
RECORD OF MEETING BETWEEN

ACCC and Traveforce

1 June 2006, 9.30am

Participants:

ACCC	Isabelle Arnaud, Director, Adjudication Carl Toohey, Assistant Director, Adjudication Gina D'Ettorre, Adjudication
Traveforce	Michael Schischka, Director of Travel Operations

Traveforce (TF) indicated that it is the largest independent travel management company in Australia. 80 per cent of TF business is travel management for corporate clients. These are small to medium enterprises. TF also indicated that approximately 50 per cent of its clients would have regular travel on the trans-Tasman.

TF makes recommendations to its clients on the type of travel policy the client should adopt. TF also regularly monitors travellers' adherence to their company's travel policy, and will provide clients with regular updates/reports on these issues. TF also prepares regular reports/reviews to its clients on whether the travel policy could be amended to advantage.

TF indicated its corporate clients will often most value frequency and flexibility of fares. Some of TF clients travel policy is a 'best fare of the day'. TF indicated the best fare of the day for the trans-Tasman could be around \$400 to \$500, as compared to a fully flexible fare of around \$900 to \$1000.

TF noted the 'best fare of the day' generally imposes restrictions on the traveller (i.e. availability on the most popular flight times) and a 'change fee' if the traveller decides to change the flight. The magnitude of change fees could be a percentage of the fare, or a flat rate of around \$100, plus having to upgrade to a higher fare in order to obtain availability. TF would also charge a fee of \$100 to its clients because, effectively, it must issue a new ticket for the client.

TF indicated that some of its clients have corporate deals with either Qantas or Air NZ.

TF advised its clients primarily travel to Auckland and Wellington. They want the ability to choose from a range of flights during the day. For this reason, TF sells predominantly tickets on Qantas and Air New Zealand.

TF indicated another limitation for any competitor in this market is the frequent flyer arrangements that many clients have in place, either with Qantas or Air NZ directly, or through the 'One World' or 'Star Alliance' groups. When a client's employees belong to Qantas frequent flyer program, they will prefer to fly with Qantas.

TF indicated that larger companies would tend to have a corporate deal with Qantas (or Air New Zealand) which has an important impact on their choice of carrier on the trans-Tasman.

TF indicated that it only does a 'very small' percentage of its Trans-Tasman business with Emirates.

TF indicated that Emirates offers a very good product and competitive fares, but that for the majority of TF clients it did not have the requisite frequency (i.e. at 1 flight per day) or schedule to match the Applicants as a viable option. In addition there are other factors to consider, such as lounges and frequent flyer loyalties.

TF indicated that Emirates fares are typically about 2/3 the price of the fully-flexible fares offered by the Applicants. However, Qantas and Air New Zealand also have cheaper discounted fares.

TF indicated it does not do a lot of business with Pacific Blue. This is because (a) its level of service (b) a lack of schedule and (c) many clients have a frequent flyer membership with Qantas or Air NZ and/or it is company policy to use these airlines.

TF concluded that for people who travel frequently, Qantas and Air NZ will always be the first options. To be competitive on the trans-Tasman, other airlines would need to have similar level of frequency as Qantas and Air NZ