From: Lisa Anne Ayres

Sent: Thursday, 31 August 2023 6:59 PM

To: @treasury.gov.au);

@treasury.gov.au)

 Cc:
 !EO_Parliamentary&GovernmentLiaison&Advocacy

 Subject:
 Qantas media coverage today [SEC=UNOFFICIAL]

Please find a summary of media coverage below covering today's announcement by the ACCC. We anticipate the evening news of all new channels tonight to also cover the story with footage of the media conference.

Gina is scheduled to undertake the following media tomorrow AM:

- 7.10am Today Show
- 8.15am RN Breakfast, with PK
- 9.20am, Neil Mitchell 3AW

Broadcast (since 1pm)

Sky News TV, Business Now w/ Ross Greenwood: https://media.streem.com.au/player/ExRNG5

Channel 7 TV News - Afternoon: https://media.streem.com.au/player/tTYXsk

Channel 9 TV News Melbourne (interview with Dougal Beattie):

https://media.streem.com.au/player/MnJ40o

Channel 9 TV News - Afternoon: https://media.streem.com.au/player/x9aeov

Channel 10 TV Evening News: https://media.streem.com.au/player/V1BcHh

ABC Radio Brisbane Drive w/ Steve Austin: https://media.streem.com.au/player/0hhQxH

ABC Radio Sydney Afternoon w/ Josh Szeps: https://media.streem.com.au/player/Ewo9w9

ABC Radio Melbourne Drive w/ Rafael Epstein: https://media.streem.com.au/player/Jlv3v8

2GB Radio Drive w/ Chris O'Keefe: https://media.streem.com.au/player/24UhCo

Online/print (since 1pm)

The Australian: https://www.theaustralian.com.au/business/aviation/qantas-battles-accc-lawsuit-increasing-new-fleet-costs-and-qatar-bid-rejection-fallout/news-story/44160b273cf0135363cc2d0b532b0e8b

Sydney Morning Herald (Elizabeth Knight column):

https://www.smh.com.au/business/companies/qantas-ghost-flights-allegations-leaves-airline-with-some-explaining-to-do-20230831-p5e100.html

Sydney Morning Herald (updated after 1pm): https://www.smh.com.au/business/companies/qantas-to-scrap-covid-19-refund-expiry-date-20230831-p5e0uy.html

AFR (Competition Review article – with mention of Qantas action):

https://www.afr.com/politics/federal/qantas-profit-comments-completely-uncontroversial-says-jones-20230831-p5e0z5

The Guardian: https://www.theguardian.com/business/2023/aug/31/qantas-flights-cancelled-tickets-sold-why-sued-accc-court-case-trial

2GB Online: https://www.2gb.com/what-a-joke-qantas-launch-legal-action-over-covid-flight-cancellations/

Capital Brief: https://www.capitalbrief.com/article/the-accc-follows-a-well-trodden-path-in-pursuit-of-

qantas-9fc194c8-3a09-4f69-a672-35448b301b1f/preview/

Travel Daily: https://traveldaily.com.au/news/qf-faces-accc-legal-push/389702

THE AUSTRALIAN*

Qantas battles ACCC lawsuit, increasing new fleet costs and Qatar bid rejection fallout

MIKAELA MULVENEY & ROBYN IRONSIDE

At a time when Qantas probably expected to be celebrating its biggest profit on record, the airline is in serious damage control amid a series of controversies.

Despite the company's remarkable financial turnaround from \$7bn in losses over the past few years, Qantas has found itself struggling to rebuild its image as a much-loved Aussie brand.

Just when it appeared things could not get worse for the flying kangaroo after two bruising parliamentary committee hearings this week, the Australian Competition & Consumer Commission struck what could be the biggest blow of all.

The lawsuit, alleging false, misleading or deceptive conduct, comes on top of a class action over travel credits, the Qatar Airways controversy, political fallout and employee discontent.

Landmark ACCC court case for selling ghost flights

The consumer and competition watchdog has launched Federal Court action against Qantas, alleging the airline advertised tickets for 8000 flights that had already been cancelled but not moved from sale.

The flights in question were scheduled to depart between May and July 2022, and according to the ACCC, Qantas kept selling tickets for an average of more than two weeks after they were cancelled.

Treasurer Jim Chalmers said they were "deeply concerning allegations" and the ACCC alleged that for more than 10,000 flights scheduled to depart in that period, Qantas did not notify existing ticket holders their flights had been cancelled.

Qantas, led by Alan Joyce, was treating the allegations seriously and said they would respond in full in court. The airline also highlighted that the time in question was a period of "unprecedented upheaval" for the whole industry.

