

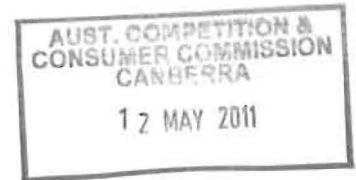
General Counsel
Brett Johnson



11 May 2011

FILE NO:	
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MARS/PRISM:	

Dr Richard Chadwick
General Manager, Adjudication
Enforcement and Compliance Division
Australian Competition & Consumer Commission
23 Marcus Clarke Street
Canberra ACT 2601



Dear Richard

Qantas Airways Limited and American Airlines Inc. – Applications for Interim and Full Authorisation

Qantas Airways Limited (**Qantas**) and American Airlines Inc. (**AA**) (and their related bodies corporate) (together the **Applicants**) apply for authorisation pursuant to section 88(1A) and 88(1) of the *Competition and Consumer Act 2010* (Cth) (the **Act**) in relation to their proposed Joint Business Agreement. Under the proposed Joint Business, the Applicants would coordinate operations on services between Australia/New Zealand and the United States of America (the **Trans-Pacific Routes**) and on AA and Qantas services which support the Trans-Pacific Routes (the **Proposed JBA**).

We enclose:

- Application Forms A and B;
- a confidential supporting submission to the ACCC; and
- a cheque for the appropriate filing fee of \$9,000.

Qantas and AA also apply for interim authorisation for the Proposed JBA pursuant to section 91(2) of the Act.

We request that the enclosed version of the submission be excluded from the Commission's Public Register. The Applicants make this request on the basis that this version of the submission (including appendices) contains information that is commercially confidential to the Applicants. The disclosure of this information would unreasonably and adversely affect the Applicants in respect of their lawful business, commercial and financial affairs. We will shortly provide a public version of the submission (with confidential information redacted) which may be placed on the Public Register.

Please contact me or Anna Pritchard on 02 9691 5515 if you would like to discuss this letter or the enclosed submission. The Applicants would be happy to meet with the Commission and provide further information to assist it in its consideration of the Applications.

Yours sincerely

Brett Johnson
General Counsel

Qantas Airways Limited

ABN 16 009 661 901

203 Coward Street Mascot New South Wales 2020 Australia
Telephone 61 (2) 9691 3456 Facsimile 61 (2) 9691 4950

Form A

Commonwealth of Australia

Competition and Consumer Act 2010 — subsections 88 (1A) and (1)

EXCLUSIONARY PROVISIONS AND ASSOCIATED CARTEL PROVISIONS: APPLICATION FOR AUTHORISATION

To the Australian Competition and Consumer Commission:

Application is hereby made under subsection(s) 88 (1A)/88 (1) of the *Competition and Consumer Act 2010* for an authorisation:

- to make a contract or arrangement, or arrive at an understanding, a provision of which would be, or might be, a cartel provision within the meaning of Division 1 of Part IV of that Act and which would also be, or might also be, an exclusionary provision within the meaning of section 45 of that Act.
- to give effect to a provision of a contract, arrangement or understanding that is, or may be, a cartel provision within the meaning of Division 1 of Part IV of that Act and which is also, or may also be, an exclusionary provision within the meaning of section 45 of that Act.
- to make a contract or arrangement, or arrive at an understanding, where a provision of the proposed contract, arrangement or understanding would be, or might be, an exclusionary provision within the meaning of section 45 of that Act.
- to give effect to a provision of a contract, arrangement or understanding where the provision is, or may be, an exclusionary provision within the meaning of section 45 of that Act.

1. Applicant

(a) **Name of Applicant:**

A91265 Qantas Airways Limited (**Qantas**) (ABN 16 009 661 901); and

American Airlines Inc., (**AA**) (ARBN 000 775 753) a Delaware corporation having its principal place of business at 4333 Amon Cater Boulevard, Fort Worth, Texas 76155, United States of America.

This application is to be read and determined together with the application in Form B (together the **Application**) and the submission supporting the Application (the **Submission**), which are lodged with this form.

(b) **Description of business carried on by applicant:**

The provision of domestic and international air transportation services.

For more detail please refer to section 5 of the Submission.

(c) **Address in Australia for service of documents on the applicant:**

Qantas Airways Limited
203 Coward Street
Mascot NSW 2020

Attention: Brett Johnson and Anna Pritchard
Tel: 02 9691 3456 Tel: 9691 5515
Fax: 02 9691 4950 Fax: 02 9691 5417
bjohnson@qantas.com.au annapritchard@qantas.com.au

2. Contract, arrangement or understanding

(a) Description of the contract, arrangement or understanding, whether proposed or actual, for which authorisation is sought:

Qantas and AA seek authorisation from the Commission to make and give effect to a Joint Business Agreement. Under the proposed Joint Business, the Applicants would coordinate operations on services between Australia/New Zealand and the United States of America (the **Trans-Pacific Routes**) and on extensive AA and Qantas services which support the Trans-Pacific Routes (the **Proposed JBA**). A copy of the Joint Business Agreement is included in Confidential Appendix 1 to the Submission.

(b) Description of those provisions of the contract, arrangement or understanding described at 2 (a) that are, or would or might be, exclusionary provisions and (if applicable) are, or would or might be, cartel provisions:

See Confidential Appendix 1 and section 6.2 of the Submission.

(c) Description of the goods or services to which the contract, arrangement or understanding (whether proposed or actual) relate:

Commercial passenger and freight airline services.

(d) The term for which authorisation of the provision of the contract, arrangement or understanding (whether proposed or actual) is being sought and grounds supporting this period of authorisation:

Authorisation is sought for a period of five years. The grounds supporting this period of authorisation are set out in section 13 of the Submission.

3. Parties to the proposed arrangement

(a) Names, addresses and descriptions of business carried on by other parties or proposed parties to the contract or proposed contract, arrangement or understanding:

Not applicable.

(b) Names, addresses and descriptions of business carried on by parties and other persons on whose behalf this application is made:

Not applicable.

4. Public benefit claims

(a) Arguments in support of application for authorisation:

See the Submission.

(b) Facts and evidence relied upon in support of these claims:

See the Submission in particular section 12.

5. Market definition

Provide a description of the market(s) in which the goods or services described at 2 (c) are supplied or acquired and other affected markets including: significant suppliers and acquirers; substitutes available for the relevant goods or services; any restriction on the supply or acquisition of the relevant goods or services (for example geographic or legal restrictions):

See the Submission in particular section 9.

6. Public detriments

(a) Detriments to the public resulting or likely to result from the contract arrangement or understanding for which authorisation is sought, in particular the likely effect of the contract arrangement or understanding, on the prices of the goods or services described at 2 (c) and the prices of goods or services in other affected markets:

The Proposed JBA will not result in any public detriment. See the Submission in particular section 11.

(b) Facts and evidence relevant to these detriments:

See the Submission in particular section 11.

7. Contracts, arrangements or understandings in similar terms

(a) This application for authorisation may also be expressed to be made in relation to other contracts, arrangements or understandings or proposed contracts, arrangements or understandings, that are or will be in similar terms to the abovementioned contract, arrangement or understanding:

(b) Is this application to be so expressed?

No.

(c) If so, the following information is to be furnished:

(i) description of any variations between the contract, arrangement or understanding for which authorisation is sought and those contracts, arrangements or understandings that are stated to be in similar terms:

Not applicable.

(ii) Where the parties to the similar term contract(s) are known — names, addresses and descriptions of business carried on by those other parties:

Not applicable.

(iii) Where the parties to the similar term contract(s) are not known — description of the class of business carried on by those possible parties:

Not applicable.

8. Joint Ventures

- (a) Does this application deal with a matter relating to a joint venture (See section 4J of the *Competition and Consumer Act 2010*)?

Yes.

- (b) If so, are any other applications being made simultaneously with this application in relation to that joint venture?

Yes (the attached Form B)

- (c) If so, by whom or on whose behalf are those other applications being made?

Qantas and AA.

9. Further information


- (a) Name, postal address and telephone contact details of the person authorised by the applicant seeking authorisation to provide additional information in relation to this application:

Qantas Airways Limited
203 Coward Street
Mascot NSW 2020

Attention:	Brett Johnson	and	Anna Pritchard
	Tel: 02 9691 3456		Tel: 9691 5515
	Fax: 02 9691 4950		Fax: 02 9691 5417
	bjohnson@qantas.com.au		annapritchard@qantas.com.au

Dated 11 May 2011

Signed by/on behalf of the applicant


.....
(Signature)

BRETT JOHNSON
.....
(Full Name)

QANTAS AIRWAYS LIMITED
.....
(Organisation)

GENERAL COUNCIL
.....
(Position in organisation)



DIRECTIONS

1. Use Form A if the contract, arrangement or understanding includes a provision which is, or might be, a cartel provision and which is also, or might also be, an exclusionary provision. Use Form B if the contract, arrangement or understanding includes a provision which is, or might be, a cartel provision or a provision which would have the purpose, or would or might have the effect, of substantially lessening competition. It may be necessary to use both forms for the same contract, arrangement or understanding.

In lodging this form, applicants must include all information, including supporting evidence, that they wish the Commission to take into account in assessing their application for authorisation.

Where there is insufficient space on this form to furnish the required information, the information is to be shown on separate sheets, numbered consecutively and signed by or on behalf of the applicant.

2. Where the application is made by or on behalf of a corporation, the name of the corporation is to be inserted in item 1 (a), not the name of the person signing the application and the application is to be signed by a person authorised by the corporation to do so.
3. Describe that part of the applicant's business relating to the subject matter of the contract, arrangement or understanding in respect of which authorisation is sought.
4. Provide details of the contract, arrangement or understanding (whether proposed or actual) in respect of which the authorisation is sought. Provide details of those provisions of the contract, arrangement or understanding that are, or would or might be, exclusionary provisions. Provide details of those provisions of the contract, arrangement or understanding that are, or would or might be, cartel provisions.

In providing these details:

- (a) to the extent that any of the details have been reduced to writing, provide a true copy of the writing; and
 - (b) to the extent that any of the details have not been reduced to writing, provide a full and correct description of the particulars that have not been reduced to writing.
5. Where authorisation is sought on behalf of other parties provide details of each of those parties including names, addresses, descriptions of the business activities engaged in relating to the subject matter of the authorisation, and evidence of the party's consent to authorisation being sought on their behalf.
 6. Provide details of those public benefits claimed to result or to be likely to result from the proposed contract, arrangement or understanding including quantification of those benefits where possible.
 7. Provide details of the market(s) likely to be effected by the contract, arrangement or understanding in particular having regard to goods or services that may be substitutes for the good or service that is the subject matter of the application for authorisation.
 8. Provide details of the detriments to the public, including those resulting from any lessening of competition, which may result from the proposed contract, arrangement or understanding. Provide quantification of those detriments where possible.

9. Where the application is made also in respect of other contracts, arrangements or understandings, which are or will be in similar terms to the contract, arrangement or understanding referred to in item 2, furnish with the application details of the manner in which those contracts, arrangements or understandings vary in their terms from the contract, arrangements or understanding referred to in item 2.
10. Where authorisation is sought on behalf of other parties provide details of each of those parties including names, addresses, and descriptions of the business activities engaged in relating to the subject matter of the authorisation, and evidence of the party's consent to authorisation being sought on their behalf.

Form B

Commonwealth of Australia

Competition and Consumer Act 2010 — subsections 88 (1A) and (1)

AGREEMENTS AFFECTING COMPETITION OR INCORPORATING RELATED CARTEL PROVISIONS: APPLICATION FOR AUTHORISATION

To the Australian Competition and Consumer Commission:

Application is hereby made under subsection(s) 88 (1A)/88 (1) of the *Competition and Consumer Act 2010* for an authorisation:

- to make a contract or arrangement, or arrive at an understanding, a provision of which would be, or might be, a cartel provision within the meaning of Division 1 of Part IV of that Act (other than a provision which would also be, or might also be, an exclusionary provision within the meaning of section 45 of that Act).
- to give effect to a provision of a contract, arrangement or understanding that is, or may be, a cartel provision within the meaning of Division 1 of Part IV of that Act (other than a provision which is also, or may also be, an exclusionary provision within the meaning of section 45 of that Act).
- to make a contract or arrangement, or arrive at an understanding, a provision of which would have the purpose, or would or might have the effect, of substantially lessening competition within the meaning of section 45 of that Act.
- to give effect to a provision of a contract, arrangement or understanding which provision has the purpose, or has or may have the effect, of substantially lessening competition within the meaning of section 45 of that Act.

1. Applicant

(a) Name of Applicant:

A91266 Qantas Airways Limited (Qantas) (ABN 16 009 661 901); and

American Airlines Inc., (AA) (ARBN 000 775 753) a Delaware corporation having its principal place of business at 4333 Amon Cater Boulevard, Fort Worth, Texas 76155, United States of America.

This application is to be read and determined together with the application in Form A (together the **Application**) and the submission supporting the Application (the **Submission**), which are lodged with this form.

(b) Short description of business carried on by applicant:

The provision of domestic and international air transportation services.

For more detail please refer to section 5 of the Submission.

(c) Address in Australia for service of documents on the applicant:

Qantas Airways Limited
203 Coward Street
Mascot NSW 2020

Attention: Brett Johnson and Anna Pritchard
Tel: 02 9691 3456 Tel: 9691 5515
Fax: 02 9691 4950 Fax: 02 9691 5417
bjohnson@gantas.com.au annapritchard@gantas.com.au

2. Contract, arrangement or understanding

(a) Description of the contract, arrangement or understanding, whether proposed or actual, for which authorisation is sought:

Qantas and AA seek authorisation from the Commission to make and give effect to a Joint Business Agreement. Under the proposed Joint Business, the Applicants would coordinate operations on services between Australia/New Zealand and the United States of America (the **Trans-Pacific Routes**) and on extensive AA and Qantas services which support the Trans-Pacific Routes (the **Proposed JBA**). A copy of the Joint Business Agreement is included in Confidential Appendix 1 to the Submission.

(b) Description of those provisions of the contract, arrangement or understanding described at 2 (a) that are, or would or might be, cartel provisions, or that do, or would or might, have the effect of substantially lessening competition:

See Confidential Appendix 1 and section 6.2 of the Submission.

(c) Description of the goods or services to which the contract, arrangement or understanding (whether proposed or actual) relate:

Commercial passenger and freight airline services.

(d) The term for which authorisation of the contract, arrangement or understanding (whether proposed or actual) is being sought and grounds supporting this period of authorisation:

Authorisation is sought for a period of five years. The grounds supporting this period of authorisation are set out in section 13 of the Submission.

3. Parties to the proposed arrangement

(a) Names, addresses and descriptions of business carried on by other parties or proposed parties to the contract or proposed contract, arrangement or understanding:

Not applicable.

(b) Names, addresses and descriptions of business carried on by parties and other persons on whose behalf this application is made:

Not applicable.

4. Public benefit claims

(a) Arguments in support of authorisation:

See the Submission.

(b) Facts and evidence relied upon in support of these claims:

See the Submission in particular section 12.

5. Market definition

Provide a description of the market(s) in which the goods or services described at 2 (c) are supplied or acquired and other affected markets including: significant suppliers and acquirers; substitutes available for the relevant goods or services; any restriction on the supply or acquisition of the relevant goods or services (for example geographic or legal restrictions):

See the Submission in particular section 9.

6. Public detriments

(a) Detriments to the public resulting or likely to result from the authorisation, in particular the likely effect of the contract, arrangement or understanding, on the prices of the goods or services described at 2 (c) and the prices of goods or services in other affected markets:

The Proposed JBA will not result in any public detriment. See the Submission in particular section 11.

(b) Facts and evidence relevant to these detriments:

See the Submission in particular section 11.

7. Contract, arrangements or understandings in similar terms

This application for authorisation may also be expressed to be made in relation to other contracts, arrangements or understandings or proposed contracts, arrangements or understandings, that are or will be in similar terms to the abovementioned contract, arrangement or understanding.

(a) Is this application to be so expressed?

No.

(b) If so, the following information is to be furnished:

(i) description of any variations between the contract, arrangement or understanding for which authorisation is sought and those contracts, arrangements or understandings that are stated to be in similar terms:

Not applicable.

(ii) Where the parties to the similar term contract(s) are known — names, addresses and descriptions of business carried on by those other parties:

Not applicable.

(iii) Where the parties to the similar term contract(s) are not known — description of the class of business carried on by those possible parties:

Not applicable.

8. Joint Ventures

- (a) Does this application deal with a matter relating to a joint venture (See section 4J of the *Competition and Consumer Act 2010*)?

Yes.

- (b) If so, are any other applications being made simultaneously with this application in relation to that joint venture?

Yes, the attached Form A.

- (c) If so, by whom or on whose behalf are those other applications being made?

Qantas and AA.

9. Further information


- (a) Name and address of person authorised by the applicant to provide additional information in relation to this application:

Qantas Airways Limited
203 Coward Street
Mascot NSW 2020

Attention:	Brett Johnson	and	Anna Pritchard
	Tel: 02 9691 3456		Tel: 9691 5515
	Fax: 02 9691 4950		Fax: 02 9691 5417
	bjohnson@qantas.com.au		annapritchard@qantas.com.au

Dated 11 May 2011

Signed by/on behalf of the applicant


.....
(Signature)

BRETT JOHNSON
.....
(Full Name)

GENERAL COUNSEL
.....
(Position in Organisation)



DIRECTIONS

1. Use Form A if the contract, arrangement or understanding includes a provision which is, or might be, a cartel provision and which is also, or might also be, an exclusionary provision. Use Form B if the contract, arrangement or understanding includes a provision which is, or might be, a cartel provision or a provision which would have the purpose, or would or might have the effect, of substantially lessening competition. It may be necessary to use both forms for the same contract, arrangement or understanding.

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Where there is insufficient space on this form to furnish the required information, the information is to be shown on separate sheets, numbered consecutively and signed by or on behalf of the applicant.

