



19 December 2016

CALL FOR FRESH ACTION AGAINST ONLINE TRAVEL AGENCIES

Consumers will be the losers unless the competition regulator rips up its recent agreement with global online travel agencies in the wake of the High Court ruling against Flight Centre for price-fixing.

The Accommodation Association of Australia said the ruling is a compelling legal signal that offshore online travel agencies are competing directly with operators of accommodation businesses and if action isn't taken to rein in the behaviour of online travel agencies, then ultimately, consumers will end up paying more for accommodation.

"The High Court judgment against Flight Centre has rendered the agreement between the Australian Competition and Consumer Commission (ACCC) and Expedia and Booking.com in September virtually useless and therefore, we are calling on the ACCC to abandon it," said the Association's Chief Executive Officer, Richard Munro.

"If the High Court has the view that competition laws apply to relationships between operators and their agents in the aviation industry, then the same must apply in the accommodation industry.

"The High Court has also made it clear that a business dictating to a competitor what they can charge for bookings is anti-competitive, including for bookings made on the internet.

"Consumers are clearly the ones who are missing out on securing the best price by booking over the internet.

"Given secret commissions of up to 20 per cent are charged by online travel agencies, the cost of booking a room balloons and consumers are left out of pocket.

"The back-room deal between the ACCC and foreign giants Expedia and Booking.com has resulted in consumers only being able to secure a better price by telephoning accommodation businesses direct or by walking in to the property - but not on the internet, where more than 60 per cent of accommodation bookings are made.

"Making the situation worse is the behaviour of these offshore behemoths.

"The Accommodation Association has sighted documentation where they have dictated to a motel operator in country NSW what room rates can be charged and we are also aware of one of the online travel agencies selling rooms at an accommodation business which has never offered this type

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of room - and then charging the accommodation business for the cost of moving disappointed guests elsewhere. This is a disgrace.

"Accommodation businesses are increasingly concerned about global online travel agencies pushing the limits of competition law, hijacking the intellectual property of hotels and motels on major search engines and having poor, impersonal relationships in general with operators of accommodation businesses.

"It's time for this sort of behaviour to stop."

- ENDS -

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