



Our reference: Let. 20240606
07 June 2024

Senator the Hon Matthew Canavan
Via Committee Secretary
Rural and Regional Affairs & Transport References Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Senator Canavan,

Re: Airline Passenger Protections (Pay on Delay) Bill 2024

BARA (the Board of Airline Representatives Australia) is an industry association representing the majority of international carriers that serve Australia, primarily focused on assisting their operations to and within Australia. A current list of BARA members is attached as a separate pdf document to this letter.

BARA members represent many of the world's leading carriers, all of whom work diligently within both their home jurisdiction regulations and within the international markets that they serve to provide the highest levels of customer service.

The Covid-19 pandemic was unprecedented on its impact on the global aviation industry, with international border closures resulting in a virtual shutdown of regular aviation activity. As borders reopened (Feb-22 for Australia), it is no secret that the industry – and indeed the entire aviation ecosystem of multiple suppliers and stakeholders including government agencies – initially struggled to meet the huge and unprecedented surge in pent-up demand from passengers wishing to travel once border restrictions were lifted. Airlines and the industry collectively do not shy away from the fact that during this period, both operational reliability and customer services fell short of expected standards for sometimes extended periods of time – however this was far from a 'normal' situation.

Despite these obvious and public challenges, just a year later, a 2023 IATA/Motif survey of 4,700 travellers across 11 international markets asked passengers how they were treated in the case of delays and cancellations. The survey found:

- 96% of travellers surveyed reported they were 'very' or 'somewhat' satisfied with their overall flight experience
- 73% were confident they would be treated fairly in the event of operational disruptions
- 72% said that in general airlines do a good job of handling delays and cancellations
- 91% agreed with the statement 'All parties involved in the delay or cancellation (airlines, airports, air traffic control) should play a role in helping the affected passengers'

In the year since that survey, aviation both domestic and international has continued its recovery from those profound impacts of the Covid-19 pandemic. Both in terms of the volumes of passengers, and also more broadly in terms of operational and customer-related performance metrics, the global aviation industry is stabilising – and in many areas surpassing pre-pandemic metrics. Cirium (a global provider of aviation

analytics) in their recent April-24 Airline Performance report indicates continued strong operational improvements globally and within the Asia-Pacific region. In Australia, the April-24 BITRE data (for domestic carriers) also demonstrates a strong recovery of operational performance and reliability against a wide range of indicators.

Against this backdrop the introduction of this Bill in Australia at this time may therefore be based on a perception of airline customer service that is now historic and was the direct result of a unique set of circumstances. Flight delays and cancellations are returning to what may be termed 'normal' levels – although it is important to state that all airlines, and other major stakeholders within aviation such as airports, air navigation providers and ground handling agencies, always seek continual improvement to further minimise disruptions. And as the most recent IATA passenger survey (April-24) details, 97% of passengers were satisfied with their last flight.

BARA agrees with the overall intent informing this Bill, which is to continually improve awareness, communication and where appropriate facilitate access to fair and proportionate compensation for all passengers inconvenienced by unavoidable delays and cancellations. However, by focusing explicitly on 'carriers' as the sole remedy to passengers for resolving any dissatisfaction within a highly complex aviation ecosystem, the Bill appears to pre-judge the outcome of both the proposed industry consultation recommended within it, but more importantly outcomes of the Aviation White Paper process that the Australian Government conducted through 2023 and is expected to deliver with a final report later this year.

As BARA describes in its Aviation Green Paper submission, there is no evidence from international jurisdictions with mandatory compensation schemes that of themselves such schemes result in fewer flight delays or cancellations. This is because they do not recognise the complexity of the entire aviation ecosystem or apportion accountability across all the stakeholders including airports, air traffic control providers, government border and security agencies, travel agents and others. Mandatory passenger compensation schemes targeted at airlines alone do however add to the regulatory cost burden born by airlines, which inevitably results in upwards pressure on airfares.

In BARA's submission to the Aviation Green Paper, we proposed steps to first develop a holistic understanding of the real drivers of airline delays and cancellations in Australia, and then introduce appropriate mechanisms to deliver improved customer experience of airline travel. These steps included:

- Develop and introduce a more responsive and inclusive system of reporting to regulators, to gain a better understanding of the key drivers of delays and cancellations from all stakeholders so these can be directly addressed to improve the customer experience.
- [Government to] work with the industry to address the identified drivers of delays and cancellations.
- BARA supported IATA's recommendations to introduce both a UK-style Air Passenger Travel Guide to improve communication for consumers, as well as a government initiated cross-industry task force to develop a comprehensive model of shared accountability across the aviation ecosystem.
- To better handle the complaints and issues that do occur, BARA supported the proposal to either comprehensively update and modernise the current Airline Customer Advocate (ACA) or work collaboratively on the design of an industry ombudsman.

BARA thanks you for this opportunity to provide feedback on this Bill to the Committee.

Yours sincerely

Stephen Pearse
Executive Director