



Australian Competition & Consumer Commission

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31 October 2003

Mr Brett Johnson  
General Counsel  
Qantas Airways Limited  
203 Coward Street  
Mascot NSW 2020

Dear Mr Johnson

**Trade Practices Act 1974  
Applications for Reauthorisation of Joint Services Agreement  
between Qantas and British Airways**

I refer to your letter dated 13 October 2003 and your response in relation to Question 12.

You advised that with the introduction of Skybed to Qantas services between Sydney and UK/Europe, published business class fares will increase by approximately 10%.

Information provided in the same letter in response to Question 10 showed that there would be a loss of 15 business class seats per flight (23 % reduction) on UK services and 26 business class seats per flight on Europe continental services (39% reduction).

Based on these figures and the projected 10% increase in business class seat prices, and after allowing for the increase of 34 economy seats on the continental services it would appear to the Commission that, assuming full loadings, the Skybed initiative would see a loss of revenue approximately equivalent to 15% of current revenue from business class on UK flights and 30% on continental flights.

I would be grateful if you would confirm that indeed this is the case and advise on how such a revenue shortfall will be accommodated or whether other price rises, eg in economy are envisaged.

Yours sincerely

Isabelle Arnaud  
Director, Adjudication

