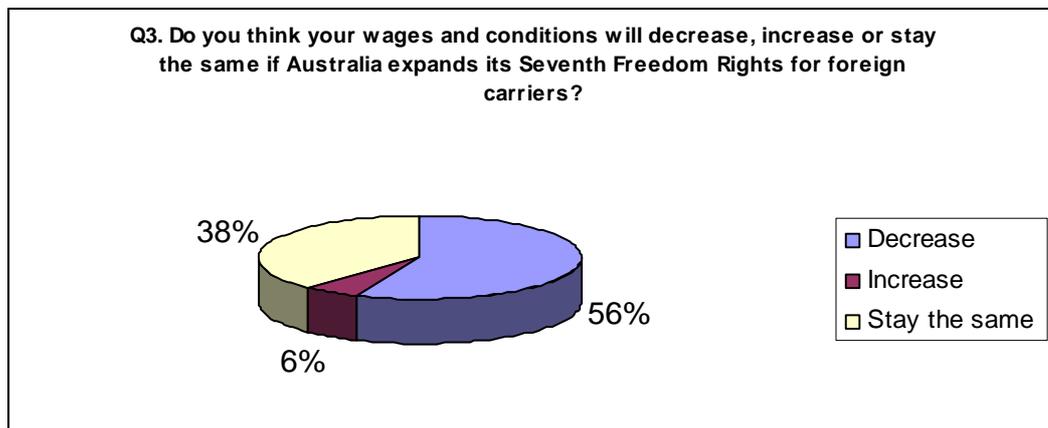
Employees of foreign carriers had a different response. However much of the ‘YES’ response came from employees of Singapore Airlines, which may have been influenced by the mention of Singapore within the Question.



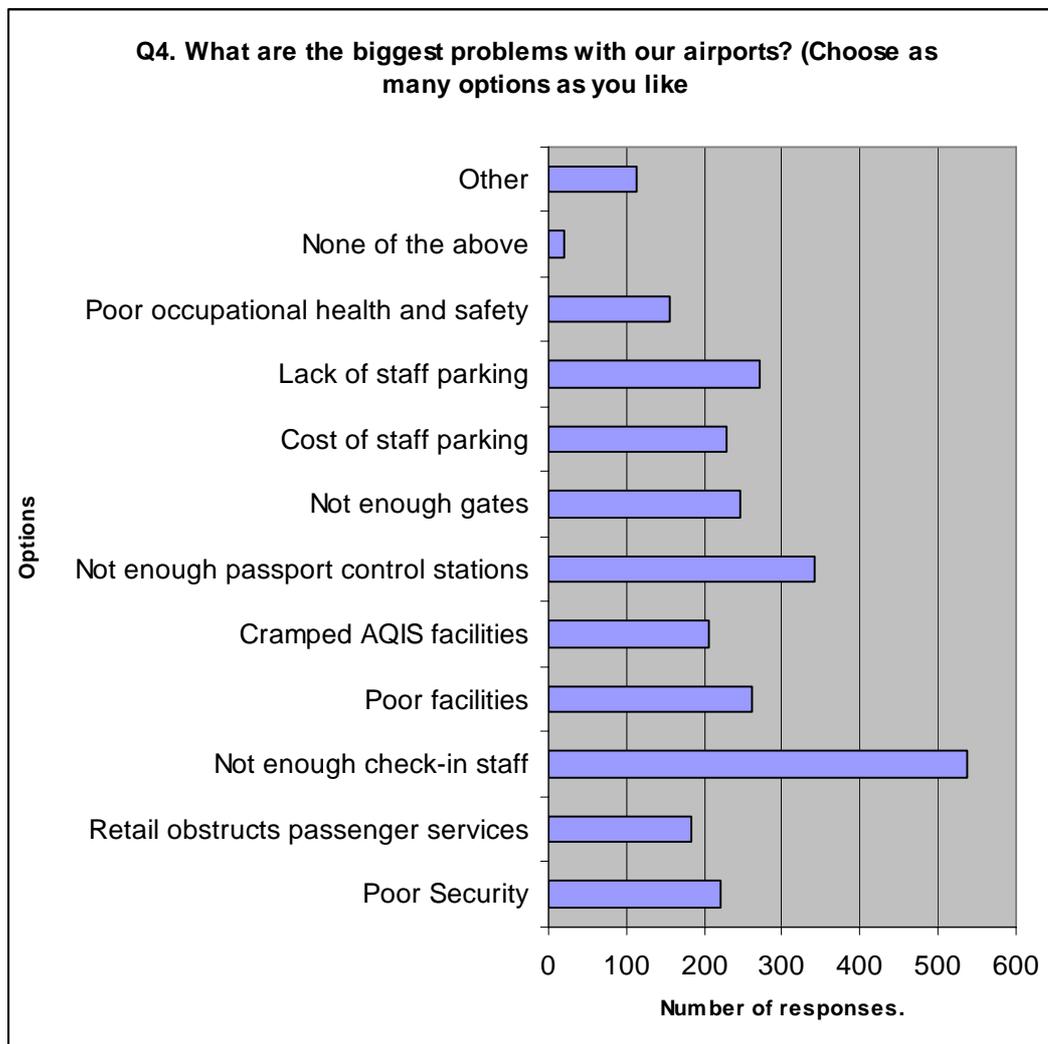
Q2. Do you think the number of jobs in the Australian aviation industry will decrease, increase, or stay the same if Australia expands its Seventh Freedom Rights for foreign carriers?



