



**PUBLIC REGISTER VERSION**

1 November 2012

Dr Richard Chadwick  
General Manager, Adjudication Branch  
Australian Competition & Consumer Commission  
Adjudication Branch  
23 Marcus Clarke Street  
CANBERRA ACT 2601  
By email: [richard.chadwick@accc.gov.au](mailto:richard.chadwick@accc.gov.au)

Dear Richard

**Qantas Airways Limited and Jetstar Airways Pty Ltd – Authorisation Applications A91314 & A91315**

We refer to your letter dated 29 October 2012. Please find attached a **confidential** response to your request for further information. We also attach a public version of our response (with confidential information redacted) to be placed on the Commission's public register.

At the outset, we note that there is a real legal question whether the *Competition and Consumer Act 2010* (Cth) (**CCA**) applies to the Proposed Conduct. This is because, under the Proposed Conduct, there is no coordination between any two airlines on an overlapping route that touches Australia. Nevertheless, as this is not a settled matter, we seek authorisation for the Proposed Conduct because Jetstar Airways has an integral role in coordinating the conduct of the Jetstar LCCs **and** sells tickets for services on all Jetstar LCCs on the Jetstar Australian website.

Given the multi-jurisdictional setting of the Proposed Conduct, as discussed at our meeting on 26 October 2012, we are seeking antitrust approval in a number of jurisdictions or have obtained legal advice confirming that the Proposed Conduct does not contravene the competition laws of the relevant countries. The effect of this is that the Proposed Conduct will comply with the laws of each foreign jurisdiction in which it occurs.

**[REDACTED COMMERCIAL IN CONFIDENCE]**

We would be happy to meet with you to discuss any issues further.

Yours sincerely

A handwritten signature in black ink, appearing to read "A Pritchard", written in a cursive style.

**Anna Pritchard**  
Head of Legal – Competition

## RESPONSES TO THE COMMISSION'S REQUEST FOR FURTHER INFORMATION DATED 29 OCTOBER 2012

### 1. Please provide written clarification of the conduct for which authorisation is sought.

#### Overview

Further to paragraph 5.1 of Submission, the Applicants seek authorisation for the Proposed Conduct. The Proposed Conduct entails the following three areas of coordination: **JVCA** coordination, **FSA/JV** coordination and **multiple overlap** coordination.

The Proposed Conduct does not involve, and the Applicants **do not** seek authorisation for, **FSA/FSA** coordination or **unrelated JV** coordination.

Each of the above areas of coordination is described in further detail below.

#### JVCA coordination

JVCA coordination involves coordination between each and all of the following airlines:

- (a) Qantas;
- (b) Jetstar Airways;
- (c) Jetstar Asia;
- (d) Jetstar Pacific;
- (e) Jetstar Japan; and
- (f) Jetstar Hong Kong.

As stated in paragraph 5.6 of the Submission, JVCA coordination comprises coordination of operations and activities (passenger and cargo), including:

- (a) network and scheduling decisions including routing, frequencies, aircraft types, product specifications, aircraft configurations, connection requirements and range of times for any services;
- (b) sales and marketing initiatives including the offering of customer rebates, incentives and discounts;
- (c) holiday products and joint promotions;
- (d) pricing and inventory decisions including agreeing fares and new fare products;
- (e) product distribution channels;
- (f) frequent flyer and other loyalty programs;
- (g) in-flight products or services;
- (h) information technology;
- (i) joint purchasing and procurement including but not limited to back office functions, fleet acquisitions and engineering services;

- (j) customer service activities and initiatives; and
- (k) sharing of experience and learning including the secondment of personnel.

**[REDACTED COMMERCIAL IN CONFIDENCE]**

Under the current plans for the Proposed Conduct and given restrictions imposed by relevant Air Services Agreements and the range capability of the aircraft planned to be operated by the Jetstar LCCs, there is the potential for more than one Jetstar LCC to operate on the 14 routes listed in **Confidential Appendix 1**. Market share data (capacity in calendar year 2011) for these routes is set out in **Confidential Appendix 2**.

