

29 August 2024

Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600

Via email: rrat.sen@aph.gov.au

Dear Committee Secretary,

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

The Australian Travel Industry Association (ATIA), the peak body for a broad array of Australian travel professionals, thanks the Rural and Regional Affairs and Transport References Committee for the opportunity to provide input into its Inquiry into the Airline Passenger Protections (Pay on Delay) Bill 2024.

Travel professionals sold almost 23 million air tickets worth \$18.5 billion in 2023. This year, travel professionals have sold 13.8 million tickets worth \$10.7 billion so far (January to July). As the number one seller of air tickets to Australians, we are uniquely placed to contribute to the public policy development process for this Bill with a consumer focused lens.

It is clear that the right frameworks need to be in place to better incentivise airlines to invest in customer service improvements across all aspects of their operations. In 2023, one in every 27 domestic flights were cancelled and almost one in 3 were delayed arriving, noting some improvements in the first half of 2024. In addition, ATIA's report by former Qantas economist Tony Webber, Managing Director, Airline Intelligence and Research Pty Ltd on [Slot Misuse and its Impacts](#) provides a detailed analysis over two decades that demonstrates a trend where airlines often cancel flights for purely commercial reasons. Critical reforms are clearly needed to ensure the market operates fairly and consumer outcomes are improved.

The Pay on Delay Bill would require the Minister for Transport to make rules prescribing carriers' obligations in relation to flights to and from Australia, and within Australia. It would also require the Minister to make rules providing for a code of conduct for the aviation industry that applies to carriers and provides for the protection of passengers and third parties from improper conduct by carriers.

ATIA commends the focus on ensuring fair and transparent standards when it comes to air travel. Ensuring consumers can access safe, reliable and affordable air travel will deliver benefits to consumers as well as the broader Australian economy. For example, Dr Webber found that a 5% decrease in travellers due to flight cancellations could lead to an estimated \$405 million loss in domestic tourism from Australia's top ten airports annually.

The changes proposed by the Bill will also result in benefits for travel agents, who spend additional time assisting consumers where terms and conditions set by airlines are unclear, or where changes are needed due to delays and cancellations.

ATIA is particularly supportive of the proposed reforms to simplify refund rights and to provide refunds in a timely manner. The Bill rightly places the obligations on the carriers, noting that where air tickets are purchased through a third party, the terms and conditions of a fare are controlled by the airlines, and the consumer funds are held by the airline, not the travel agent. Travel agents are not in a position to float the funds that they are not in possession of.

Despite the policies being controlled by the airlines, consumer frustrations due to difficulties accessing credit and refunds have often been borne by travel agents. These issues came to light during the COVID pandemic, where airlines discriminated against agents by deactivating the refund function in the booking system. This resulted in bookings made directly with airlines being prioritised, therefore impacting customer service and ultimately customer choice as to how to book and manage their travel. To address this, full and equal rights must be provided to travel agents for customer refunds and cancellations that

occur, so that airlines cannot discriminate against agents by disabling access to the refund system for their customers as they did during the pandemic.

In addition to the measures set out in the Bill, given that more competition leads to greater consumer outcomes, this should also be a key focus when looking to improve consumer outcomes. This is because when there is more competition, businesses are incentivised to operate effectively, price competitively and offer products valued by consumers. This in turn delivers benefits to the Australian community and economy through lower prices, innovation and improved product offerings. This is recognised by the ACCC, which observed in relation to Australia’s aviation landscape “the lack of effective competition over the last decade has resulted in underwhelming outcomes for consumers in terms of airfares, reliability of services and customer service.”

ATIA notes that both the carriers’ obligations rules and the aviation industry code of conduct would take place following consultation with relevant stakeholders. This is a sensible approach, particularly in light of initiatives announced as part of the Aviation White Paper process. In any scheme that progresses, there needs to be a bipartisan approach to ensuring that this is directly between the airline and the consumer, given that the consumer funds sit with the airlines, as well as the ultimate decision as to whether to refund the funds.

Thank you for considering the views of the travel industry. Please contact Ingrid Fraser, Director of Public Policy & Advocacy for any further information.

Yours sincerely

Dean Long
Chief Executive Officer