2. Where the application is made by or on behalf of a corporation, the name of the corporation is to be inserted in item 1 (a), not the name of the person signing the application and the application is to be signed by a person authorised by the corporation to do so.
3. Describe that part of the applicant's business relating to the subject matter of the contract, arrangement or understanding in respect of which the application is made.
4. Provide details of the contract, arrangement or understanding (whether proposed or actual) in respect of which the authorisation is sought. Provide details of those provisions of the contract, arrangement or understanding that are, or would or might be, cartel provisions. Provide details of those provisions of the contract, arrangement or understanding that do, or would or might, substantially lessen competition.

In providing these details:

- (a) to the extent that any of the details have been reduced to writing, provide a true copy of the writing; and
 - (b) to the extent that any of the details have not been reduced to writing, provide a full and correct description of the particulars that have not been reduced to writing.
5. Where authorisation is sought on behalf of other parties provide details of each of those parties including names, addresses, descriptions of the business activities engaged in relating to the subject matter of the authorisation, and evidence of the party's consent to authorisation being sought on their behalf.
 6. Provide details of those public benefits claimed to result or to be likely to result from the proposed contract, arrangement or understanding including quantification of those benefits where possible.
 7. Provide details of the market(s) likely to be effected by the contract, arrangement or understanding, in particular having regard to goods or services that may be substitutes for the good or service that is the subject matter of the authorisation.
 8. Provide details of the detriments to the public which may result from the proposed contract, arrangement or understanding including quantification of those detriments where possible.

9. Where the application is made also in respect of other contracts, arrangements or understandings, which are or will be in similar terms to the contract, arrangement or understanding referred to in item 2, furnish with the application details of the manner in which those contracts, arrangements or understandings vary in their terms from the contract, arrangements or understanding referred to in item 2.

Applications for Authorisation

Qantas Airways / American Airlines Joint Business Agreement

Submission to the ACCC

11 May 2011

Contents

1	Introduction	3
2	Executive Summary	3
3	The Aviation Industry	4
4	Cooperation in the Aviation Industry	5
4.1	Interline Agreements	6
4.2	Codesharing	6
4.3	Airline Alliances	6
5	The Applicants	8
5.1	Qantas.....	8
5.2	American Airlines	9
5.3	The oneworld alliance	10
6	The Proposed JBA	10
6.1	Current Codeshare Agreement	10
6.2	Proposed JBA	11
7	The supply of Trans-Pacific Air Services	14
7.1	Open Skies Agreement	14
7.2	Trans-Pacific Routes	14
7.3	Supply of freight services	15
8	Carriers providing services on the Trans-Pacific Routes	15
8.1	Virgin Australia Group	16
8.2	Delta	18
8.3	United Airlines	19
8.4	Air New Zealand.....	21
8.5	Other Carriers.....	21
9	Market Definition	21
10	Future With and Without	22
10.1	The factual.....	22
10.2	The counterfactual.....	22
11	No Anti-competitive Detriment	23
11.1	Market Concentration	23
11.2	Barriers to entry and expansion	24
11.3	Applicants constrained from increasing prices or offering diminished service.....	25
11.4	No lessening of competition as a result of the Proposed JBA	25
12	Public Benefits of the Proposed JBA	25
12.1	Improved Product and Services	26
12.2	New Fare Products and Lower Fares	27
12.3	Increased Tourism.....	31
12.4	Streamlined Corporate Travel Procurement	32
12.5	Stronger Frequent Flyer Proposition/Offering	33
13	Term of Authorisation	33
14	Interim Authorisation	33

1 Introduction

Qantas Airways Limited (**Qantas**) and American Airlines Inc. (**AA**) (and their related bodies corporate) (together the **Applicants**) seek authorisation from the Commission to make and give effect to a Joint Business Agreement. Under the proposed joint business, the Applicants would coordinate operations on services between Australia/New Zealand and the United States of America (the **Trans-Pacific Routes**) and on extensive 'behind and beyond' AA and Qantas services which support the Trans-Pacific Routes (the **Proposed JBA**). The Applicants also seek interim authorisation of the Proposed JBA to enable the joint planning, marketing and sale of the new services between Sydney and Dallas/Fort Worth commencing in May 2011.

2 Executive Summary

Since the beginning of international commercial aviation, driven by the complex and restrictive regulatory environment, airlines have developed cooperative arrangements to provide passengers with a wider route network and more efficient range of services. It is now well documented that these forms of cooperation, and in particular, fully integrated immunised alliances, generate substantial public benefits including lower fares, enhanced networks and more seamless travel.

For an industry faced with negligible return on invested capital, low yields, low profitability, regular exposure to exogenous 'shocks' and strong competition, integrated alliances and their ability to increase engagement and sharpen the collective focus of already codesharing carriers, represent an important (indeed, essential) way to maintain a global network while controlling costs and increasing productivity.

The Trans-Pacific Routes are a key component of Qantas' international network. In acknowledgement of this, Qantas has heavily invested in premium B747 and A380 aircraft to service these routes. In contrast, AA does not, and has no intention to, operate on the Trans-Pacific Routes. Since 1992 its limited marketing presence has been maintained through a simple codeshare agreement with Qantas (the **Codeshare Agreement**). As AA does not and has no intention to operate on the Trans-Pacific Routes, the Parties are not true competitors on these routes and there can be no detriment to competition resulting from the implementation of the Proposed JBA.

The success of Qantas' Trans-Pacific services is dependent on the breadth, depth and efficiency of the AA network in the United States. In order to maximise their existing partnership, the Applicants are now seeking to reinvigorate their relationship and enhance their service offering in a way not possible under the Codeshare Agreement.

Both Qantas and AA have extensive domestic networks in their respective home countries which will support the Proposed JBA. Utilising this base, and working together under the Proposed JBA, the Applicants can achieve the following benefits over and above those possible under the Codeshare Agreement:

- improved product and services including new routes, additional frequencies, improved schedules, enhanced connectivity and better ground product and services;
- new fare products and lower fares to more destinations through a revision of fare zones, the introduction of a 'Walkabout Pass' and provision for preferential availability ensuring more availability for discounted fares across a broader travel period;

- increased tourism through increased passenger traffic and a focus on strategic joint promotion;
- streamlined corporate travel procurement; and
- a stronger frequent flyer proposition.

As noted above, these benefits will be achieved without any public detriment because AA is not operating on the Trans-Pacific Routes, has no intention of doing so and the Trans-Pacific Routes are serviced by other strong carriers such as United, Delta, Virgin Australia and Air New Zealand. These factors mean the Proposed JBA will not result in any lessening of competition in the relevant markets.

3 The Aviation Industry

The international aviation industry has a number of unique characteristics that distort effective competition and give rise to profound challenges for participants. These include:

- heavy government regulation restricting routes flown and consolidation;
- extremely high fixed costs and relatively low marginal costs;
- government ownership or support of most carriers; and
- the importance of geographic location.

These features make it very difficult for airlines to recover their cost of capital on international routes. Unsubsidised end-of-route operators such as Qantas are particularly disadvantaged. These challenges are exacerbated by the increasing price and service sensitivities of modern travellers and the susceptibility of the industry to exogenous shocks that can quickly erode margins (such as volcanic eruptions, earthquakes, fuel price increases etc).

The international aviation industry is heavily regulated. The nature of this regulation means airlines are not able to operate on every available route and aviation remains the only industry denied the opportunity for cross border consolidation. Before an airline can offer international air passenger services there must first be a formal bilateral Air Services Agreement (**ASA**) between the Government of its home country and the country to which it proposes to operate and the airline must be designated as a flag carrier of a particular home country under that ASA.

As a result of disagreements over the extent of aviation liberalisation at the 1944 Chicago Convention, a standardised set of separate air rights were developed which could be negotiated between states. These rights, known as 'freedoms of the air', are a set of commercial aviation rights granting a country's designated airlines the right to enter and land in another country's airspace. The freedoms of the air are set out in Appendix A.

The requirement to operate pursuant to an ASA means that airlines can only fly where they have the specific rights. Accordingly it is not possible for a single airline to operate a global service in its own right.

In addition, most ASAs require that any airline designated as a flag carrier must be substantially owned and effectively controlled by nationals of the designating country. This requirement (together with the fact that many airlines are government owned or controlled)

has resulted in it being impossible for significant consolidation to occur in the international aviation industry.

Once the right to fly to a particular destination is obtained, capacity cannot be added on a 'seat-by-seat' basis; rather, capacity can only be added in significant 'step-changes' such as an entire plane. Unless aircraft can be redeployed from another (less profitable) route, the fixed cost outlays associated with such step-changes in capacity can be substantial.

The extremely high fixed costs associated with operating an airline, combined with excess capacity associated with 'lumpy' step-change expansion, make it very difficult for an airline to recover its cost of capital on international routes. Challenging supply and demand conditions have translated into inadequate returns on most of the international routes that Qantas operates.

Government assistance in many forms (including through the periodic injection of free or subsidised capital) to national carriers remains a feature of international aviation markets. The net result is a class of airlines that do not compete on a level playing field and are not subject to the same pressures of return on invested capital. Qantas enjoys none of these benefits but a number of Qantas' competitors on the Trans-Pacific Routes are either government-owned, heavily subsidised or have taken advantage of liberal US bankruptcy protection including Air New Zealand, United and Delta.

The dynamics of the aviation industry are also significantly influenced by geography. Qantas is an end-point carrier operating from a very small aviation market. Australia is a considerable distance from larger markets and does not operate as a hub to any other destination. Together, the Australian domestic and international markets represent an estimated 4.6% of the global passenger market.¹

Trans-Pacific travel between Australia and the United States generally involves non-stop flight segments of over 12,000km, more than 13 hours travelling time requiring the acquisition of specialised long range, large gauge aircraft. Due to the distances involved, there are relatively few city pairs between which aircraft can operate available to carriers.

Reducing or abandoning services on international routes is not an answer because this would result in the marginalisation of Qantas as an international airline and, as an integrated network business, the viability of Qantas' entire portfolio of businesses depends on a viable international business. The challenge is to find solutions that improve the viability of Qantas' international network and enable it to compete more effectively, without impinging upon parts of the business that are operating successfully. One means by which airlines are overcoming the challenges described above is entering into cooperative agreements, particularly integrated alliances, with other carriers.

4 Cooperation in the Aviation Industry

The nature of airline regulation means that in order to provide passengers with a wider and more efficient range of services, airlines have developed cooperative arrangements with each other. It is now well documented that these forms of cooperation and, in particular, fully integrated immunised alliances generate substantial public benefits including lower fares, enhanced networks and more seamless travel.² Customers benefit from better networks,

¹ Estimate based on IATA World Air Transport Statistics and BITRE data.

² This has been noted by a number of economists including: W. T. Whalen 'A Panel Data Analysis of Codesharing, Antitrust Immunity and Open Skies Treaties in International Aviation Markets, Review of

flight frequencies, products and services, while airlines gain from cost savings through shared facilities and resources.

The Proposed JBA is just one of a number of methods of cooperation used in the airline industry. These range from fully integrated alliances, such as the Proposed JBA, to more limited codeshare and interline agreements. More information about each of these forms of cooperation is set out below.

4.1 Interline Agreements

Interline agreements are the most narrow form of cooperation. They are designed to facilitate passengers travelling on itineraries that involve multiple carriers with all flights included in a single ticket paid for in one transaction. The apportionment of revenue between the operating airlines from the sale of an interline ticket is governed by either the multilateral International Air Transport Association (**IATA**) interline prorate arrangement or a bilateral Special Prorate Agreement.

4.2 Codesharing

Codesharing refers to the practice where a flight operated by one airline (the operating carrier) is marketed as a flight for one or more other airlines (the marketing carrier or carriers). Codesharing allows the marketing carrier to increase its flight frequencies or extend or maintain its 'virtual' network of destinations without having to incur the significant capital expenditure required to operate those flights.

Codesharing arrangements are generally categorised as 'free-sale' or 'block space'. Under a free-sale codeshare agreement the marketing carrier has access to the operating airline's seat inventory system for the codeshare flight and is able to sell seats from available inventory in the agreed codeshare inventory 'bucket'. The marketing carrier can only sell a seat under its code if that seat is made available in the relevant inventory bucket by the operating carrier. When selling the seats to passengers the operating and marketing carrier price those seats independently.

Under a free-sale codeshare the operating carrier owns and controls the full inventory of seats on the aircraft. Accordingly, only the operating carrier can determine the number of seats available to the marketing carrier by opening, closing or shifting inventory. The current Codeshare Agreement between Qantas and AA is a free-sale codeshare.

Under a block space codeshare arrangement, the operating airline sells a block of its seats on any given flight to the marketing airline. The marketing carrier then puts the block into its own reservations/inventory system and assumes the financial risk for any seats that are unsold. Therefore, the marketing carrier and the operating carrier will each operate their own, independent inventories for the same aircraft.

4.3 Airline Alliances

While interlining and codesharing remain important tools, international aviation has seen a trend over the past decade towards the broader cooperation enabled by alliances.

Airline alliances are normally categorised as either marketing or integrated alliances. A marketing alliance involves cooperation at the marketing level only and is restricted to cooperation in areas such as frequent flyer programs, smoother transfers for passengers and reciprocal access to airline lounges. Unless authorised, marketing alliances do not allow carriers to discuss or coordinate capacity or prices. On the Trans-Pacific Routes the relevant marketing alliances are Star Alliance³ (members of which include United Airlines, Continental Airlines, Air New Zealand and Air Canada), the **oneworld** alliance (members of which include Qantas and AA) and SkyTeam of which Delta is a member.

Integrated alliances include the Proposed JBA, the Joint Services Agreement between Qantas and British Airways (the **JSA**), the joint venture between Delta and Virgin Australia covering the Trans-Pacific Routes⁴, the alliance between Air New Zealand and Virgin Australia covering the New Zealand and Australian markets and the alliance between British Airways, AA and Iberia covering Trans-Atlantic routes. All involve coordination of flight operations, pricing and marketing. They enable participants to:

- realise some of the benefits of mergers and acquisitions, which are prohibited by the aviation industry specific regulation outlined above;
- increase their efficiency by reducing operational costs including by improving capacity utilisation and utilising each partner's sales and marketing presence particularly in its home market;
- better manage capacity in an industry that is susceptible to exogenous shocks in costs and demand; and
- enhance the attractiveness of their services by offering greater convenience, a larger actual network and greater frequency of flights, usually at a lower cost.

The benefits flowing to consumers under an integrated alliance such as the Proposed JBA are substantially greater than under codeshare and interline arrangements.⁵ By providing proper incentives to maximise benefits for the alliance and bringing a single mind to bear on pricing, capacity and marketing, together the Applicants can create an actual joint network best placed to meet passenger needs.

For an industry faced with negligible return on invested capital, low yields, low profitability, regular exposure to exogenous 'shocks' and strong competition, integrated alliances and their ability to increase engagement and sharpen the collective focus of already codesharing carriers, represent an important (indeed essential) way to maintain a global network while controlling costs and increasing productivity.

³ Some aspects of which have anti-trust immunity.

⁴ On 10 May 2011 the United States Department of Transportation tentatively approved the alliance. A final decision is expected shortly.

⁵ This has been noted by a number of economists including: W. T. Whalen 'A Panel Data Analysis of Codesharing, Antitrust Immunity and Open Skies Treaties in International Aviation Markets', *Review of Industrial Organisation* 2007 30 39-61 and J K Brueckner 'International Airfares in the Age of Alliances: the Effects of Codesharing and Antitrust Immunity' *The Review of Economics and Statistics*, February 2003, 85(1) 105-118.

5 The Applicants

5.1 Qantas

Qantas is Australia's largest domestic and international airline. The Qantas Group employs approximately 32,500 people and offers services across a network covering 182 destinations in 44 countries - in Australia, Asia and the Pacific, the Americas, Europe and Africa.

(a) Business Overview

Qantas' main business is the transportation of passengers. As at 1 September 2010, the Qantas Group operated a fleet of 252 aircraft, comprising Boeing 747s, 767s, 737s and 717s, Airbus A380s, A330s, A320s, Bombardier Dash 8s and Bombardier Q400s. It operates flights using the following brands:

- **Qantas:** a full service airline offering domestic and international services;
- **Jetstar:** a low fare airline offering domestic and international services to predominately leisure based destinations; and
- **QantasLink:** a full service regional airline that supports Qantas' domestic Australian network by developing feeder markets that connect regional areas with the major cities.

Domestically, Qantas, QantasLink and Jetstar operate over 5,600 flights each week. These flights serve 59 city and regional destinations in all states and mainland territories. Internationally, Qantas (including Jetstar) operates more than 970 flights each week, of which approximately 630 are Qantas flights and 340 are Jetstar flights. The international destinations to which Qantas operates are set out in Appendix B.

Qantas also has investments in:

- the value based intra-Asia airlines Jetstar Asia and Valuair, both Singapore based airlines, of which Qantas owns 49%;
- Jetstar Pacific, a Vietnam based airline, of which Qantas owns 27%; and
- Air Pacific, a Fiji based airline, of which Qantas owns 46%.

The Qantas Group also operates airline related businesses which include airport support services, catering, freight operations, loyalty programs, defence support services and engineering.⁶

More information about Qantas can be found at www.qantas.com

(b) Financial performance

For the financial year ending 30 June 2010, Qantas reported:

- Revenue of A\$13.8 billion;

⁶ Some additional businesses include: (i) Qantas Freight Enterprises: markets the freight capacity of all international Qantas and Jetstar aircraft and operates handling facilities in Australia and Los Angeles; (ii) Loyalty: the Qantas Frequent Flyer program; (iii) Jetset Travelworld Group: Qantas currently owns 29% of this listed entity; and (iv) Australian Air Express: the domestic air freight operator and Star Track Express the national road freight business in partnership with Australia Post.