**[REDACTED COMMERCIAL IN CONFIDENCE]**

JVCA coordination on routes in Confidential Appendix 1 is part of the conduct that is being analysed, examined and approved by overseas regulators (where relevant to their jurisdictions) or which has been the subject of independent legal advice that there is no breach of the relevant law.

**FSA/JV coordination**

FSA/JV coordination involves coordination between a Jetstar LCC and **its** FSA shareholder on actual or potential routes that the Jetstar LCC and its FSA shareholder may overlap. This applies to:

- (a) Jetstar Japan and Japan Airlines (**JAL**); and
- (b) Jetstar Hong Kong and China Eastern Airlines.

**[REDACTED COMMERCIAL IN CONFIDENCE]**

Authorisation for coordination between Jetstar Pacific and Vietnam Airlines is not required as these airlines are related bodies corporate for the purposes of the CCA.

FSA/JV coordination comprises coordination of operations and activities (passenger and cargo), including pricing, capacity and scheduling as set out in the respective Shareholders' Agreements and BSAs.

FSA/JV coordination is part of the conduct that is being analysed, examined and approved by overseas regulators (where relevant to their jurisdictions) or which has been the subject of independent legal advice that there is no breach of the relevant law.

***Jetstar Japan and JAL***

**[REDACTED COMMERCIAL IN CONFIDENCE]**

Under the Proposed Conduct, FSA/JV coordination between Jetstar Japan and JAL will or is likely to take place on 16 routes as listed in **Confidential Appendix 1**. Market share data (capacity in calendar year 2011) for these routes is set out in **Confidential Appendix 2**. None of these routes operates to or from Australia.

**[REDACTED COMMERCIAL IN CONFIDENCE]**

***Jetstar Hong Kong and China Eastern Airlines***

**[REDACTED COMMERCIAL IN CONFIDENCE]**

Under the Proposed Conduct, FSA/JV coordination between Jetstar Hong Kong and China Eastern Airlines will or is likely to take place on 5 routes as listed in **Confidential Appendix 1**. All these routes are between Hong Kong and China. Market share data (capacity in calendar year 2011) for

these routes is set out in **Confidential Appendix 2**. None of these routes operates to or from Australia.

**[REDACTED COMMERCIAL IN CONFIDENCE]**

#### **Multiple overlap coordination**

Multiple overlap coordination involves coordination between a Jetstar LCC, its FSA shareholder and another Jetstar LCC on routes where all three airlines operate (overlapping routes).

Multiple overlap coordination comprises coordination of operations and activities (passenger and cargo), including pricing, capacity and scheduling as set out in the BSAs.

**[REDACTED COMMERCIAL IN CONFIDENCE]**

Coordination between a Jetstar LCC, its FSA shareholder and another Jetstar LCC on overlapping routes will take place as follows:

- (a) Jetstar Airways will determine pricing, capacity and scheduling as between the two Jetstar LCCs; and
- (b) the relevant Jetstar LCC will coordinate operations with its FSA shareholder.

There will be no direct coordination between a Jetstar LCC and a FSA that is not that Jetstar LCC's shareholder. There will also be no coordination between any two FSAs.

Under the Proposed Conduct, multiple overlap coordination will or is likely to take place on only 4 routes as listed in **Confidential Appendix 1**. Market share data (capacity in calendar year 2011) for these routes is set out in **Confidential Appendix 2**. None of these routes operates to or from Australia.

Multiple overlap coordination is part of the conduct that is being analysed, examined and approved by overseas regulators (where relevant to their jurisdictions) or which has been the subject of independent legal advice that there is no breach of the relevant law.

#### **FSA/FSA coordination**

The Proposed Conduct **does not** involve coordination as between any of the following FSAs:

- (a) Qantas;
- (b) JAL;
- (c) Vietnam Airlines; and
- (d) China Eastern Airlines.

Under the Proposed Conduct, representatives of these airlines will not meet, exchange information or otherwise have any increased ability to coordinate operations. Accordingly, the Applicants do not seek authorisation for FSA/FSA coordination as such coordination will not occur.

