Australian Travel Industry Association (ATIA)

Qantas Airways & American Airlines Application for Authorisation AA1000709

January 2026

Overview

The Australian Travel Industry Association (ATIA) welcomes the opportunity to make a submission to the Australian Competition and Consumer Commission (ACCC) in relation to the application by Qantas Airways Limited (Qantas) and American Airlines Inc (American) for revocation and substitution of AA1000532.

As the peak body for a broad array of Australian travel professionals, ATIA strives to promote and advocate for competition across the entire travel sector. Healthy competition is critical for the effective operation of markets, so that businesses have the incentive to operate efficiently, price competitively and offer products valued by consumers. This in turn delivers benefits to the Australian community and economy through innovation, lower prices and improved product offerings.

Qantas and American's application relates to the continued coordination of operations on services between and within Australia and the United States, New Zealand, Canada and Mexico, under a Restated Joint Business Agreement (QAJB). Relevantly, the proposed conduct includes collusion on distribution strategies relating to agency arrangements.

ATIA does not oppose the authorisation, subject to appropriate safeguards in relation to protection against collusion on distribution strategies relating to agency arrangements.

ATIA recognises there is a level of public benefit in relation to the supply of international air passenger transport services under the QAJB. However, ATIA does have concerns regarding the potential of the QAJB to lessen competition in relation to the proposed collusion on distribution strategies relating to agency arrangements.

ATIA submits that coordination between Qantas and American in relation to distribution strategies relating to agency arrangements materially changes incentives in a way that weakens competition in the sale of international travel services and results in consumer detriment. There are on average between 140 and 150 carriers that distribute their product through an indirect channel – including retail, corporate, online or homebased agents as well as tour operators. This market was, in the last 12 months, worth over $19.6 billion, and over 19.8 million Australians chose to book with a business who was not the ultimate provider of the air carriage.[1]

ATIA's modelling indicates that 9 authorisations now cover more than 46% of the passengers carried.[2] The continued allowance for airlines to capture greater competitive advantage for the sale of air passengers services will ultimately lead to detrimental outcomes for travellers, as their will be an increased difficulty to compare and contrast value and price.

These risks are not necessary to achieve the public benefits of operational coordination under the QAJB. They can be addressed by authorising operational coordination while excluding from the scope of authorisation any conduct involving coordination or information sharing in relation to distribution strategies or agency arrangements.

[1] ATIA Membership reporting data for airline sales
[2] Analysis of BITRE, *International Airline Activity—Time Series*. 12-months to September 2025.

Sale of International Travel Services

The application seeks to again permit information sharing between Qantas and American in relation to matters including distribution strategies relating to agency arrangements. Absent authorisation, such conduct would be likely to contravene competition law.

ATIA submits that granting an authorisation which continues to permit this level of collusion between the applicants will weaken competition in the market for the sale of international travel services. This weakening of rivalry would not be confined to impacts on travel agents or tour operator business, as it would affect the process by which consumers access, compare and purchase international air travel.

For clarity, ATIA's concern is limited to collusion in relation to the sharing of information on distribution strategies that determine agency arrangements. This collusion increases barriers for consumers to compare and contrast value that would not occur if agency arrangements were excluded from this authorisation. Our concern does not extend to other matters, including joint consumer marketing and frequent flyer schemes, that may generate value for either the American or Australian visitor economies.

Ultimately, ATIA does not oppose the authorisation, subject to appropriate safeguards in relation to protection against collusion on distribution strategies that directly impact agency arrangements.

Market for the sale of international travel services

In previous aviation alliance determinations, the ACCC has recognised a separate market for the sale of international travel services, which includes tickets sold directly by airlines and through indirect channels.

As set out in the Overview, above, this market is characterised by a dual distribution structure comprising direct distribution, where airlines sell directly to consumers through their own websites and platforms, and indirect distribution, which includes traditional retail travel agents, online travel agents and any other businesses that would be classified as an agent of the airline such as tour operators.

In its 2021 determination relating to the previous Qantas-American alliance, the ACCC stated that the Proposed Conduct was likely to have minimal, if any, impact on competition in the market for the sale of international travel service. The totality of the findings in relation to the sale of international travel services was as follows:

> *The ACCC considers that the Proposed Conduct is unlikely to adversely affect the market for the sale of international travel services given the broad range of mechanisms for ticket purchases. Beside direct distribution by airlines, there is competition from travel agencies (online and in shop fronts) and global online travel businesses (e.g. Expedia). Therefore, this market is not considered further in this determination.*

ATIA recognises the ACCC's reasoning in that determination and the importance of considering the broad range of available distribution channels. ATIA also notes that the High Court's decision in ACCC v Flight Centre Travel Group Limited [2016] HCA 49 confirms that competition analysis should focus on competitive dynamics between parties supplying suitable services to consumers, including where those parties operate at different functional levels of a supply chain.