Q3. Do you think your wages and conditions will decrease, increase or stay the same if Australia expands its Seventh Freedom Rights for foreign carriers?

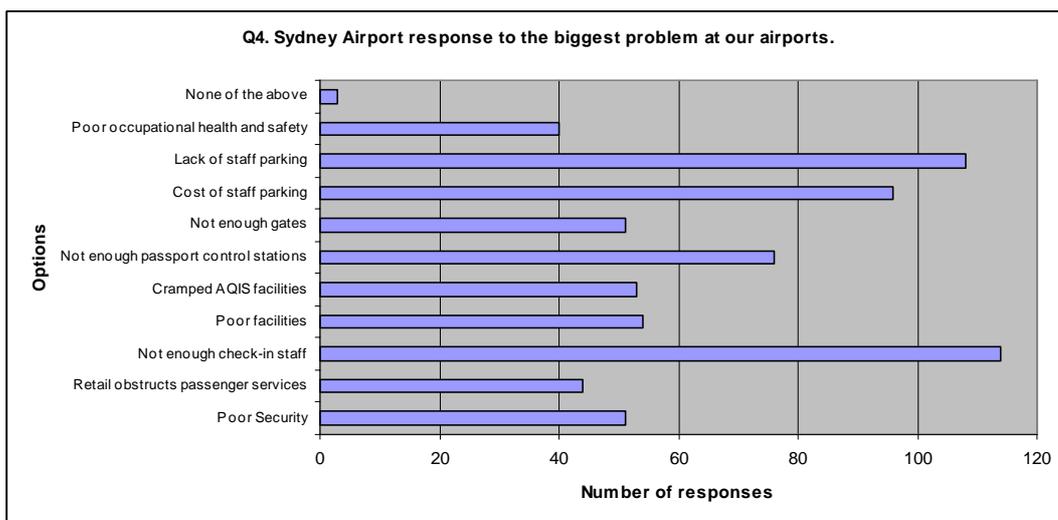
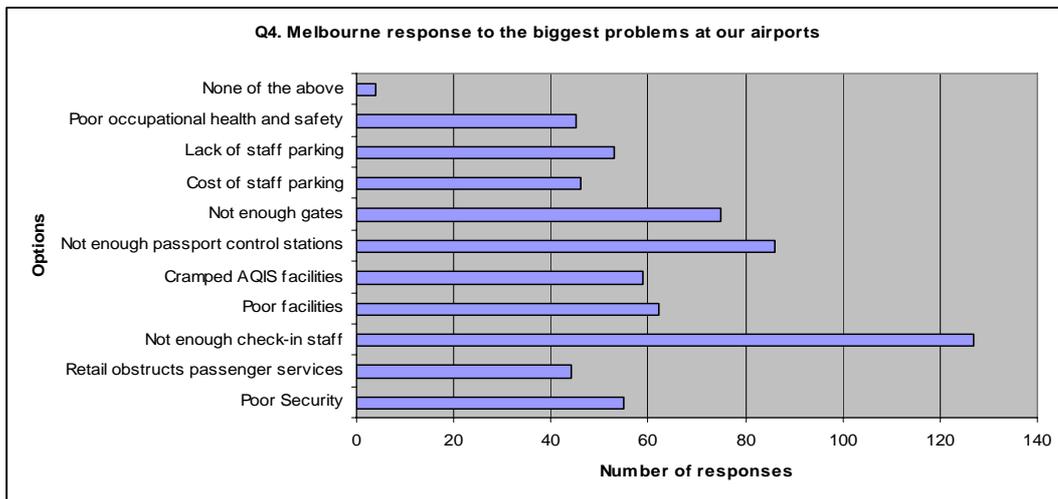
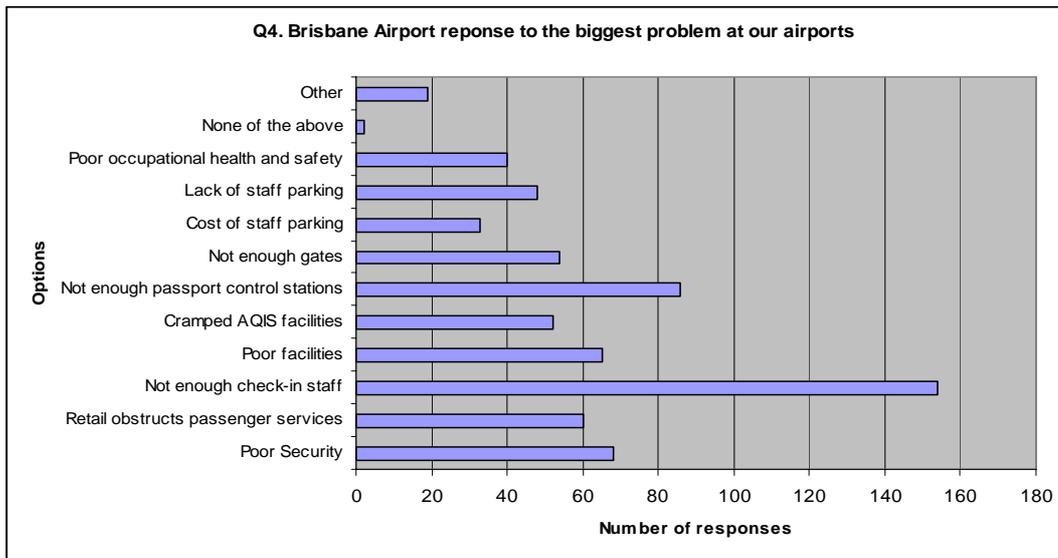