For the sake of completeness, the above FSAs operate (but will not coordinate on) the following routes:

- (a) **Tokyo (Narita) to Sydney** – operated by each of JAL and Qantas;
- (b) **Shanghai (Pudong) to Sydney** – operated by each of China Eastern Airlines and Qantas;

- (c) **Tokyo (Haneda) to Shanghai (Hongqiao)** – operated by each of JAL and China Eastern Airlines;
- (d) **Osaka (Kansai) to Shanghai (Pudong)** – operated by each of JAL and China Eastern Airlines;
- (e) **Nagoya to Shanghai (Pudong)** – operated by each of JAL and China Eastern Airlines; and
- (f) **Tokyo (Narita) to Shanghai (Pudong)** – operated by each of JAL and China Eastern Airlines.<sup>1</sup>

Qantas and Vietnam Airlines, Vietnam Airlines and JAL, and China Eastern Airlines and Vietnam Airlines do not have any overlapping routes.

Market share data (capacity in calendar year 2011) for the above routes is set out in **Appendix 3** (except for market share data for Tokyo (Narita) to Shanghai (Pudong), which is set out in **Confidential Appendix 2**).

#### **Unrelated JV coordination**

The Proposed Conduct **does not** involve coordination as between a Jetstar LCC and a FSA that is not that Jetstar LCC's shareholder (except in the case of multiple overlap coordination and only to the extent set out above).

Under the Proposed Conduct, representatives of a Jetstar LCC will not meet, exchange information or otherwise have any increased ability to coordinate operations with a FSA that is not that Jetstar LCC's shareholder. Accordingly, the Applicants do not seek authorisation for unrelated JV coordination as such coordination will not occur.

For the sake of completeness, the following routes are proposed to be operated by a Jetstar LCC and a FSA that is not that Jetstar LCC's shareholder (where such airlines will not coordinate):

**[REDACTED COMMERCIAL IN CONFIDENCE]**

Market share data (capacity in calendar year 2011) for these routes is set out in **Confidential Appendix 4** (except for market share data for Tokyo (Narita) to Shanghai (Pudong), which is set out in **Confidential Appendix 2**).

For clarity, while there are no overlapping routes, Jetstar Australia and JAL will not coordinate, in any way, any services operated between Australia and Japan and no authorisation is being sought in relation to such conduct.

#### **Ring fencing protocols**

Even though the Proposed Conduct does not involve FSA/FSA coordination or unrelated JV coordination, the Applicants will, as an additional precautionary measure, implement the ring fencing protocols set out in Appendix E to the Submission. These protocols operate in addition to our comprehensive antitrust compliance program and ensure that Jetstar executives do not provide confidential information (to the extent that the Jetstar executive receives such information):

- (a) about one FSA to any other FSA; and
- (b) about a Jetstar LCC to a FSA that is not that Jetstar LCC's shareholder (unless that Jetstar LCC and FSA operate services on an overlapping route together with the FSA's Jetstar JV).

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<sup>1</sup> **[REDACTED COMMERCIAL IN CONFIDENCE]**

There are no mirror provisions on FSA representatives sitting on the boards of Jetstar LCCs as the proposed ring fencing protocols provide adequate safeguards. However, we would be happy to discuss this further if this is a material issue for the Commission.

**2. Please describe the types of coordination proposed between Jetstar Japan and Japan Airlines, Jetstar Pacific and Vietnam Airlines, Jetstar Hong Kong and China Eastern Airlines, and a Jetstar joint venture, its local partner airline shareholder and any other airline in the Jetstar Group to the extent they overlap or potentially overlap.**

Please see the answer to question 1 above in relation to **FSA/JV** coordination and **multiple overlap** coordination.

The Applicants do not seek authorisation for coordination between Jetstar Pacific and Vietnam Airlines because these airlines are related bodies corporate for the purposes of the CCA.

**3. Please describe in detail the roles of Qantas Airways, Jetstar Airways and each local full service airline in the business decisions of each Jetstar joint venture if the proposed conduct is authorised, including: network planning, fares structures and pricing, capacity and scheduling.**

Please see the answer to question 1 above in relation to **JCVA** coordination, **FSA/JV** coordination and **multiple overlap** coordination.

