

**ACCC: AIRPORT QUALITY INDICATORS**  
**Second consultation paper, on draft recommendations**



**Submission by Transport Workers' Union of Australia**  
Level 9, 447 Kent Street  
Sydney NSW 2000

Authorised by Michael Kaine, National Secretary, Transport Workers' Union of Australia

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## About the Transport Workers' Union of Australia (TWU)

The Transport Workers' Union of Australia (TWU) represents 70,000 transport workers, including owner-drivers, gig/on demand workers, oil, waste management, gas, road freight transport, passenger vehicles and freight logistics industries. In aviation, the TWU represents all workers in the industry, including in ground handling, fleet presentation, airline catering, refuelling, guest services, security screeners, cabin crew, and pilots.

With over one hundred years' experience in conducting Australia's passenger and freight task, the TWU has been proactive in establishing industry standards that improve the lives and safety of transport workers, their families, and the community. This work has included a long history of establishing innovative regulatory systems which have, among many things, helped to ensure that all transport workers regardless of their classification have access to fair rights and entitlements.

### Introduction

The TWU welcomes the opportunity to make a submission to the ACCC's second consultation paper on Airport quality indicators. The TWU notes that the government has asked the ACCC to review the indicators of airport quality including to align and make airport quality indicators *more closely reflect the expectations of passengers, airlines and other airport users; and have a greater focus on outcomes*. We agree that the travelling public expect airports to provide a predictable and reliable journey. We would also suggest that they want a safe journey.

In this submission we argue that the expectations of the travelling public are inextricably tied to the work aviation workers above and below the wing carry out. The TWU will outline the experience of tens of thousands of 'other airport users' who have not been considered in these recommendations and whose insights have a direct impact on passenger expectations and airlines. These workers – our members – have experienced devastating outcomes because of the lack of proper monitoring and regulation of airports as well as airlines. This has seen the quality of service and safety levels decline over the last two decades.

We urge the government and the ACCC as the competition regulator to consider not only the impact the monitored airports have on the experience of aviation workers but all aviation stakeholders who yield excessive market power. Currently, there is no single body that can resolve the abuse of market power in supply chains. That's why the TWU is calling for the establishment of a Safe and Secure Skies Commission that can set enforceable standards to ensure a safe, sustainable and fair industry.

## The experience of aviation workers

Aviation is one of the most susceptible industries when it comes to external economic shocks, whether it be terrorist attacks such as 9/11, health scares (such as SARS), general economic turbulence such as the GFC or natural weather events such as volcanic ash. While Covid-19 itself was unexpected, the fact that there was an economic shock caused by a major global event is part of the normal volatility of the aviation economic cycle.

Successive governments have tended to focus regulation on technical, safety and operational issues such as aircraft maintenance, light touch regulation for some airports and aircraft safety. However, little has been done to support or regulate the sector in terms of workforce planning, fair and secure jobs, and worker safety. Over the past 20 years, aviation jobs have been decimated. What were once sought-after, lifelong careers are now transient part-time or casual jobs with high turnover and rampant inexperience due to low pay, chronic understaffing, and insecure work. For the ACCC to recommend the supply of information such as staffing levels, time spent in queues or the state of baggage handling equipment without addressing the underlying causes of the distortion of market power in the industry will only add pressure and encourage unsafe practices on a workforce already at breaking point.

The aviation sector is dominated by a few major airports and carriers with undue influence to determine standards in the sector, to the detriment of the industry. While the TWU recognises that the monitoring of airlines is not part of this consultation, it is related to the quality of airport services and the experience of the travelling public and should inform the ACCC's assessment of the feedback received from airlines. The ACCC must consider the actions taken by airlines to distort market power, impacting on the utility of the services provided and the reliability expected by passengers.

## Qantas Case Study

Qantas, with its long history of undermining competition, has deployed its market dominance to:

- overwhelm its competitors by starting capacity wars;
- lobby against the Federal Government stepping in to prevent Virgin from collapse, which would have resulted in a Qantas monopoly, saying the Prime Minister should not “pick winners and losers”;
- subsequently, use its influence on the government to receive more benefits than any other company in Australia from JobKeeper in addition to a 56.7% share of taxpayer subsidies (much of it unconditional) to support aviation recovery;<sup>1</sup>

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<sup>1</sup> <https://www.anao.gov.au/work/performance-audit/covid-19-support-to-the-aviation-sector>

- use the pandemic as an excuse to reduce their leave and other liabilities;
- before illegally terminating its entire ground handling and cleaning workforce while continuing to outsource other work;
- strong-arm the remaining workforce into accepting substandard enterprise agreements, including taking pay freezes and cuts to conditions;
- pressure suppliers to reduce costs and standards; and,
- blame their passengers for not being ‘match fit’, only to be forced to apologise, offering \$50 vouchers the same week it increased airfares by 20% for international and 10% for domestic flights.

