



A non-profit, volunteer organisation, advocating to advance the interests of consumers in Queensland

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SUBMISSION ON AVIATION INDUSTRY OMBUDS SCHEME CONSULTATION PAPER

BACKGROUND

The Queensland Consumers' Association (QCA) is a non-profit organisation established over 40 years ago and which exists to advance the interests of Queensland consumers. QCA's members work in a voluntary capacity and specialise in particular policy areas.

QCA is a member of the Consumers' Federation of Australia, the peak body for Australian consumer groups, and works closely with many other consumer and community groups.

QCA is very interested in, and has been involved with external dispute resolution and with aviation issues for many years. For example, we are represented on the Advisory Council of the Energy and Water Ombudsman Queensland and for many years have advocated for improvements to the published information on airline performance on some domestic airline routes. More recently we have made submissions on the Aviation White Paper Terms of Reference and the Green Paper, and also participated in face-to-face and online meetings.

Therefore, QCA welcomes the opportunity to make this submission on the Aviation Industry Ombuds Scheme Consultation Paper.

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COMMENTS

We strongly support the proposed establishment of an industry-funded, independent external dispute resolution scheme that will be empowered to investigate complaints, mediate outcomes and direct airlines and airports to provide remedies to their customers.

We **recommend** that the scheme be designed to meet all the standards set in the Treasury Benchmarks for Industry-based Customer Dispute Resolution¹ and particularly that it be free for consumers to use and there be an equal number of consumer and industry directors.

We particularly welcome, as suggested in our submission on the Green Paper, the proposal that the Scheme will cover **all** airlines operating in Australia and also airports. This is essential if consumers are to be provided with the maximum assistance with unresolved disputes.

¹ Australian Government The Treasury, Benchmarks for Industry-based Customer Dispute Resolution, February 2015 available at: https://treasury.gov.au/sites/default/files/2019-03/benchmarks_ind_cust_dispute_reso.pdf

However, we **recommend** that the Scheme's scope should also include airline loyalty/rewards programs and that where such programs are operated or owned by businesses other than airlines such businesses should be required to be Scheme members.

We also **recommend** that the Scheme be able to consider consumer complaints for **all** types of flight bookings, including those made via instore and online travel agents and those made using frequent flyer points/miles.

We also **recommend** that the Scheme be able to consider complaints other than those relating to possible non-compliance with requirements in legislation and documents such as an Aviation Customer Rights Charter and the terms and conditions of contracts. Also, that when making decisions on eligible complaints that it be able to take into account community expectations/standards.

We note that it is proposed that the Scheme:

- Provide a performance monitoring service.
- Produce a new Aviation Customer Rights Charter setting out what the ombudsperson considers to be reasonable conduct by airlines and airports, giving customers greater clarity and confidence about what they are entitled to when services are not provided as expected. The charter will set out expectations including minimum customer service levels and the prompt payment of refunds, across all fare types, when flights are cancelled or significantly delayed – consistent with requirements under the Australian Consumer Law.

Although, we strongly support these initiatives, we have major concerns that combining them with the dispute resolution role may reduce the effectiveness of the latter. We are unaware of any other Australian ombudsman scheme that provides such services.

Therefore, we **recommend** that these functions be undertaken by a regulatory body such as the ACCC, not the Aviation Industry Ombuds Scheme, and that the regulatory body also oversee the operations of the Scheme.

We note also that it is proposed that the Scheme also take on the functions of the existing Aircraft Noise Ombudsman (ANO) and that these functions involve more than just dispute resolution. We support the dispute resolution function being incorporated into the Scheme provided that this would not adversely affect the Scheme's other roles and its operations and that appropriate funding arrangements can be put in place. However, we **recommend** that any non-dispute resolution functions be **not** undertaken by the Scheme.

We recognise that the establishment of the Scheme is a complex and multifaceted matter that may take some time to achieve. Therefore, we **recommend** that there be further consultation with stakeholders (including with other external dispute resolution schemes and organisations representing such schemes), and that where necessary a phased approach to introduction be adopted.

Although our submission does not covers all the issues raised in the Consultation Paper or all the consultation questions, we are happy to be contacted about other issues and questions, and also about our submission. We also see merit in the future consultation process including stakeholder workshops on specific issues that require further detailed consideration.

We look forward to participating in further consultations on the Scheme and on other matters, including on the Aviation Customer Rights Charter.