Applying that principle, ATIA submits that while multiple participants operate in the sale of international travel services, they do not exert equivalent competitive constraints. Airlines control key elements of competition, including advanced pricing power, inventory, fare classes and access to content, that can be offset when providing the service. By contrast, travel agents and other intermediaries constrain airline behaviour primarily through comparison and substitution at point of sale, by steering consumer demand toward competing airline products. These different roles mean that the presence of multiple distribution channels does not, of itself, ensure effective competitive discipline. Where conduct weakens the ability of intermediaries to compare and substitute between airline offerings, a significant source of competitive constraint on airlines is reduced, notwithstanding the continued presence of other sellers in the market.

Consistent with that approach, a relevant consideration is whether the proposed conduct affects pricing, availability, incentives or rivalry between sellers of international air tickets.

Empirical studies show that, even for the same flight requests made at the same time, prices can vary by more than 15 per cent across sellers.[1] This evidence establishes that airline markets are not frictionless, and that competitive outcomes depend critically on search costs and the ease with which consumers can compare total prices. Where conduct increases search costs or reduces price comparability, competitive pressure is weakened and airlines are able to sustain higher prices without losing demand.[2] The consumer implications of these effects are addressed further below and would constitute a public detriment.

Conversely, a substantial body of peer-reviewed tourism and transport economics literature shows that intermediaries such as travel agents and online travel agencies can generate public benefits by lowering search and decision costs, particularly for complex and long-haul international travel. Academic studies demonstrate that travel agents can reduce travellers' total expenditure by improving price comparison, itinerary optimisation and access to competitive offers, especially for higher-value trips.[3]

Further research indicates that, in some market conditions, intermediated booking channels exhibit lower price dispersion than airline direct channels, reflecting stronger competitive discipline where aggregation and comparison are facilitated.[4] While intermediated booking is not in every case cheaper than direct booking, the consistent finding across the literature is that effective price comparability is a key mechanism through which competition delivers lower prices and better outcomes for consumers.

How Coordination in Distribution Changes Airline Incentives

The sharing of agency distribution strategies and coordination on commissions materially changes the incentives of Qantas and American in their dealings with travel agents and the subsequent pricing strategies for the end traveller.

In the absence of such coordination, each airline faces a commercial risk when considering changes to agency arrangements. For example, reducing commissions or restricting access to fares carries the risk that agents will shift volume toward competing airlines offering more favourable terms and prices for consumers. This risk constrains airline behaviour and incentivises independent decision-making.

Where information is shared and strategies are aligned, that constraint is weakened. Each airline can proceed on the basis that similar approaches will be adopted by the other, rather than offering more favourable terms to compete for the travellers when compared to airlines not operating with this exemption. This reduces the risk that agents will shift bookings to the other airline in response to less favourable treatment of their clients. The incentives that would otherwise encourage each airline to compete independently in its dealings with travel agents and their customers, the ultimate consumer, are therefore weakened, even where travel agents remain an active distribution channel.

These incentive effects arise notwithstanding the applicants' complementary points of sale in the future without the proposed conduct. It is accepted that while Qantas holds a strong position in the sale of Qantas-operated tickets to Australian consumers, and American Airlines holds a stronger position in selling American-operated tickets to US consumers, both airlines nevertheless face incentives in the future without to compete independently for agency-driven demand in Australia.

In particular, American Airlines relies on travel agents to reach Australian consumers and therefore has an incentive, absent coordination, to differentiate its agency commercial terms, availability and engagement in order to secure bookings. Similarly, Qantas faces a competitive constraint where travel agents are able to redirect demand toward alternative carriers offering more favourable agency terms or access to inventory to drive greater value for the traveller.

The proposed information sharing and coordination materially alters this market. By aligning agency distribution strategies, the applicants reduce the incentive for American to compete aggressively for Australian agency-driven demand and reduce the risk to Qantas that more restrictive agency terms will result in agents shifting volume to American. This narrows the range of commercial options available to travel intermediaries relative to the future without and limits their ability to play the applicants off against one another in respect of commissions, inventory access and promotional activity.

In turn, this diminishes the extent to which agents can act as an independent source of competitive discipline on airline pricing, availability and service offerings. It reduces the extent to which agents can effectively compare, substitute between or steer consumer demand across competing airline products.

Experience under existing authorisation and implications on consumers

Experience since the initial authorisation of the Qantas-American alliance provides important insights into how these incentive changes are likely to operate in practice and their implications for consumers. As detailed in this submission, ATIA members have also observed a convergence in the applicants' approaches that goes beyond what would be expected from general market developments alone.

