

ASX/Media Release

QANTAS UPDATE ON ACCC CLAIMS

KEY POINTS

- Qantas fully accepts it let customers down during the post-COVID restart, including with high cancellation rates.
- While mistakes were made by Qantas, the ACCC's legal case ignores the realities of the aviation industry – airlines can't guarantee specific flight times.
- All customers on cancelled flights were offered an alternative flight or refund; there was no 'fee for no service'.

Sydney, 30 October 2023: Qantas has now filed its defence with the Federal Court in response to claims made by the Australian Competition and Consumer Commission in August 2023.

As we've said from the start of this case, we fully acknowledge that the period examined by the ACCC was extremely difficult for our customers. Restarting flying after the COVID shutdowns proved a challenge for the whole industry, with staff shortages and supply chain issues coinciding with huge pent-up demand. Qantas cancelled thousands of flights as a result and there were many unacceptable delays. While we restarted safely, we got many other things wrong and, for that, we have sincerely apologised.

In purely legal terms, the ACCC's case ignores a fundamental reality and a key condition that applies when airlines sell a ticket. While all airlines work hard to operate flights at their scheduled times, no airline can guarantee that. That's because the nature of travel – when weather and operational issues mean delays and cancellations are inevitable and unavoidable – makes such a guarantee impossible. (This is acknowledged on the ACCC's own website¹.)

For this reason, our promise is to get customers on their way to their destination as close as possible to the flight time they book, either on their original or an alternative service at no additional cost. If not, we offer a full refund. This is consistent with our obligations under consumer law and is what we did during the period the ACCC examined.

For instance, in the examples of cancellations identified in the ACCC's [media release](#):

- **100 per cent** of impacted domestic passengers were offered same-day flights departing **prior to or within one hour** after their scheduled departure time.
- **98 per cent** of impacted international passengers were offered reaccommodation options on flights **within a day** of their scheduled departure date.
- In most cases, customers were rebooked on these alternative flights weeks or months ahead of when they were actually due to travel, allowing them to plan.

The ACCC's case relates to cancelled flights that were left on sale for longer than 48 hours. **We acknowledge there were delays and we sincerely regret that this occurred, but crucially, it does not equate to Qantas obtaining a 'fee for no service' because customers were reaccommodated on other flights as close as possible to their original time or offered a full refund.**

¹ The ACCC's website, on a page entitled '[Travel delays and cancellations](#)' states: "Airline conditions of carriage do not include a guarantee of flight times. Consumers should not assume that a plane will meet its exact advertised schedule. However, airlines must meet the consumer guarantee of providing the service within a reasonable time."

Qantas did not delay communicating with our passengers for commercial gain. Nor did we cancel flights to protect slots, particularly given slot waivers were in place at most airports during that time. The primary reasons for the delay were:

- giving our teams time to establish alternative travel options for customers during a period of massive upheaval;
- avoiding further blowouts in call centre wait times; and
- in the case of longer delays, some human error.

(A more detailed explanation of these factors can be found in the FAQ.)

In summary, Qantas fully acknowledges that the period of the post-COVID restart was deeply disappointing and frustrating for customers, and difficult for our people. Mistakes were made. While this level of upheaval is hopefully never repeated, we have strengthened our systems and processes to make sure it doesn't happen again.

As this case remains before the court, Qantas is limited in what further comment it can make but will provide updates as appropriate through that process.

FAQ

Did Qantas sell 'ghost flights'?

We reject the notion of ghost flights because people who paid for a flight were given a flight, or a refund. This was not a case of 'fee for no service'.

Why did Qantas cancel thousands of flights during the period the ACCC looked at?

As widely reported, our operations were struggling in the first half of 2022. Supply chain shortages meant aircraft were grounded, huge spikes in sick leave and self-quarantine requirements left us short staffed. Some international borders were also still in flux.

To help stabilise our operations, we made the decision to make large cuts to our planned flying. That meant cancelling a lot of flights that were already in the system, which we did on average two-and-a-half months before scheduled departure so that we could better manage the impact on customers by finding them alternatives. But it meant the volume of change was huge, and our systems struggled to cope.

As an example of the scale involved, Qantas had to process more than 415,000 itinerary changes in the months of February and March 2022 alone.

Why was there a delay in telling customers their flight was cancelled?

In most cases, the delays between us making the decision to cancel a flight and notifying customers allowed Qantas time to find them an alternative. This was happening months ahead of when they were due to travel and our priority is always to find alternatives within hours or a day of their original departure time, focussing on those closest to their travel date first.

Couldn't you have told customers their flight was cancelled first, and then followed up with an alternative flight later?

For the cancellations in question, where the flights were to depart well into future, we believe this would have resulted in a significantly more frustrating customer experience. If we had sent texts to thousands of customers a week saying their flight had been cancelled and we would get back to them on their alternative flight options, we would have created a lot of needless uncertainty for those customers and even longer call centre wait times. Instead, we waited to be able to tell customers 'your flight has changed' rather than 'your flight has been cancelled'.

This approach also allowed us to prioritise helping customers travelling soonest.



Why were these cancelled flights left on sale? Was it for financial gain?

Due to system limitations and the sheer number of flights involved, we couldn't remove these flights from sale automatically while also providing impacted customers with alternative flights. Given these flights were being cancelled well in advance of travel, we wanted to offer our customers alternatives rather than the uncertainty and frustration that would have existed if we had simply pushed through the cancellation in our system before we were able to offer alternative flights to get them to their destination. While managing this is not a problem in 'normal times', the sheer scale of the changes we were dealing with during this period meant that some flights remained on sale, as the ACCC case flags, for 48 hours or more after they were cancelled.

Some of the longer delays were due to human error and process failures. We place no blame on our people for these processing errors given the incredible difficulties they were operating under.

This was not done for commercial advantage. All customers who booked a flight that was cancelled were offered an alternative flight as close as possible to their nominated time for no extra cost, or a full refund.

Why was this such a problem for Qantas but not for other airlines?

Virtually every airline in the world experienced various challenges while rebuilding their operations post-COVID.

Qantas was the only Australian-based airline flying internationally at that time, and the level of uncertainty and upheaval was greatest on international routes. International borders were experiencing far more flux and there were unexpected delays to bringing long-range aircraft to fly overseas routes back into service.

Domestically, Qantas ramped up its schedule faster than others because we reasonably believed we could. This was supported by the fact we called all employees back to work in December 2021 and had reactivated more aircraft well ahead of borders normalising to prepare for high levels of travel demand.

It was only after our flying schedule had been set that the full extent of the operational challenges we faced became clear, particularly the impact of the Omicron variant on resourcing and persistent supply chain problems. As a result, we chose to cancel a percentage of our flying well in advance so that we had more scope to reaccommodate passengers.

What's changed to stop this happening again?

Cancelled flights are now taken off sale immediately, well inside the 48 hours that the ACCC case flags. This is a manual process and would not have been possible during the period the ACCC examined given the level of upheaval at that time. Qantas is currently developing a tailored IT solution that would link to our third-party system and automate this process.

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Authorised for release by the Qantas Group General Counsel and Company Secretary.