## PROBLEMS WITH OUR AIRPORTS

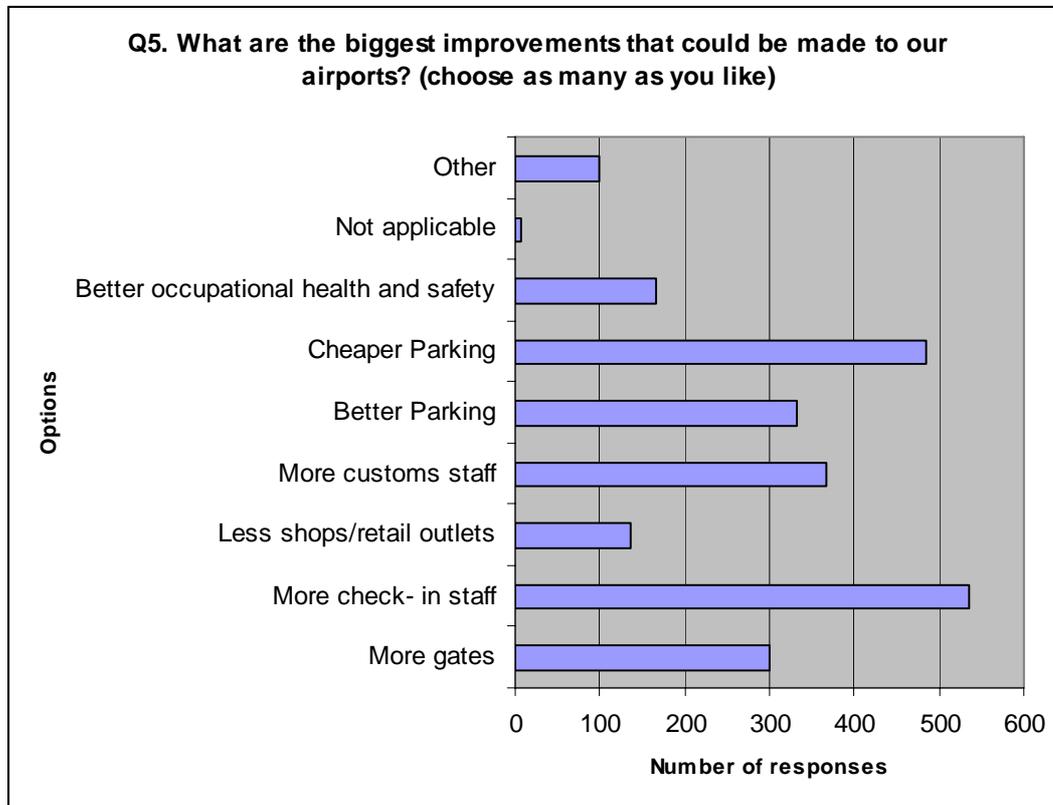


**A comparison of responses from Australia's 3 biggest airports, Melbourne, Sydney and Brisbane on their views on the biggest problems with our airports?**

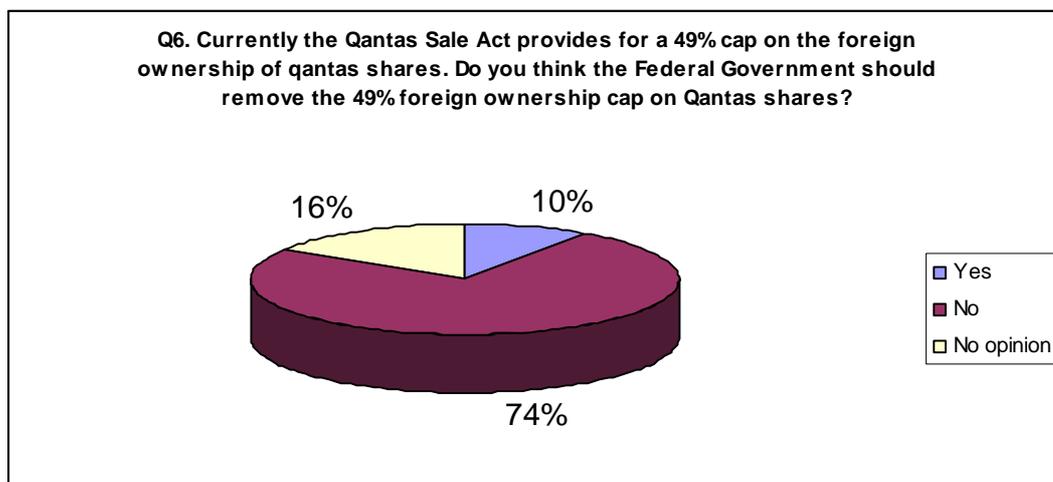
The lack of staff parking and cost of staff parking is clearly an issue for survey participants working at Sydney Airport.



