

22 June 2015

Australian Competition & Consumer Commission
23 Marcus Clarke Street
Canberra ACT 2601

By email: adjudication@acc.gov.au

For the attention of Mr Hubert Wu and Mr Luke Griffin

Qantas Airways Limited & American Airlines: Authorisations A91502 & A91503

The Australian Federation of Travel Agents ('AFTA') would like to make the following comments on the proposed Authorisations A91502 & A91503.

About AFTA:

As the peak industry body in Australia, AFTA represents the majority of retail travel agents including all of the major travel agency groups. AFTA's membership accounts for approximately 80 percent of Australia's travel intermediaries that control more than 96% of travel intermediary turnover. It also has a substantial base of associate members, representing non-intermediary sectors of the travel industry. Members are bound by AFTA's Code of Ethics and are accredited under the national industry scheme known as the AFTA Travel Accreditation Scheme (ATAS).

AFTA's policies are established by a national board of directors in conjunction with the Executive team. AFTA is an inaugural member and current chair of the World Travel Agents Association Alliance.

Comment:

AFTA believes that a strong, sustainable aviation industry is in the nations interest. Central to ensuring a strong and sustainable aviation industry is the need to allow airlines to form alliances, strategic investments and mergers for the benefit of Australian consumers. Such partnerships deliver benefits to consumers and the travel & tourism industry as these partnerships provide increased capacity and services for consumers.

Authorisations A91265 and A91266, Qantas Airways and American Airlines Group have delivered significant public benefits since these original authorisation were granted in 2011. This includes additional capacity to LAX, new services DFW (recently upgrade to A380)¹ and schedule alignment to maximise connections to other destinations in North America². Qantas has also made significant investment in the passenger facilitation including new lounges in LAX³.

¹ Qantas Airways, 2014. Qantas Airways to Upgrade DFW Australia Service to Airbus A380, The World's Largest Passenger Jet. https://www.qantas.com.au/agents_us/dyn/usqf/news/201405/dfw-sydney-a380. Accessed 17 June 2015

² Qantas Airways, 2014. Connecting Australia to the world. <http://www.qantas.com.au/infodetail/about/investors/connecting-australia-to-the-world.pdf>. Accessed 17 June 2015

³ Hoyer, M. 2015. Qantas increases luxury Los Angeles lounge as Ben Lee serenades high flyers. <http://www.news.com.au/travel/travel-advice/qantas-increases-luxury-los-angeles-lounge-as-ben-lee-serenades-high-flyers/story-fn6yjmoc-1227341913633>. Accessed 17 June 2015

AFTA believes that the proposed partnership expansion will deliver additional network benefits which are only possible when airlines form deep partnership structures with Anti-Trust Immunity including increased capacity into LAX, Qantas return to SFO route and expanded codeshare scope in North America. The Australian and North American air routes already have established competition with multiple airlines competing on Australian and New Zealand to North America air routes (including both direct and one-stop propositions).

The ACCC has recently issued its Draft Determination indicating it proposes to re-authorise the Virgin Australia and Delta Air Lines Inc partnership on the Trans-Pacific, recognising the material public benefits these airline partnerships create⁴. Dr Jill Walker on behalf of the ACCC found the *"combined network is likely to be valued by travellers between Australia and the US, since the majority of such passengers connect from and/or to destinations behind and beyond the key gateway points. This is reflected in the growing number of passengers utilising such connecting services"*. AFTA believes this proposed authorisation will deliver similar benefits to that of the Virgin Australia and Delta Air Lines Inc partnership.

AFTA's members and ATAS accredited travel agents are the booking option of choice for Australian consumers⁵. ATAS travel agents continue to provide a growing, viable and successful distribution network for airlines and consumers. ATAS travel agents are able to consolidate information from varying sources for air and land options and are able to book the preferred option for the consumer. Ensuring competition through product innovation and increased capacity on the trans-pacific routes is therefore critical for the long term success of the Australian travel industry.

Any proposal that ensures a successful future for airlines in Australia is welcomed and supported by AFTA. We believe this to be the case in relation to this proposed authorisations. For these reasons AFTA is fully supportive of the proposal and encourages the ACCC to grant approval for this application.

Should ACCC wish to discuss this further can they please contact AFTA's National Manager Strategy and Policy, Mr Dean Long via email dean.long@afta.com.au or phone 02 9287 9911.

Kind Regards

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Jayson Westbury
Chief Executive

⁴ ACCC, 2015. ACCC proposes to re-authorise Virgin / Delta Trans-Pacific alliance.

<https://www.accc.gov.au/media-release/accc-proposes-to-re-authorise-virgin-delta-trans-pacific-alliance>

Accessed 17 June 2015

⁵ Global Reviews, 2014. International Bookings (Flights) Digital Effectiveness Report (Q4 2014).

<http://www.globalreviews.com/reports/international-bookings-flights-digital-effectiveness-report-q4-2014>.

Accessed 17 June 2015