- A statutory profit before tax (PBT) of A\$178 million, based on an underlying PBT of A\$377 million;⁷ and
- Group earnings per share of 4.9 cents.⁸

5.2 American Airlines

(a) Passenger businesses

American Airlines, Inc., the principal subsidiary of AMR Corporation (**AMR**), provides services to approximately 150 destinations throughout North America, the Caribbean, Latin America, Europe and Asia.⁹

AA operates a large domestic network, with the majority of flights operating to or from five major United States cities: Dallas/Fort Worth, Chicago O'Hare, Miami, New York City and Los Angeles.

In 1984, AA established American Eagle as its regional airline affiliate. The American Eagle network is one of the largest regional airline systems in the world, connecting passengers to and from AA flights serving the five major cities identified above as well as Boston and Raleigh/Durham.

The domestic and international destinations to which AA operates are set out in Appendices C and D respectively.

AA has been granted antitrust immunity by the United States Department of Transportation for an integrated alliance between AA, British Airways, Iberia, Finnair and Royal Jordanian¹⁰ and by the European Union's Directorate General Competition for a joint business agreement involving AA, British Airways and Iberia in respect of their EU to North America operations. Additionally, Japan's Civil Aviation Bureau and Ministry of Land, Infrastructure, Transport and Tourism and the United States Department of Transportation have approved an integrated alliance between AA and Japan Airlines covering their Trans-Pacific services between North America and Asia.¹¹

(b) Non-flying businesses

AAdvantage is AA's travel awards program. It was the world's first travel awards program, and is one of the world's largest frequent flyer programs.

AA Vacations is AA's holiday business offering an extensive network of flights to destinations around the globe as well as accommodation, ground transportation and activities.

American Airlines Cargo, a division of AA, provides over 45 million kilograms of weekly cargo lift capacity to major cities in the United States, Europe, Canada, Mexico, the Caribbean, Latin America and Asia using the cargo holds of its passenger fleet. AA

⁷ Qantas, 2010 Annual Report, p19. Underlying PBT is the primary measure used by Management and the Board to assess the financial performance of the Group.

⁸ Qantas, 2010 Annual Report, p 47.

⁹ AMR, Annual Report 2009, p1.

¹⁰ Department of Transportation, Application by American Airlines Inc, British Airways PLC, Finnair OYJ, Iberia Lineas Aereas de Espana, SA, Royal Jordanian Airlines, 20 July 2010.

¹¹ Department of Transportation, Application by American Airlines, Inc. and Japan Airlines International Co., Ltd., 10 November 2010.

has cargo terminals and interline connections available across the globe.¹²

(c) Financial performance

For the 2010 financial year (to December), AA reported:

- Revenue of US \$22.2 billion;
- A loss before tax of US \$506 million; and
- Group loss per share of US \$1.41.¹³

5.3 The oneworld alliance

Qantas and AA are members of the **oneworld** marketing alliance. Other members include British Airways, Cathay Pacific, Finnair, Iberia, Japan Airlines, LAN, Malev Hungarian Airlines, Royal Jordanian, Mexicana and S7 Airlines.

The **oneworld** alliance has two key features – the facilitation of seamless travel across a global route of networks and frequent flyer programs. The **oneworld** network covers more than 800 destinations in approximately 150 countries.

6 The Proposed JBA

6.1 Current Codeshare Agreement

Since AA ceased operating its own Trans-Pacific flights nearly twenty years ago,¹⁴ it has placed its code on a number of services within Qantas' Trans-Pacific and domestic Australian and New Zealand network. Qantas places its code on a number of services within AA's domestic operations within the United States, between the United States and Canada and between the United States and Mexico.

The Applicants currently sell tickets on each others' services under a free-sale Codeshare Agreement dated 23 September 2004.

Qantas currently operates 41 return services per week between Australia and the United States:

- 34 to Los Angeles - 14 non-stop from Sydney, 14 from Melbourne (seven non-stop and seven via Auckland) and 6 services from Brisbane (Qantas);
- 3 between Sydney and Honolulu (Qantas); and
- 4 between Sydney and Honolulu (Jetstar).

Qantas also operates to New York via Los Angeles six times a week, increasing to daily in June 2011.

On 14 January 2011 Qantas announced it would launch direct services from Sydney to Dallas/Fort Worth from 16 May 2011, giving Australians unprecedented access to

¹² AMR, 'AMR Fact Sheet'. Available at: <http://www.aa.com/i18n/amrcorp/corporateInformation/facts/amr.jsp>

¹³ AMR, 10K 2010.

¹⁴ AA stopped operating on the Trans-Pacific Routes in 1992.

destinations across the United States.¹⁵ The route will see Qantas operate direct outbound flights from Sydney to Dallas/Fort Worth, returning to Sydney via Brisbane.

Qantas will offer four return services to Dallas/Fort Worth each week, operated by a Boeing 747 aircraft. Direct Sydney-San Francisco services were discontinued from 6 May 2011, though the city will remain part of Qantas' network as a codeshare destination from Los Angeles.

6.2 Proposed JBA

Through the Proposed JBA the Applicants are seeking to reinvigorate their existing commercial relationship and improve their ability to offer passengers a seamless, competitive, high quality and cost effective fully integrated Trans-Pacific network.

The Proposed JBA involves the coordination of operations on certain designated routes (the **JB Services**). The JB Services include the Trans-Pacific Routes and the 'behind and beyond' codeshare routes set out in Appendix E. Qantas will operate Trans-Pacific services and connecting services in Australia and Trans-Tasman on behalf of the Proposed JBA. AA will operate connecting services in the United States, Canada and Mexico and provide sales support for the Trans-Pacific Routes.

The Proposed JBA will be governed by the Joint Business Agreement which will supersede the existing Codeshare Agreement. A copy of the Joint Business Agreement is included in Confidential Appendix 1.

The Proposed JBA and its associated governance structure will facilitate a greater degree of engagement between the Applicants and provide the opportunity for a strategic collective focus absent under the existing codeshare. In that sense, the Proposed JBA is not a dissimilar step change to the fully integrated JSA between Qantas and British Airways.¹⁶

Contemplated Coordination

Subject to regulatory approval, the Proposed JBA contemplates coordination between the Applicants (and their related bodies corporate) in relation to:

- flying operations;
- codesharing;
- interlining;
- pricing and revenue management;
- scheduling (including frequencies and connection requirements);
- cargo;
- passenger sales and marketing;
- holiday/vacation products and packages;

¹⁵ Qantas, Media Release, 14 January 2011.

¹⁶ Equally, it will put the Applicants in the same position as other carriers operating on the trans-Pacific with authorised alliances.

- frequent flyer programs;
- distribution;
- customer rebates, incentives and discounts;
- agency arrangements (including coordinating agency commissions, rebates, incentives and discounts);
- ground handling;
- airport services;
- co-branded joint offices;
- corporate dealing; and
- joint procurement.

to the extent that these activities relate wholly or partly to the JB Services.

Objectives

The objectives of the Proposed JBA include operating cost effective and efficient networks while maximising consumer benefits. The Applicants seek to achieve these objectives by:

- reinvigorating their partnership and increasing collaboration and engagement, for example by establishing a Joint Management Committee to conduct the Proposed JBA which will provide a single mind to govern the activities of the Applicants on the JB Services;
- developing new fare products and promotions, offering a high quality competitive product for passengers travelling on JB Services as a result of synergies arising from the Proposed JBA, for example by conducting integrated marketing campaigns drawing on the marketing presence of both carriers in their respective home markets;
- facilitating the offer of a competitively priced, single, cohesive JB Service to corporate customers and meeting the increasing demands of corporate customers for alliance-based deals and a streamlined procurement process;
- improving schedules, stop-over choices, frequencies and connection times on the JB Services and all services operated by the Parties that connect with the JB Services;
- expanding connecting services at primary gateways leading to more one-stop online points of service because the sharing of information will allow the Applicants to better assess and introduce additional routes and frequencies;
- optimising the airport experience for passengers by establishing joint management and planning of ground product and service including coordination of use of airport facilities by expanding reciprocal airport lounge access, developing joint lounges at certain airports, improving facilities within lounges and streamlining check-in facilities for passengers on JB Services;
- easing airport transfers for connecting passengers on JB Services;

- increasing opportunities for frequent flyers who are members of one airline's frequent flyer program to earn and/or redeem frequent flyer points and take advantage of other membership benefits when travelling on the other airline;
- facilitating easier planning of itineraries through the provision of better information to agents; and
- working collaboratively to facilitate the development by AA Vacations of a land product offer for the Australasian market, thereby creating a new package offering for AA Vacations' client base, accessing a large new market and better promoting Australia as a destination.

By giving effect to the above, the Applicants will deliver improved product and services at a lower cost, than they could do alone.

[RESTRICTION OF PUBLICATION OF PART CLAIMED]

The table below sets out the features of the current Codeshare Agreement and the Proposed JBA.

Current Codeshare	Proposed JBA
No ability to discuss capacity.	<p>Detailed sharing of market information will lead to improved demand forecasting, prompt identification of market opportunities and enhanced ability to cater for growth through the addition of routes and frequencies.</p> <p>For example, initial response to the Dallas/Forth Worth service indicates Vancouver, Calgary and Toronto are high demand 'beyond' destinations. At the moment these destinations involve relatively long connection times. The Proposed JBA would provide the Applicants with the opportunity reduce transit times by the better coordination of schedules.</p>
Incomplete access to inventory so that AA does not have access to tactical sale fare classes and Qantas has limited access to discount economy inventory on AA for add-ons and groups.	A joint approach to planning and pricing would involve common use and access to fares and enable the Proposed JBA to optimise the number of discounted seats available through the booking life of a flight as well as the strategic release of discounted inventory to drive volume on poor performing routes.
No ability to discuss price or price jointly.	The ability to discuss and set price jointly will facilitate lower fares, additional discounts to the majority of the most visited United States destinations, new fare products including 'Walkabout fares', preferential availability and enhanced responsiveness to market conditions.
Limited opportunity for joint corporate dealing.	Will work together to simplify corporate fare offers, maximise discounts and streamline the procurement process for corporate customers and be in a position to better meet the demands of corporate customers for alliance based deals.

Current Codeshare	Proposed JBA
<u>No</u> or limited joint marketing.	Co-branded marketing initiatives will better utilise the respective home market sales and distribution networks of each carrier and avoid duplication.
AAVacations does not promote Australia as a holiday destination.	<p>The Proposed JBA will facilitate improved tourism to Australia through new services and the active promotion of Australia as a holiday destination by AAVacations. AAVacations is an award-winning tour operator that offers hotels, rental cars, activities and complete holiday packages to over 10,000 hotels and resorts in 320 destinations around the world.</p> <p>AAVacations has a market reach of up to 1 million web visitors annually and active promotion is forecast to drive a further 3,500 to 4,000 visitors from the United States to Australia in the first year of offering Australia as a package destination.</p>
No equivalent recognition of the status of one airline's frequent flyers when travelling on the other airline's metal.	Equivalent privileges for one airline's frequent flyers when travelling on the other airline (including points bonuses, cabin upgrade offers and onboard loyalty status recognition).

7 The supply of Trans-Pacific Air Services

7.1 Open Skies Agreement

On 14 February 2008, Australia and the United States entered into an Open Skies Agreement, allowing all Australian and American designated carriers to provide unlimited direct services between the two countries. Air New Zealand is able to provide unlimited direct services by combining rights established under the United States-New Zealand and Australia-New Zealand Open Skies Agreements.

Under the Australia-United States Open Skies Agreement, the carriage of traffic over domestic sectors is reserved for national carriers so there is no stand alone cabotage. However, the beyond carriage of general international traffic between international gateways (such as Qantas' traffic between Los Angeles and New York) is allowed.

These restrictions mean international airlines depend on commercial arrangements with domestic carriers to effectively serve beyond international gateway markets. In fact, without a strong relationship with a major United States domestic carrier, the Trans-Pacific Routes would be marginal for an Australian airline.

7.2 Trans-Pacific Routes

As set out in section 3 above, travel between Australia and the United States generally involves non-stop flight segments of over 12,000km, more than 13 hours travelling time and specialised, capital intensive long-haul aircraft.

There are currently four direct city-pairs offered between Australian cities and mainland cities on the west coast of the United States:

- Sydney-Los Angeles;
- Sydney - San Francisco;
- Melbourne-Los Angeles; and
- Brisbane-Los Angeles.

As set out above, from 16 May 2011, Qantas will also operate direct outbound flights from Sydney to Dallas/Fort Worth, returning to Sydney via Brisbane.

In addition to these direct routes, there are a number of indirect one-stop routes from both east and west coast Australian cities. These services include:

- Australia-Auckland-Los Angeles and San Francisco;
- Australia-Vancouver-Los Angeles, San Francisco, Las Vegas, New York;;
- Australia-Singapore-Los Angeles and New York;
- Australia-Nadi-Los Angeles;
- Australia-Papeete-Los Angeles; and
- Australia-Honolulu-Los Angeles, Oakland, Sacramento, San Diego, San Francisco, San Jose, Las Vegas, Phoenix, Portland and Seattle.

7.3 Supply of freight services

Air freight is carried between Australia and the United States in the cargo holds of passenger aircraft and on dedicated air freighter services.

Qantas and AA have an interline agreement in respect of the carriage of freight on the Trans-Pacific Routes. Qantas primarily uses AA services ex Dallas/Fort Worth, Houston and Chicago to connect with Qantas and Jetstar services ex Honolulu. In addition, the relationship enables Qantas to access United States Postal Service business which is generally restricted to United States carriers. Qantas carries mail on behalf of AA from JFK in New York and LAX in Los Angeles to Australia and New Zealand.

In addition to the passenger services, Qantas Freight operates 4 direct and 2 indirect (via Pu Dong in China) freighter services per week to Australia from JFK and Chicago O'Hare. AA does not currently interline with Qantas on the freighter services.

In addition to the freight services provided by airlines operating on the Trans-Pacific Routes, a significant volume of freight is transported by FedEx and UPS. Many other carriers offer an indirect service to and from Australia via their hubs in Europe, the Middle East and Asia.

8 Carriers providing services on the Trans-Pacific Routes

There are currently four carriers offering direct flights between four city-pairs between Australia and the mainland United States; United Airlines, Virgin Australia, Delta and Qantas. In addition, on 10 May 2011 the International Air Services Commission (**IASC**) granted

Strategic Airlines unlimited capacity to operate services between Australia and the United States from September 2011.

On 10 December 2009 the Commission granted authorisation for a joint venture between Virgin Blue Group¹⁷ and Delta Air Lines, Inc. in relation to air passenger and freight services between the United States and Australia for five and a half years. The Commission considered that the joint venture would allow V Australia and Delta to compete more vigorously and effectively.¹⁸ While the United States Department of Transportation has tentatively approved the joint venture, as a final decision has not yet been issued, we have provided information about the operations of V Australia and Delta separately.

As set out in section 7.2, passengers can also travel between Australia and the United States mainland via New Zealand and Canada as well as via Hawaii, Fiji, Tahiti and various points in Asia and the Middle East.

8.1 Virgin Australia Group

(a) General Overview

The Virgin Blue Group commenced operations in Australia in 2000. Since that time, it has grown from having a single aircraft type domestic operation to a domestic short haul, international medium haul and international long haul fleet of 87 aircraft and an annual turnover of approximately A\$3 billion.¹⁹

On 4 May 2011 the Virgin Blue Group was rebranded the Virgin Australia Group. It has recently undertaken a major network review, with the aim of repositioning and refocusing its subsidiary airlines to improve performance and better penetrate core markets, including the United States. Some key points about the focus of each brand, which have now been, or in the process of being rebranded under one Virgin Australia brand, are set out below.²⁰

Brand	Positioning
Virgin Blue	Virgin Blue is the flagship carrier of the Virgin Blue Group and is based in Brisbane. Virgin Blue operates an extensive domestic Australian network and has announced it will expand its fleet to include wide body aircraft to better penetrate leisure, corporate and government markets.
Pacific Blue	Pacific Blue was launched in 2004. Pacific Blue has recently exited New Zealand domestic routes in order to focus on expanding as an international medium haul airline with operations across the Tasman (in conjunction with Air New Zealand), the Pacific Islands and South East Asia.
Polynesian Blue	Polynesian Blue Airlines was launched in 2005 as a joint venture airline between the Government of Samoa and Virgin Blue Airlines. It operates

¹⁷ The Application was made before Virgin Blue was rebranded Virgin Australia on 4 May 2011.

¹⁸ ACCC, Determination of Applications for Authorisation by Virgin Blue and Delta Airlines, 10 December 2009, pii.

¹⁹ Virgin Blue Group CEO and CFO Presentation for the 12 months ended 30 June 2010
http://www.virginblue.com/cms/groups/e-commerce/documents/internetcontent/p_013496.pdf

²⁰ Virgin Blue network announcements on 16 and 26 August 2010:
<http://www.virginblue.com.au/AboutUs/Media/NewsandPressReleases/index.htm>

Brand	Positioning
	between Sydney, Brisbane, Auckland and Apia.
V Australia	V Australia commenced operations on 27 February 2009. It is in the process of exiting loss-making services to South Africa and Phuket in order to focus on consolidating its long haul international network to two strategic hubs in Los Angeles and Abu Dhabi. It is seeking to leverage partnerships with Delta in the United States and Etihad in the Middle East to offer a seamless global network via these hubs.

(b) Overview of Trans-Pacific Operations

Virgin Australia has been granted unlimited capacity between Australia and the United States by the IASC. Virgin Australia's operations between Australia and the United States were progressively rolled out through 2009. On 27 February 2009 Virgin Australia commenced operations on the Sydney to Los Angeles route. It currently offers daily flights between those cities.

