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## FACSIMILE TRANSMISSION

DATE: 8.12.2003

TO: **Mr Brett Johnson**  
**General Counsel**

ORGANISATION: Qantas Airways Ltd  
203 Coward Street  
Mascot NSW 2020

FAX: 02 9691 3339

FROM: **Greg Outzen**

TEL: +61 2 6243 1227

FAX:

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Message:

Dear Brett

Please find attached a letter requesting further information pursuant to matters we discussed this morning.

Kind regards



Greg Outzen

\*\*\* TRANSMISSION REPORT \*\*\*

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**Australian  
Competition &  
Consumer  
Commission**

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Message:

Dear Brett

Please find attached a letter requesting further information pursuant to matters we discussed this morning.

Kind regards



Greg Outzen

470 Northbourne Avenue, Dickson ACT 2602

P.O. Box 1180 Dickson ACT 2602 AUSTRALIA



**Australian Competition & Consumer Commission**

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8 December 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 telephone conversation this morning with Greg Outzen on incentives for British Airways to carry Qantas passengers out of the United Kingdom and into Europe absent authorisation of the JSA. I would be grateful if you could provide further information in this area.

- (1) It is noted that the latest version of the JSA as supplied to the Commission does not provide any details on the basis on which BA is paid by Qantas for providing services within Europe (including from the UK) under either code share arrangements or on an interline basis.

Could you please provide details of the relevant payment arrangements and an example of a code share agreement.

- (2) At Page 128 of the NECG Report it is stated:

*“Without the JSA, and thus without benefit sharing, the only benefit that British Airways and Qantas would receive for short haul flights booked as part of JSA itineraries would be the amount that they would be entitled to receive for that flight under the oneworld [straight rate] prorate system under which British Airways would have little incentive to feed passengers on to Qantas services.”*

Assuming over a specified period Qantas and BA operate equal numbers of flights and carry equal numbers of passengers at the same fares from Australia to the United Kingdom could you please explain (in some detail) how benefit sharing under the JSA



makes it more attractive for BA to carry Qantas passengers on short haul flights from the United Kingdom to Europe, than would otherwise be the case.

Could you also please advise in terms of the examples in Table 45 of the NECG Report how much additional revenue British Airways would earn on average from benefit sharing over and above the prorated revenue shown in that table. Is it true that the increased revenue for BA would represent revenue foregone by Qantas?

On another matter, Footnote 2 to page 2 of Attachment 1 to your letter of 7 August 2003 refers to EC views on markets for time and non-time sensitive passengers at various London airports as expressed in EC case COMP/38.712. All the Commission can find on this case are the notice issued on 14/3/2001 and a Press Release of 13/6/2001 neither of which contains the views referred to in your footnote. I would be grateful if you could forward to the Commission the relevant EC material containing the referred views.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Isabelle Arnaud', written in a cursive style.

Isabelle Arnaud  
Director  
Adjudication