'Sweetheart deal' on Qatar Airways bid

There is a perception that Qantas and the Albanese government worked together to deny Qatar Airways more flights, given the downward pressure they would have placed on airfares.

As yet, there has been no plausible explanation for the decision to refuse Qatar's application for an additional 28 flights a week.

In its submission to the government, Qantas warned the flights could distort the market at a time other airlines were still in recovery.

Qatar Airways has refused to comment on the matter, but partner Virgin Australia has conveyed its "deep disappointment" and concern that Australians were being denied more international flight options.

Tourism and travel industry operators, exporters and business leaders have also voiced their dismay at the decision, given estimates the flights could have provided a \$788m injection to the visitor economy.

\$500m flight credit class action

The value of outstanding travel credits from flights cancelled by Qantas and Jetstar during the pandemic amounted to nearly half a billion dollars and was significantly higher than the \$370m reported in the airline's full year results.

Echo Law launched a class action on behalf of hundreds of thousands of customers who allegedly never received refunds after their flights were cancelled.

After facing relentless questioning from the Senate cost-of-living committee on Monday, CEO of Jetstar Steph Tully was forced to reveal there were \$100m in flight credits for the airline that were yet to be claimed.

This figure, as well as the amount held by Qantas customers outside of Australia, was not included in the \$370m and Mr Joyce was unable to say what the total value of credits was, but it appeared likely to exceed half a billion dollars.

On Thursday, Qantas announced it would scrap the December 31 expiry date for the credits, saying they had "listened" to customers on the issue.

Fallout over Nathan Albanese's Chairman's Lounge invite

Prime Minister Anthony Albanese's son Nathan Albanese has been deemed worthy of a spot in the exclusive 'invitation only' Qantas Chairman's Lounge.

The top-secret list is personally curated by Mr Joyce himself, which includes Australia's top CEOs, A-list celebrities and politicians.

Mr Joyce was heavily questioned about the decision to provide Mr Albanese's son a coveted invite into the lounge on Monday's cost-of-living committee inquiry.

But he insisted the guest list was private.

Eyebrows were also raised as to why the Prime Minister did not declare the membership in his latest statement of registrable interests.

Unions and worker woes

Incoming CEO Vanessa Hudson has indicated she wants to work with unions, which was received well by various employee groups.

The Transport Workers Union, Australian Services Union and Flight Attendants Association of Australia stated industrial relations under Mr Joyce had "sunk to an all-time low."

The High Court is expected to soon deliver its judgement in the case between the TWU and Qantas over the outsourcing of nearly 1700 ground service workers in 2020-21.

The Federal Court and Full Federal Court both found that Qantas could not prove it was not motivated by a desire to prevent future industrial action, when it made the outsourcing decision. Qantas has claimed the job cuts were purely a commercial decision, intended to save the company over \$100m a year.

Fleet renewal cost blowouts to clean up

A major domestic and international fleet renewal being undertaken by Qantas is expected to add well in excess of \$15bn to the airline's capital expenditure — costs that the incoming CEO will have to cover.

Orders for 76 aircraft have now been lodged with Airbus and Boeing, for 24 A350s, 20 A220s, 20 A321XLRs and 12 787-9s.

There are options for another 94 narrowbody aircraft spread over the next decade, which will likely to be taken up as existing Boeing 737-800s are retired.

Deliveries of new A220s are due to start later this year, followed by A321s next year. Widebody A350-1000s should turn up in late 2026, with other double-aisle aircraft touching down from 2027 onwards, replacing ageing A330s and eventually Qantas's A380s.

As the current chief financial officer, Ms Hudson has appeared unconcerned about the costs involved, indicating Qantas is in a good position to pay for the aeroplanes and remain in the black.

The Sydney Morning Herald

Qantas 'ghost flights' allegations leave airline with some explaining to do

Elizabeth Knight

Business columnist

Qantas is experiencing its "AMP charging dead customers" moment.

In what must count as one of the greatest challenges Qantas' outgoing boss, Alan Joyce, has faced in his 15-year reign, which includes COVID, the global financial crisis, the 2014 grounding of its entire fleet and the unlawful sacking of 2000 ground staff, the airline is facing allegations of selling tickets for flights it had already cancelled. The Australian Competition and Consumer Commission (ACCC) alleges that Qantas sold tickets for thousands of such "ghost" flights.

This is next-level myth-busting and a body blow for the Qantas brand, which has plummeted from one of Australia's best loved brand to one most derided by consumers.

If the ACCC's allegations do hold up, then Qantas has really taken its reputation for brazenness to a whole new level.