In April 2009 Virgin Australia began operating three flights a week from Brisbane to Los Angeles. In November 2009 these routes were supplemented with Melbourne to Los Angeles 2 times a week, increasing to 3 times a week in December 2010.

(c) Trans-Pacific Shares

In less than two years of full operation Virgin Australia has become the third largest carrier by passenger market share on the Trans-Pacific. In the financial year ending June 2010 Virgin Australia represented 13% of all passengers (on both direct and indirect flights) travelling between Australia and the United States.²¹ Virgin Australia adjusted its Sydney to Los Angeles schedules from October 2010 to offer better same-day connections to the East Coast of the United States.²² This rapid expansion of market share demonstrates the degree of penetration available to a new entrant on the Trans-Pacific.

In April 2011 Virgin Australia represented 21% of seat capacity on direct flights between Australia and the mainland United States including 20% of capacity on direct flights between Sydney and Los Angeles, 28% of capacity on direct flights between Melbourne and Los Angeles and 41% of capacity on direct flights between Brisbane and Los Angeles.²³

Once the joint venture with Delta proceeds, in the two years since entry the joint venture will have become the second largest carrier on the Trans-Pacific with a capacity share between Sydney and Los Angeles of 36%.²⁴

(d) Freight

Virgin Australia Freight is the designated freight group for Virgin Australia, and offers both domestic and international freight services. In the 2010 financial year Virgin Australia carried 7.5% of freight between Australia and the United States.²⁵

²¹ See table at Appendix G.

²² Virgin Blue network announcement 16 August 2010:

<http://www.virginblue.com.au/AboutUs/Media/NewsandPressReleases/index.htm>

²³ See Appendix H.

²⁴ See Appendices G and H.

²⁵ See Appendix I.

Once the joint venture with Delta proceeds, in the two years since entry the joint venture will have become the third largest freight carrier on the Trans-Pacific with a market share of 17%.²⁶

8.2 Delta

(a) General Overview

Delta Air Lines (**Delta**) was founded in 1928 and today employs more than 70,000 employees worldwide, operating a fleet of nearly 700 aircraft.²⁷ Delta merged with Northwest Airlines in 2008, which created an airline with major operations in every region in the world.²⁸ Delta provides air transportation for passengers and cargo throughout the United States and the world, offering services to 368 destinations in nearly 70 countries on 6 continents, and serves more than 160 million customers each year.²⁹

Delta's global route network gives the airline a presence in every major domestic and international market. Its route network is centred around the hub system operating at airports in Atlanta, Cincinnati, Detroit, Memphis, Minneapolis/St. Paul, New York-JFK, Salt Lake City, Paris-Charles de Gaulle, Amsterdam and Tokyo-Narita. Each of these hub operations includes flights that gather and distribute traffic from markets in the geographic region surrounding the hub to domestic and international cities and to other hubs.³⁰

Delta was a founding member of the SkyTeam global alliance, which includes (amongst others) Air France, Alitalia, KLM, China Southern and Korean Air³¹, and most recently, Vietnam Airlines, which has added 20 new destinations to the SkyTeam global network.³²

For the 2010 financial year to December, Delta reported an operating revenue of US \$31,755 billion, a profit before tax of US \$608million and earnings per share of \$0.71.³³

(b) Overview of Trans-Pacific Operations

Delta began direct services between Sydney and Los Angeles on 1 July 2009 and currently operates 7 flights a week on the route using Boeing 777-200LR aircraft.

(c) Trans-Pacific Shares

In the eighteen months since commencing operations on the Trans-Pacific, Delta now flies 6% of all passengers (on both direct and indirect flights) travelling between Australia and the United States.³⁴

²⁶ See table at Appendix I.

²⁷ 'Stats and Facts (updated June 2010)' available on Delta Air Lines website at:

http://www.delta.com/about_delta/corporate_information/index.jsp

²⁸ 'Stats & Facts' available on Delta Air Lines website at: <http://news.delta.com/index.php?s=18&cat=47>

²⁹ 'Corporate Information' available on Delta Air Lines website at:

http://www.delta.com/about_delta/corporate_information/index.jsp

³⁰ Delta Air Lines 2009 Annual Report, page 3 available on Delta Air Lines website at:

http://images.delta.com.edgesuite.net/delta/pdfs/annual_reports/2009_10K.pdf

³¹ Information available on SkyTeam website at: <http://www.skyteam.com/>

³² 'Vietnam Airlines Joins SkyTeam (10 June 2010), available on Delta Air Lines website at:

<http://news.delta.com/index.php?s=43&item=1044>

³³ Delta Air Lines 2010 Annual Report, p 25.

³⁴ See table at Appendix G.

In April 2011 Delta represented 8% of seat capacity on direct flights between Australia and the mainland United States including 16% capacity on direct flights between Sydney and Los Angeles.³⁵

(d) Freight

Delta has operated a Cargo division since 1945 and provides cargo services to 64 countries across six continents.³⁶ In the 2010 financial year Delta carried approximately 9.1% of freight between Australia and the United States.³⁷

8.3 United Airlines

(a) General Overview

Following its merger with Continental, United Airlines (**United**) is the largest global airline, with key global air rights in the Asia-Pacific region, Europe and Latin America.³⁸ United currently operates approximately 3,300 flights a day to more than 200 domestic and international destinations from its hubs in Los Angeles, San Francisco, Denver, Chicago and Washington, D.C.³⁹ United is a member of the Star Alliance network which serves approximately 1,100 destinations in 175 countries with over 19,700 daily flights.⁴⁰

Both United and Continental are members of the Star Alliance and the merger is intended to provide financial capability for the joint airline to make key investments in order to sustain the profitability of the airline, and increase its position as a strong global competitor.

The combined company will offer enhanced service to Asia, Europe, Latin America, Africa and the Middle East from well-placed hubs on the East Coast, West Coast, and Southern and Midwestern regions of the United States.

For the 2010 financial year, United Continental Holdings reported net income from its two subsidiaries of US \$1.6 billion and US \$253 million net income on a GAAP basis.⁴¹

(b) Overview of Trans-Pacific Operations

United has been operating Trans-Pacific services for 25 years.

United currently operates 14 return services between Australia and the United States a week consisting of daily flights between Sydney and San Francisco and Sydney and Los Angeles.

(c) Trans-Pacific Shares

United is currently the second largest carrier by passenger market share on the Trans-Pacific. In the 2010 financial year United represented 17% of all passengers (on both direct and indirect flights) travelling between Australia and the United

³⁵ See Appendix H.

³⁶ 'Delta Cargo Vision' available on Delta website at: http://www.delta.com/business_programs_services/delta_cargo/about_delta_cargo/delta_cargo_vision/index.jsp

³⁷ See Appendix I.

³⁸ 'About United', available on United website at: <http://www.united.com/page/middlepage/0,6998,1276,00.html?jumpLink=%2Faboutunited>

³⁹ Ibid.

⁴⁰ 'Star Alliance' available on United Airlines website at: <http://www.united.com/page/article/0,6867,1519,00.html>

⁴¹ <http://ir.united.com/phoenix.zhtml?c=83680&p=irol-newsArticle&ID=1519992&highlight=>

States.⁴² United has maintained this share over the past three years despite the entry of Virgin Australia and Delta. In that regard the carrier has lived up to the claim of United Airlines' Vice President for the Pacific that:

*'We know how to hold our own and we are certainly going to fight for our position in the Australian market... we are going to hold our shares in this market, make no mistake about that.'*⁴³

In April 2011 United represented 22% of seat capacity on direct flights between Australia and the mainland United States including 68% of capacity on direct flights between Sydney and San Francisco (since moved to 100%) and 21% of capacity on direct flights between Sydney and Los Angeles.⁴⁴

(d) Trans-Pacific positioning

The key competitive strength of United's Trans-Pacific offering is the connections it provides customers from Los Angeles and San Francisco to its extensive domestic United States network. United has more domestic flights from each of Los Angeles and San Francisco airports than any other carrier.⁴⁵

The strength of United's network increased substantially with the proposed merger with Continental Airlines in the fourth quarter of 2010. The combined company has 10 hubs, including hubs in the four largest cities in the United States. From this extensive hub footprint, the new combined entity will operate a leading domestic and international network, marketed by a powerful single sales force.

The combined entity can be expected to become a stronger presence on the Trans-Pacific Routes, increasing capacity and choice of route with Continental's proposed introduction of daily B787 services from its Houston hub to Auckland in 2012. The new route would benefit from connecting traffic at both ends, including throughout North America, Europe and Australia.⁴⁶

United has recently retrofitted its long haul B747-400 fleet to install lie flat business class seats and increase the number of seats in the economy cabin.

United, along with Air New Zealand and Air Canada, is a member of the Star Alliance. Membership of the Star Alliance has enabled United to expand its presence on Trans-Pacific Routes in addition to those outlined above. United codeshares on Air New Zealand's flights between Auckland and Sydney, Brisbane and Melbourne and Air New Zealand's flights to Los Angeles and San Francisco. The Star Alliance has been granted antitrust immunity by the Commission and DOT in relation to corporate dealing.

Through these codeshare arrangements, United Airlines together with Air New Zealand and Air Canada, is able to offer 12 Trans-Pacific city pairs between the North American gateway posts of Los Angeles, San Francisco and Vancouver and Sydney, Melbourne, Brisbane and Auckland.

⁴² See table at Appendix G.

⁴³ The Australian, 'Battle over the Pacific Hots Up - United vows to fight as V Australia starts LA Flights', 27 February 2009.

⁴⁴ See Appendix H.

⁴⁵ The Australian, 'Battle over the Pacific Hots Up - United vows to fight as V Australia starts LA Flights', 27 February 2009.

⁴⁶ Continental Airlines media release: <https://www.continental.com/web/en-US/apps/vendors/default.aspx?SID=DBE3359FF5684B3EA512A8F4529F619F&i=PRNEWS>

(e) Freight business

United also operates a cargo business, trading as United Cargo. United Cargo provides both intra-US and international freight services, as well as small package delivery services within the United States.⁴⁷ In June 2010 United carried approximately 8% of freight between Australia and the United States.⁴⁸

8.4 Air New Zealand**(a) General Overview**

The principal activity of the Air New Zealand Group is the operation of domestic and international passenger transport and cargo with a fleet of 99 aircraft.⁴⁹ Air New Zealand is a member of the global Star Alliance network and, in association with its Star Alliance partners offers services to destinations across New Zealand, Australia, the Pacific Islands, the United States, United Kingdom, Europe and the Middle East.⁵⁰

For the financial year to June 2010, Air New Zealand reported operating revenue of NZ \$4 billion, profit before tax of NZ\$123 million and earnings per share of NZ\$0.076.⁵¹

(b) Overview of Trans-Pacific Operations

Between November 1994 and April 2003 Air New Zealand operated direct services between Sydney and Los Angeles. Air New Zealand now codeshares on United Airlines direct flights between Australia and the United States. It also codeshares on Air Canada's direct flights between Sydney and Vancouver.

Air New Zealand carries 5% of the passengers between Australia and the United States via Auckland.⁵² It operates 18 return services each week between New Zealand and the mainland United States, 12 direct between Auckland and Los Angeles, one indirect via the Cook Islands and five direct between Auckland and San Francisco.

8.5 Other Carriers

In addition to Virgin Australia, Delta, United and Air New Zealand, a small amount of traffic between Australia and the United States is carried by airlines offering indirect services including Air Canada, Hawaiian Airlines, Cathay Pacific, Emirates, Singapore Airlines, Air Pacific and Air Tahiti Nui. Further detail about these carriers is included in Appendix F.

9 Market Definition

In its Determination of the Virgin/Delta authorisation the Commission identified three relevant markets:

- passenger air transport for leisure travellers between Australia and the United States;

⁴⁷ 'Services' available on United Cargo website at: <http://www.unitedcargo.com/services/default.jsp>

⁴⁸ See Appendix I.

⁴⁹ 'Air New Zealand Operating Fleet' available on Air New Zealand website at:

<http://www.airnewzealand.com.au/fleet/>

⁵⁰ 'Where We Fly' available on Air New Zealand website at: <http://www.airnewzealand.com/where-we-fly>

⁵¹ '2010 Annual Report' of Air New Zealand, available on Air New Zealand website at:

<http://www.airnewzealand.co.nz/assets/Resources-AirNZ/Investor-Centre/2010-annual-financial-report.pdf>.

⁵² See Appendix G.

- passenger air transport for business travellers on a city pair basis between Australia and the United States; and
- air freight transport services between Australia and the United States.⁵³

The Commission draws the data for the analysis of these markets from the ABS.

Using ABS data distorts the market definition as it is collected on the basis of 'purpose of travel' rather than actual class travelled. This means that a passenger travelling in business class on holiday will be captured in the leisure segment, just as a passenger travelling on business in economy or premium economy will appear in the business data. Since many passengers travelling on ultra long haul routes make decisions based on comfort and seat type in addition to price, the ABS data can only ever amount to a proxy of market share. It would arguably be more accurate to characterise the market in terms of a premium segment and an economy segment reflecting cabin of travel rather than purpose of travel.

However, for the purposes of this submission, to the extent possible, the Applicants have provided information based on markets identified by the Commission.

10 Future With and Without

In determining whether an arrangement has the effect or likely effect of lessening competition, the Commission must employ the 'future with or without test'. This involves an examination of the counterfactual (likely future state of competition without the arrangement) with the factual (likely future state of competition with the arrangement).

10.1 The factual

The factual scenario involves the Applicants making and giving effect to the Proposed JBA in markets in which a range of competitors including the recently authorised Virgin/Delta joint venture continue to grow, invest and compete vigorously.

The implementation of the Proposed JBA will allow the Applicants to jointly plan and manage their operations and coordinate scheduling, pricing and marketing to maximise passenger loads on the Trans-Pacific Routes. An integrated alliance will be better positioned to optimise existing sales and marketing presences, develop the Applicants' Trans-Pacific passenger network and ultimately offer a better virtual network product to consumers.

10.2 The counterfactual

If authorisation is not granted the Applicants would continue the existing Codeshare Agreement but its inherent limitations would restrict the enhancement of the joint network made possible by an integrated alliance. AA has no intention of operating its own services to Australia. Without immunity, the Applicants would continue to act independently and duplicate each other's marketing and sales effort while offering an inferior network, schedule and capacity and frequent flyer offering and a less efficient procurement process (compared with what they would be able to offer as a joint business).

Absent the Proposed JBA and upon the Virgin/Delta joint venture being granted immunity by the United States Department of Transportation, the Applicants would be the only direct carriers on the Trans-Pacific Routes not part of an immunised alliance. As they would be

⁵³ ACCC, *Determination Applications for Authorisation Lodged by Virgin Blue and Delta*, 10 December 2010, p 22.

unable to realise the benefits and efficiencies of integration, the Applicants would be disadvantaged compared to the Virgin/Delta alliance that will leverage their combined sales and distribution footprints, streamline procurement, coordinate capacity and schedules, and market and price jointly and the United and Air New Zealand who can offer joint corporate deals.

11 No Anti-competitive Detriment

The Proposed JBA will not result in any anti-competitive detriment. In assessing the competitive effect of the Proposed JBA on the Trans-Pacific Routes, the Commission must consider the benefits offered by the Proposed JBA against the effect of the removal of the current, very marginal, level of competition between Qantas and AA.

As set out in section 6.1, following AA's withdrawal from the Trans-Pacific Routes in 1992, Qantas has operated on the Trans-Pacific Routes and AA has operated on the domestic United States routes. In this regard, Qantas and AA have complementary rather than overlapping networks.

AA 'passengers' represent only 2.8% of the 1,860,935 passengers carried between Australia and the United States in FY 09/10. Australian originating AA 'passengers' represent a tiny 0.61% of the total passengers carried. This small share reflects the reality that AA does not operate its own services on the route, is no more than a marketing codeshare participant and has a limited sales presence and recognition and does not actively market Australia as a destination.

11.1 Market Concentration

AA's lack of operating presence on the Trans-Pacific Routes means the Proposed JBA will have no effect on market concentration. Market share data is set out in Appendices G to I. AA does not appear in the available market share data because it is not an operating carrier.

(a) Passenger Market Shares

AA has only a small sales presence in Australia therefore the shift from the Codeshare Agreement to the Proposed JBA will have minimal effect on sales to Australian passengers.

Over the past four years Qantas' market share has diminished in all relevant markets.⁵⁴

In the market for passenger air transport for leisure travellers between Australia and the United States in FY 2010 Qantas and Jetstar had a combined passenger market share of 46%. This represents a significant fall from shares of 58% in the preceding three financial years.

In the market for passenger air transport for business purpose travellers between NSW and the United States in FY 2010, Qantas and Jetstar had a combined passenger market share of 48%. Again this represents a significant fall from a share of 60%, 61% and 57% in the preceding three financial years.

In the market for passenger air transport for business purpose travellers between Victoria and the United States in FY 2010, Qantas and Jetstar had a combined passenger market share of 61%. In the 06/07, 07/08 and 08/09 financial years Qantas and Jetstar had market shares of 69%, 66% and 64% respectively.

⁵⁴ For market share details see Appendices G and H.

In the market for passenger air transport for business purpose travellers between Queensland and the United States in FY 2010, Qantas had a passenger market share of 61%. In the 06/07, 07/08 and 08/09 financial years Qantas had market shares of 76%, 76% and 73% respectively.

The decrease in Qantas' market share across all relevant markets can be largely attributed to the entry of Virgin Australia and Delta in 2009. The Applicants expect that the proposed Virgin/Delta joint venture is likely to further reduce their market share as Virgin and Delta have indicated that their joint venture supports the introduction of further new Trans-Pacific services.⁵⁵

(b) Freight Market Shares

The decrease of Qantas' market share for the transport of air freight mirrors that occurring in passenger markets.⁵⁶

In the 2007, 2008 and 2009 financial years, Qantas and Jetstar had combined market shares of 47%, 46% and 44% respectively. For the 2010 financial year, Qantas and Jetstar had a combined market share of 39%.

