



Submission to the Senate Rural and Regional Affairs and Transport (RRAT) Legislation Committee Inquiry into the Aviation Consumer Protection Bill 2026 and Related Bills

Introduction

Airlines for Australia and New Zealand (A4ANZ) represents airlines across full-service, low-cost, value-based and regional aviation. Our members provide essential domestic and international connectivity, supporting tourism, trade, employment and regional development, while operating in one of the economy's most safety-critical and operationally complex sectors.

A4ANZ supports the Australian Government's objective of strengthening aviation consumer protections through clearer minimum standards and improved dispute resolution. These are legitimate and shared objectives. However, they must be delivered in a way that is proportionate, affordable and carefully calibrated, and grounded in the operational realities of the aviation system - particularly as the industry continues to navigate serious economic, regulatory and geopolitical headwinds, including the ongoing impacts of the conflict in the Middle East.

A4ANZ members will also make submissions to the RRAT Committee, providing perspectives and context relevant to their individual operating models.

Regulation Must Be Proportionate to the Problem

Since the release of the Aviation White Paper in 2024, airline performance and customer outcomes have improved materially. Airlines have invested heavily in fleet renewal, operational resilience, staff capability, digital systems and customer communications. These investments are delivering stronger on-time performance, improved disruption recovery and rising customer satisfaction.

In 2024, approximately **10,000 complaints relating to airlines and airports** were escalated to external bodies, such as the Airline Customer Advocate, resulting from the **more than 100 million passenger journeys** on Australia's domestic and international regular public transport services. While these figures are not directly comparable (because the complaint total includes airports as well as airlines), they indicate that escalated complaints represented well under 0.01 per cent of passenger journeys. While these figures do not diminish the importance of individual customer experiences when disruptions occur, they do underscore the need for the proposed regulation to be targeted, affordable and proportionate.

A framework that extends well beyond the standards established under Australian Consumer Law (ACL) risks imposing system-wide costs and rigidity to address a relatively small number of cases. These additional costs, when coupled with rising fuel costs and other pressures - including escalating airport and air traffic control charges, sustainability requirements, accessibility obligations and security charges - will ultimately lead to higher airfares and higher costs for air cargo.

Key Deficiencies and Risks in the Current Framework

Despite extensive engagement with the Australian Government, A4ANZ remains concerned the Bills, as drafted, introduce legal, operational and economic risks. The most significant are outlined below.

1. Safety Must Be Paramount

Safety is the foundation of aviation and the overriding obligation of every airline. A4ANZ members take this responsibility seriously and operate under rigorous safety management systems, regulatory oversight and international standards.

However, a fundamental concern with the current framework is that **neither the Bill nor the proposed Consumer Protection Charter expressly recognises safety as paramount above consumer rights or interests**. This is a critical omission.

This matters most when customers experience disruption, delay, cancellation or offload, or cannot be rebooked for legitimate safety or regulatory reasons. Airlines must retain full discretion to make operational decisions in real time, based on their safety assessments and regulatory obligations.

By way of example, during periods of volcanic activity in Indonesia, some A4ANZ member airlines paused operations to Bali until it was deemed safe to recommence services, while other airlines continued flying. The Government's proposal that airlines accommodate disrupted passengers on other carriers may involve operating conditions that fall below the safety threshold of the original booking airline.

Without explicit recognition of safety primacy:

- some airlines may face pressure to make operational or rebooking decisions inconsistent with safety assessments;
- complaint determinations risk being made without sufficient regard to real-time safety considerations; and
- airlines may be exposed to findings of unreasonable conduct for decisions taken to comply with safety or regulatory requirements.

A4ANZ strongly submits that the framework must make clear that nothing in the Aviation Customer Protection Scheme or Consumer Protection Charter overrides, diminishes or constrains the primacy of aviation safety.

2. A 'One Size Fits All' Approach

A4ANZ is concerned that the proposed framework appears to be based on assumptions most relevant to **full-service airline operating models** and then applied uniformly across the industry.

Australia's aviation market is diverse. Full-service, low-cost, value-based and regional airlines operate with fundamentally different cost structures, network designs, fleet compositions and service models.



These differences exist because they deliver **choice, competition and affordability** for consumers.

The current framework does not sufficiently account for this diversity. Instead, it risks imposing standards, processes and compliance costs that may be more absorbable for large full-service carriers, but are **disproportionate for low-cost, value and regional airlines**, whose ability to deliver affordable travel depends on tightly managed cost bases and operational simplicity.

This has several consequences:

- **Disproportionate cost impacts**, particularly on carriers operating on ‘thin’ low-margin routes;
- **Upward pressure on airfares and air cargo prices**, as additional regulatory burdens drive up the costs for consumers;
- **Reduced competition and consumer choice**, if smaller or lower-cost operators are disadvantaged or exit routes; and
- **Heightened risk for regional connectivity**, where even modest cost increases can undermine route viability, service frequency and community connections.

This new regulation should not limit competition, favour or disadvantage particular business models, reduce industry innovation, or undermine affordability for consumers.

3. Misalignment of Marketing and Operating Carrier Liability

The Bills attach accountability primarily to the airline that markets or sells a service, rather than the airline that operates the flight. In a system reliant on code-share and interline arrangements, these risks misaligning responsibility and control.