Qantas has systematically splintered its workforce across 38 subsidiaries and contractors, allowing the airline to position itself at the head of a destructively competitive labour supply chain. Through 17 of its subsidiaries, Qantas has successfully transferred roughly half of its directly hired workforce onto lower-paying, insecure jobs at its own entities. Qantas further contracts out, such as through illegal outsourcing, to 21 external companies, most of which are labour-hire companies.

Exploiting its domineering commercial influence, Qantas completely bypasses bargaining with thousands of workers while dictating what it pays for labour through lowest-cost contracts. Companies supplying labour such as for ground handling have little choice but to keep wages low and jobs insecure for their contracts to be financially viable. This has led to high turnover, inexperienced staff, and chronic understaffing and in turn, decimated service standards and serious safety breaches across our airports. The TWU’s submission to the Senate Inquiry to the Secure Jobs, Better Pay Bill provides further detail on the actions taken by Qantas and the subsequent impact on aviation jobs.<sup>2</sup>

Qantas denies responsibility for the pay and conditions of workers at the contractors it engages. When asked by Senator Tony Sheldon if Qantas ensures the workers its contractors engage are paid a living wage, CEO of International and Domestic Andrew David replied, “What’s a living wage?”<sup>3</sup>

While Qantas denies its influence over pay and conditions, it asserts its influence in disciplining workers and dictating terms to contractors. Workers have reported to the TWU that they’re told by management that the contracted company will be financially penalised by Qantas if a flight is delayed by a ground or baggage issue.

Several TWU delegates with decades of experience in aviation reported that after their illegal outsourcing, they applied for numerous jobs at the contractors who received the

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<sup>2</sup> <https://www.twu.com.au/wp-content/uploads/2022/11/Secure-Jobs-Better-Pay-Bill-Submission-.pdf>

<sup>3</sup> <https://www.thesaturdaypaper.com.au/news/economy/2022/06/18/inside-the-qantas-saga-it-wonder-they-can-get-plane-the-ground#hrd>

work but were repeatedly unsuccessful. One worker told the TWU that he'd made it to an interview where he was told he was perfect for the job and asked when he could start, only to never hear from the company again. A friend working at the contractor later confided that "someone didn't like him at Qantas", implying this had prevented him getting the job.

For the TWU, Qantas has lost the right to call itself the national carrier. The company has and continues to abuse its market power and distort it for its own ends. Qantas is only half telling the story when it implies it is purely airports at fault for delays in arrivals and departures, and espousing concerns about value for money over the provision of services at airports.

The whole industry felt the grounding of aviation, with hundreds of thousands of skilled workers stood down or made redundant, causing a mass exodus. The hands-off approach from government for certain aviation stakeholders saw Virgin Australia entering administration with little government intervention or support. Thousands of Dnata ground and catering workers as well as security screening companies like SNP and MSS security missed out on the JobKeeper lifeline because they were owned by a foreign government entity. Many of these workers have chosen not to return to an industry that has failed them on so many levels. The TWU's submission to the Senate Inquiry on the future of Australia's Aviation Sector provides further detail.<sup>4</sup>

The consequences of this were felt by the travelling public who were forced to endure months of flight cancellations and a reduction of services in addition to serious safety incidents. Companies above and below the wing are struggling to engage, train and retain staff. This had devastating impacts on the capacity of the industry, including the airports to ensure a safe, reliable, and efficient recovery of aviation as borders opened.

In this context, the TWU is calling for a Safe and Secure Skies Commission to rebalance the market. It will have the capacity to set safe, fair and sustainable standards across all stakeholders in the supply chain, including airports and airlines. This would help attract and invest in experienced staff, ensure safety for aviation workers and passengers, build capacity to weather external shocks and create a level playing field for fair competition to drive genuine innovation and growth.