The decrease in Qantas' market share can be attributed to the entry of Virgin Australia and Delta who have secured approximately 17% of the freight market since they began operations in 2009 as well as the increase in the market share of UPS.

Air freight markets are typically even more competitive than air passenger markets because of the additional discipline imposed by the possibility of indirect routing and inter-modal substitution (e.g. sea, road, rail) for many classes of freight. Capacity on the route is likely to increase with Continental's proposed service from Houston to Auckland.

11.2 Barriers to entry and expansion

The key policy rationale of the Open Skies Agreement was the Australian Government's desire to introduce further and sustained competition on what it considers to be one of Australia's most important air routes.

While the Australian Government has not allowed foreign carriers such as Singapore Airlines to begin operating on the Trans-Pacific Routes, the Department of Infrastructure in its submission to the Commission in respect of the Virgin/Delta joint venture described the Trans-Pacific Routes as 'a contestable environment in which any other Australian or United States international airline (and some other third party carriers) could immediately commence services should they choose to do so.'⁵⁷

The recent entry and rapid expansion of Virgin Australia and Delta demonstrates the ease with which carriers can establish a presence on the Trans-Pacific Routes. Virgin Australia commenced operations on 27 February 2009 and now has 13 flights a week between Australia and the United States. As at 31 December 2009, Virgin Australia had 4 B777-300ER aircraft in its fleet and 3 scheduled for future delivery.⁵⁸ Delta began non-stop services on 1 July 2009 and now has 7 flights a week. As set out above, on 10 May 2011 the IASC granted Strategic Airlines unlimited capacity to operate services between Australia and the United States.

⁵⁵ ACCC, *Determination Applications for Authorisation lodged by Virgin Blue and Delta*, 10 December 2010, p 33.

⁵⁶ For market share details see Appendix I.

⁵⁷ ACCC, *Determination Applications for Authorisation lodged by Virgin Blue and Delta*, 10 December 2010, p 28.

⁵⁸ Virgin Blue, http://www.virginblue.com/cms/groups/pr/documents/internetcontent/p_011619.pdf.

11.3 Applicants constrained from increasing prices or offering diminished service

The Proposed JBA will not give Qantas or AA the ability or incentive to increase prices or offer diminished service. In authorising the Virgin/Delta joint venture the Commission noted the strong competition on price and service in the markets for passenger for Trans-Pacific passenger transport.⁵⁹ The Applicants are constrained by the other carriers operating on the Trans-Pacific Routes and as well as the threat of entry (or re-entry) afforded by the Open Skies Agreement. The lead-in fares for each of the direct operators are set out in Appendix J.

Over the last two years the Trans-Pacific Routes have been characterised by constant sale activity in all cabins with a view to maintaining load factor in light of the increased capacity on the routes and heightened price sensitivity of business and leisure travellers. Sales activity is driven by all carriers operating on the route. When periods of discounting occur, not surprisingly given its marginal presence, AA is generally slower to respond. The current sale fares for Qantas and AA are set out in Appendix K. This is to be contrasted with the lead-in fare for each of the direct operators in Appendix J.

The continual sale activity has led to a deterioration of Qantas' yields. Over the last two years yields per passenger have fallen from: **[RESTRICTION OF PUBLICATION OF PART CLAIMED]**

In respect of the carriage of freight, the Commission has previously found that there are a number of other competitors in the market for freight transport and these other competitors are likely to pose a competitive constraint.⁶⁰

11.4 No lessening of competition as a result of the Proposed JBA

Given AA does not operate on the Trans-Pacific routes, has no intention of doing so and the Trans-Pacific Routes are serviced by other strong carriers, there cannot be any substantial lessening of competition in any market as a result of the Proposed JBA. Barriers to entry are low and the Applicants are constrained from acting in an anticompetitive manner.

12 Public Benefits of the Proposed JBA

In addition to posing no detriment, the Proposed JBA offers a number of significant public benefits over and above those provided by the existing Codeshare Agreement. Clause 3.3 of the Joint Business Agreement states that the objective of the JBA is the delivery of a number of significant consumer benefits. In particular, as a direct result of the implementation of the Proposed JBA, the Applicants will be able to offer:

- new and improved product and services;
- new fare products and lower fares;
- enhanced tourism;
- streamlined corporate travel procurement; and
- a stronger frequent flyer proposition.

Each of these is addressed further below.

⁵⁹ ACCC, *Determination Applications for Authorisation lodged by Virgin Blue and Delta*, 10 December 2010, p ii.

⁶⁰ ACCC, *Determination Applications for Authorisation lodged by Virgin Blue and Delta*, 10 December 2010, p 52.

12.1 Improved Product and Services

Through the increased engagement and focus enabled by the Proposed JBA, the Applicants will be able to provide better product and services to consumers travelling between Australia and the United States. These improvements include the addition of new routes, increased frequencies, improved schedules, enhanced connectivity and better ground product and services.

The success of Qantas' Trans-Pacific services is dependent on the breadth, depth and efficiency of the AA network in the United States. The Applicants estimate that approximately 47% of passengers currently flying into Los Angeles and San Francisco travel beyond those points.

On 14 January 2011 Qantas announced it would launch direct services from Sydney to Dallas/Fort Worth from 16 May 2011, giving Australians unprecedented access to destinations across the United States.⁶¹ The route will see Qantas operate 4 direct outbound flights from Sydney to Dallas/Fort Worth a week, returning to Sydney via Brisbane. These services replace the previous Sydney-San Francisco services.

Dallas/Fort Worth is one of the United States' major hub airports, the fourth-largest and fastest-growing metropolitan area in the United States and an important centre of business and tourism. Importantly, as set out in section 5.2 above, Dallas/Fort Worth is also the primary hub of AA. From here AA and its regional partner, American Eagle, operate nearly 750 flights to 186 destinations worldwide as well as easy connections to AA's four other cornerstone hubs of Chicago, Miami, New York and Los Angeles.

The new route is supported by 28 new codeshare destinations from Dallas/Fort Worth to a wide range of major cities across the United States, Canada and Mexico. New destinations include Chicago, Boston, Orlando, Houston, Las Vegas, Miami and Nashville as well as Calgary, Toronto and Vancouver. Previously, accessing many of the new codeshare destinations using the Los Angeles and San Francisco gateways involved two stops. Now passengers will have better connectivity and streamlined journeys with reduced travelling time.

Operating directly into Dallas and enhancing Qantas' long term partnership with AA will give Qantas a much stronger and more balanced network footprint in the Americas, consistent with Qantas' strategy of flying the routes that deliver the most choice and convenience for its customers. In addition to providing passengers with increased access to new destinations in the United States and enhanced connectivity, the Proposed JBA will provide a joint platform for the Applicants to ensure the viability of the Dallas service and increase the Dallas services to a daily frequency as soon as possible.

The Proposed JBA, and in particular Qantas' flights into AA's hub, will also provide the Applicants with the incentive and opportunity to explore expanding the codeshare network and launch new Trans-Pacific Routes and connections. In its Determination in respect of the Virgin/Delta joint venture, the Commission accepted that an integrated alliance can create incentives for alliance partners to optimise their joint network offering and result in a public benefit.⁶² For example, initial response to the Dallas/Forth Worth service indicates Vancouver, Calgary and Toronto are high demand beyond destinations. At the moment these

⁶¹ Qantas, Media Release, 14 January 2011.

⁶² ACCC, *Determination Applications for Authorisation Lodged by Virgin Blue and Delta*, 10 December 2010, p 30.

destinations involve relatively long connection times.⁶³ The Proposed JBA would provide the Applicants with the opportunity reduce transit times by coordination of schedules and the joint sale of these new services.

While QF and AA have, under their existing relationship, successfully expanded the range of ports to which they codeshare on each others' network, the Proposed JBA provides the opportunity to add more. Under the existing arm's length relationship, the addition of new destination is limited by the perception that administrative costs may outweigh any benefit of increased traffic. However, with sharing of information, joint management and business planning and the ability to develop new fare products and marketing campaigns under the Proposed JBA, the Applicants consider there is potential to expand the codeshare network to a number of further ports.

Structured joint business planning for the JB Services under the Proposed JBA will facilitate the development of improved schedules resulting in reduced travel and connection times as well as improved stopover choices. An integrated management and planning structure will enable a coordinated strategy to improve ground product and service for passengers through such initiatives as expansion of reciprocal lounge access and improved check-in processes.

12.2 New Fare Products and Lower Fares

The Proposed JBA will enable the development of new fare products and lower fares for consumers travelling from Australia to the United States. Through joint initiatives such as simplifying the zonal structure used to determine fares to destinations within the United States and creating a new 'Walkabout' multi sector pass, the Applicants will enhance the product offering available directly to consumers and through travel agents.

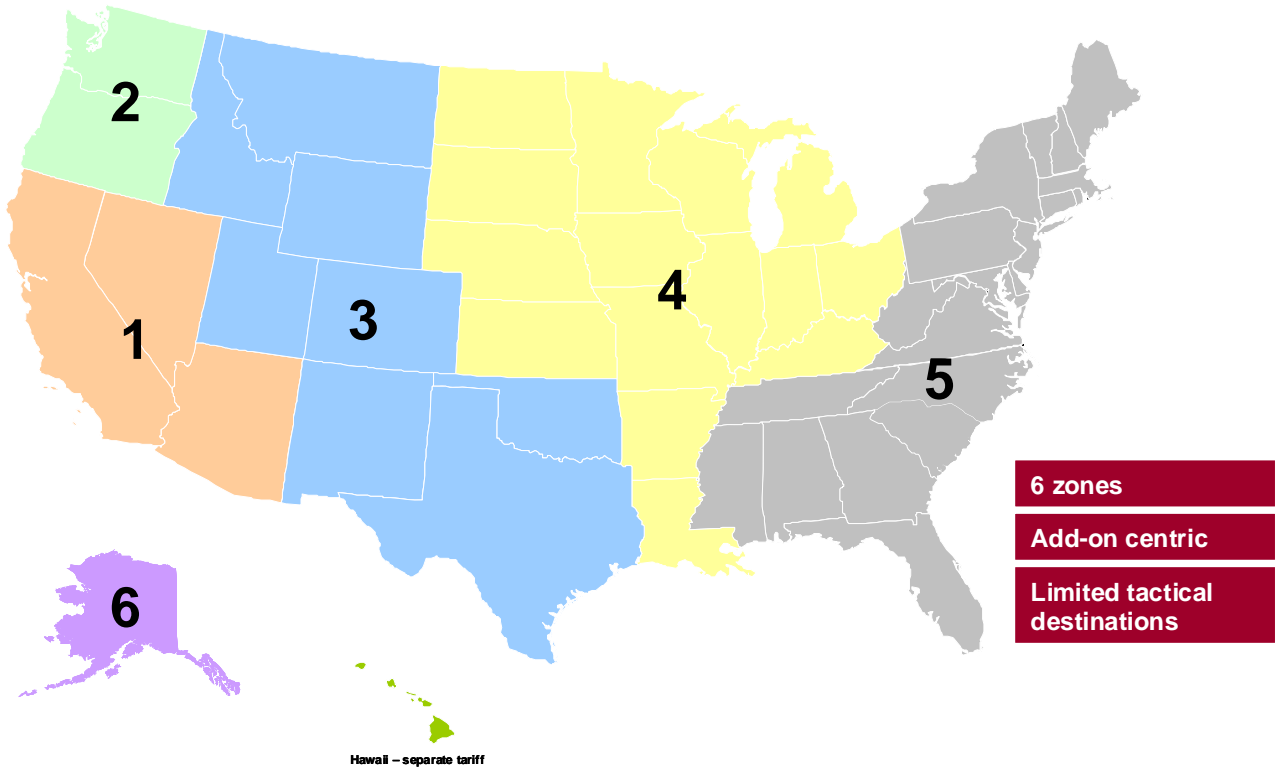
These initiatives will create tangible benefits to consumers including:

- additional discounts to the majority of the top 20 United States destinations;
- offering new tactical destinations; and
- a preferential availability agreement with AA.

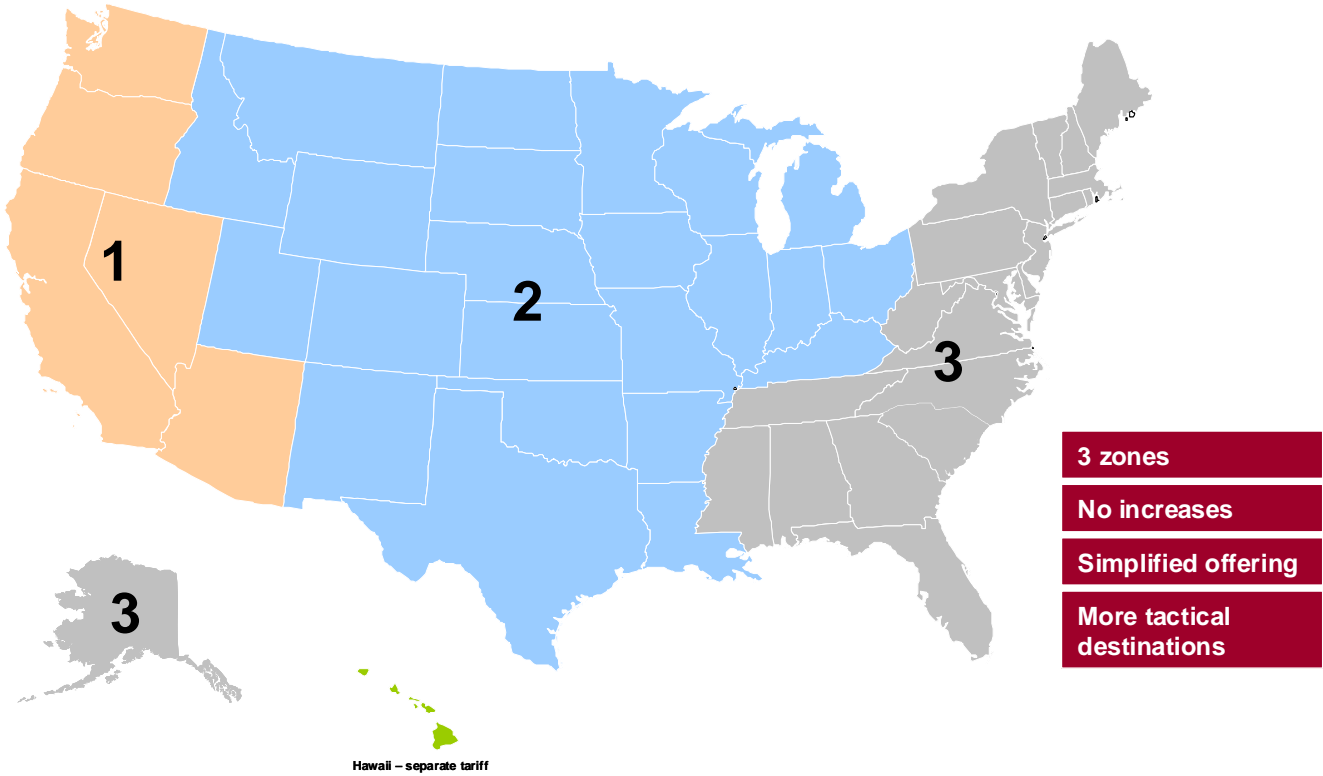
Under the proposed simplification of zoned pricing the current six zones will be reduced to three as set out in the diagrams below.

⁶³ Vancouver 3h10m, Toronto 6h15m, Calgary 5h35m.

