



STATEMENT TO AUSTRALIAN SECURITIES EXCHANGE – March 9, 2012

FLIGHT CENTRE REJECTS ACCC ACTION

FLIGHT Centre Limited (FLT) today expressed surprise at the ACCC's decision to initiate proceedings against it.

FLT managing director Graham Turner said the ACCC action, which was initiated late today, related to legitimate discussions between FLT and some airlines to ensure FLT had access to all fares that were released to the market.

He said FLT had clearly outlined its position to the ACCC since it first requested information almost three years ago and would vigorously defend the case.

"For the past 30 years, FLT has built its reputation on making travel more affordable," Mr Turner said.

"It is not in the business of making airfares more expensive and does not ask suppliers to raise prices or to withdraw fares.

"As an agent, FLT asks for adequate commissions from airlines and other suppliers and also reasonable access to all fares that they release to the market.

"This is a logical and natural business request for an agent to make to ensure the customers it serves are not disadvantaged.

"Given that travel agents book up to 80% of international flights in Australia, it also benefits consumers because it means special offers are not solely available from supplier websites.

"It appears from the documents that the ACCC has issued that it considers FLT to somehow be a competitor of the airlines whose products it sells, rather than an agent for those airlines.

"This is at odds with the International Air Transport Association's understanding and agreements, in addition to possibly making a number of the agreements between airlines and travel agencies unlawful.

"We will vigorously defend our position."

The ACCC initially requested information after FLT ended airline contract discussions with Singapore Airlines (SIA) in April 2009 and temporarily treated the airline as a non-preferred supplier.

FLT's concerns at the time predominantly related to SIA's proposed changes in commission rates and the airline's failure to give customers access to certain fares at a competitive price.

FLT continued to book SIA fares for customers but did not promote SIA as a preferred supplier.

FLT and SIA have since agreed a contract which gives customers access to all of SIA's airfares.

FLT provided full details to the ACCC on this and other subjects, but until today was not made aware of the ACCC's specific concerns.

"Despite numerous requests from Flight Centre, the ACCC failed to explain the legal basis of its position or to describe the conduct it believed the company should desist from," Mr Turner said.

"We also question why it took so long for the ACCC to launch legal action when it had all of the facts and was given all of the relevant documents more than two years ago.

"In its recent media commentary, the ACCC has indicated its enforcement area will be taking on more cases where the outcomes may be less certain. Presumably, this is the case in this instance."

Flight Centre's commitment to delivering cheap fares has been in place since the early 1980s when it became the first company in Australia to sell discount airfares.

To deliver cheaper airfares to travellers, FLT slashed the commission that airlines required travel agents to charge and thereby reduced overall ticket prices.

Today, this pricing commitment is articulated in Flight Centre's lowest airfare guarantee, which invites customers to "bring us a quote and we will beat it".

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