

Head of Legal – Competition
Anna Pritchard



11 November 2012

Mr Mark Basile
Adjudication Branch
Australian Competition & Consumer Commission
23 Marcus Clarke Street
CANBERRA ACT 2601

By email: mark.basile@accc.gov.au

Dear Mark

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

We refer to your email of 8 November 2012.

We attach 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.

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 8 NOVEMBER 2012

1. Please provide a non-confidential response in relation to the likely future without the proposed conduct.

If the Commission does not authorise the Proposed Conduct, the Jetstar Pan-Asia Strategy will continue to be implemented but the services that are the subject of the Proposed Conduct operated by those Jetstar joint venture airlines which are not related bodies corporate will not be available to Australian consumers.

2. Please describe the decision making structure and process for each joint venture at present in relation to network planning, fares structures and pricing, capacity and scheduling.

Please see the response to question 3 below.

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 at present, including: network planning, fares structures and pricing, capacity and scheduling.

Jetstar Japan

Qantas Airlines (the Qantas branded international airline) is not involved in the business decisions of Jetstar Japan in any material way.

[REDACTED COMMERCIAL IN CONFIDENCE]

Jetstar Pacific

Qantas Airlines is not involved in the business decisions of Jetstar Pacific in any material way.

[REDACTED COMMERCIAL IN CONFIDENCE]

4. Please outline the difference between the roles of Qantas Airways, Jetstar Airways and each local full service airline in the business decisions of each Jetstar joint venture (including: network planning, fares structures and pricing, capacity and scheduling) under the proposed conduct compared to the present.

[REDACTED COMMERCIAL IN CONFIDENCE]

5. Please describe what information (relating to routes that are not overlap, or potential overlap, routes) Jetstar Airways and each local full service airline will share with each Jetstar joint venture (both at present and under the proposed conduct)?

Jetstar Japan

Jetstar Airways does not provide Jetstar Japan with network, route or other commercially sensitive information unless the information directly relates to a route that Jetstar Japan currently operates. The same will apply in the future to routes that Jetstar Japan proposes to operate under the Proposed Conduct.

JAL does and will not provide Jetstar Japan with any network, route or other commercially sensitive information in relation to routes that are not operated or proposed to be operated by Jetstar Japan.

Jetstar Pacific

Jetstar Airways does not provide Jetstar Pacific with network, route or other commercially sensitive information unless the information directly relates to a route that Jetstar Pacific currently operates. The same will apply in the future to routes that Jetstar Pacific proposes to operate under the Proposed Conduct.

Vietnam Airlines and Jetstar Pacific are related bodies and accordingly there is no restriction on what information is provided by Vietnam Airlines to Jetstar Pacific.

6. You note in your response of 29 October 2012 that Jetstar Japan will adopt the recommendations of Jetstar Airways unless JAL does not agree to the recommendations. If JAL were to not agree to Jetstar Airways' fares structures and pricing, network planning, capacity and scheduling decisions, how would this be resolved?

JAL will not ordinarily be in any position to have input into the network, capacity and pricing recommended by Jetstar Airways to (and discussed with) the management team of Jetstar Japan. However, to the extent any of these issues are practically discussed by the Jetstar Japan board, the JAL representative on the board would consider the proposal from the perspective of JAL and may seek to have input into a proposal. As this has not occurred, it is uncertain as to how this would be resolved but it is likely that the parties would negotiate a resolution. For the avoidance of doubt, these discussions only relate to the Jetstar Japan business and the ring fencing protocols ensure there is no coordination in respect of Jetstar Airways' operations between Australia and Japan.