### The role of airports

Airports are a key part of our nation's infrastructure and vital to our national security. Successive governments have adopted an open skies, light touch approach to regulate airports and airlines, which has failed aviation workers and the travelling public. The TWU

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<sup>4</sup> <https://www.twu.com.au/wp-content/uploads/2021/02/TWU-SUBMISSION-The-future-of-Australias-aviation-sector.pdf>

agrees with the need to regulate airports. However, we would argue that the current and proposed regulation is inadequate and insufficient to ensure the efficient, safe and reliable operation of the airport and its workers. Furthermore, as illustrated in the Qantas case study, the whole aviation supply chain must be regulated, including the airlines. For the TWU, the Qantas case study also illustrates what happens when other players like the airport corporations are allowed to sit back and take absolutely no responsibility for the conditions that workers work under at their airports. Airports and airlines have lost their social license to operate. A Safe and Secure Skies Commission will be able to end the abuse of market power, lift standards for all airport workers and ensure same pay for workers doing the same job. It will hold companies to account and ensure that government funding, subsidies and procurement have conditions attached.

The race to the bottom driven by the largest, wealthiest, aviation players has fragmented the aviation workforce and created a labour supply chain spiral. Labour hire and service providers have even less bargaining power with the airports and airlines to seek redress or complain about inadequate facilities. Furthermore, as price-takers, the margins on their contracts are so low that they are unable to lift labour standards on their own.

There is an urgent need to get wages and conditions moving, ensure job security and workforce retention, provide sustainability and certainty to aviation companies and in so doing, provide a pathway to a resilient and effective sector.

The TWU contends that rather than tinkering with the existing regulatory framework there needs to be an overhaul. The ACCC's monitoring of airports and airlines are narrowly focused and don't consider the impact competition has had on the workforce. Simply 'monitoring' and reporting has not moderated the behaviour of airports or airlines. The absence of enforceable labour and supply chain standards has allowed them to distort the market to maximise profit and returns for their shareholders.

Notwithstanding the need for an overhaul, for the ACCC to achieve its objectives of passengers expecting a *predictable and reliable journey* and for airlines to *expect utility from the airport – being able to access the services and facilities they seek, to operate efficiently at the airport*, the power dynamics of the whole aviation supply chain must be considered, including all workers and their companies in the industry: ground handling, fleet presentation, airline catering, refuelling, guest services, security screening, cabin crew, and pilots.

The TWU challenges the ACCC view that the level of monitoring requirements should reflect the level of responsibility and control the airport has. This is problematic because it allows airports to pick and choose what they want to control. In areas like security screening or refuelling, airports have been able to dictate the awarding of and requirements in a contract, including staffing levels and procedures (along with the government) but can shirk

any responsibility for the issues this creates for workers and the conditions they must work under to fulfill these contracts. In other words, they have supreme commercial control while denying any practical responsibility. It is the epitome of abuse of market power.

In other areas, like ride-share transport usage, airports can simply state that they provide the service based on passenger demand while awarding prime spots to the highest bidder without consideration of the conditions these drivers work under. The TWU has campaigned extensively for the rights of ride-share and gig workers. Information about the experience of ride-share workers can be found in the TWU's submission to the Senate Select Committee on Job Security Inquiry.<sup>5</sup> Similarly, with regards to the facilities provided for baggage handling, catering and cabin cleaning, airports can charge exorbitant rents exacerbated by the lack of storage facilities. Coupled with the squeeze from airlines for them to provide the cheapest catering, cleaning and ground handling services, there is no room to ensure fair, sustainable conditions for their workforce.

The TWU appreciates that there may be a difference in bargaining power between international and domestic airlines (we would argue there is a difference even between domestic airlines). However, the ACCC should also appreciate the large difference in bargaining power that ground handling and transport companies have with airports and airlines. These dynamics have resulted in lowered quality of service, the reliability of services and the underinvestment of facilities and assets.

Finally, the TWU rejects the Western Sydney Airport position that it should be excluded from monitoring. Despite not being a direct competitor to Sydney airport in the immediate future, the airport is clearly establishing and positioning itself as a competitor for international, domestic and freight services. There are some long-term contracts they have been able to lock in with airlines and other aviation and freight service providers. In Australia's largest city, there is an expectation that the new airport plays by the same rules as everyone else.

For all these reasons, the TWU recommends that a Safe and Secure Skies Commission be established to set enforceable standards for all parties in the aviation industry. A commission will:

- reorient the industry away from short-term profit focus and towards good, secure jobs and the safety of the travelling public;
- safeguard the industry, keep skilled workers in jobs and lift standards by holding airports and airlines to account for safety and fairness; and
- have the capacity to create a level playing field for fair competition and provide business with certainty.

