

# MEDIA RELEASE



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## Domestic passengers paying more as airline duopoly restricts airline seats

- Domestic airfares increase by 13.3 per cent
- Over 85,000 fewer seats available for domestic passengers
- 2.4 million more domestic passengers since 2016

Australia's airlines are reducing the number of domestic seats in a move that will mean travelers pay more and our local tourism industry is hurt while airline profitability increases.

Australian Airports Association (AAA) Chief Executive Officer Caroline Wilkie said the Bureau of Infrastructure, Transport and Regional Economics (BITRE) statistics on recent trends in domestic aviation activity were deeply concerning.

BITRE statistics show that there were over 85,000 fewer domestic airline seats available to passengers in the 12 months to March 2018 compared to two years before, despite passenger numbers growing by 2.4 million over the same period.

Disappointingly, BITRE reports that domestic airfares have also increased 13.3 per cent over the same period – well above inflation.

In the domestic market, Qantas and Jetstar combined earn about 90 per cent of the total domestic airline profit pool. This is a real source of market power.

"The AAA is concerned that fewer domestic seats and higher airfares will constrain tourism and broader economic growth, forcing passengers to pay more," Ms Wilkie said.

"Interestingly, the picture in international aviation is far different, with strong competition from international carriers driving more capacity and cheaper fares than ever before."

The comments from the AAA come following the release earlier this week of a report prepared by Charles Darwin University on behalf of Tourism Central Australia which confirmed that those in regional communities are paying disproportionately high airfares compared to those in major capitals.

ENDS

Sources:

BITRE Australian Domestic Airline Activity; BITRE Domestic Air Fares Best Discount