Selling tickets for flights that never existed literally left tens of thousands of Qantas customers in the lurch, leaving them unhappy witnesses to the sort of behaviour that demands some answers from the airline's top brass.

How Qantas allegedly failed customers

- QF93 was scheduled to depart from Melbourne to Los Angeles on May 6, 2022.
 On April 28, Qantas made the decision to cancel the flight. Despite this, it did not remove the flight from sale until May 2, and did not inform existing ticketholders of the cancellation until May 4 (two days before the flight).
- QF81 was scheduled to depart from Sydney to Singapore on June 4, 2022. On February 8, Qantas cancelled the flight, which was not removed from sale until March 27. Existing ticketholders were not informed of the cancellation until March 28.
- QF486 was scheduled to depart from Melbourne to Sydney on May 1, 2022. On February 18, Qantas cancelled the flight, which was not removed from sale until March 15. Existing ticketholders were not informed of the cancellation until March 16.
- QF649 was scheduled to depart from Sydney to Perth on July 30, 2022. On February 18, Qantas cancelled the flight, which was not removed from sale until March 7. Existing ticketholders were not informed of the cancellation until March 8.
- Other examples the ACCC listed of flights affected were QF63 scheduled to depart from Sydney to Johannesburg on July 31, 2022; QF1785 scheduled to depart from Gold Coast to Sydney on May 1, 2022; QF696 scheduled to depart from Adelaide to Melbourne on July 23, 2022; QF1764 scheduled to depart from Canberra to Gold Coast on June 27, 2022; QF513 scheduled to depart from Brisbane to Sydney on June 8, 2022; QF45 scheduled to depart from Melbourne to Denpasar on May 1, 2022.

It also leaves the federal government with some explaining to do, as to why it deemed it was in the national interest to protect Qantas, which has been accused of illegally mistreating its customers. The government has already been on the back foot struggling to justify why it had denied an application by Qatar Airways to increase the number of flights into Australia..

For Prime Minister Anthony Albanese and Transport Minister Catherine King, this already tough sell just got a lot tougher.

The scale of Qantas' alleged deception is shocking. It allegedly sold tickets for 8000 services scheduled to depart between May and July last year, weeks after the decision had already been made by the airline to nix the flights.

Compounding the alleged offences, Qantas allegedly failed to inform any customers of 10,000 cancelled flights for, on average, 18 days. In some cases, it was allegedly up to 48 days.

Within this May-July period, the ACCC alleges that for about 70 per cent of cancelled flights, Qantas either continued to sell tickets for the flight on its website for two days or more, or delayed informing existing ticket holders that their flight was cancelled for two days or more, or both.

The regulator also claims that Qantas cancelled almost one in four flights in the period, with about 15,000 out of 66,000 domestic and international flights. Its legal proceedings relate to 10,000 of these cancelled flights.

It is the kind of behaviour, if substantiated, that would normally lead to intense calls for management heads to roll, or at the very least, a push by shareholders for executive pay to be adjusted to reflect the damage wreaked on the company's brand.

Joyce is already packing his pot plants and framed snaps at Qantas' head office, so whether the ACCC action has any repercussions on his pay and bonuses remains to be seen.

Let's not forget, the public may have their views on Joyce, but he is universally loved by Qantas' board and shareholders. The airline's chairman, Richard Goyder, is arguably the No.1 ticket holder of the Joyce fan club.

But the ACCC's allegations further tarnish Joyce's tenure at Qantas and are an assault on his credibility.

This isn't just an issue of an airline misleading its customers by selling tickets for ghost flights, the allegations undermine Joyce's repeated claims that bad weather, staff sickness and poor airport support were responsible for delayed flights and cancellations.

ACCC chair Gina Cass Gottlieb has said the service disruptions were due to "reasons that were within its [Qantas'] control, such as network optimisation including in response to shifts in consumer demand, route withdrawals or retention of take-off and landing slots at certain airports".

For its part, Qantas has had little comeback to the allegations, other than the stock standard line that it's taking them seriously. The action taken by the ACCC coincided with Qantas' decision to remove the expiry date on COVID travel credits that were due to run out at the end of this year.

"We have a longstanding approach to managing cancellations for flights, with a focus on providing customers with rebooking options or refunds. It's a process that is consistent with common practice at many other airlines," the airline said.

"It's important to note that the period examined by the ACCC between May and July 2022 was a time of unprecedented upheaval for the entire airline industry.

"All airlines were experiencing well-publicised issues from a very challenging restart, with ongoing border uncertainty, industry-wide staff shortages and fleet availability causing a lot of disruption."

What's less clear for now is whether Qantas is looking to explain away its alleged actions as a system snafu, which occurred due to post-COVID industry chaos.