The operating carrier is the entity with direct oversight of aircraft, crew, safety-critical decisions and customer assistance during disruption. Requiring marketing carriers to respond to complaints or remedies for outcomes controlled by another airline or third party creates legal uncertainty, evidentiary challenges and inefficiency.

This approach also raises concerns about extraterritorial application, competitive imbalance between Australian and foreign carriers, and the erosion of partnership arrangements that underpin consumer connectivity and choice.

Responsibility for operational matters should align with **operational control**, consistent with established international aviation practice.

4. Expansion of Liability Beyond Matters Within Control

More broadly, the framework expands airline liability beyond matters within operational control, particularly when combined with a broad and subjective “fair and reasonable” test.

This creates uncertainty around the scope of obligations and risks outcomes that extend beyond minimum standards, contractual arrangements and operational realities. Over time, this may impose disproportionate compliance burdens and inconsistent treatment of comparable circumstances.

5. Charter-Making Powers and Ongoing Regulatory Uncertainty

The Bills allow the Consumer Protection Charter to be set and amended without mandatory consultation or regulatory impact assessment. This creates ongoing uncertainty and risks future changes introducing new obligations without proper scrutiny of impact, cost, feasibility or unintended consequences.

Any future Charter changes should be subject to consultation, transparency and regulatory impact analysis.

6. Funding Model and Levy Design

The proposed funding model recovers almost all **costs from airlines**, notwithstanding that disruption drivers extend across the aviation ecosystem. For example, airport infrastructure failures, security screening challenges, air traffic control operations and actions by travel agents can all impact or contribute to flight disruptions.

This creates inequitable cost allocation and places upward pressure on airfares and air cargo prices, with disproportionate impacts on regional services and price-sensitive consumers. Any levy must be transparent, proportionate and aligned with responsibility. To date, the Government has not established or transparently articulated the ongoing operating costs (or benefits) of the Scheme, as a regulatory impact assessment has not been completed.

7. Misallocation of Responsibility Through Definitions

The framework narrowly defines “airport services” while broadly defining “airline services”, capturing activities dependent on airport-controlled infrastructure and third-party services such as security screening. This further exposes airlines to responsibility for matters outside their control.

Clear, control-based definitions are essential to ensure accountability is appropriately allocated.

8. Data Protection and Information-Sharing Risks

The framework permits broad compulsory data collection and inter-agency sharing without adequate safeguards. There is insufficient protection for confidentiality and legal professional privilege, and limited clarity around disclosure purposes and notification requirements.

Robust information governance safeguards are essential to mitigate legal and commercial risk.

9. Lack of Finality in Dispute Resolution

Under the Bill, Aviation Consumer Ombuds determinations bind airlines but not complainants. This lack of mutuality undermines finality, increases the risk of parallel proceedings and reduces system efficiency. An effective dispute resolution scheme must deliver certainty for all parties.



10. Regulatory Duplication and Gaps in Scheme Membership

The framework introduces a new standalone regulator alongside existing bodies such as the Australian Competition and Consumer Commission (ACCC), creating the risk of duplication and inconsistent treatment of rights. At the same time, key participants - including travel agents, online booking platforms, Airservices Australia and most airport functions - are excluded despite their impacts on performance and contributions to flight disruptions.

This creates structural gaps and misallocates responsibility to airlines for outcomes beyond their control.

Policy Development and Process

A4ANZ is concerned that Parliament is being asked to consider primary legislation without access to the complete regulatory package.

Good regulatory practice for complex, safety-critical reform requires publication of the full framework - including regulations, the Charter, guidance material, costings and levy methodology - supported by a comprehensive regulatory impact analysis.

A4ANZ and its members submit that engagement with airlines has been suboptimal. Notwithstanding continued engagement with the Government and Department of Infrastructure and Transport, A4ANZ has been repeatedly surprised by the lack of two-way engagement throughout the process. For example, our organisation was concerned by the manner in which the Department announced the creation of an entirely new, standalone regulator without appropriate engagement, socialisation or justification for the decision.

Despite requests, A4ANZ, airlines and other industry participants were not provided with an Exposure Draft of the Bill and only saw the detail once it was introduced to Parliament. Similarly, key research and work undertaken by the Department and/or consultants on its behalf was not provided (or shared in full) with airlines ahead of the Bill's introduction, even though these materials were being relied upon to justify the proposed Aviation Customer Protection Scheme.

Additionally, A4ANZ and its members have not been provided with feedback as to why concerns relating to the scope of regulated entities, extension beyond minimum standards, prescriptiveness, complexity, cost recovery and regulatory duplication have not been adequately considered and/or addressed.

A4ANZ Position

Accordingly, A4ANZ submits that:

1. The Committee should **not support passage** of the Bills without amendments; and
2. The complete legislative package comprising the consumer protection framework - including regulations, the Consumer Protection Charter, relevant guidance material, costings and levy methodology together with a regulatory impact analysis, should be published before the Bills progress further.

Conclusion

Australia benefits from a safe, competitive and diverse aviation sector. Consumer protections are important, but they must be designed in a way that preserves safety, supports different airline business models, maintains competition and protects affordability.

A framework that unintentionally favours a single operating model, expands liability beyond control or increases costs without commensurate benefit will ultimately reduce choice and work against consumers' long-term interests.

A4ANZ stands ready to work constructively with the Government and Parliament to ensure the final framework delivers meaningful, proportionate and sustainable consumer protection.

Yours sincerely,



Stephen Beckett
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Airlines for Australia & New Zealand