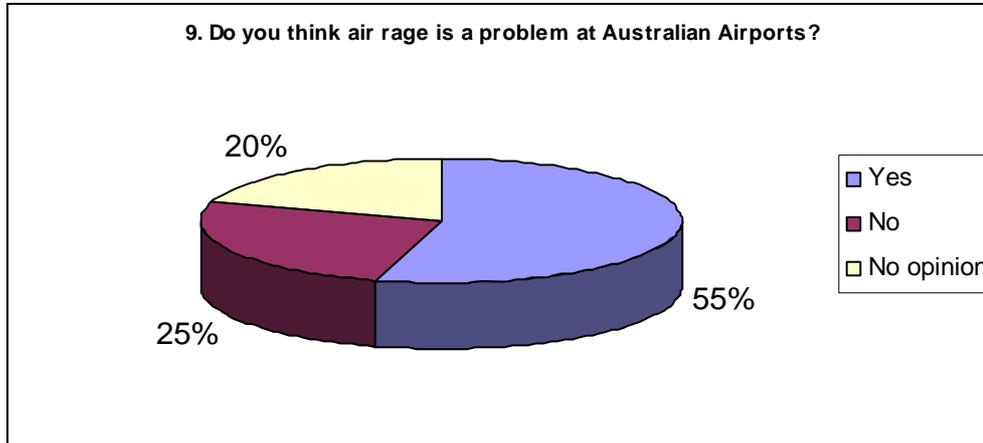
## IMPROVEMENTS TO AIRPORTS



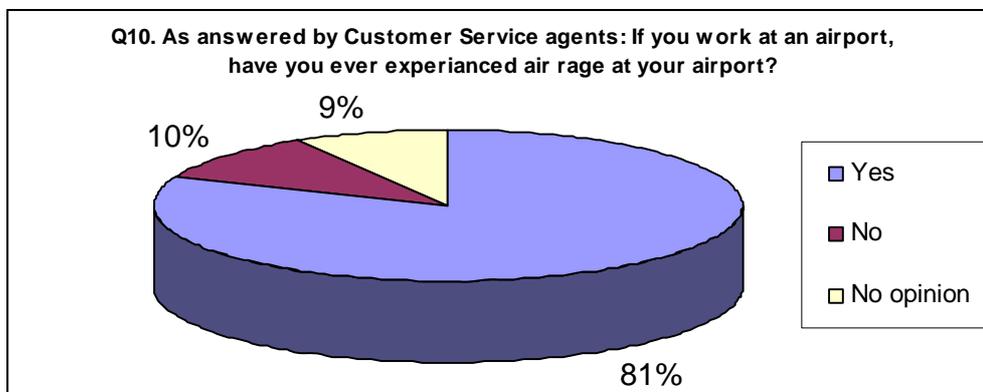
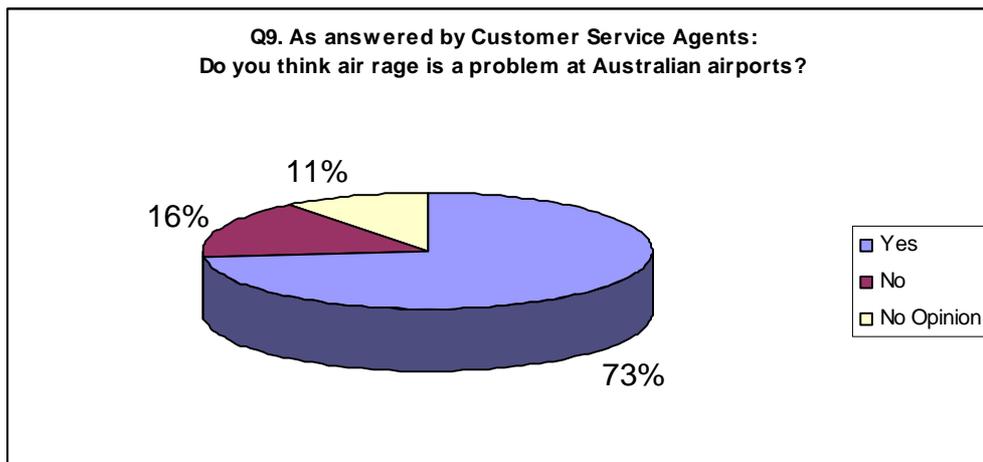