Current six zone structure

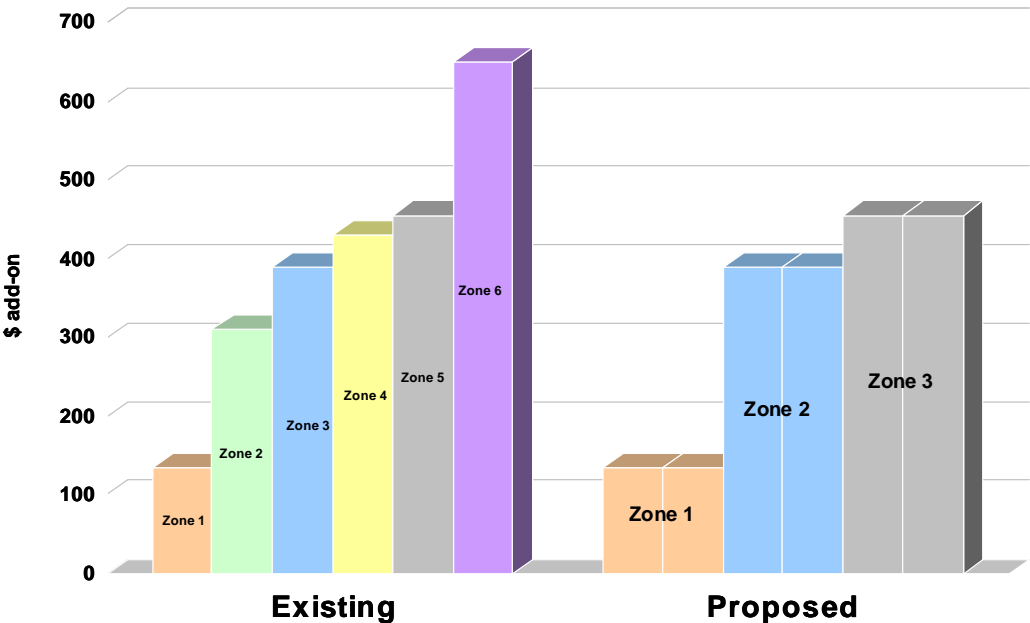


Proposed three zone structure

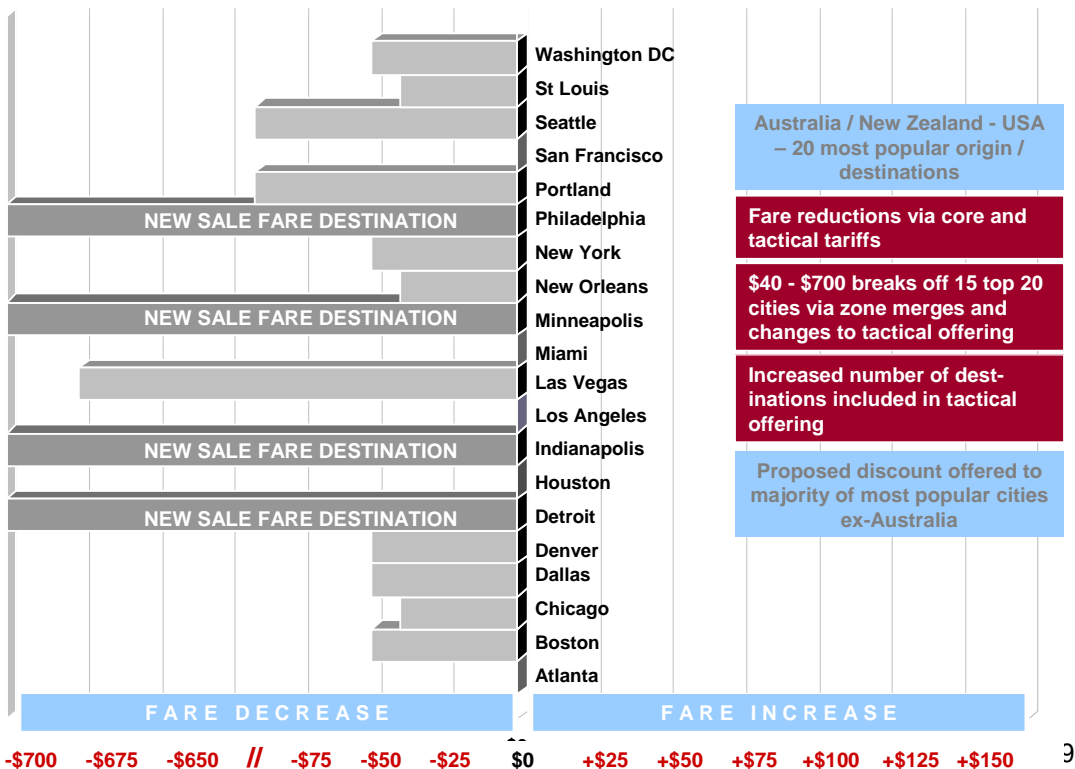


This refined structure will be simpler to manage and communicate to consumers and trade. It will result in fare reductions for 64% of United States destinations and will allow a broader offering of discounted tactical fares to an increased number of destinations as well as expanded stop-over options between gateway cities in the United States and end destinations. A zonal fare comparison and fare reductions to the 20 most popular United States destinations is set out in the diagrams below. Fare reductions of up to \$700 are proposed for four of the most popular destinations.

Zonal fare comparison



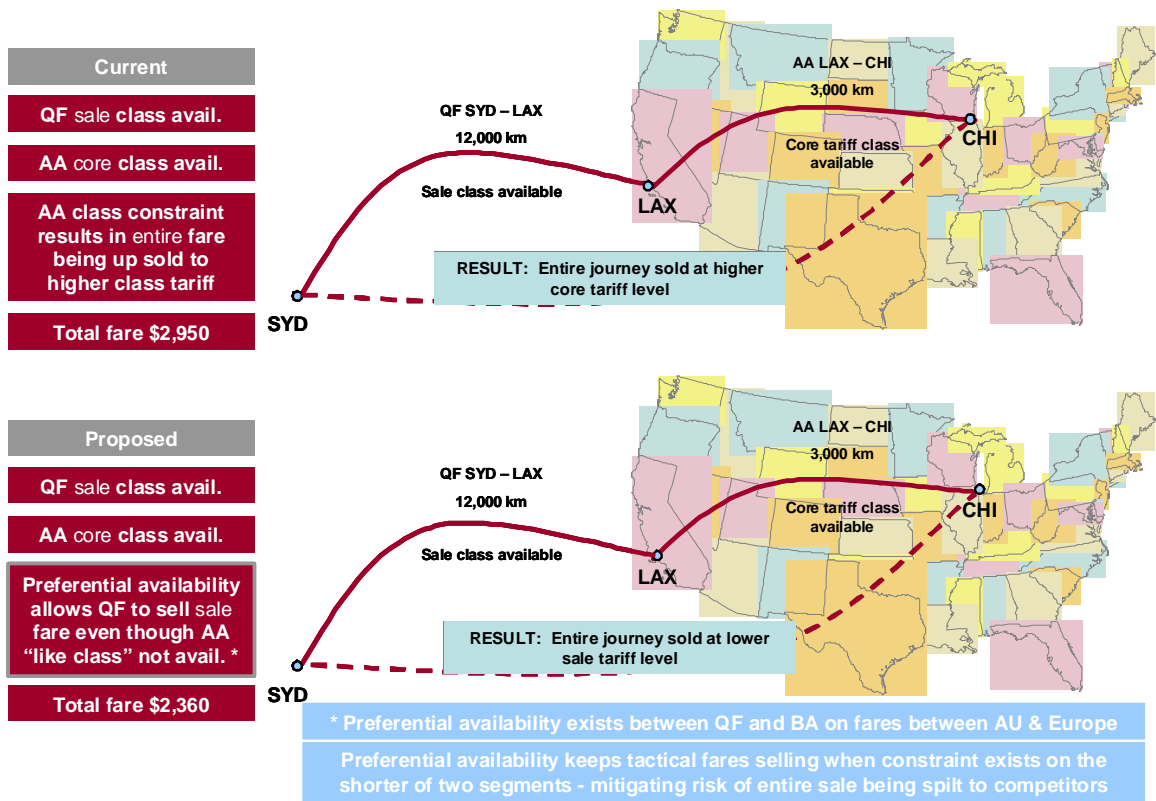
Fare reductions by city



The Proposed JBA would also allow the introduction of a 'Walkabout Pass' for passengers travelling to the United States from Australia and New Zealand on Qantas/AA flights. Using the Walkabout Pass a passenger can fly multiple sectors on the same ticket as opposed to purchasing sector fares. Currently, passengers travelling to the United States can use a **oneworld** 'Visit North America Pass' but this product is not stop-over friendly and involves add-ons to the Los Angeles tariff.

The proposed US Walkabout Pass is designed as a simplified offering which would enable more effective marketing of beyond gateway multi-sector itineraries under which fares would be based on mileage and tiered accordingly. Tiered fare levels would result in lower lead-in fares. Under the Proposed JBA Qantas would also offer AA access to a domestic Australia pass to boost AA's ex United States offering.

The Proposed JBA would also give the Applicants the ability to plan and provide preferential availability. This would enhance the zoned pricing structure by ensuring more availability for discounted fares across a broader travel period. The diagram below shows the implications of this change.



In addition to direct Trans-Pacific flights to the United States, the Proposed JBA would enable the Applicants to develop and promote fare products for multi-stop itineraries across a range of destinations to meet the needs of passengers in a way not facilitated by the current **oneworld** multi-sector products. These sorts of itineraries could include services from the United States to Australia via Asia or from the United States to Asia via Europe.

12.3 Increased Tourism

Approximately half a million visitors from the United States arrive in Australia each year. This is approximately the same as the number who arrived almost a decade ago.⁶⁴ This comparative stagnancy presents an opportunity to grow this source of potential tourism revenue, most recently acknowledged by Tourism Australia and its partners (including Qantas) in a new campaign featuring Oprah Winfrey. The challenge made more acute by the current exchange rate which makes travel to Australia by residents of the United States comparatively expensive.

The opportunity to develop a comprehensive collective strategy for the Trans-Pacific will give the Applicants a better chance of successfully stimulating tourism to Australia. The Applicants consider the Proposed JBA offers a number of features that will have this result including:

- the introduction of the new services into AA's hub at Dallas/Fort Worth;
- the ability to promote Australia using an integrated sales and distribution network drawing on the expertise of Qantas and AA in their respective home countries; and
- the opportunity to utilise AAVacations to actively promote Australia as a holiday destination to residents of the United States.

As set out in section 12.1 above, the addition of the new Dallas/Fort Worth service will open new markets for the Australian tourism industry, complementing existing services from Los Angeles to Sydney, Melbourne and Brisbane, as well as increasing codeshare options for AA customers to a further five destinations from Brisbane.

The enhanced service offering of the Proposed JBA would be promoted by an integrated sales and distribution network. By drawing on the expertise of Qantas and AA in their respective home countries, and the provision of better information to agents, the Proposed JBA would be able to achieve more efficiently and effectively the promotion of travel to Australia.

AAVacations is an award-winning tour operator that offers complete holiday packages as well as hotels, rental cars and activities. While AAVacations offers packages to 320 destinations around the world, to date it has offered very little land product in Australia, has no product in many popular Australian destinations and does not actively promote Australia as a destination.

Drawing on Qantas' extensive Australian expertise and infrastructure, the Proposed JBA would allow AAVacations to develop a comprehensive range of Australian and Asia Pacific land, air and integrated products and actively market this to residents of the United States and its own customer base.

To achieve this, it is proposed that AAVacations would partner with Tour East Australia, a majority owned subsidiary of Qantas. Tour East Australia is one of the largest inbound operators in Australia servicing over 70,000 passengers annually. Tour East Australia offers a comprehensive range of tour programs, hotel accommodation, ground transportation, sightseeing tours, extended touring and tailor-made itineraries.

⁶⁴ Source: Australian Bureau of Statistics.

Tour East's established presence and extensive inbound experience would enable AAVacations to establish a competitive product that it would be unable to cost effectively replicate on its own. Under the proposed partnership, Tour East would dedicate resources to assist AA to fast-track implementation of the initiative.

Cooperation between Qantas and AAVacations will drive improved access to lower priced land inventory in Australia as a result of the increased purchasing scale. This would enable both Qantas and AAVacations to pass these savings on to consumers. In the case of AAVacations, it is estimated that these arrangements would enable it to offer integrated holiday packages at a 5 to 15% discount to the cost of purchasing flights and land components separately.

This initiative can be expected to increase demand for leisure travel from the United States to Australia, with immediate benefits and growing volumes over time. AAVacations expects to attract close to 800,000 monthly visitors to its website in 2011. The importance of this marketing and distribution channel is significant because the internet is by far the most commonly used information source for first time visitors to Australia from the United States, with more than half of first time visitors using this medium to gather information.⁶⁵ AAVacations estimates that, based on its experience of conversion rates in other markets and the specific characteristics of Australia as a destination, the launch of Australian vacations packages could initially generate up to 360 additional visitors to Australia and New Zealand per month. As the product offering is enhanced and destination awareness grows, the benefits could be far greater over time.

Demand for travel by United States' residents to Australia is highly price elastic. The Applicants consider the Proposed JBA is likely to reduce both fares and the cost of package holidays to Australia from the United States. A 20 percent increase in calendar year 2009 visitation levels would generate approximately 100,000 additional visitors from the United States per annum. At current spending levels by United States residents when they visit Australia (just under A\$5,000 per visitor)⁶⁶, this would represent a opportunity of \$500 million to the Australian economy.

12.4 Streamlined Corporate Travel Procurement

Corporate customers are increasingly seeking the simplicity and convenience of a single contract with alliance-based market share targets to maximise their discounts. Sky Team and Star Alliance are already leveraging their extensive immunised relationships to incentivise organisations to deal with their members. While not the equivalent of a multilateral alliance, the bilateral immunised alliance of the Proposed JBA will deliver tangible benefits for corporate customers.

Together the Applicants can develop a joint strategy to better service their corporate customers by drawing on their respective experience and perspective. The Proposed JBA would enable the Applicants to develop joint fare products for large corporate as well as small-to-medium enterprises and provide incentives for the Applicants to leverage their home point-of-sale strengths to promote and distribute these products.

⁶⁵ Tourism Australia's 2009 USA International Visitor Profile.

⁶⁶ Tourism Research Australia. *Spend per US Visitor to Australia FY04 to FY10*

12.5 Stronger Frequent Flyer Proposition/Offering

Under the current Frequent Flyer Agreement, when AAdvantage/Qantas Frequent Flyer on points are not permitted and there is only 50% AAdvantage mileage accrual on Qantas' most discounted sale fares.

The Proposed JBA provides incentives for the Applicants to consider mutual automatic status recognition for members of both frequent flyer programs. This would result in more benefits to customers and make both airlines' loyalty programs more competitive. The Proposed JBA also provides incentives for the Applicants to better leverage the respective strengths of both membership bases to conduct joint marketing programs, generating more traffic for the joint network. This benefit would not be possible absent the new deeper relationship.

The introduction of the Dallas/Fort Worth services also has benefits for frequent flyers travelling beyond gateway ports. Dallas/Fort Worth is AA's main hub and is located between the east and west coasts of the United States. Accordingly, passengers who might previously have needed to obtain a connecting flight with another non-partner airline will be able to connect with AA services to other destinations and accrue points for the entire journey. For example, in 2010 approximately 7,000 passengers disembarked from a Qantas flight in Los Angeles or San Francisco and used another United States carrier to travel to Houston. These passengers can now connect from Dallas/Fort Worth direct to Houston with AA and earn an additional 1,000 points for a return journey. Similarly approximately 2,200 passengers disembarked from a Qantas flight in Los Angeles or San Francisco and used another United States carrier to travel to the Washington DC area. These passengers can now connect from Dallas/Fort Worth direct to Washington area airport with AA and earn an additional 1,180 points for a return journey.

13 Term of Authorisation

The Applicants seek authorisation for a period of five years. This period reflects the negligible detriment associated with the Proposed JBA and the significant public benefits that will be achieved.

14 Interim Authorisation

As set out above, one of the primary drivers for the introduction of the new Dallas/Fort Worth services was the opportunity to take advantage of AA's main hub in order to offer consumers the most comprehensive and efficient range of Trans-Pacific services. The Applicants seek interim authorisation to facilitate the introduction of these services.

In light of the urgent commercial imperatives and the long lead times associated with airline scheduling, in order to successfully commence the Dallas/Fort Worth services on 16 May 2011, and provide a platform for the expansion to daily flights, the Applicants need to immediately begin to coordinate schedules and commence marketing and selling. **[RESTRICTION OF PUBLICATION OF PART CLAIMED]** The ability to conduct a coordinated strategic campaign in both countries is the only way to enable a viable launch for this important new service.

The Proposed JBA will result in considerable public benefits in terms of new services and lower fares to the destinations in the United States to which most Australians wish to travel. These benefits will begin immediately on the grant of interim authorisation.

Given that AA does not operate on the Trans-Pacific Routes and its market share arising from the current codeshare relationship is marginal, there would be no lessening of competition or detriment to other parties as a result of implementation of the Proposed JBA on an interim basis. Conversely, the Applicants would suffer detriment if interim authorisation is not granted. Without the ability to cooperate with AA in the lead up to the sales and operational launch:

- the launch of the Dallas/Fort Worth services would be less effective and more high risk because Qantas would not be able to take advantage of AA's established US distribution channels; and
- the services offered would be less attractive, as Qantas and AA would be unable to coordinate schedules to provide better connectivity or provide competitively priced multi-destination itineraries.

The Applicants consider that there are clear benefits and no detriments associated with the Proposed JBA. Interim authorisation would not have a significant impact on or permanently alter the market structure or dynamics and there would therefore be no long term implications of such a decision.

Appendix A - Freedoms of the Air

First freedom rights - the right to fly over any other country;

Second freedom rights - the right to stop in a country for refuelling or maintenance on the way to another country, without transferring passengers or cargo;

Third freedom rights - the right for a designated airline to take passengers or cargo from its home country to another country;

Fourth freedom rights - the right for a designated airline to take passengers or cargo from another country to its home country;

Fifth freedom rights - the right for a designated airline as part of a service from its home country to pick up passengers or cargo from another country and take them to a third country;

Sixth freedom rights - the right for a designated airline to use a combination of third and fourth freedom rights under separate ASAs to carry a passenger or cargo from one country through its home country to a third country;

Seventh freedom rights - the right for a designated airline to operate services from a second country to a third country without the service originating in the designated airline's home country;

Eighth freedom rights (consecutive cabotage) - the right for a designated airline to operate domestic services within another country with continuing service to or from its own country; and

Ninth freedom rights (stand alone cabotage) - the right for a designated airline to operate domestic services within another country without continuing service to or from its own country.

Most Air Services Agreements permit the use of first, second, third and fourth freedom rights. Many also permit the limited use of fifth freedom rights.