**4. Please describe in detail the roles of Qantas Airways, Jetstar Airways and each local full service airline in the business decisions of each Jetstar joint venture if the proposed conduct is not authorised, including: network planning, fares structures and pricing, capacity and scheduling.**

Please see the answer to question 5 below.

**5. Please detail your claim as to what would happen to each of the 4 Jetstar joint ventures in the event that the ACCC does not grant authorisation, including whether they would continue to offer domestic and/or international services. Do you consider it likely that each of the existing Jetstar joint ventures would continue to operate on a standalone basis? Please explain why/why not.**

As previously stated, the Applicants' investment in the Jetstar LCCs was predicated on the basis that the coordination integral to the Jetstar Pan-Asia Strategy could be implemented.

**[REDACTED COMMERCIAL IN CONFIDENCE]**

**6. Please provide Qantas/Jetstar Airways/Jetstar joint venture documents (including Board papers and internal reports) that consider the impact of a decision not to authorise the proposed conduct on the business rationale and operations of each Jetstar joint venture.**

**[REDACTED COMMERCIAL IN CONFIDENCE]**

**7. Please describe the Qantas/Jetstar Airways information that will be provided to Jetstar joint ventures under the proposed conduct (including, via its board representatives).**

As set out in the ring fencing protocols, the information or documents relating to network, scheduling, pricing, marketing, purchasing, customer service and resourcing (**Confidential Material**) of **Qantas** will not be provided to an officer or employee of a Jetstar JV who has been appointed by its FSA investor.

The Confidential Material of **Jetstar Airways**<sup>2</sup> may be provided to an officer or employee of a Jetstar JV (e.g. Jetstar Hong Kong) who has been appointed by its FSA investor (e.g. China Eastern Airlines) only where the Confidential Material relates to:

- (a) the FSA's Jetstar JV (e.g. Jetstar Hong Kong); or
- (b) a specific route on which the FSA (e.g. China Eastern Airlines), its Jetstar JV (e.g. Jetstar Hong Kong) and another airline in the Jetstar Group (e.g. one of Jetstar Airways, Jetstar Asia, Jetstar Pacific, Jetstar Japan).

The Confidential Material of Qantas and Jetstar Airways may otherwise be provided to officers or employees of the Jetstar JVs (i.e. who have not been appointed by their FSA investors). To ensure Confidential Material is kept secure, the ring fencing protocols set out measures to be taken including that documents containing Confidential Material be marked with "*Commercially Sensitive Information, Circulation restricted to [insert names]*" and electronic documents or files that contain Confidential Material be password protected.

**[REDACTED COMMERCIAL IN CONFIDENCE]**

**8. Please describe the local full service airline information that will be provided to the Jetstar joint ventures (including via its board representatives).**

Each FSA may provide its Confidential Material to its Jetstar JV.

**[REDACTED COMMERCIAL IN CONFIDENCE]**

In relation to FSA Confidential Material being provided to other Jetstar JVs, the Confidential Material of an FSA will never be provided to officers or employees of those Jetstar JVs who have been appointed by their FSA investor.

**9. Please provide your list of all overlapping and potential overlap routes involving:**

- (i) a Jetstar joint venture and its local full service airline shareholder**
- (ii) a Jetstar joint venture and 2 or more of the full service airlines**
- (iii) a Jetstar joint venture, its local full service airline shareholder and one or more other airlines in the Jetstar Group**
- (iv) a local full service airline shareholder and one or more airlines in the Jetstar Group (not including the Jetstar joint venture of which that local full service airline is a shareholder)**
- (v) 2 or more Jetstar joint ventures (and no local full service airline shareholders)**
- (vi) 2 or more of Vietnam Airlines, Japan Airlines and China Eastern Airlines (and no Jetstar entity)**

**including, for each route, the identities of the Jetstar entity or entities, and the local full service airline shareholder(s), operating or potentially operating on that route.**

- (i) Please see the answer to question 1 and Confidential Appendix 1 in relation to **FSA/JV coordination**.
- (ii) Please see the answer to question 1 and Confidential Appendix 1 in relation to **FSA/JV coordination** and **FSA/FSA coordination**.

