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Your Ref:



11 May 2007

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Ms Isabelle Arnaud
Director
Adjudication
Australian Competition & Consumer Commission
PO Box 1199
Dickson ACT 2602

Dear Ms Arnaud

AUTHORISATION APPLICATIONS A91036-A91040

SUPPLEMENTARY INFORMATION IN REPLY TO SUBMISSION BY QANTAS AIRWAYS LIMITED

We refer to the "Submission of Qantas Airways Limited" dated 27 April 2007.

We are instructed to provide the following comments to you.

Star Alliance notes that Qantas Airways Limited (**Qantas**) does not oppose the applications by Star Alliance. Qantas cites previously expressed Commission views that marketing alliances, such as the Star Alliance and **oneworld**, "offer consumers a range of benefits including more seamless travel and expanded loyalty programs". (Qantas refers to the *Commission Final Determination in respect of the Restated Joint Services Agreement between Qantas and British Airways Plc, 8 February 2005 at [4.45]*). We note in particular the comments in paragraph 4 of the Qantas submission.

We also comment on the following paragraphs of the Qantas submission:

6. This is a matter for the Commission to consider. Star Alliance reserves its rights to comment on any such application by **oneworld** in the future, if any.
9. Star Alliance confirms its view that Qantas is the dominant carrier in Australia.

As to the proposed commencement of operations by Tiger Airways, Star Alliance is not aware of its business model or business plan. The applications for authorisation are filed by Singapore Airlines **on behalf of all of the current and future members of the Star Alliance**. It is not an application by Singapore Airlines. It may well be that Tiger Airways will operate a business model that is not conducive or appropriate to provide domestic feed to Star Alliance Members. There is no commercial co-ordination between Tiger Airways and any of the Star Alliance carriers nor so far as our client is aware, is there any intention to

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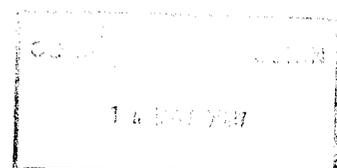
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To: The ACCC
Date: 11 May 2007
Our Ref: RAD
Page: 2



co-ordinate. Tiger Airways is a true low cost carrier while Singapore Airlines, amongst other Star Members, is a full service network carrier. We also note that Tiger Airways is not part of the BSP nor does it have any passenger or baggage interline capability.

- 18-19. The reference to "co-ordinated schedules" is meant only in a general sense with respect to operation of the Star Alliance globally. There is no intention to formally co-ordinate schedules as a result of these authorisations applied for, which is why it is not referred to in the detail of the Submission or the respective Guidelines for which authorisation is sought. One of the benefits of the Star Alliance (as with the oneworld alliance) is that travellers are checked through on all connecting flights and the members of the Alliance work together to ensure that flight transfers are as smooth and as time efficient as possible.
21. (a) This is a theoretical assertion. In practice, corporate customers (in particular) wish to travel with one carrier or carriers from the same alliance. This is recognised by Qantas (see paragraph 4 of the Qantas submission). This is the very purpose of corporate agreements.

We trust the above also adequately deals with these matters.

Yours faithfully
Piper Alderman

Per:


Richard Davis
Partner