



## **MEDIA RELEASE**

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### **Travel agents to sue international airlines to recover \$80 million in commissions on fuel surcharges**

Law firm Slater & Gordon has launched a major class action against the big six international airlines who have short changed travel agents up to \$80 million on ticket commissions.

Travel agents are claiming the airlines failed to include fuel surcharges when calculating the commission paid to agents.

They are also claiming the airlines are in breach of the Trade Practices Act by forcing them to record fuel surcharges as a tax rather than a part of the fare.

More than 1450 International Air Transport Association (IATA) accredited travel agents are owed commission of up to \$80 million on the more than \$1 billion worth of fuel surcharges collected since the airlines introduced the charge in May 2004.

Slater & Gordon lawyer, Steven Lewis said the case is about ensuring travel agents, who are the backbone of the travel industry, receive what they are contractually owed.

"The big airlines have been using the surcharge to prop up their profits and avoid paying the correct commissions for too long," Mr Lewis said.

"Fuel surcharges are nothing more than disguised airfare increases.

"The airlines are transferring the cost of fuel on to passengers while at the same time short changing the agents who sell the tickets," he said.

While the surcharge varies from airline to airline, Qantas currently charges \$370 in fuel surcharges on a return trip to London.

The claim, against Qantas, Air New Zealand, British Airways, Cathay Pacific Airlines, Singapore Airlines and Malaysian Airlines, was filed in the Federal Court of Australia on Friday 15, 2006.

The claim has the backing of the major litigation funder, Litigation Lending Services.

For more than two years airlines have claimed fuel surcharges should not be considered part of the ticket price and, similar to government taxes, should not be included when determining agents' commissions.

Mr Lewis said trying to argue the fuel surcharge is not part of the ticket price is ridiculous and contrary to the agreement between agents and the airlines.

“Airlines collect the surcharge to pay for their fuel bills.

“Pretending the fuel isn’t part of the cost of an overseas ticket is like saying the wages for pilots should be charged separately.

“Fuel, like wages or maintenance costs, is a fundamental part of running an airline and can’t be carved off to avoid paying the right commission to the agent who has sold the ticket,” he said.

Almost 85 percent of \$16.9 billion in international airline tickets sold in Australia between 2004 and 2006 came through travel agents.

Mr Lewis said the claim could have an impact on the recent privatisation bid for Qantas.

“This is an important claim that should be taken into account by the bidders,” he said.