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Qantas tips rapid recovery, cheap fares

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AVIATION Joyce optimistic

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Patrick Hatch

Qantas chief executive Alan Joyce says his airline plans to return to pre-COVID levels of domestic flying by January, with the reopening of state borders expected to spark a rapid recovery in travel demand over summer.

At an industry conference yesterday, Mr Joyce said there was a "light at the end of the tunnel" now the country was moving towards living with the virus, with every state except Western Australia set to be open for visitors by Christmas.

The pandemic has forced Qantas to ground most of its global fleet, lay off around 8000 workers and stand down thousands more and raise \$1.4 billion in emergency capital to stay alive. The airline

estimates the crisis will have cost it \$20 billion in lost revenue by the end of next year.

Mr Joyce praised moves by state and federal governments to reopen the country, led by NSW which is opening to vaccinated Australians travelling internationally from November 1

"That's great news for domestic tourism and great news for business travel ... and great news for people wanting to visit family and friends particularly over Christmas," he said at travel group Flight Centre's Illuminate industry conference yesterday.

"We are planning to get back to 100 per cent of the pre-COVID schedule domestically by January, by the time we get Western Aus-

tralia [open]."

Mr Joyce said he was hopeful there would be no turning back once Australia's internal and international borders reopened, and pointed to the fact air travel in the US had already returned to pre-pandemic levels while Europe was at 70 per cent capacity.

"That is the difference from where we were six months ago – the larger states say they will have to live with the virus and that we are going to have to open up to get our economy going again," he said.

Qantas said at its half-year results in August that it expected domestic capacity to be 10 per cent above pre-pandemic levels in the first half of next year. But Mr Joyce's comments yesterday were the first time he has flagged such an early return to pre-COVID levels.

The carrier and its budget arm Jetstar reached 92 per cent of pre-COVID levels of domestic flying in May this year, before the Delta wave saw NSW and Victoria plunge back into lockdown. Flying activity fell to as low as 8 per cent of normal levels in mid-2020.

Virgin Australia CEO Jayne Hrdlicka told the conference that while increasing fuel prices would limit how low airfares could fall, cheap tickets would be plentiful over the next year and would be crucial to helping the tourism industry recover.

"We have a real responsibility as an industry to make sure that it is irresistible, it's absolutely irresist-

ible to travel, so we can start pumping up the tyres of the people who have done it really tough," she said.

Virgin has repositioned itself as a mid-market carrier since it went into administration in April last year, and Ms Hrdlicka said it had overhauled its fare structure to be simpler for both business and leisure travellers.

Ms Hrdlicka – who previously ran Jetstar – said the aviation outlook was still "pretty foggy", and Virgin would be making day-by-day adjustments to its schedule in response to demand as the country reopened.

Mr Joyce, who still has around 10,000 employees stood down from work, said there may be periods where there is not enough capacity to meet demand because it takes time to reactivate aircraft which could temporarily push up airfares.

"Medium- to longer-term you will see a lot of very attractive airfares out there," he said.

Qantas is currently operating only one flight daily between Sydney and Melbourne, compared to 55 before COVID. Mr Joyce said that would bounce back to 15 per day in the first week of November and close to 30 to 40 in the new year.

The corporate heavy route – one of the busiest and most lucrative in the world before the pandemic – would only return to pre-COVID levels in February when business travel comes back, Mr Joyce said.



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Alan Joyce says fares may initially be high before dropping considerably. Photo: Janie Barrett