



International Civil Aviation Organization

WORKING PAPER

CEANS-WP/68¹

15/9/08

English and
Arabic only

CONFERENCE ON THE ECONOMICS OF AIRPORTS AND AIR NAVIGATION SERVICES

Montréal, 15 to 20 September 2008

Agenda Item 2: Specific issues related to airport economics and management

2.1: Governance, ownership and control

CONSUMER RIGHTS PROTECTION AND ITS IMPACT ON INCREASING AIRPORT OPERATION EFFICIENCY

(Presented by the Kingdom of Saudi Arabia)

SUMMARY

This paper addresses the need for States, represented by their respective aviation authorities, to develop a strategy for the protection of consumer interests. The strategy aims at helping consumers obtain appropriate travel information/data relating to air transportation services and strengthening the regulatory and legislative efforts to defend consumer interests. Whenever the service system and the organizational structure are integrated and working together to meet passenger needs, and when the operational capacity of airports is highly efficient, the airports become much more attractive and capable of fulfilling passenger satisfaction. This would also encourage passengers to repeat the number of their travels and use the airport frequently.

ANALYSIS

Airports are unique organizations composed of highly complex and dynamic functions that are often influenced by external factors. This requires continuous adjustment to airports strategies and future plans to enable them adapt to such factors.

The role of the legislative and regulatory authorities should be to exercise control over airports' operational policies. This is not just limited to the application of safety and security requirements, but it also extends to control of fees and of the legislative policy on services, due to their direct impact on user interests.

¹ English and Arabic versions provided by Saudi Arabia.

On the other hand, technology and innovation play an important role in achieving optimal balance between safety, security, efficiency and the need to facilitate movement in the most efficient way.

Airport industry has undergone many dramatic developments and changes during the last three decades. Airports have been transferred from government ownership and control and became commercial and profit oriented institutions.

There is no reason why airports can not function successfully when they are well run, no matter how they are owned or operated. At least, they should be able to cover their overall costs, including capital burdens, using their own revenues. If airports manage to do this, then they should be able to make profits and achieve success.

Aviation is considered an unstable industry as it always faces new challenges and limitations at the organizational, operational and technical levels. Cost reduction therefore will remain long term requirement to ensure profit. The main focus, however, should be to optimize efficiency and reduce costs by improving logistics and working methods.

The responsibility of the airports' executive authorities will be primarily aimed at protecting the whole activity, preventing monopolies and ensuring service and production quality. Airports' authorities should also work to protect consumer rights while preserving the reputation of the sector internally and externally and ensuring full application of the international requirements, legislation and specifications.

PROTECTION OF CONSUMER/USER RIGHTS

The responsibilities of the legislative and regulatory authorities at any international airport include laying down the regulatory infrastructure necessary to protect consumer rights and defend their interests. Basic consumer rights are achieved through the application of ICAO agreements, treaties and their relevant amendments. This includes ICAO standards and recommended practices that must be followed by all States to avoid duplication. In this respect, charging policy for services performed at airports should also be considered.

AIR CARRIER'S OBLIGATIONS TOWARD CONSUMERS/USERS

Air carriers should implement the requirements provided for in the contract of carriage, including the provision of information and data necessary for the consumer/user such as fees, payment currency, conditions for reimbursement of unused or missing tickets, check-in date and time and prohibited materials on board an aircraft.

Information should also cover other aspects such as free weight limit, compensation for boarding denial due to overbooking, health and insurance requirements, rules regarding traveling with pets, safety regulations, procedures in case of lost luggage and any other information that could benefit the consumer.

Airports' legislative and regulatory authorities should also urge air carriers to develop travel arrangements and priorities to take into account humanitarian considerations especially those relating to passengers with special needs and unaccompanied children.

Meanwhile, airline companies should make sure that their obligations towards consumers are fully met in the event of flight cancellation while ensuring confirmed booking on the next flight or, if required, rerouting the flight or offering passenger necessary compensation.

CONCLUSIONS

Civil aviation authorities are obliged to pursue the application of competition rules, prevent monopoly and protect consumer rights. In case of breach of the rules, authorities should investigate violations by means of creating a special database and conducting studies and research to monitor and detect such practices and at the same time apply sanctions and penalties for cases of non-compliance.

Pricing system at airports should always be examined to ensure that prices/charges of services performed at airports are comprehensive, suitable and in conformity with those applied at the international level.

Private sector should be given the opportunity to invest in the development of aviation and airports services. Investment should also be made in the areas of ground handling and air navigation services. Private sector's participation is instrumental in creating a competitive environment and ensuring consumer protection. Benefits also include raising staff efficiency and productivity as well as modernizing management practices in terms of job description and working methods development, to obtain higher levels of performance.

ACTION REQUIRED

ICAO is invited to consider the development of a global regulatory framework for the protection of consumer rights that can be adopted by all airports.