Appendix B - Qantas International Destinations

Continent	Destinations		
Pacific	Auckland	Christchurch	Wellington
	Queenstown	Noumea	
Asia	Bangkok	Hong Kong	Jakarta
	Manila	Mumbai	Shanghai
	Singapore	Tokyo	
Europe	Frankfurt	London	
Americas	Honolulu	New York	Los Angeles
	Dallas/Forth Worth ⁶⁷	Buenos Aires	
Africa	Johannesburg		

⁶⁷ From 16 May 2011

Appendix C - AA United States Destinations⁶⁸

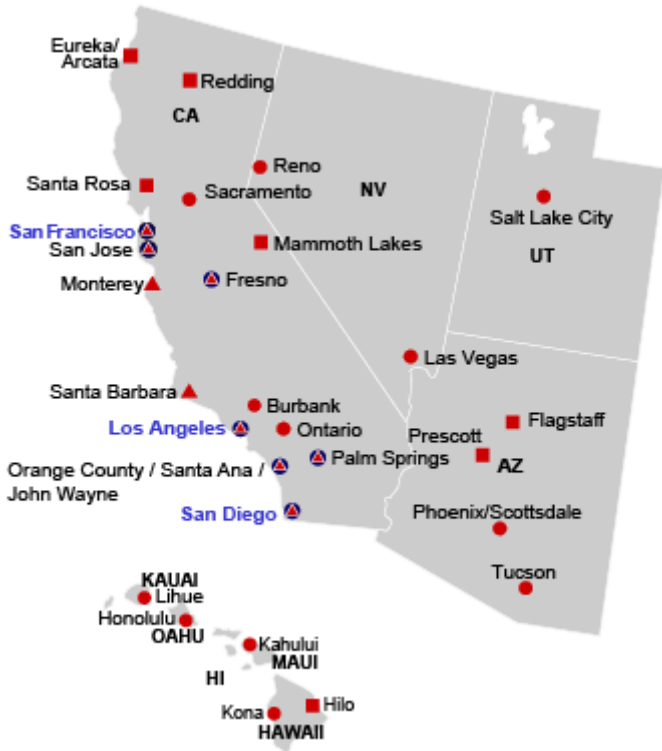
- American
- ▲ American Eagle &/or AmericanConnection
- ⊕ American, American Eagle &/or AmericanConnection
- American
- Codeshare Cities
- * Seasonal Cities

Northwest United States



⁶⁸ Information sourced from AA, Airline Route Map. Available at: <http://www.aa.com/i18n/aboutUs/whereWeFly/maps/world.jsp?anchorEvent=false&from=Nav>

Southwest United States



North Central United States



South Central United States



Northeast United States



Southeast United States



Canada



Mexico



South America



Appendix E - The JB Services

The JB Services		
Service	Route	Operator
Trans-Pacific Routes	Brisbane – Los Angeles	QF
	Brisbane – Dallas/Fort Worth	QF
	Sydney – Los Angeles	QF
	Sydney – New York (JFK)	QF
	Sydney – Dallas/Fort Worth	QF
	Sydney – Honolulu	QF
	Melbourne – Los Angeles	QF
	Auckland – Los Angeles	QF

'Behind and Beyond' Codeshare Routes	Adelaide – Brisbane	QF
	Adelaide – Melbourne	QF
	Auckland – Brisbane	QF
	Auckland – Sydney	QF
	Brisbane – Canberra	QF
	Brisbane – Cairns	QF
	Brisbane – Melbourne	QF
	Brisbane – Perth	QF
	Brisbane – Sydney	QF
	Christchurch – Sydney	QF
	Melbourne – Canberra	QF
	Sydney – Adelaide	QF
	Sydney – Alice Springs	QF
	Sydney – Canberra	QF
Sydney – Cairns	QF	

Sydney – Hobart	QF
Sydney – Melbourne	QF
Sydney – Perth	QF
Los Angeles – Albuquerque	AA
Los Angeles – Austin	AA
Los Angeles – Boise	AA
Los Angeles – Nashville	AA
Los Angeles – Boston	AA
Los Angeles – Denver	AA
Los Angeles – Dallas/Fort Worth	AA
Los Angeles – El Paso	AA
Los Angeles – Newark	AA
Los Angeles – Fresno	AA
Los Angeles – Washington (Dulles)	AA
Los Angeles – Houston Bush International	AA
Los Angeles – New York (JFK)	AA
Los Angeles – Las Vegas	AA
Los Angeles – Orlando	AA
Los Angeles – Miami	AA
Los Angeles – Monterey, Mexico	AA
Los Angeles – Oklahoma City	AA
Los Angeles – Chicago	AA
Los Angeles – Phoenix	AA
Los Angeles – San Diego	AA
Los Angeles – Santa Barbara	AA
Los Angeles – San Francisco	AA
Los Angeles – San Jose, CA	AA

Los Angeles – Salt Lake City	AA
Los Angeles – Sacramento	AA
Los Angeles – Saint Louis	AA
Los Angeles – Tucson	AA
Los Angeles – Toronto	AA
Honolulu – Dallas Fort Worth	AA
Honolulu – Los Angeles	AA
Honolulu – Chicago	AA
Honolulu – San Francisco	AA
Chicago – Atlanta	AA
Chicago – Minneapolis	AA
Chicago – New Orleans	AA
Chicago – Detroit	AA
Chicago – Tampa	AA
Chicago – Indianapolis	AA
Chicago – Cincinnati	AA
Chicago – Pittsburgh	AA
Chicago – Ottawa	AA
Chicago – Montreal (Pierre Elliott Trudeau)	AA
Chicago – Toronto	AA
New York (JFK) – Tampa	AA
New York (JFK) – Boston	AA
New York (JFK) – Orlando	AA
New York (JFK) – Baltimore	AA
New York (JFK) – Raleigh/Durham	AA
New York (JFK) – Pittsburgh	AA
New York (JFK) – Montreal	AA

	New York (JFK) – Halifax International	AA
	New York (JFK) – Toronto	AA
	San Francisco – Boston	AA
	San Francisco – Dallas/Fort Worth	AA
	San Francisco – New York (JFK)	AA
	San Francisco – Miami	AA
	San Francisco – Chicago	AA
	San Francisco – St Louis	AA
	Dallas/Ft Worth – Atlanta	AA
	Dallas/Ft Worth – Austin	AA
	Dallas/Ft Worth – Hartford	AA
	Dallas/Ft Worth – Nashville	AA
	Dallas/Ft Worth – Boston	AA
	Dallas/Ft Worth – Baltimore	AA
	Dallas/Ft Worth – Cleveland	AA
	Dallas/Ft Worth – Charlotte	AA
	Dallas/Ft Worth – Columbus, OH	AA
	Dallas/Ft Worth – Cincinnati	AA
	Dallas/Ft Worth – Cancun, Mexico	AA
	Dallas/Ft Worth – Washington D.C (Reagan)	AA
	Dallas/Ft Worth – Denver	AA
	Dallas/Ft Worth – Des Moines	AA
	Dallas/Ft Worth – Detroit	AA
	Dallas/Ft Worth – Newark	AA
	Dallas/Ft Worth – Fort Lauderdale	AA
	Dallas/Ft Worth – Guadalajara, Mexico	AA
	Dallas/Ft Worth – Grand Rapids, MI	AA

Dallas/Ft Worth – Houston (Hobby)	AA
Dallas/Ft Worth – Washington (Dulles)	AA
Dallas/Ft Worth – Houston (Bush)	AA
Dallas/Ft Worth – Indianapolis	AA
Dallas/Ft Worth – Jacksonville, FL	AA
Dallas/Ft Worth – New York (JFK)	AA
Dallas/Ft Worth – Las Vegas	AA
Dallas/Ft Worth – Lexington, KY	AA
Dallas/Ft Worth – New York (LaGuardia)	AA
Dallas/Ft Worth – Kansas City, MO	AA
Dallas/Ft Worth – Orlando	AA
Dallas/Ft Worth – Memphis	AA
Dallas/Ft Worth – Mexico City, Mexico	AA
Dallas/Ft Worth – Miami	AA
Dallas/Ft Worth – Milwaukee	AA
Dallas/Ft Worth – Madison	AA
Dallas/Ft Worth – Minneapolis (St Paul)	AA
Dallas/Ft Worth – New Orleans (Louis Armstrong)	AA
Dallas/Ft Worth – Monterrey, Mexico	AA
Dallas/Ft Worth – Oklahoma City	AA
Dallas/Ft Worth – Omaha	AA
Dallas/Ft Worth – Chicago	AA
Dallas/Ft Worth – Norfolk, VA	AA
Dallas/Ft Worth – Philadelphia	AA
Dallas/Ft Worth – Phoenix	AA
Dallas/Ft Worth – Pittsburgh	AA
Dallas/Ft Worth – Puerto Vallarta, Mexico	AA

	Dallas/Ft Worth – Raleigh/Durham	AA
	Dallas/Ft Worth – San Antonio	AA
	Dallas/Ft Worth – Louisville	AA
	Dallas/Ft Worth – Saint Louis, MO	AA
	Dallas/Ft Worth – Tampa	AA
	Dallas/Ft Worth – Tulsa	AA
	Dallas/Ft Worth – Vancouver, Canada	AA
	Dallas/Ft Worth – Calgary, Canada	AA
	Dallas/Ft Worth – Toronto, Canada	AA
	Dallas/Ft Worth – Montreal, Canada	AA

Appendix F - Other Carriers

Air Canada

Air Canada is Canada's largest full-service airline and the largest provider of scheduled passenger services in the Canadian market, the Canada/United States trans-border market and in the international market to and from Canada. In 2009, Air Canada, together with its regional partner Jazz, carried approximately 31 million customers and provides direct passenger service and cargo services to over 170 destinations on five continents. Air Canada is also a founding member of Star Alliance, the world's most comprehensive air transportation network.⁷⁰

Air Canada has an extensive global network, with hubs in four Canadian cities (Toronto, Montreal, Vancouver and Calgary), providing scheduled passenger service directly to 59 Canadian cities, 58 destinations in the United States and 60 cities in Europe, the Middle East, Asia, Australia, the Caribbean, Mexico and South America. Through its strategic and commercial arrangements with Star Alliance partner airlines Air Canada offers service to over 1,077 destinations in 175 countries.⁷¹

Air Canada offers an indirect service from Sydney to Los Angeles and San Francisco, with one stop in Vancouver.

Air Pacific

Air Pacific Limited is Fiji's international carrier and has its hub in Nadi. It operates international and domestic services around the Pacific and to North America.⁷²

Air Pacific operates indirect services from Brisbane, Melbourne and Sydney to Los Angeles via Nadi.

Air Tahiti Nui

Air Tahiti Nui is the flag carrier of French Polynesia and is based in Papeete, Tahiti. It was founded in 1996 and commenced flight operations in 1998 connecting Tahiti to its major tourism markets. Air Tahiti Nui also operates ATN Freight, which provides cargo services within the Pacific Rim, North America and Europe. The major shareholder is the Government of French Polynesia.⁷³

Air Tahiti Nui offers a one-stop indirect flight from Sydney to Los Angeles.

⁷⁰ Air Canada, 'Corporate Profile - Overview May 2010', available at: <http://www.aircanada.com/en/about/acfamily/index.html>

⁷¹ Air Canada 'Corporate Profile - Overview May 2010', available at: <http://www.aircanada.com/en/about/acfamily/index.html>

⁷² Air Pacific, 'Flights' available at: <http://www.airpacific.com/Flights/Intro>

⁷³ Air Tahiti Nui, 'Company Profile' available at: <http://www.airtahitinui.com.au/company/profile.asp>

Cathay Pacific Airlines

Cathay Pacific is the flag carrier of Hong Kong, with its main hub at Hong Kong International Airport. Cathay Pacific serves 119 destinations in 37 countries.⁷⁴

Cathay Pacific offers one-stop indirect flights from Australia to the United States via Hong Kong. It flies from Sydney, Melbourne, Brisbane, Adelaide and Perth to Hong Kong, and operates long-haul Trans-Pacific flights from Hong Kong to Los Angeles, New York and San Francisco.⁷⁵

Hawaiian Airlines

Hawaiian Airlines is based in Honolulu and operates its main hub at Honolulu International Airport. Hawaiian Airlines operates domestic flights between the United States mainland and the islands of Hawaii, as well international destinations (including Sydney) in the Pacific region.⁷⁶

Hawaiian Airlines offers an indirect service from Sydney to Los Angeles via Honolulu. It has flights three times daily from Honolulu to Los Angeles, and connections to Oakland, Sacramento, San Diego, San Francisco, San Jose, Las Vegas, Phoenix, Portland, and Seattle.⁷⁷

Singapore Airlines

Singapore Airlines is the national carrier of Singapore, with its main hub at Singapore's Changi Airport. Singapore Airlines offers services to 61 countries in 34 countries.⁷⁸

Singapore Airlines offers one-stop indirect flights from Australia to the United States via its hub. It flies from Sydney, Melbourne, Brisbane, Adelaide and Perth to Singapore and operates flights from Singapore to Los Angeles and New York.⁷⁹

Emirates

Emirates operates more than 1,000 flights per week across six continents from its base at Dubai International airport, which has the capacity to handle 70 million passengers per year.

Emirates offers one-stop indirect flights from Australia to the United States via its hub. It flies from Sydney, Melbourne, Brisbane and Perth to Dubai and operates flights from there to Los Angeles, Houston, San Francisco and New York.

⁷⁴ Cathay Pacific, 'About Us' available at: http://www.cathaypacific.com/cpa/en_INTL/aboutus/cxbackground/factsheet?refID=b53e1f8eab6b9010VgnVCM1000021d21c39

⁷⁵ Cathay Pacific 'Destinations' available at http://www.cathaypacific.com/cpa/en_INTL/helpingyotravel/destinations

⁷⁶ Hawaiian Airlines, 'About Us' available at: <http://www.hawaiianair.com/Aboutus>

⁷⁷ Hawaiian Airlines, available at <http://www.hawaiianair.com/AboutUs/Pages/factsheet.aspx>

⁷⁸ Singapore Airlines, 'Route Map' available at http://www.singaporeair.com/saa/en_UK/content/flights-fares/routemap/AustraliaNewZealandRouteMap.jsp

⁷⁹ Singapore Airlines 'Route Map: Australia and New Zealand' available at http://www.singaporeair.com/saa/en_UK/content/flights-fares/routemap/AustraliaNewZealandRouteMap.jsp and

'Route Map: North America' available at http://www.singaporeair.com/saa/en_UK/content/flights-fares/routemap/NorthAmericaRouteMap.jsp

Appendix G - Passenger Market Shares

(1) Total Australia to United States - All Passengers

Carrier	FY 07		FY 08		FY 09		FY 10	
	PAX	%	PAX	%	PAX	%	PAX	%
Qantas	530,146	57%	531,839	54%	514,218	52%	405,206	43%
Jetstar	26,000	3%	54,174	6%	52,645	5%	47,329	5%
United Airlines	173,985	19%	161,717	17%	170,042	17%	162,593	17%
V Australia	-	0%	-	0%	32,359	3%	119,327	13%
Delta	-	0%	-	0%	-	0%	62,401	6%
Hawaiian Airlines	29,025	3%	27,395	3%	26,012	3%	26,711	3%
Air NZ	69,738	7%	74,932	8%	69,513	7%	46,074	5%
Singapore Airlines	19,284	2%	20,686	2%	16,800	2%	12,105	1%
Other	90,117	10%	105,311	11%	100,991	10%	71,228	7%

(2) Total Australia to United States - Business

Carrier	FY 07		FY 08		FY 09		FY 10	
	PAX	%	PAX	%	PAX	%	PAX	%
Qantas	164,753	63%	168,386	61%	138,525	58%	105,205	50%
Jetstar	2,220	1%	4,875	2%	4,983	2%	3,521	2%
United Airlines	52,377	20%	52,876	19%	45,512	19%	41,263	19%
V Australia	-	0%	-	0%	5,755	2%	17,857	8%
Delta	-	0%	-	0%	-	0%	11,844	6%
Hawaiian Airlines	2,260	1%	1,971	1%	3,205	1%	1,821	1%
Air NZ	11,514	4%	13,995	5%	12,845	5%	8,362	4%
Singapore Airlines	7,718	3%	7,964	3%	6,603	3%	5,139	2%
Other	21,940	8%	24,732	9%	22,893	10%	16,279	7%

(3) Total Australia to United States - Leisure

Carrier	FY 07		FY 08		FY 09		FY 10	
	PAX	%	PAX	%	PAX	%	PAX	%
Qantas	308,228	54%	305,921	51%	321,923	51%	262,757	40%
Jetstar	21,741	4%	44,102	7%	42,638	7%	40,165	6%
United Airlines	104,816	18%	91,911	15%	107,614	17%	107,868	16%
V Australia	1	0%	-	0%	24,281	4%	91,926	14%
Delta	-	0%	-	0%	-	0%	44,621	7%
Hawaiian Airlines	24,588	4%	23,391	4%	20,281	3%	23,705	4%
Air NZ	50,298	9%	53,678	9%	48,394	8%	32,730	5%
Singapore Airlines	9,706	2%	10,761	2%	8,607	1%	5,672	1%
Other	55,778	10%	66,881	11%	63,014	10%	44,685	7%

(4) Total NSW to United States - Business

Carrier	FY 07		FY 08		FY 09		FY 10	
	PAX	%	PAX	%	PAX	%	PAX	%
Qantas	95,488	59%	97,957	59%	80,154	54%	60,309	46%
Jetstar	1,431	1%	3,797	2%	4,212	3%	2,496	2%
United Airlines	40,429	25%	40,975	25%	35,211	24%	31,728	24%
V Australia	-	0%	-	0%	4,741	3%	11,584	8%
Delta	-	0%	-	0%	-	0%	11,843	9%
Hawaiian Airlines	2,260	1%	1,970	1%	3,205	2%	1,821	1%
Air NZ	4,294	3%	5,860	4%	5,503	4%	3,162	3%
Other	16,714	10%	15,347	9%	14,818	10%	9,118	7%

(5) Total Victoria to United States - Business

Carrier	FY 07		FY 08		FY 09		FY 10	
	PAX	%	PAX	%	PAX	%	PAX	%
Qantas	42,476	68%	41,489	65%	32,251	64%	26,053	60%
Jetstar	556	1%	891	1%	172	0%	444	1%
United Airlines	11,822	19%	11,549	18%	10,238	20%	9,492	22%
V Australia	-	0%	-	0%	-	0%	1,303	3%
Singapore Airlines	1,731	3%	1,873	3%	1,412	3%	921	2%
Cathay Pacific	794	1%	1,715	3%	1,190	2%	756	2%
Air NZ	3,634	6%	4,316	7%	3,440	7%	2,524	6%
Other	1,510	2%	1,806	3%	1,953	4%	2,176	4%

(6) Total Queensland to United States - Business

Carrier	FY 07		FY 08		FY 09		FY 10	
	PAX	%	PAX	%	PAX	%	PAX	%
Qantas	24,518	76%	26,001	76%	23,605	73%	17,339	61%
Air NZ	2,966	9%	2,683	8%	2,872	9%	1,918	8%
V Australia	-	0%	-	0%	1,014	3%	4,970	17%
Air Pacific	345	1%	478	1%	371	1%	200	1%
Other	4,258	13%	4,888	14%	4,533	14%	3,808	13%

Source: ABS

Data includes indirect services and services to Hawaii.