## FOREIGN OWNERSHIP OF QANTAS



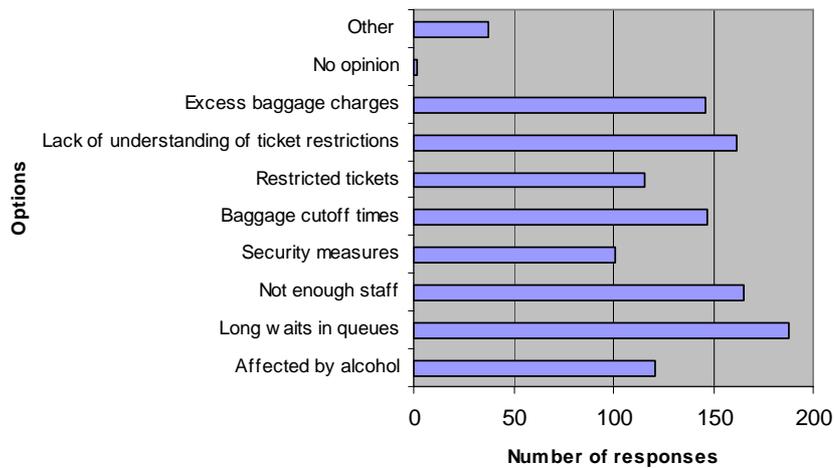
## AIR RAGE



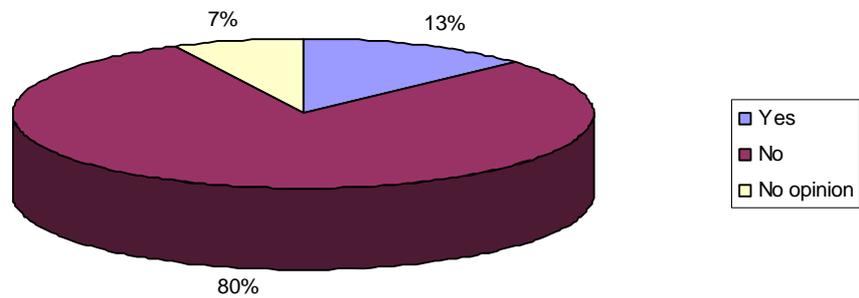
### Response by customer service agents:



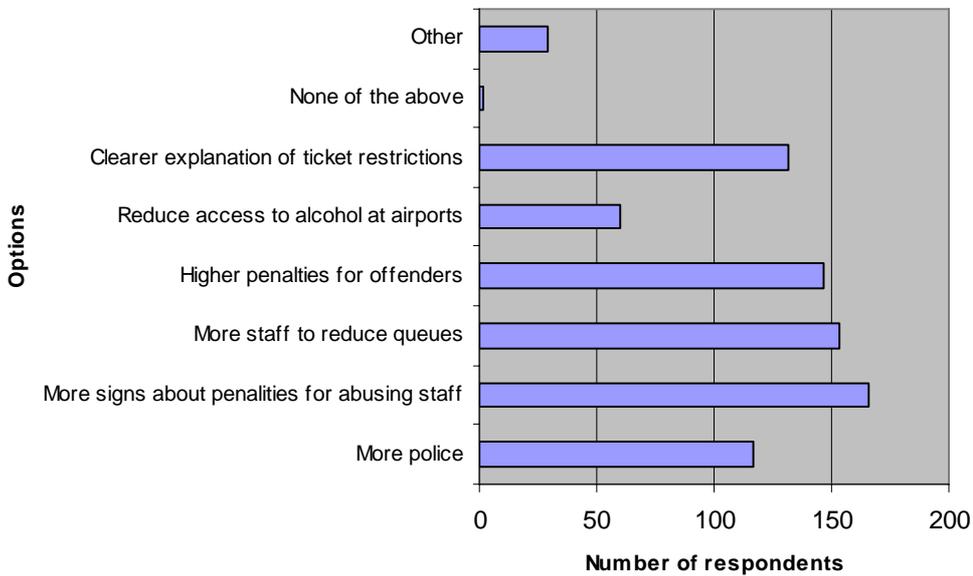
**As answered by Customer Service Agents:  
What do you think makes passengers angry or violent at Australian airports? (choose as many options as you like)**



**Q12. Response of Customer Service Agents  
If you work at an airport, do you receive adequate training to deal with hostile and abusive customers?**

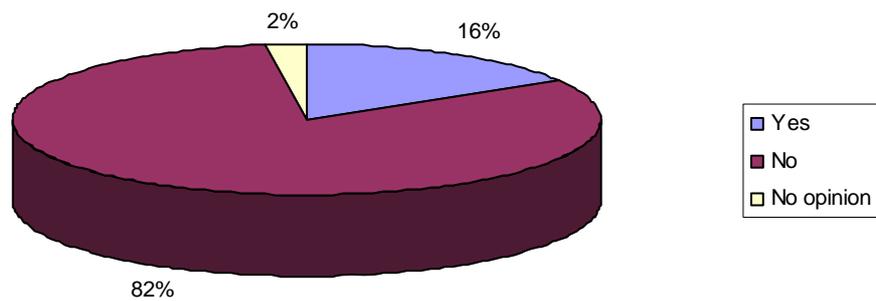


**13. Response of Customer Service Agents: What measures do you support to reduce passenger rage at airports? (tick as many as you like)**

