



Australian
Competition &
Consumer
Commission

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NEWS RELEASE

COURT ORDERS QANTAS TO PAY \$20 MILLION FOR PRICE FIXING

The Federal Court in Sydney has ordered Qantas Airways Limited to pay \$20 million in pecuniary penalties for breaching the price fixing provisions of the *Trade Practices Act 1974*.

The Australian Competition and Consumer Commission instituted proceedings on 28 October 2008 alleging Qantas reached an understanding with other international airlines in relation to the imposition of fuel surcharges on air cargo across its global networks between 2002 and early 2006.

Qantas admitted to making and giving effect to the understanding, repeatedly exchanging assurances amongst airlines in the implementation of fuel surcharge increases and reaching local agreements in certain Asian countries collectively.

"Cartels - particularly those that are engaged in by large businesses with broad application over a period of time – have a significant effect on consumers. They are an unseen fraud on the community that must be uncovered and punished," Australian Competition and Consumer Commission Chairman, Mr Graeme Samuel said today.

This penalty reflects the serious nature of the cartel contraventions and Qantas' large share of the Australian segment of the market. However, they also take into account the high cooperation Qantas gave in the course of the ACCC's investigation. Qantas made extensive admissions and joined with the ACCC in making recommendations to the court as to the penalty and other orders which might be made.

"Having become aware of the conduct, Qantas undertook an exhaustive investigation. It gave the ACCC relevant documents and made staff available for interview. Qantas has promised to provide ongoing assistance in the ACCC's investigations in relation to the conduct of other airlines," Mr Samuel said.

Justice Lindgren also made orders restraining Qantas from engaging in similar conduct for a period of three years and to pay \$200,000 contribution towards the ACCC's costs.

Justice Lindgren indicated he would publish his reasons in January 2009.

For **media inquiries** to the ACCC Chairman, Mr Graeme Samuel, please call Ms Lin Enright, ACCC Media, on (02) 6243 1108 or 0414 613 520.

For **general inquiries**, please call the Infocentre: 1300 302 502.

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BACKGROUND

The conduct concerns alleged collusion between competitors over fuel surcharges which the ACCC alleged and Qantas admitted had the purpose and likely effect of fixing or maintaining a component of the price for air cargo services. These surcharges did not apply to passenger airfares.

Overseas regulators have brought a number of actions concerning similar conduct. The Department of Justice in the United States of America has reached settlements with a number of airlines.

The conduct first became public following coordinated raids of premises located in Europe and the USA in February 2006.