



27 September 2023

Senator the Hon Bridget McKenzie
Chair
Senate Select Committee on Commonwealth Bilateral Air Service Agreements
PO Box 6100
Parliament House
Canberra ACT 2600

By email: cbasa.sen@aph.gov.au

Dear Senator,

I refer to your letter of 20 September 2023 regarding the written submissions provided to the Senate Select Committee on Commonwealth Bilateral Air Service Agreements in respect of the Qantas Frequent Flyer program and related matters.

The Qantas Frequent Flyer program is successful only because our 15 million members see value in the points they earn and use. In the 12 months to 30 June 2023, our members earned 175 billion points and redeemed 155 billion points. We appreciate that no two members are the same in how they choose to earn and use their Qantas Points. This is why we are expanding our program to offer a range of partners to earn with and rewards to enjoy.

Qantas values the feedback of its members and has closely reviewed each submission provided to the Committee. We outline below our response to the issues that have been raised but would appreciate the opportunity to engage with the members who have raised concerns so that we can address any outstanding issues directly. We ask that the Committee seek permission for contact details to be released to us so that we can do so.

Reward Seat Availability

There are two ways our members can redeem their points on flights on Qantas, Jetstar and our partner airlines - Classic Flight Rewards and Points Plus Pay. Each of these options has different availability structures.

Classic Flight Rewards

Over the last 12 months, 3.2m Classic Flight Reward seats have been flown by members and we know our members continue to extract great value from the points they have accumulated in the program via booking Classic Flight Rewards.

We currently have over 5 million Classic Flight Reward seats available for booking across Qantas, Jetstar and our partner airline network which is significantly more than any other airline loyalty program in Australia.

The points price for this product is static and does not change irrespective of time of year, unlike commercial fares which fluctuate depending on demand and other factors. Similar to commercial sale fares, these seats are more limited in availability.





We recognise that the popularity of some destinations at certain times of the year means that the reward seats to those destinations can be booked very quickly once released. We also understand that a number of the submissions reference their inability to book a Classic Flight Reward seat at their exact desired time or cabin of travel. While we know this can be frustrating, the booking flow for Classic Flight Reward seats includes a notice to members that "seats are subject to capacity controls, availability is limited, and some flights may not have any Classic Flight Rewards available".

We are focussed on continually improving the value of our program and Classic Flight Reward seats availability so that our members have more opportunities to book the reward seat of their choice. On top of the 5 million seats available, we are continually expanding our partner airline network, which is currently over 45 partners, to increase the availability across popular routes and those that on which Qantas does not operate.

We have introduced Tactical Points Planes which are aircraft servicing new or popular routes with every seat on the flight available to be booked as a Classic Flight Reward seat. In the last two years we have had more than five thousand Points Planes totalling over half a million additional seats. Points Planes destinations have included London, Los Angeles, Tokyo and across Australia and New Zealand. Most recently Points Planes provided AFL and NRL fans with the opportunity to use their points on Classic Flight Reward seats to see their teams play.

Our continued investment in Classic Flight Reward seat availability has meant more of these seats were flown in the last 12 months than the calendar year 2019 (pre-COVID), despite the Qantas Group and our partner airlines not yet returning to 100 per cent of pre-COVID capacity.

Points Plus Pay Flights

Points Plus Pay provides members with the ability to use any amount of their points towards any seat available for booking across the network at any point a commercial seat is available. This provides complete flexibility for the member to be able to use their points, or to supplement their payment with points to reduce the cash component however they wish. An important benefit of Points Plus Pay is this ability for members to use *any* number of points to help offset the cash cost of their flight booking, as some members with relatively few points in their balance can still enjoy immediate value from the program even if they do not have enough points to redeem for a Classic Flight Reward seat.

The number of points required to pay for a Points Plus Pay seat fluctuates depending on any changes to the corresponding commercial fare in cash, which is transparently displayed when the member is in the booking flow.