Business market share includes business, convention and employment.

Leisure market share includes holiday and visiting friends and relatives.

Appendix H - Market Shares by Capacity

Capacity and Frequency as at December 2007

City Pair	Carrier	Frequency	Seat (Return) by Cabin					Capacity Share by Cabin				
			Total	First	Business	Premium Economy	Economy	Total	First	Business	Premium Economy	Economy
LAX-SYD	Qantas	16	5,560	224	996		4,340	62%	62%	58%	0%	72%
	United	10	3,470	140	730	880	1,720	38%	38%	42%	100%	28%
	V Australia							0%	0%	0%	0%	0%
	Delta							0%	0%	0%	0%	0%
	Total	26	9,030	364	1,726	880	6,060					
LAX-MEL	Qantas	7	2,401	98	448		1,855	100%	100%	100%		100%
	United		0	0	0	0	0	0%	0%	0%		0%
	V Australia							0%	0%	0%		0%
	Delta							0%	0%	0%		0%
	Total	7	2,401	98	448	0	1,855					
LAX-BNE	Qantas	5	2,060		280		1,780	100%		100%		100%
	United							0%		0%		0%
	V Australia							0%		0%		0%
	Delta							0%		0%		0%
	Total	5	2,060	0	280	0	1,780					
SFO-SYD	Qantas	5	1,751	70	306		1,375	42%	42%	37%	0%	53%
	United	7	2,429	98	511	616	1,204	58%	58%	63%	100%	47%
	V Australia							0%	0%	0%	0%	0%
	Delta							0%	0%	0%	0%	0%
	Total	12	4,180	168	817	616	2,579					

City Pair	Carrier	Frequency	Seat (Return) by Cabin					Capacity Share by Cabin				
			Total	First	Business	Premium Economy	Economy	Total	First	Business	Premium Economy	Economy
Total	Qantas	33	11,772	392	2,030	0	9,350	67%	62%	62%	0%	76%
	United	17	5,899	238	1,241	1,496	2,924	33%	38%	38%	100%	24%
	V Australia	0	0	0	0	0	0	0%	0%	0%	0%	0%
	Delta	0	0	0	0	0	0	0%	0%	0%	0%	0%
	Total	50	17,671	630	3,271	1,496	12,274					

Notes:

United operated 3pw LAX-SYD seasonal services 15-27 Dec and 31 Dec-17 Jan.

Source: Airport Coordination Australia, Amadeus, airline websites

Capacity and Frequency as at December 2008

City Pair	Carrier	Frequency	Seat (Return) by Cabin					Capacity Share by Cabin				
			Total	First	Business	Premium Economy	Economy	Total	First	Business	Premium Economy	Economy
LAX-SYD	Qantas	17	6,016	238	1,084	320	4,374	70%	74%	75%	40%	72%
	United	7	2,618	84	364	490	1,680	30%	26%	25%	60%	28%
	V Australia							0%	0%	0%	0%	0%
	Delta							0%	0%	0%	0%	0%
	Total	24	8,634	322	1,448	810	6,054					
LAX-MEL	Qantas	7	2,425	98	464	264	1,599	48%	54%	56%	35%	49%
	United	7	2,618	84	364	490	1,680	52%	46%	44%	65%	51%
	V Australia							0%	0%	0%	0%	0%
	Delta							0%	0%	0%	0%	0%
	Total	14	5,043	182	828	754	3,279					
LAX-BNE	Qantas	7	2,884		392		2,492	100%		100%		100%
	United							0%		0%		0%
	V Australia							0%		0%		0%
	Delta							0%		0%		0%
	Total	7	2,884	0	392	0	2,492					
SFO-SYD	Qantas	5	1,715	70	320		1,325	40%	45%	47%	0%	44%
	United	7	2,618	84	364	490	1,680	60%	55%	53%	100%	56%
	V Australia							0%	0%	0%	0%	0%
	Delta							0%	0%	0%	0%	0%
	Total	12	4,333	154	684	490	3,005					

City Pair	Carrier	Frequency	Seat (Return) by Cabin					Capacity Share by Cabin				
			Total	First	Business	Premium Economy	Economy	Total	First	Business	Premium Economy	Economy
Total	Qantas	36	13,040	406	2,260	584	9,790	62%	62%	67%	28%	66%
	United	21	7,854	252	1,092	1,470	5,040	38%	38%	33%	72%	34%
	V Australia	0	0	0	0	0	0	0%	0%	0%	0%	0%
	Delta	0	0	0	0	0	0	0%	0%	0%	0%	0%
	Total	57	20,894	658	3,352	2,054	14,830					

Notes:

United operated daily non-stop supplementary services between MEL-LAX from 17Dec08 - 12Jan09.

United's new P&J cabin product embodied on LAX and SFO from Nov08. Configuration changed from 347 seats to 374 seats (+10%).

Qantas commenced 3pw A380 services on LAX-SYD.

Source: Airport Coordination Australia, Amadeus, airline websites

Capacity and Frequency as at December 2009

City Pair	Carrier	Frequency	Seat (Return) by Cabin					Capacity Share by Cabin				
			Total	First	Business	Premium Economy	Economy	Total	First	Business	Premium Economy	Economy
LAX-SYD	Qantas	14	5,299	196	966	504	3,633	43%	70%	51%	40%	41%
	United	7	2,618	84	364	490	1,680	21%	30%	19%	38%	19%
	V Australia	7	2,527		231	280	2,016	20%	0%	12%	22%	23%
	Delta	7	1,946		315		1,631	16%	0%	17%	0%	18%
	Total	35	12,390	280	1,976	1,274	8,960					
LAX-MEL	Qantas	7	2,578	98	480	256	1,744	78%	100%	88%	76%	75%
	United							0%	0%	0%	0%	0%
	V Australia	2	722		66	80	576	22%	0%	12%	24%	25%
	Delta							0%	0%	0%	0%	0%
	Total	9	3,300	98	546	336	2,320					
LAX-BNE	Qantas	6	2,411		344		2,067	69%		78%	0%	71%
	United							0%		0%	0%	0%
	V Australia	3	1,083		99	120	864	31%		22%	100%	29%
	Delta							0%		0%	0%	0%
	Total	9	3,494	0	443	120	2,931					
SFO-SYD	Qantas	4	1,228	56	264	160	748	32%	40%	42%	25%	31%
	United	7	2,618	84	364	490	1,680	68%	60%	58%	75%	69%
	V Australia							0%	0%	0%	0%	0%
	Delta							0%	0%	0%	0%	0%
	Total	11	3,846	140	628	650	2,428					

City Pair	Carrier	Frequency	Seat (Return) by Cabin					Capacity Share by Cabin				
			Total	First	Business	Premium Economy	Economy	Total	First	Business	Premium Economy	Economy
Total	Qantas	31	11,516	350	2,054	920	8,192	50%	68%	59%	39%	49%
	United	14	5,236	168	728	980	3,360	23%	32%	21%	41%	20%
	V Australia	12	4,332	0	396	480	3,456	19%	0%	11%	20%	21%
	Delta	7	1,946	0	315	0	1,631	8%	0%	9%	0%	10%
	Total	64	23,030	518	3,493	2,380	16,639					

Notes:

Qantas – additional 1pw A380 service on LAX-MEL from end of Dec09 included in schedule.

Qantas – daily A380 service on LAX-SYD from end of Dec09 included in schedule.

Qantas cancelled 3pw LAX-SYD services in Feb09.

Source: Airport Coordination Australia, Amadeus, airline websites

Capacity and Frequency as at May 2010

City Pair	Carrier	Frequency	Seat (Return) by Cabin					Capacity Share by Cabin				
			Total	First	Business	Premium Economy	Economy	Total	First	Business	Premium Economy	Economy
LAX-SYD	Qantas	14	5,299	196	966	504	3,633	44%	70%	52%	41%	42%
	United	7	2,618	84	364	490	1,680	22%	30%	20%	40%	19%
	V Australia	6	2,166		198	240	1,728	18%	0%	11%	19%	20%
	Delta	7	1,946		315		1,631	16%	0%	17%	0%	19%
	Total	34	12,029	280	1,843	1,234	8,672					
LAX-MEL	Qantas	7	2,578	98	480	256	1,744	78%	100%	88%	76%	75%
	United							0%	0%	0%	0%	0%
	V Australia	2	722		66	80	576	22%	0%	12%	24%	25%
	Delta							0%	0%	0%	0%	0%
Total	9	3,300	98	546	336	2,320						
LAX-BNE	Qantas	6	2,472		258	84	2,136	70%		72%	41%	71%
	United							0%		0%	0%	0%
	V Australia	3	1,083		99	120	864	30%		28%	59%	29%
	Delta							0%		0%	0%	0%
Total	9	3,555		357	204	3,000						
SFO-SYD	Qantas	4	1,228	56	264	160	748	32%	40%	42%	25%	31%
	United	7	2,618	84	364	490	1,680	68%	60%	58%	75%	69%
	V Australia							0%	0%	0%	0%	0%
	Delta							0%	0%	0%	0%	0%
	Total	11	3,846	140	628	650	2,428					

City Pair	Carrier	Frequency	Seat (Return) by Cabin					Capacity Share by Cabin				
			Total	First	Business	Premium Economy	Economy	Total	First	Business	Premium Economy	Economy
Total	Qantas	31	11,577	350	1,968	1,004	8,261	51%	68%	58%	41%	50%
	United	14	5,236	168	728	980	3,360	23%	32%	22%	40%	20%
	V Australia	11	3,971	0	363	440	3,168	17%	0%	11%	18%	19%
	Delta	7	1,946	0	315	0	1,631	9%	0%	9%	0%	10%
	Total	63	22,730	518	3,374	2,424	16,420					

Source: Airport Coordination Australia, Amadeus, airline websites

Capacity and Frequency as at April 2011

City Pair	Carrier	Frequency	Seat (Return) by Cabin					Capacity Share by Cabin				
			Total	First	Business	Premium Economy	Economy	Total	First	Business	Premium Economy	Economy
LAX-SYD	Qantas	14	5,299	196	966	504	3,633	43%	70%	52%	40%	41%
	United	7	2,618	84	364	490	1,680	21%	30%	20%	38%	19%
	V Australia	7	2,527		231	280	2,016	20%	0%	12%	22%	23%
	Delta	7	1,932		301		1,631	16%	0%	16%	0%	18%
	Total	35	12,376	280	1,862	784	8,960					
LAX-MEL	Qantas	7	2,721	98	486	248	1,889	72%	100%	83%	67%	69%
	United							0%	0%	0%	0%	0%
	V Australia	3	1,083		99	120	864	28%	0%	17%	33%	31%
	Delta							0%	0%	0%	0%	00%
	Total	10	3,804	98	585	368	2,753					
LAX-BNE	Qantas	6	2,118		396	192	1,530	59%		75%	55%	57%
	United							0%		0%	0%	0%
	V Australia	4	1,444		132	160	1,152	41%		25%	45%	43%
	Delta							0%		0%	0%	0%
	Total	10	3,562		528	352	2,682					
SFO-SYD	Qantas	4	1,228		264	104	860	32%	0%	42%	18%	34%
	United	7	2,618	84	364	490	1,680	68%	100%	58%	82%	66%
	V Australia							0%	0%	0%	0%	0%
	Delta							0%	0%	0%	0%	0%
	Total	11	3,846	84	628	104	3,030					

City Pair	Carrier	Frequency	Seat (Return) by Cabin					Capacity Share by Cabin				
			Total	First	Business	Premium Economy	Economy	Total	First	Business	Premium Economy	Economy
	Qantas	31	11,366	294	2,112	1,048	7,912	48%	64%	59%	40%	47%
	United	14	5,236	168	728	980	3,360	22%	36%	20%	38%	20%
	V Australia	14	5,504	0	462	560	4,032	21%	0%	13%	22%	24%
	Delta	7	1,932	0	301	0	1,631	8%	0%	8%	0%	10%
	Total	66	23,588	462	3,603	1,608	17,915					

Notes:

United configuration as per their website (12P / 52J / 310Y – Total 374)

United sells 70 of their 310 economy seats as “Economy Plus” – an economy seat with 6” greater pitch than standard economy seating, at a surcharge

V Australia 4pw BNE/LAX, 3pw MEL/LAX and daily SYD/LAX

Qantas – additional 1pw A380 service on LAX-MEL (tll 4pw), mix of 3 class and 4 class B744 aircraft on LAX-BNE

Source: Airport Coordination Australia, Amadeus, airline websites

Appendix I - Freight Market Shares

Total Freight (Tonnes)								
Carrier	FY 07		FY 08		FY 09		FY 10	
	Tonnes	%	Tonnes	%	Tonnes	%	Tonnes	%
Air Canada	3,856	4.8	1,733	2.3	8	0.0	15	0.0
Air NZ	6,054	7.6	5,421	7.1	2,832	4.4	-	0.0
Cargolux	788	1.0	1,171	1.5	777	1.2	787	1.0
Delta	-	0.0	-	0.0	-	0.0	7,103	9.1
Fedex	13,235	16.5	10,942	14.3	9,620	15.0	10,200	13.0
Hawaiian	870	1.1	928	1.2	599	0.9	386	0.5
Jetstar	859	1.1	2,517	3.3	1,553	2.4	1,359	1.7
Qantas	37,420	46.8	32,675	42.8	26,815	41.7	29,875	38.1
United	7,567	9.5	7,641	10.0	7,256	11.3	5,975	7.6
UPS	9,327	11.7	13,355	17.5	13,501	21.0	16,737	21.4
V Australia	-	0.0	-	0.0	1,371	2.1	5,883	7.5
TOTAL	79,976	100	76,382	100	64,332	100	78,320	100

Source: Bureau of Infrastructure, Transport and Regional Economics (BITRE)

Figures reported for freight (tonnes) carried between AU and USA

Appendix J - Current Lead in Fares

Fares are ex Australia in AU\$ and include base fare and fuel surcharge but exclude all applicable fees and taxes.

SYD-LAX (AU\$)					
Class	QF	AA	Delta	United	V Australia
Economy	2136	2136	1874	2074	1530
Premium Economy	4029	-	-	-	3500
Business	15484	15184	5026	5026	8909
First	19644	19344	-	19344	-

SYD-SFO (AU\$)					
Class	QF	AA	Delta	United	V Australia
Economy	2236	2236	1874	2074	1660
Premium Economy	4129	-	-	-	3750
Business	15484	15184	5438	5438	9615
First	19644	19344	-	21434	-

SYD-JFK (AU\$)					
Class	QF	AA	Delta	United	V Australia
Economy	2536	2536	2174	2374	1954
Premium Economy	4491	-	-	-	4250
Business	17092	16792	5934	5934	11615
First	21434	21134	-	21476	-

MEL-LAX (AU\$)					
Class	QF	AA	Delta	United	V Australia
Economy	2236	2236	1874	2174	1530
Premium Economy	4029	-	-	-	3500
Business	15484	15484	5026	5026	8909
First	19644	19644	-	19344	-

MEL-SFO (AU\$)					
Class	QF	AA	Delta	United	V Australia
Economy	2336	2336	1874	2174	1660
Premium Economy	4129	-	-	-	3750
Business	15484	15484	5438	5438	9615
First	19644	19644	-	21434	-

MEL-JFK (AU\$)					
Class	QF	AA	Delta	United	V Australia
Economy	2636	2636	2174	2474	1954
Premium Economy	4491	-	-	-	4250
Business	17092	17092	5934	5934	11615
First	21434	21434	-	21476	-

BNE-LAX (AU\$)					
Class	QF	AA	Delta	United	V Australia
Economy	2236	2236	1974	2374	1530
Premium Economy	4029	-	-	-	3500
Business	15484	15484	5526	5866	8909
First	19644	19644	-	19344	-

BNE-SFO (AU\$)					
Class	QF	AA	Delta	United	V Australia
Economy	2336	2336	1974	2374	1660
Premium Economy	4129	-	-	-	3750
Business	15484	15484	5938	6278	9615
First	19644	19644	-	22274	-

BNE-JFK (AU\$)					
Class	QF	AA	Delta	United	V Australia
Economy	2636	2636	2274	2674	1954
Premium Economy	4491	-	-	-	4250
Business	17092	17092	6434	6774	11615
First	21434	21434	-	22316	-

Source: Amadeus

Appendix K - Current Qantas and AA Sale Fares

Fares include base fare and fuel surcharge but exclude all applicable fees and taxes.

Current Sale Fares (AU\$)		
Class	QF	AA
SYD-LAX		
Economy	1309	1559
Premium Economy	2832	
Business	8593	
SYD-SFO		
Economy	1309	1559
Premium Economy	2832	
Business	8593	
SYD-JFK		
Economy	1509	1759
Business	8993	
SYD-DFW		
Economy	1333	
Business	8993	
MEL-LAX		
Economy	1309	1559
Premium Economy	2832	
Business	8593	
MEL-SFO		
Economy	1309	1559
Premium Economy	2832	
Business	8593	
MEL-JFK		
Economy	1509	1759
Business	8993	

Current Sale Fares (AU\$)		
Class	QF	AA
MEL-DFW		
Economy	1318	
Business	8993	
BNE-LAX		
Economy	1309	1559
Premium Economy	2832	
Business	8593	
BNE-SFO		
Economy	1309	1559
Premium Economy	2832	
Business	8593	
BNE-JFK		
Economy	1509	1759
Business	8993	
BNE-DFW		
Economy	1322	
Business	8993	

Source: Amadeus