



THE AUSTRALIAN

November 17, 2022

Domestic flights hit global price rate for peak holiday period

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IdeaWorksCompany contributed information to this article - - see italics.

Domestic airfares now resemble international fares as travellers rush to snap up seats ahead of the peak holiday period.

Domestic airfares now resemble international fares with travellers regularly paying in excess of \$1000 for one way tickets within Australia as demand outstrips supply.

Some recent examples include a \$1200 fare for Sydney-Adelaide one-way, \$1400 return for Adelaide-Melbourne and \$1775 one way for Melbourne-Canberra.

Flying Brisbane to Perth at the end of this month cost more than \$3000 return, and Brisbane-Melbourne around \$1000 there and back.

Airlines continue to advise travellers to book well in advance to secure the best fares but travel agents said more often than not they were no “cheap seats” available.

The Don't Forget Travel Group director Andrew Sullivan said normally various “buckets” of fare types were available for booking, including four in business and 13 in economy.

“Each fare type has a number of seats allocated to it, and when there’s zero it either means the allocation has been exhausted or there were none released to begin with,” Mr Sullivan said.

“Lately there are none of the cheapest buckets in business and only two or three buckets in economy, meaning passengers have to pay the highest price to secure a seat.”

Federal government data for November highlighted the situation with best discount and economy fares remaining stubbornly high, and business class fast returning to pre-Covid levels.

The grim situation was expected to continue into the New Year, with most airlines offering no discount fares throughout the festive period due to high demand.

Capacity constraints were also putting upward pressure on fares, with Qantas and Virgin Australia reluctant to increase flights due to high fuel prices and uncertainty around staffing.

On the international front, the landscape was no better as more airlines found new sources of revenue by charging for items that were traditionally part of a business class fare.

Qatar Airways, Finnair, Etihad, Malaysia Airlines and Emirates have all unbundled their business class fares to some extent, so things like lounge access and seat selection are extra.

British Airways also charges extra for seat selection in business, and premium passengers other than in first class get stung for in-flight Wi-Fi.

The charges are not necessarily small either, with seat selection costing as much as \$100 extra each way, with window seats more expensive than those in the centre.

Alternatively passengers can wait till 24-hours before boarding to select a seat for free or accept the one the airline has assigned.

The move towards ancillary charges in business was helping airlines to rebuild damaged balance sheets in the wake of the Covid pandemic, with revenue almost back to 2019 levels.

An annual report on airline revenue from items such as baggage fees, seat selection, food and beverage and Wi-Fi, estimated carriers would rake in \$152bn in 2022, compared with \$162bn three years ago.

The figure worked out to about \$26.50 a passenger on top of their airfare, up from \$14.25 a decade ago.

The IdeaWorks Company report noted 45 per cent of airline passengers were now choosing to add services to their airfare, led by checked baggage and extra carry on, followed by seat selection, priority boarding, food and beverage and Wi-Fi.

Fees paid by frequent flyer program partners in return for rewarding customers with “points” were also incorporated into the headline \$152bn figure.