<sup>2</sup> The Jetstar Group comprises Jetstar Airways, Jetstar Asia, Jetstar Pacific, Jetstar Japan and Jetstar Hong Kong.

- (iii) Please see the answer to question 1 and Confidential Appendix 1 in relation to **multiple overlap coordination**.
- (iv) Please see the answer to question 1 in relation to **unrelated JV coordination**.
- (v) Please see the answer to question 1 and Confidential Appendix 1 in relation to **JVCA coordination**.
- (vi) Please see the answer to question 1 in relation to **FSA/FSA coordination**.

**10. For each of the routes identified in question 9 please indicate the identity of other airlines currently operating on that route and a breakdown of market shares.**

- (i) Please see Confidential Appendix 2.
- (ii) Please see Confidential Appendix 2.
- (iii) Please see Confidential Appendix 2.
- (iv) Please see Confidential Appendix 4.
- (v) Please see Confidential Appendix 2.
- (vi) Please see Appendix 3.

**11. For each of the overlap scenarios (i) to (vi) listed in question 9, please explain how price, capacity and scheduling decisions are to be coordinated if the proposed conduct is authorised, and how that will differ from the level of co-ordination (if any) that will take place if the proposed conduct is not authorised.**

Please see:

- (a) the answer to question 1 above in relation to price, capacity and scheduling coordination if the proposed conduct is authorised; and
- (b) the answer to question 5 above in relation to price, capacity and scheduling coordination if the proposed conduct is not authorised.

**12. Please provide your assessment of the nature, source and extent of regulatory barriers to entry faced by foreign-owned airlines seeking to operate air transport services to/from or within: Japan, Vietnam, Singapore, Hong Kong and mainland China.**

The Applicants consider that the regulatory barriers to entry by foreign-owned airlines seeking to operate air transport services in all of these jurisdictions are high.

This is because for an airline to operate on an international route there must be an Air Services Agreement (**ASA**) between the Governments of the countries relevant to the route. Most ASAs require that an airline designated to operate under the ASA must be substantially owned and effectively controlled by nationals of the designating country. This makes it impossible for a foreign-owned airline like, Qantas to establish wholly (or even majority) owned subsidiary airlines outside Australia.

Further, there are a number of other regulatory barriers to entry faced by foreign-owned airlines including:

- (a) foreign ownership restrictions specifying the maximum percentage of foreign ownership of an airline that apply in these jurisdictions;

- (b) Air Operators' Certificates and other licences which generally require approval from civil aviation and transport departments; and
- (c) access to slots, traffic rights and other government-owned infrastructure, such as airports which may require regulatory approval from the government.

**13. Please provide (i) likely examples and (ii) documented analysis to further substantiate your claims in relation to public benefits.**

Jetstar Pacific, Jetstar Japan and Jetstar Hong Kong have not yet commenced international operations. Accordingly, it is difficult to provide real world examples or documented analysis to substantiate claims in relation to the public benefits of the Proposed Conduct.

Notwithstanding, as set out in the submission, the Applicants consider that the public benefits of the Proposed Conduct will be substantial. The Proposed Conduct will result in significant efficiencies achieved by each Jetstar JV accessing the knowledge and expertise of Jetstar Airways (the BSA Provider) including in relation to revenue management systems and ancillary revenue opportunities.

By way of example:

- (a) drawing on the experience of Jetstar Japan's domestic operations – by learning from the knowledge and experience of Jetstar Airways' integrated ancillary revenue team, Jetstar Japan achieved the same level of ancillary revenue by the time of its launch as Jetstar Airways had achieved in approximately 3 years of operation. The achievement of these efficiencies resulted in lower fares for Jetstar Japan consumers and increased knowledge sharing under the Proposed Conduct will result in similar substantial efficiencies; and
- (b) Jetstar Hong Kong will initially have three aircraft, but will be able to draw on the knowledge and expertise of the BSA Provider, which provides commercial input and recommendations across the fleet of aircraft operating under the Jetstar brand. In addition, Jetstar Hong Kong can draw on Jetstar Japan's recent experience of launching a new airline in a highly regulated environment. It can also access the BSA Provider's recent know-how in supporting Jetstar Japan's commercial and operational launch. The ability to draw upon this expertise under the Proposed Conduct will lead to significant efficiencies.

