

Dear Sir

I make the following comments on your draft report:

Draft recommendation 1: Improve how loyalty schemes communicate with customers.

Agreed.

Draft recommendation 2: Prohibition against unfair contract terms and certain unfair trading practices.

Agreed.

Draft recommendation 3: Improve the data practices of loyalty schemes.

Agreed.

Draft recommendation 4: Strengthen protections in the Privacy Act and broader reform of Australian privacy law.

Agreed.

Further comments:

1. There is no reason why points should expire. Some people are unable to earn points as quickly as others and that puts them at a real disadvantage when trying to save up points for a redemption.
2. Customer loyalty schemes should not be allowed to unilaterally devalue their points. This is clearly an unfair term. At least when American Express devalued their points (earn rate) by half, they doubled the points balance of customers so there was no retrospective detriment. This should be made mandatory for all customer loyalty schemes.
3. Airline loyalty programs should not be allowed to increase the points required for flights beyond what is reasonable e.g. inflation.
4. Airlines should not be allowed to charge "carrier charges" on award tickets as these charges appear to be opaque and not at all related to the cost borne by the airline over and above a paid fare.
5. In fact, an airline ticket should not be allowed to be disaggregated so that award tickets are hit with fuel surcharges and other fees. An award ticket should be fee free. It is noteworthy that countries like the Philippines and Brazil have banned these charges. Australia should follow. If airlines genuinely need to recoup these charges then they should incorporate them in the number of points required for an award ticket rather than separately charge a fee.
6. The ability to redeem points is also problematic. Airlines seem to make it absurdly difficult to find availability of award seats and furthermore, it can be diabolical trying to get through to a call centre or find someone in a call centre that can handle complex itineraries. Qantas, for example, has call centres in Tasmania, New Zealand, South Africa and The Philippines. The information provided and accessed by each of these call centres can be very inconsistent and in many cases simply wrong. It is not unusual to have to wait for the correct time of the day to call Tasmania to get to speak with someone who actually knows how to handle a complex booking. The on-hold times too are completely unacceptable. The ACCC really needs to come down hard on Qantas to ensure that it has an obligation to properly service their customers who have saved hard to use points.
7. Virgin is now going to increase (in some cases substantially) their carrier charges.
See: <https://www.businessinsider.com.au/virgin-australia-velocity-carrier-charges-rise-2019-10>
The reason for the increase is rising operator costs. My concern is that this appears to be a revenue generating exercise. If costs are indeed rising then the points required to redeem a flight should be increased. As stated in my submission , I consider that carrier charges should not be allowed, and preferably, no monetary charges should be imposed on award

flights. The cost of a flight should be priced into the price of the redemption in points. This would make the cost of redemptions far more transparent and provide consumers with the ability to make a redemption without having to worry about fees and charges payable on top. Indeed if the history of frequent flyer programs in Australia are examined, you will see that this was originally the case with Qantas and Ansett.

Finally, I thank the ACCC for undertaking this long overdue report and I look forward to seeing some very positive recommendations for the benefit of consumers.

Regards

[Leon Loganathan](#)