But even if that is the case, Qantas' customers will feel they have been betrayed by the flying kangaroo.

FINANCIAL REVIEW

Chalmers moves to tidy up airline fracas

Ronald Mizen | Senior reporter

Treasurer Jim Chalmers says aviation will be included in the Albanese government's two-year review of competition policy after junior colleague Andrew Leigh on Tuesday said otherwise.

Meanwhile, Assistant Treasurer Stephen Jones sought to roll back his remarks from Monday that the "national interest" in blocking more Qatar Airways flights was to protect Qantas' profits.

Dr Chalmers' entry into the debate and Mr Jones' row back came after the competition watchdog launched legal action against Qantas for misleading and deceptive conduct, which could cost it hundreds of millions of dollars.

The treasurer indicated statements by Dr Leigh that the government did not want to "overlap with existing government processes" and aviation would be left to the upcoming aviation green paper, were incorrect.

"The competition review and the aviation white paper will consider issues related to competition in the aviation sector," he said.

Mr Jones on Thursday said his remarks about Qatar Airways on Monday had been "misconstrued" and were "completely uncontroversial".

Widespread criticism

The government has long claimed its move to block an additional 28 Qatar flights a week into Sydney, Melbourne and Brisbane was in the "national interest", and on Monday, Mr Jones was asked directly what that meant.

"We can drive prices down but if we drive them down to a level where it's actually unsustainable to run an airline, instead of having two carriers, we will design our markets in a way which will make it unsustainable for the existing Australian-based carrier," he said.

The comments attracted widespread criticism from former competition watchdogs Rod Sims and Allan Fels, Virgin Australia chief executive Jayne Hrdlicka, ANZ boss Shayne Elliott, Future Fund chairman Peter Costello, and a clutch of Coalition MPs, including Opposition Leader Peter Dutton.

Opposition transport spokeswoman Bridget McKenzie accused Labor of running a "protection racket" for Qantas.

Mr Jones said his comments – which were made in response to a question from *The Australian Financial Review* at a press conference in Canberra – were "completely misconstrued".

"I made the completely uncontroversial statement that the Australian government wants to ensure our airline industry is viable and competitive, that it's delivering good services to customers," he told Sky News.

"A viable airline industry requires a profitable airline industry."

Viable not profitable

Despite Mr Jones insisting his comments were "uncontroversial", Transport Minister Catherine King said she would not have used the same words.

Mr Jones also did not issue a transcript for the Monday press conference, which is his standard practice, including issuing one for an interview with ABC Radio National that occurred about an hour earlier in the day.

In the Sky News interview on Thursday, when the issue of additional Qatar Airways flights being blocked to protect Qantas profits was raised a second time, Mr Jones insisted that should not be how his comments were interpreted.

"I want to pick you up on that because this has got away over the last couple of days ... I've made the uncontroversial comment that we need all airline operators to be viable and profitable in this country," he said.

When pressed by the presenter that this meant "keeping profits high", he said: "I'm not saying profits high. The airline industry, all of the operators, need to be viable. We have seen in our history when they are not."

Mr Jones said the Albanese government aviation green paper, set to be released within days, would go to competition issues and go to industry viable and industry sustainability issues.

ACCC sues Qantas

Qantas faces tens of millions of dollars in fines over allegations it engaged in false, misleading or deceptive conduct by advertising tickets for more than 8000 flights it had already cancelled.

The Australian Competition and Consumer Commission on Thursday alleged Qantas sold tickets for flights an average two weeks and up to 47 days after they were cancelled between May and July last year, causing chaos for travellers.

The ACCC also alleges the airline cancelled 15,000 of 66,000 scheduled flights over the same period. For 10,000 cancellations, it took an average 18 days and up to 48 days to notify ticket holders, the watchdog says.

ACCC chairwoman Gina Cass-Gottlieb said Qantas' actions "left customers with less time to make alternative arrangements and may have led to them paying higher prices to fly at a particular time".

The Sydney Morning Herald

ACCC sues Qantas for selling cancelled flights; airline scraps refund expiry

Amelia McGuire

Qantas Airways will scrap the expiry date on refunds for passengers whose travel plans were disrupted due to the COVID-19 border closures, as the consumer watchdog takes the airline to court over claims it falsely advertised and sold already-cancelled flights.

Qantas has confirmed that all customers who had their flights cancelled by the airline due to a COVID-19 lockdown will be able to request a refund indefinitely, following a report in this masthead about the plan on Thursday morning.

The concession on flight credits follows public pressure, which culminated at a Senate hearing into the cost of living on Monday.