The common commercial model which underpins the Proposed Conduct means that there is no prospect of double marginalisation.

If there were no exchange of information between the Jetstar Group LCCs, these airlines would grow at a slower rate than would otherwise be the case and would not be able to offer fares at the same lower prices.

The access to knowledge and expertise will also enable the Jetstar Group to allocate the most experienced personnel to undertake commercial, network and management functions, which in turn will result in more efficiently run operations.

The coordination between FSAs and their respective Jetstar JV will reduce FSA losses on price sensitive routes allowing increased investment on innovation. Drawing on the Qantas/Jetstar Airways experience in domestic Australia, Qantas was able to offer a range of innovations (such a next generation check in and lounge upgrades) which would not otherwise be viable in some airports. Coordination between members of the Jetstar Group will also result in increased innovation because expertise and knowledge about technology can be shared between Jetstar LCCs and cost savings will enable increased investment in technology such as inflight wi-fi access. While it is not possible to specify the exact product innovations that may take place in the future given the dynamic and fast changing nature of the low cost air travel industry, two of the core principles in the BSAs are flexibility and speed to market.

**14. Please identify all (known) new online journeys available to Australian consumers as a result of the notified conduct.**

The Proposed Conduct is inherently pro-competitive and will deliver significant benefits to consumers in the form of having more choice and greater access to lower fares and more destinations at more convenient times through the development and expansion of an integrated network of Jetstar LCCs.

By offering everyday low fares, the Jetstar LCCs will materially stimulate passenger demand, attracting both new passengers who would otherwise not travel at all or would otherwise use other methods of transportation and existing passengers who are attracted by low fares who can travel more often. The establishment of new Jetstar LCCs and the expansion of existing Jetstar LCCs are both plainly pro-competitive and will provide new journeys for Australian consumers.

The Proposed Conduct will result in greater consumer choice and experience because Australian consumers will have increased options in respect of air travel from Australia to Asia (and throughout Asia) through the Jetstar LCC network which would not exist if the Proposed Conduct were not permitted.

The Proposed Conduct will provide Australian consumers with a new and convenient 'one stop' shop to book itineraries across the Jetstar network. As there will be one website for all Jetstar flights, an Australian consumer can quickly and easily understand the choices on offer and book a complex itinerary involving multiple Jetstar branded airlines in the one transaction.

The Proposed Conduct will result in 'optimising schedules' as described in the submission because it will allow the Jetstar Group to time services to complement other connecting Jetstar Group services or relevant FSA services. It will also enable Jetstar JVs to operate routes that may otherwise be uneconomic.

Under the Proposed Conduct, the Jetstar Group may provide services on underserved routes in the future. For example, no airline currently operates services on the Singapore – Fuzhou route, but under the Proposed Conduct, Jetstar Asia and Jetstar Hong Kong may coordinate timing of services on the Singapore – Hong Kong route with connecting services available on the Hong Kong – Fuzhou route. Over time, as the Jetstar branded presence grows at Fuzhou, the Jetstar Group may be able to offer direct Singapore – Fuzhou services. There may be several other Asian ports where a Jetstar carrier may introduce new services over time. The introduction of new routes is consistent with the LCC model of stimulating demand via low prices.

**[REDACTED COMMERCIAL IN CONFIDENCE]**

**15. Please provide any demand forecasting or growth analysis undertaken by Qantas, Jetstar Airways or Jetstar joint ventures to date that substantiates your claim that the applicants expect that the proposed conduct will stimulate demand on new or existing routes.**

**[REDACTED COMMERCIAL IN CONFIDENCE]**

**16. Please provide further detail on the proposed revenue sharing mechanism, including information about the rules and processes for collecting, managing and transferring revenue among eligible parties.**

Please see the answer to question 1 above.