Similar to how a full fare commercial ticket is priced, due to the broad range of availability, the points required for a Points Plus Pay booking is usually greater than the points required for a Classic Flight Reward seat on the same route. While we know many of our members prefer to use their points to redeem for Classic Flight Rewards, many members appreciate the flexibility to use their points on any seat sold on qantas.com using Points Plus Pay.

The combination of the two products means the program provides optionality and flexibility for members to use points in the way they want for flights, in addition to the broad range of other redemption options across travel and retail categories.

Other airline programs have a similar Points Plus Pay product. For example, Virgin Australia's Velocity Frequent Flyer program offers "Any Seat" rewards, with a comparable points:dollar value, while a similar Points Plus Pay





product can be found in the frequent flyer programs of Singapore Airlines, British Airways, Japan Airlines, Emirates and others.

We are committed to making it easy for our members to earn points in order to participate and get value from the Qantas Frequent Flyer program. Our members have over 700 different partners across travel and retail categories that they can earn points with. This has been steadily increasing in recently years and will continue to do so into the future.

Classic Reward Seat Pricing

The points pricing for Classic Flight Reward seats on Qantas is rarely changed.

The most recent change to the number of points required for a Classic Flight Reward seat was in 2019. This included a reduction to international economy Classic Flight Rewards by up to 10 per cent. Prior to this, a change was made in 2016 improving a number of the economy zones' prices by up to 10 per cent. The rest of the economy zones have not been altered since 2005 (including all domestic economy Classic fares) despite general inflation in the economy over the same period.

The 2019 pricing change also included an increase for premium cabin seats by 15 per cent. This coincided with a reduction of taxes, fees and carrier charges, and the additional costs associated with flights booked by points by up to 50 per cent on reward seat bookings. This was also the first change since 2005.

At times, there has been confusion between the number of points needed for a Classic Flight Reward booking in comparison to a Points Plus Pay booking. These two product types should not be compared on the basis of points value because a Classic Flight Reward is a fixed value product, high in value but limited in availability and Points Plus Pay fluctuates like a commercial fare to offset the broader accessibility of every seat on every flight.

For example, submission 59 claims a Sydney to London one way booking is 1,200,000 Qantas Points. This is not correct. A Classic Flight Reward Seat is actually 55,200 Qantas Points plus \$243 in taxes, fees and carrier charges.

Points Expiry

Unlike many other loyalty programs, Qantas Points do not expire as long as the member is active. Staying active can be simply earning or redeeming a single Qantas Point over an 18 month period.

The program offers its members over 700 different program partners they can earn and/or use with across a range of travel, financial services and everyday retail categories and includes a range of "free" point offers available, such as in the free Qantas Wellbeing App, where members can earn points for simply meeting daily exercise and other wellbeing goals. As a result, the QFF program has a very low rate of expiry, which we believe to be an indication of a healthy and engaged loyalty program.

In the case that a member's points are near expiration due to inactivity, we take several measures to alert the member and provide ample opportunity to earn or use a single point in order to retain their points. We note that submissions 20, 41, 44, 53 and 54 claim they were not notified that their balances were due to expire. All members receive two standalone emails from six months prior to the expiry date and two notices in their monthly eNews emails. In circumstances where we have an incorrect or no email address we try multiple avenues to contact the member and we also place a notification on the member's account page on qantas.com.





If points do expire, we have a range of policies in place to support members. If the reason for the expiry falls within a compassionate situation and the member makes contact to alert us, then our practice is to reinstate the expired points.

If the points have expired according to program rules and no extenuating circumstances exist, we offer the member an opportunity to have 100 per cent of their expired points reinstated via a relatively easy challenge. The member is required to earn 2,500 points across two or more sources within a 6 month period of the date of expiry. They have access to 700+ partners to be able to engage with to complete this challenge.

We trust this information assists the Committee. We look forward to receiving the details of those members who made submissions who are willing to be contacted so we may address their concerns directly.

Yours sincerely,

Olivia Wirth
Chief Executive Officer
Qantas Loyalty