It follows a letter from the Australian Competition and Consumer Commission (ACCC) which expressed "strong concerns" with the carrier's planned December expiry date for the refunds. The consumer watchdog launched a high-profile Federal Court case against the airline on Thursday, alleging it falsely advertised more than 8000 flights it had already cancelled.

The ACCC said Qantas kept selling tickets on its website for an average of more than two weeks, and up to 47 days in some cases, after the cancellation of those flights, which were scheduled to depart between May and July 2022.

It also alleges that for more than 10,000 flights scheduled to depart during that period, Qantas didn't tell existing ticket holders for about 18 days – and in some cases, for up to 48 days – that their flights had been cancelled.

In about 70 per cent of flights cancelled during those months, "Qantas either continued to sell tickets for the flight on its website for two days or more, or delayed informing existing ticket holders that their flight was cancelled for two days or more, or both", the ACCC said in a statement announcing the legal action on Thursday morning.

The airline's conduct likely affected "the travel plans of tens of thousands of people" and "left customers with less time to make alternative arrangements and may have led them to paying higher prices to fly at a particular time", ACCC chair Gina Cass-Gottlieb said.

If convicted, each breach of consumer law faces a maximum penalty of \$10 million, or three times the total benefits obtained. If the total turnover cannot be determined, the group may have to hand over 10 per cent of its annual multibillion-dollar turnover.

Qantas said it would examine the ACCC allegations and respond to them in full in court.

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"It's important to note that the period examined by the ACCC between May and July 2022 was a time of unprecedented upheaval for the entire airline industry. All airlines were experiencing well-publicised issues from a very challenging restart, with ongoing border uncertainty, industry-wide staff shortages and fleet availability causing a lot of disruption," a spokesperson said.

Treasurer Jim Chalmers said the allegations against Qantas were "deeply concerning".

"This is the consumer watchdog doing its job and a reminder that businesses need to do the right thing by people," he said. "Breaches of consumer law carry heavy penalties."

Sydney Airport boss Geoff Culbert said the ACCC's allegations amplify the need for the government to implement the findings of the 2020 Harris Review into the airport's slot management system.

"We have been shining a spotlight on cancellations and delays for six years," he said. "These allegations provide even more justification to implement the findings of the Harris review, including an immediate forensic audit into cancellations and slot misuse, a beefed-up compliance regime, and an enforcement process that punishes misbehaviour.

"Slots are owned by Australian taxpayers, and they should be used to benefit the public, not incumbent airlines."

Qantas is already facing a class action on behalf of disrupted passengers who allege they were unable to be compensated for their cancelled flights.

The airline confirmed on Thursday afternoon it would contact all affected passengers to alert them of the new COVID-19 flight credit policy, which will come into effect from September 4.

Qantas boss Alan Joyce said the airline had scrapped the expiry date in the hope customers' faith in the airline would be restored.

"We know the credit system was not as smooth as it should have been. And while we've improved it recently and extended the expiry date several times, people lost faith in the process. We hope this helps change that," he said.

The airline is also offering a deal to double frequent flyer points as a way to encourage passengers to consider booking another flight instead of demanding a cash refund.

Prime Minister Anthony Albanese said the ACCC was doing its job, which "is to look after consumers".

"Something I called for in recent days, of Qantas recognising the need to look after those people who had made bookings for flights that have been cancelled, [is] to not have those credits expire and to be able to receive either a refund or a use of their flights," he said.

It's the fourth time the company has amended its COVID-19 refund and flight credit policy in an attempt to lower the multibillion-dollar owed-credit balance it accrued over the period.

Passengers were previously eligible for a refund until December 2023. Those who already obtained flight credits from the company still have until the end of this year to book a flight.

Customers who booked flights through a travel agent can also get a refund, while those who have a flight credit from Jetstar will also be able to use them indefinitely.

There is still around \$370 million that Qantas is yet to refund or exchange, and, as revealed by Jetstar boss Steph Tully after a hostile exchange with Senator Tony Sheldon at the hearing this week, its budget arm is sitting on another \$100 million.

There is also an undeclared amount in overseas bookings. Sources close to Qantas say that amount ranges between \$50 million and \$100 million.

Qantas' biggest rival, Virgin Australia, has around \$100 million in COVID-19 credits yet to be used, down from a total sum of \$1.2 billion accrued between September 2020 and the end of July 2022.

Virgin's credits require passengers to book and travel by the end of December this year. They are also subject to the airline's standard credits policy, which means only a certain number of seats on any flight can be booked by those trying to use a flight credit.

Regional Express, Australia's third domestic carrier with about 5 per cent of the market, has refunded all passengers affected by cancellations over the lockdown period.