**17. Are there currently any plans for the construction of any centralised facilities for use by the Jetstar joint venture airlines (e.g. maintenance or training facilities) or labour pooling under the proposed conduct? If so, please provide details.**

**[REDACTED COMMERCIAL IN CONFIDENCE]**

**18. Please explain (using examples) how the conduct described at paragraph 5.1 (b) and (c) of the applicants' submission are each necessary for the realisation of the various claimed public benefits.**

JVCA coordination will produce significant public benefits for Australia, including lower costs through costs savings, increased consumer choice, lower airfares, increased network expansion and more destinations, economic efficiencies, increased competition and increased tourism.

Importantly, however, these benefits **cannot** be achieved without FSA/JV coordination. Because the international aviation regulatory environment makes it impossible in the vast majority of markets for the Qantas Group to wholly or majority own airlines outside of Australia, the establishment of Jetstar LCCs could only occur through joint venture arrangements with local investors (generally FSAs). The establishment of the Jetstar JVs would not occur unless there was FSA/JV coordination.

**[REDACTED COMMERCIAL IN CONFIDENCE]**

Given that both **JVCA coordination** and **FSA/JV coordination** are essential to the Jetstar Pan-Asia Strategy, multiple overlap coordination will arise in limited circumstances.

It is impossible to specifically attribute public benefits to each type of coordination, as all of the Proposed Conduct is essential in realising public benefits for Australia.

**19. Please provide any ring fencing protocols that have been put in place in respect of confidential information of the local full service airlines that is provided to a member of the Jetstar Group. If there are no such protocols, please explain why they are not considered necessary or appropriate.**

Please see the answer to question 1 above.

**Confidential Appendix 1 – Routes to which the Proposed Conduct relates**

**[REDACTED COMMERCIAL IN CONFIDENCE]**

**Confidential Appendix 2 – Market Shares for routes to which the Proposed Conduct relates<sup>3</sup>**

**[REDACTED COMMERCIAL IN CONFIDENCE]**

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<sup>3</sup> All data from Diiomi.

Appendix 3 – Market Shares for FSA/FSA routes<sup>4</sup>

Tokyo (Narita) – Sydney		
Carrier	Calendar Year 2011	
	Total Capacity	Market Share
Japan Airlines	141,888	51.78%
Qantas Airways	132,131	48.22%
<b>Total</b>	<b>274,019</b>	<b>100.00%</b>

Shanghai (Pudong) – Sydney		
Carrier	Calendar Year 2011	
	Total Capacity	Market Share
Qantas Airways	105,246	40.85%
China Eastern	100,128	38.87%
Air China	52,250	20.28%
<b>Total</b>	<b>257,624</b>	<b>100.00%</b>

Tokyo (Haneda) – Shanghai (Hongqiao)		
Carrier	Calendar Year 2011	
	Total Capacity	Market Share
Shanghai Airlines	173,602	19.64%
Japan Airlines	283,970	32.12%
China Eastern Airlines	216,944	24.54%
All Nippon Airways	209,510	23.70%
<b>Total</b>	<b>884,026</b>	<b>100.00%</b>

<sup>4</sup> All data from DiioMi.

<b>Osaka (Kansai) – Shanghai (Pudong)</b>		
<b>Carrier</b>	<b>Calendar Year 2011</b>	
	<b>Total Capacity</b>	<b>Market Share</b>
Air China	237,854	18.25%
Shanghai Airlines	105,560	8.10%
Japan Airlines	239,684	18.39%
China Eastern Airlines	406,636	31.19%
All Nippon Airways	313,900	24.08%
<b>Total</b>	<b>1,303,634</b>	<b>100.00%</b>

<b>Nagoya – Shanghai (Pudong)</b>		
<b>Carrier</b>	<b>Calendar Year 2011</b>	
	<b>Total Capacity</b>	<b>Market Share</b>
Air China	106,166	14.06%
China Southern Airlines	133,970	17.74%
Japan Airlines	120,752	15.99%
China Eastern	342,054	45.29%
All Nippon Airways	52,356	6.93%
<b>Total</b>	<b>755,298</b>	<b>100.00%</b>

**Confidential Appendix 4 – Market Shares for Unrelated JV routes<sup>5</sup>**

**[REDACTED COMMERCIAL IN CONFIDENCE]**

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<sup>5</sup> All data from Diiomi.