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<sup>5</sup> <https://www.aph.gov.au/DocumentStore.ashx?id=c7b25fe4-97ca-4c5d-a5f0-8edaf761206f&subId=706183>

## **Recommended aspects and matters**

In relation to the ACCC recommended aspects and matters the TWU would like to make the following comments:

### **Item 4 – Security inspection**

TWU members in security screening have reported being overworked, under enormous pressure to meet targets set by airports and regulators, subject to regular changes to processes and procedures by the government and airports without consultation with workers. This is in conjunction to workers being understaffed, experiencing high turnover and receiving inadequate training, leading to safety and security incidents.

For security screeners, airports directly control contracts, with regular tender cycles and pressure to reduce costs. Each time, this workforce must apply for their jobs again with no guarantee of their hours, wages or conditions. In fact, they lose hard earned entitlements like the accrual of their personal and long service leave. Security screeners are never guaranteed job security or a proper career break (with LSL), and they work at the Award or just above with no recognition of the additional skills and ongoing training required to meet regulatory standards. One member told the TWU: “*Every other week ISS gets told by the airport there's a change in procedure. ISS doesn't push back because they want to keep the contract. We don't know who's the boss – ISS or the airport.*”

The pandemic saw many experienced screeners leave the industry for better paying jobs without the high-pressure work environment. Screeners are provided with company training and need a screening license but are no longer required to hold a general security license. Many of the mentors are relatively new staff who don't have enough experience. The loss of experienced workers has resulted in companies rushing people through because of requirements for minimum staffing levels. While systems are in place to test screeners (such as identification of parts of a gun, weapon or explosive), who are required to pass to keep their jobs, there have been issues with staff having adequate time to complete training or re-take tests. The TWU has also received reports around the country of companies struggling to recruit. In November at Brisbane airport, one company had 13 people start training and within 3 days they were down to 3 people.

Furthermore, stipulations around passenger wait times can lead to further abuse of staff if passengers experience too long a wait. It can be a performance indicator but it must be tied to the availability of staff and training. Screeners are also abused when airlines have not properly informed passengers about security requirements. For instance, most passengers are aware that batteries should go in hand luggage but don't know that some items that

come with batteries can be dangerous and cannot be taken on board. Training and wait times have a direct impact on worker safety and can lead to mistakes being made through no fault of their own.

While the ACCC's request for additional reporting measures is appreciated for transparency reasons, the ACCC must also acknowledge that stipulations for wait times, staffing, facilities can place undue and unsafe pressure on its workforce. The TWU urges the ACCC and government to ensure the regulations are accompanied by a responsibility for the airport to ensure there are adequate terms in the contract to allow for safe, sustainable and fair standards. A Safe and Secure Skies Commission will be able to do rebalance aviation and any abuse of market power.

#### **Item 5 & 6 – Outbound baggage system and inbound baggage & Item 14 – Ground-handling equipment storage**

The TWU has noted what the lack of investment and accountability by airports, airlines and governments have done to the workforce. We support the ACCC's reporting proposals around baggage facilities and systems including storage needs. However, we wish to provide context for the ACCC on how these systems impact on our members and strongly recommend that there are safeguards in place for how this information is used, so that any issues arising from reports do not blame workers for interruptions to baggage systems that are caused by industry issues.

Airports provide baggage handling facilities, but the use of the facilities is outsourced to ground-handling companies and airlines. The TWU believes that airport corporations must also have a level of responsibility beyond the provision of facilities. The levels of outsourcing and undercutting in this sector have resulted in the deterioration of service standards and maintenance of facilities. We note that airports are happy to apply penalties for any damage caused but take no responsibility for addressing the underlying causes, which include chronic understaffing and high turnover from low pay and insecure work.

Since the pandemic and even prior some serious safety incidents have occurred in ground handling. The TWU asserts that this is because the business model is broken, creating pressure and encouraging risk taking. All parties – the employer, labour hire companies, airlines, airports and the government – must take responsibility. The current regulatory framework allows stakeholders like airports and airlines to set parameters and conditions without care for the systems of work it creates. The TWU reiterates that airports and other stakeholders cannot keep outsourcing their responsibilities, abuse their market power and impose punitive systems to contractors while driving down costs. The consequences of these actions are borne by aviation workers.

## Swissport Case Study

Swissport operates a low-cost model to win contracts from airlines over competitors. Until severe airport chaos and understaffing pressured Swissport to advertise some full-time positions, workers were all engaged on a ‘permanent part-time’ basis or as casuals.

Swissport is a hostile company to unions and its workforce, known for its intimidation tactics to keep wages and conditions low, a poor safety record, deliberate understaffing of rosters, evasion of overtime and penalty rates, and a high turnover of staff.

These conditions mean many Swissport workers have struggled with daily life, unable to earn enough money and continually desperate to pick up extra hours.