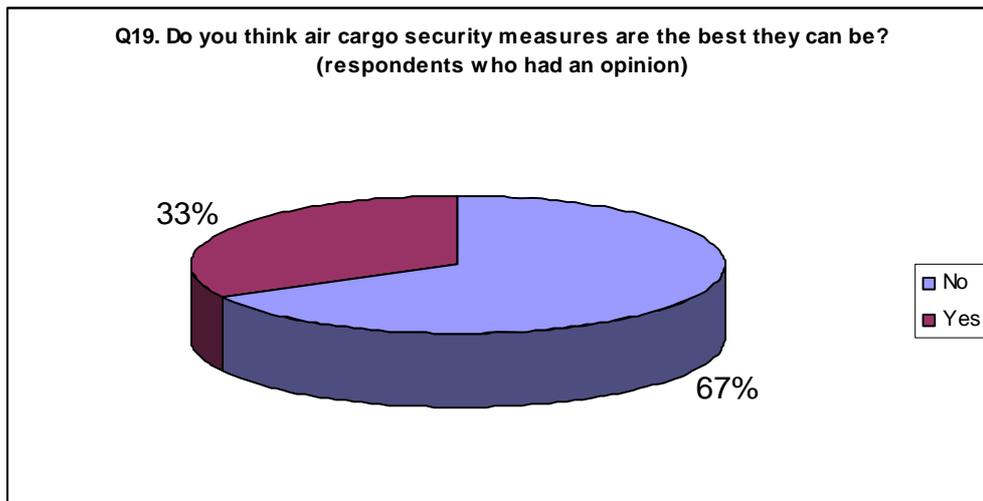
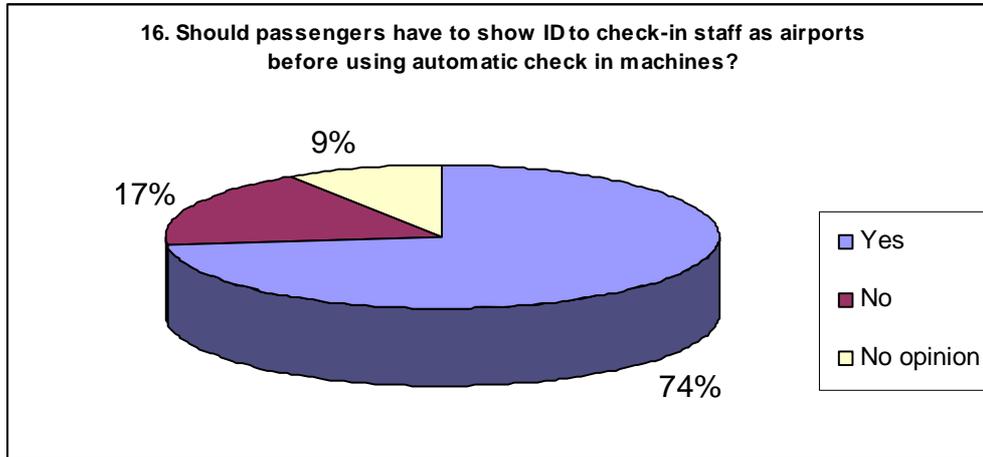


**TICKET RESTRICTIONS**

**14. Do you think that most passengers understand the restrictions that may be on their air tickets?**

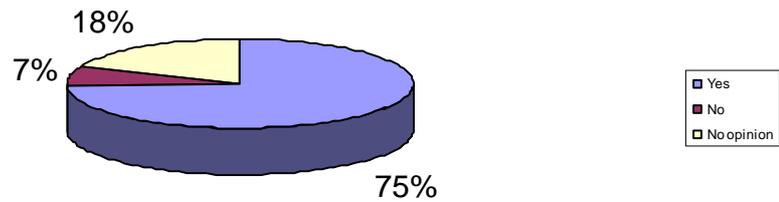


## SECURITY

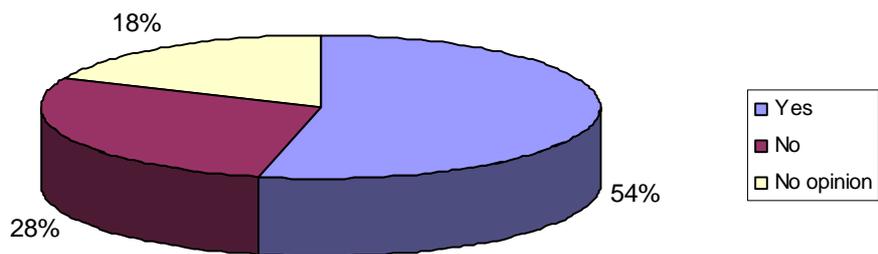


## AVIATION SECURITY IDENTIFICATION CARDS (ASIC)

22. Should staff with existing ASICs be able to apply for a renewal of their ASIC in a shorter, quicker process?



23. Should ASIC renewal processes take account of an applicants length of service in the aviation industry?



24. Should applicants with convictions for minor offences be disqualified from holding an ASIC?