The degree and persistence of similarity in the applicants' approaches is consistent with the incentives created by information sharing within the alliance, which reduces the need for independent decision-making or competitive differentiation in dealings with travel agents.

In a previous authorisation determination unrelated to the present application, the ACCC noted that "the trend towards increased direct sales to consumers and reduced commission levels paid to travel agents is likely to continue, with or without the Cooperation Agreement."[3] However, the data does not support the proposition that there is a trend towards direct bookings. Over the previous authorisation period, indirect bookings consistently accounted for more than **START OF CONFIDENTIAL**

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[3] See Air NZ & Air Canada 2009 (A91097-A91098)
[4] [redacted]

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Where there may be concern that changes to commission structures could distort or increase fares, this is misplaced and not supported by evidence.

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[5] [redacted].

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The consumer impacts of weakened competition in agency distribution are not limited to headline price effects. Travel agents play an important role in facilitating competitive outcomes by comparing fares and conditions across airlines and directing consumers toward cheaper or better-value alternatives, including itineraries that may involve multiple carriers. This comparative function constrains airline pricing and encourages the availability of discounted fares, promotional offers and more flexible fare conditions through intermediated channels.

Where competition in distribution is weakened, this comparative pressure is reduced. Airlines face less pressure to offer discounted fares, full availability of fare classes or favourable conditions through intermediaries. Consumer detriment therefore arises through higher effective prices, reduced availability of discounted fare classes, fewer promotional offers, less flexible fare conditions and diminished itinerary choice. Over time, reduced competition in distribution limits the ability of travel agents to compare and substitute between competing airline products, making it more difficult for consumers to identify and book the most competitive travel options.

These effects are particularly relevant in international travel, where itineraries are often complex, fare rules vary materially and consumers rely on travel agents to compare options across multiple airlines and routes. Reduced access to competing options can make it harder for consumers to find cheaper or more suitable alternatives and increases the time and effort required to book travel.

Travel agents also play an important role in disruption scenarios, which are an unfortunate but predictable feature of international aviation. In such circumstances, agents facilitate substitution by identifying alternative routings or carriers across competing airlines when services are cancelled or disrupted. Where coordination in distribution reduces agents' ability to access or compare competing airline options, consumers may face fewer rebooking alternatives and poorer outcomes.

Cumulative Effects of Successive Authorisations

ATIA also submits that the ACCC should consider the cumulative effect of successive authorisations permitting similar forms of coordination in airline distribution in relation to agency arrangements. While each authorisation is assessed on its merits, repeated approvals of comparable conduct over time progressively narrows the scope for airlines to compete independently in their dealings with travel agents.

In aggregate, the growing number of authorised airline partnerships has materially increased the proportion of the market for the sale of international air tickets in which distribution strategies

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regarding agency arrangements are coordinated between alliance partners rather than determined through independent competitive rivalry. ATIA modelling indicates that there are currently at least 9 authorisations in force covering major international routes from Australia. As a result, a substantial share of international air tickets sold in Australia are supplied by carriers operating under authorised coordination arrangements.

This cumulative effect is that authorisations now cover more than 46% of passenger movements to and from Australia, accordingly to ATIA analysis.[7] A large proportion of agency-distributed demand is therefore served by airlines whose distribution strategies and agency commercial incentives are aligned rather than competing.

As multiple concurrent authorisations expand the coverage of such coordinated arrangements, travel agents face fewer opportunities to leverage competition between airlines to secure differentiated commission levels, overrides, tactical incentives or other agency-facing commercial terms. Over time, this reduces competitive tension in the distribution of international air tickets and limits the ability of travel agents to direct demand toward more competitive fares or better consumer outcomes.

These cumulative effects amplify the consumer impacts and are not fully captured where each authorisation is assessed on a stand-alone basis. ATIA therefore submits that, in assessing the present application, the ACCC should have regard to the cumulative effect of multiple concurrent airline authorisations on competition in the market or the sale of international air tickets.

Independent Competition in Distribution

Independent competition in distribution would not prevent Qantas and American from codesharing or coordinating on operational aspects of the joint product. Codesharing arrangements can be implemented through coordination of schedules, inventory recognition and ticketing.

Each can independently determine its distribution strategy, including agency agreements, commission structures, access to fares and engagement with travel agents. This preserves incentives for each airline to compete for agent support and maintains the ability of travel agents to compare and substitute between airline offerings, while still allowing the public benefits for operational coordination to be realised.

ATIA therefore submits that authorisation, if granted, should be limited to the coordination necessary to support the joint operational product and should not extend to conduct involving coordination or information sharing between the applicants for distribution strategies in relation to agency arrangements.

[7] Analysis of BITRE, *International Airline Activity—Time Series*. 12-months to September 2025.