In 2017, an exposé by the media revealed low paid Swissport workers were sleeping at the airports between split shifts<sup>6</sup>, often at the airport for 12 hours but paid for only six.

A dossier<sup>7</sup> of serious safety incidents compiled by the TWU from staff memos sent to workers by Swissport revealed the company’s appalling lack of enforced safety protocols and training, and shocking safety culture.

Between January and August, the dossier revealed numerous incidents at Sydney airport, including:

- Firearms unloaded onto arrivals baggage carousels
- Dangerous goods loaded without the pilots’ knowledge
- Passenger stairs removed while doors were open
- Cargo doors left open
- Vehicle collisions with refuelling hoses
- Vehicle collisions and speeding causing equipment damage
- Workers continuing to work while injured
- Weight imbalances

Several of the memos acknowledge understaffing as a safety issue. One memo says:

*“The business is acutely aware that our human resource levels are simply not at a sustainable level to meet the ongoing demand from the airlines.”*

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<sup>6</sup> <https://www.smh.com.au/business/workplace/wages-agreement-terminated-for-airport-workers-who-slept-at-terminal-between-shifts-20190806-p52egw.html>

<sup>7</sup> <https://www.twu.com.au/wp-content/uploads/2022/09/Swissport-infographic-3.pdf>

Media also revealed that the working conditions had compromised safety with high injury rates among workers<sup>8</sup>. Failures at Swissport on security and safety were also exposed<sup>9</sup>.

Incidents such as vehicle collisions have also damaged equipment and aircraft at other contractors like Dnata and Menzies. Dnata workers were told in a memo they were not to use the term ‘under the pump’ to explain safety incidents.

Despite all of this, plus a dreadful safety record including 134 injuries of a Sydney staff of 324 in just one year, Qantas awarded Swissport the majority of its outsourced jobs at the largest ports - Sydney and Melbourne domestic, and Canberra. It is now one of the largest ground handling companies in Australia. Airports continue to allow companies like Swissport to operate across the country because it’s not their job to care about how workers are treated on site.

Passengers have experienced the erosion of safety and service standards, not just in mishandling of baggage but also with stairs being removed while aircraft doors are still open. There are serious security risks with firearms being unloaded onto baggage carousels and dangerous goods loaded without pilots’ knowledge.

In the current regime, it is too easy to pass the buck. A Safe Secure Skies Commission is urgently needed to restore the confidence of the travelling public, their safety, security and reliability of services provided at the airport.

#### Item 12 – Aircraft refuelling

This is another sector that was decimated by the pandemic, yet the ACCC is suggesting that they are abusing their market power because Qantas has said so. The TWU negotiates refuelling enterprise agreements. We know the squeeze put on workers by airlines and the airports have resulted in them losing key conditions including job security. Since the pandemic workers are all on short-term contracts and don’t receive enough hours, instead forced to ‘share it around’. This is done without any consideration of the impacts on the workforce. While not a large workforce, they are a vital part of the supply chain, and their issues have all contributed to the chaos we have seen at the airports.

#### Conclusion

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<sup>8</sup> <https://www.abc.net.au/7.30/airport-workers-speak-out-about-poor-work/8371230>

<sup>9</sup> <https://www.smh.com.au/national/workers-point-to-security-flaws-at-canberra-and-perth-airports-20170803-gxousf.html>

With airports and airlines abusing their considerable market power across the industry, it is time for the government to step up and secure the future of Australian aviation by urgently creating a Safe and Secure Skies Commission. This commission must have the capacity to:

- Make binding and enforceable orders to ensure that there are appropriate standards (including safety) for all participants in the aviation supply chain which will ensure that competition is underpinned by a level playing field aimed at creating jobs and a sustainable and viable aviation industry;
- Recognise the lack of bargaining power across the aviation workforce and their supply chain and in doing so provide for enforceable terms and conditions for all aviation workers based on the principle of ‘same job, same pay’ that maximises secure and direct hire jobs and ensures that any tenders do not undercut existing terms and conditions of workers;
- Resolve any dispute on a single or industry basis within the supply chain to, including where there may be an abuse of market power that impact on labour standards;
- Make any orders on any supply chain participant/s necessary to fulfil the aims of the SSSC – such as a safe, sustainable and fair industry; and
- Inquire and make recommendations to Government with regards to any issues facing the industry including the use of significant Government purchasing power through procurement policy.

Only then will we have a resilient aviation industry capable of withstanding external shocks and a sustainable aviation market that recognises and adjusts for the level of bargaining power for all players in the industry.