



Client Bulletin October 2023

Mike Phipps. **0448 813 090** mike@mikephippsfinance.com.au

Paul Grant. **0448 417 754** paul@mikephippsfinance.com.au

Cameron Wicking. **0477 776 859** cameron@mikephippsfinance.com.au

Joshua Haylen. **0435 032 467** joshua@mikephippsfinance.com.au

Head Office 4/31 Mary Street NOOSAVILLE QLD 4566

Office. 07 5470 2194 Fax. 07 5455 6626 www.mikephippsfinance.com.au



MIKE PHIPPS FINANCE ACL (364 314)

## **Trouble in Paradise**



As I sit here in an airport lounge contemplating the meaning of life my thoughts turn to our national carrier, the flying kangaroo, the displayer of the Yes, the virtue signalling disgrace now facing multiple client lawsuits, to say nothing of the action commenced by the ACCC. All this before we even start to contemplate the cosy arrangements between government and Qantas to freeze a competitor out of the game and assist in customers being ripped off, cheated and treated appallingly.

The latest accusations of Qantas selling tickets on cancelled flights sounds a lot like the "advice for no service" accusations aired during the banking royal commission, and we know how that ended. How did it come to this for a company that was once applauded far and wide and held up as a source of pride by most Aussies ?

To better understand the situation, I am indebted to the poet Rumi, who died in Turkey in 1273. In his Third Book of Masnavi, one of six books of poetry written in the 13th century, Rumi observed that a fish rots from the head down. Hard to argue when observing the arrogance and hubris of the outgoing Qantas CEO.

It is now clear that Qantas deliberately treated customers with distain over Covid cancellation flight credits and made it so hard to interact with the company that many simply gave up. They continue to charge fares significantly higher than competitors and have clearly worked with government to ensure that other international carriers are restricted in creating a truly competitive environment.

All of this is an incredibly bad look for a brand that was once the pride of a nation, but it gets worse. In attempting to create an uneven competitive landscape Qantas may well end up restricting international inbound access to local tourism markets for all but the wealthy traveller. There's no doubt that they are losing customers as well and that's a shame.

Regrettably the Qantas debacle points to a broader malaise in the travel industry and indeed in the Australian corporate landscape. Companies increasingly seem to be adopting a strategy of making it near impossible to contact them, particularly if they owe you money. Recent interactions with travel insurers are a case in point. My investigations reveal that one insurer routinely either pretends claim documents haven't been received or even worse, declines claims as a first strike strategy. They then adopt a process of obfuscation designed to deter the claimant from pursuing the matter. It gets worse.





The very large nationwide travel agency that peddles this policy knows that's what happens but fails its duty of care by not alerting the punter. When I questioned how this could be I was told " yes, we know they are terrible but we have a commercial arrangement". Wow, I hope when my business moves to a model recommending hopeless lenders that excuse will cut it with ASIC and APRA.

Here's a tip for the productivity commission. Calculate how many productive hours the Australian workforce spend dealing with corporates and government departments who have hour long call centre queues, sneaky and tricky ways to dodge and weave, poorly trained staff and woeful systems. The number will be dead set frightening! Then hold those corporates and departments accountable for the colossal waste of money caused by their combination of ineptitude and disrespect for customers. Whoops, silly me. Would never happen when our Prime Minister would rather cozy up with the CEO of Qantas than try and look after the little person. To hell with cost of living and mortgage stress, just get that Yes on the plane Alan.

I'll leave you with a word that crosses my mind whenever I think of the departing Qantas CEO. Actually, two words cross my mind, but one is unprintable.

## Schadenfreude

**Disclaimer:** I'm not a supporter of corporates spending money on political issues. Doing so fails the fundamental test of acting in the best interests of shareholders. That would be the owners of the business who are never consulted when boards decide to pursue vanity projects outside their core business. Even if I support the cause I don't support shareholders' funds being spent. The risk of corporate and political corruption is just too great.

If you think I'm being alarmist reflect on Qantas supporting our Prime Minister's current pet project while our government denies another international airline increased access to compete with our so-called national carrier. A coincidence no doubt.

**Breaking News:** By necessity writing this stuff during a current news cycle always risks the content becoming obsolete prior to publication. From the wilds of Canada I receive news from home that poor Alan has been punted, the Albanese Government has been left smelling less than pleasant and the Qantas board may well be held to account. My day could hardly get better.

Mike Phipps F Fin Director | Phippsfin Pty Ltd



Industry finance specialists with over 80 years combined experience.

