



FILE NOTE			
Matter name:	Virgin Blue Airlines Pty Ltd & Ors – applications for authorization – A91227 & A91228		
ACCC	Prudence Smith, Graeme Woodbridge, Jennifer Orr, Darrell Channing, Teresa Nowak, Clare McGinness, Jessica Buik		
Emirates Airline	Andrew J. Parker, Senior Vice President, Public, International, Industry & Environment Affairs Trent L. Mumford, Public Affairs Manager, Public Affairs		
Date:	27 October 2010	Time:	6.00pm

Emirates Airline representatives made the following comments in response to questions raised by ACCC staff.

- The trans-Tasman routes are important to Emirates, as the airline cannot operationally offer direct services between New Zealand and Dubai. Emirates' services to Auckland and Christchurch operate via three points on the East Coast of Australia. Trans-Tasman flights are important in their own commercial terms and allow the airline to maximise NZ flight options and the utilisation of aircraft in line with Emirates' Australian international connecting schedules.
- Emirates considers that other carriers occasionally use BITRE data to misrepresent Emirates' performance on NZ routes. Data produced by BITRE only captures one component of traffic - Australian passenger uplift/discharge only, without taking into account connecting passengers.
- BITRE also treats seat factors as a constant. As a result the data understates load factors and does not accurately reflect the commercial performance of the flights. Some have used BITRE data to incorrectly suggest that Emirates flights have under-utilised capacity on the routes. Actual load factors on a route are up to 24% higher than reported by BITRE if the number of connecting passengers is added to the point to point passengers. Overall Emirates load factors on the trans-Tasman are in the mid-high 70s.
- BITRE also treats the number of seats available as a constant; however, this is not the case for Emirates as the seats for sale on trans-Tasman routes depends on the number of 'through' passengers travelling between Dubai and Australia.
- As an important competitive element on the trans-Tasman, Emirates operates wide bodied aircraft offering four daily return services. Emirates' unique selling point is that it offers three class service and global connectivity, however the combination of a

restricted schedule, inflexible departure/arrival times (AU morning and NZ evening departures) in line with the broader network, limited frequency and aircraft-type, all constrain Emirates' ability to influence market dynamics on the routes.

- Supported by strong passenger and freight demand each of the four trans-Tasman routes are profitable. The scale of investment by Emirates in marketing and promotion of NZ services is equal to any other comparable market in the world.
- As part of its fleet renewal strategy, from January 2011, Emirates will up-gauge its Dubai / Brisbane / Auckland flight EK434/435 to the more eco-efficient Boeing 777-300ER. The new aircraft provides an additional capacity of 96 seats compared to the existing Airbus A340-500. The additional capacity is in direct response to strong demand on the route and is marginal when looking at the total capacity offered by other market players.
- As a result the fleet mix Emirates will deploy on trans-Tasman services will consist of the Airbus A380 on Sydney-Auckland and the Boeing 777-300ER on all other routes. Emirates uses larger aircraft compared to other market players, however this is a function of passenger and freight demand from route connections to/from Dubai.
- In terms of the passenger mix flying on Emirates' trans-Tasman services; Emirates pursues all market segments. Leisure traffic tends to dominate bookings due to scheduling, while demand for premium cabins is strongly supported across the business community and is augmented by 'through' passengers.
- Due to limited demand Emirates suspended Melbourne – Christchurch flights in July 2005. Traffic, route and airport profiles for other NZ markets are currently not compatible with Emirates fleet mix and broader Australasian operations.
- At the time of the Tribunal consideration of the Air New Zealand/Qantas proposal in 2004/2005, Emirates operated five routes, however, it now operates four services due to previously stated reasons.
- Traffic on the trans-Tasman routes has increased consistent with a maturing market. It's incorrect to characterise Emirates as an operator who could flood the market as the airline is constrained by its global schedule and the points that it can effectively operate. In 2009/10 Emirates carried approximately 9.95% of total trans-Tasman traffic.
- Air New Zealand and Qantas are already part of two large alliances, which exert considerable market influence. Emirates views itself as an important independent carrier. Emirates considers that participation in an alliance would constrain its ability to make independent decisions. Emirates considers that alliances act to dissolve competition over time, with carriers who are part of an alliance seeking to carve up the world map.