



United Voice National Office
303 Cleveland St, Redfern, NSW 2016
Locked Bag 9, Haymarket, NSW 1240

ABN: 5272 8088 684

t (02) 8204 3000
f (02) 9281 4480
e unitedvoice@unitedvoice.org.au
w www.unitedvoice.org.au

26 September 2011

Airport Regulation Inquiry
Productivity Commission
PO Box 1428
Canberra City ACT 2601

Dear Commissioners,

United Voice represents workers across a range of industries including catering and hospitality, child care and aged care. Within the airport sector we represent caterers, cleaners and aviation passenger and transport protection security officers employed by contractors operating within airports.

Cleaners and aviation passenger and transport protection security officers at Australian airports provide a vital service to the Australian public. They ensure a premium experience for airport customers through the provision of a clean, efficient and safe environment.

It was with great interest that United Voice considered the Productivity Commission's Draft Report into the Economic Regulation of Airports.

While we are disappointed that the Commission has not considered the effect of the current regulatory regime on airport workers, we understand that this was not within the scope of the inquiry.

It is widely acknowledged that Australian airports occupy a privileged position in the Australian economic landscape. With a monopoly on the provision of air transport services Australian airports have reaped the benefits of decades of strong economic growth. Further, the current regulatory regime known as 'light regulation' has provided airports with significant latitude in their commercial operations.

Australian airports perform a vital service in our society. They facilitate the movement of people and goods on a grand scale. Consequently travellers often have no choice but to utilise the services of the main airport in their city or region. However, airports do not exist in a vacuum; they impact upon their own internal community and the communities that surround them.

It is our view that by virtue of their privileged position, Australian airports also have corresponding responsibilities to the community. They have broad responsibility for ensuring adequate and efficient transport to and from the airport, including well maintained roads, high quality affordable

public transport and affordable parking. We note the ongoing concern of airport customers and employees over the exorbitant cost of airport parking and request that the Commission pay close attention to this issue.

For example cleaners at Melbourne Airport recently had their airport allowance stripped from them. The airport allowance was designed to compensate cleaners for the costs associated with working in a high cost airport environment some distance from residential areas and key land transport nodes. This left cleaners over \$1000 a year worse off and has forced many to resort to inefficient transport options for travel to and from work.

Further, United Voice believes Australian airports have a responsibility to provide premium jobs to employees and service providers working on site.

With this in mind United Voice would like to address the Commission's Draft Finding 10.1. Draft Finding 10.1 states:

Compared to their overseas counterparts, Australian airports' aeronautical charges, revenues, costs, profits and investment outcomes remain within the performance range of their overseas counterparts. The analysis suggests that, despite earning below average revenues per passenger, Australian airports are able to profit from cost reductions.

United Voice takes issue with the implication contained in Draft Finding 10.1 that further cost savings are available to airports in non-technological areas, such as cleaning and security.

United Voice is concerned that this finding sends a signal to airport operators to find cost savings in their service contracts. For our members, such savings can only be achieved through a 'race to the bottom' whereby wages and working conditions are squeezed by contractors tendering at an unsustainable price.

For example, the Commission should note that while airport surface area either remains constant or increases, and the standard to which that area must be cleaned does not diminish, cleaner's hours are often cut. This results in increased workloads and a higher risk of workplace injury and public risk.

Australian airports have a responsibility to ensure that the hard working cleaners and aviation passenger and transport protection security officers who service their sites are afforded premium jobs with pay and conditions to match. In order to achieve this airport owners must actively discourage a 'race to the bottom' approach to contracting.

United Voice believes the broader economy will suffer if low paid workers are made to disproportionately bear the costs arising from a productivity agenda based solely on labour trimming. We note the recent comments of Treasury Secretary Dr Martin Parkinson who argued that labour costs are not the most important issue in addressing Australia's lagging productivity growth. Dr Parkinson said:

“Productivity is not about working harder or longer but about working smarter with what we have. This requires quality infrastructure, a competitive tax system, a highly skilled and flexible labour force and top-notch management skills able to innovate and capture opportunities.”

We ask that the Commission keep the views of Dr Parkinson in mind and review Draft Finding 10.1 in its final report. United Voice believes that the finding should be clarified to take into account the issues we have raised and explicitly refer to the responsibility of airport monopolies to actively discourage ‘race to the bottom’ contracting.

In relation to the current regulatory regime, United Voice supports the continuation of the price monitoring regime. While we are disappointed that the ACCC has thus far been largely unable to deter and prevent the abuse of market power by Australian airport owners, we acknowledge the public nature of the price monitoring regime is preferable to the shadowy creep of monopolistic market abuse.

Yours sincerely,

Louise Tarrant
National Secretary
United Voice