



Phone: 644 586 0900
Fax: 644 566 8366
Mobile: 021 061 2454
Email: nickkile@jumpjet.net
Web: www.jumpjet.net

J u m p j e t A i r l i n e s L i m i t e d

P O Box 30031
Lower Hutt
New Zealand 5040

02 December 2014

Ref: Leg/09.6/01.1

Your Ref: 56245

Dr Richard Chadwick
General Manager, Adjudication Branch
Australian Competition and Consumer Commission
GPO Box 3131, CANBERRA ACT 2601
Australia

Phone: 612 6243 1029

Dear Richard,

Subject: **Application for Alliance Authorisation A91470 & A91471 –
Qantas Airways and China Eastern Airlines**

In relation to consultancy on the above topic we state that Jumpjet Airlines is not in a position to make comment regarding executive decisions made by Qantas.

But we consider it is a responsibility to provide advice on the plight of the aviation industry in terms of market share by Australian companies and diminishing national wealth in the aviation industry.

It is unbelievable that the direction of unrestrained predatory commercialism and market dissolution is considered the way forward, by the political system, to develop the Australian aviation industry considering policies of national interest. (See Page 4 Table for the dwindling market share being encountered by Australian Airlines)

Permitting more Foreign equity ownership, **Alliances** or Foreign airline entrances will not change the dynamics of the industry as the problems are **operational** and **regulatory**. Such that predatory commerce has driven down the share of the nation's own international markets to some **33%**.

Chinese ambitions are to bring down our market share, replace our carriers with the dictatorship's own carriers and use an imported, exploited, Chinese workforce for its own "Projects." Thus, initiating the first stages of tearing down our system of wages and salaries which has historically played a major part in providing economic prosperity.

China is currently dredging disputed reefs in the South China Sea to accommodate a military airfield and provide a harbour for combatant naval vessels. This escalation is the largest security breach in the region and is intensifying tension amongst the five neighbouring Asian nations that have sovereignty over the reefs and islands in the South China Sea.

*The analogy is that there is no such thing as a **Partnership** with a totalitarian **Dictatorship** – only the expansion of a doctrine that is contrary to **Democracy**. The longer we take to face this reality the bigger will be the mess.*

The Federal Government's political planning to capture those **Foreign Corporations** who are shipping **Profits and Revenue** capital from Australian shores, thus evading taxation in the billions, is not a manageable policy. Many of these Corporations channel Donations to Foreign Governments.

The only way forward is to regulate with sound aviation industry economic policy that promotes national aviation development through existing and new resident company establishment. Supported by **fair market** trading potential through finite regulation.

*In the case of **Qantas** the Australian Government has a responsibility to acquire a minimum **20% Equity** in the national carrier to match the multitude of Foreign Government owned strategic international carriers operating to and from Australia.*

The regulatory backing of resident airline companies operating in the aviation industry would result in a far more extensive contribution to national compound economic development (*including taxation income*) than any foreign owned airline system.

*In the case of the totalitarian dictatorship of China, the fight for Democracy is just beginning and governments would be wise to consider where their standing and agreements will be when facing a new **Democratic Government** in China.*

Particularly, when considering the overwhelming partisan toil by the political system that has been applied to cement the totalitarian, elitist, regime in place.

JUMPJET RESEARCH ANALOGY

Jumpjet Airlines rejects the **Alliance** formation between **Qantas Airways and China Eastern Airlines** based on the relentless predatory commercialism that exists in the market. Qantas is encountering huge operational losses because it cannot compete against exploited workforces and airline companies that receive fuel subsidies and are sponsored by foreign governments.

In addition, **Qantas** has an excessive number of Alliances currently in place that have and are depleting its **revenue generating and operating** capability in the market. (*Alliance Partnership and Codeshare Agreements have risen to some **24 Agreements** with Foreign Airlines*)

The industry should demand a transformation to a "**FAIR**" market through the intelligent and defensive **Regulation** of the industry. Otherwise the erosion of international market share for native carriers will continue to destroy the viability of the aviation industry from a sovereign and national interest perspective.

If the market deterioration continues, without regulatory intervention, Australia will lose its **Flag Carrier** and the airline system of national companies. These will be replaced by Foreign owned Airlines in turn, many of them, strategically owned by Foreign Governments. **The loss of real GDP to the nation will be profound.**

THE ANSETT AIRLINES COMPARISON

Both the Flag Carrier, **Qantas** and **Virgin Australia** are experiencing operating losses per annum that are over **twice (x2)** the amounts that forced Ansett into bankruptcy. The resultant failure of Ansett created immense reverse compound economic effects that shut down a multitude of supporting companies and directly placed 15,000 employees in unemployment. The indirect multiplier effect raised this figure to some 40,000. Not to mention the destructive effect on **GDP** at State and Federal level.

Unless both companies can reverse their rolling downward spiral the possibility of failure looms around the corner. **An increase in market share would assist their ability to improve profitability in a fair market.**

Forced Globalisation has fostered the rise of **Elitism** that has enabled Airlines with limitless monetary power to gain greater market control. Indifferent air travellers and vested interest politics has blinkered the adverse economic effects of predatory companies using unsustainable low air fares.

Additionally, resident airline company development is being obstructed by current airport and aviation policy.

Thank you for the opportunity to comment on this matter.

Cordially,



Nick Kile
Managing Director

(Note: Jumpjet Airlines Limited is an independent Early Expansion, Australian/New Zealand, airline company developing to enter the Trans Tasman market and operate between Australia and New Zealand. <http://www.jumpjet.net>)

A 2015 Economic Punch Line: "If oil falls to 60 usd/bbl head for the hills !!!"

Public Document

TOTAL SEATS OPERATED on INTERNATIONAL SCHEDULED SERVICES - 2014

Airport	Airlines	No: of Seats	% Share of Market								
Adelaide	Australian	168,412	12.5%								
	Air New Zealand	95,947	7.1%								
	Foreign Airlines	1,079,073	80.4%								
Brisbane	Australian	2,580,838	37.8%								
	Air New Zealand	499,854	7.4%								
	Foreign Airlines	3,705,887	54.8%								
Cairns	Australian	465,444	57.0%								
	Air New Zealand	55,190	6.8%								
	Foreign Airlines	296,656	36.2%								
Darwin	Australian	335,823	59.0%								
	Air New Zealand	0	0.0%								
	Foreign Airlines	233,336	41.0%								
Gold Coast	Australian	593,383	51.4%								
	Air New Zealand	124,638	10.8%								
	Foreign Airlines	434,919	37.8%								
Melbourne	Australian	3,162,670	30.3%								
	Air New Zealand	742,601	7.1%								
	Foreign Airlines	6,571,831	62.6%								
Norfolk Island	Australian	0	0.0%								
	Air New Zealand	17,530	100.0%								
	Foreign Airlines	0	0.0%								
Perth	Australian	1,050,904	18.5%								
	Air New Zealand	226,890	4.0%								
	Foreign Airlines	4,424,702	77.5%								
Sunshine Coast	Australian	0	0.0%								
	Air New Zealand	10,737	100.0%								
	Foreign Airlines	0	0.0%								
Sydney	Australian	6,428,021	35.9%								
	Air New Zealand	1,209,105	6.7%								
	Foreign Airlines	10,282,652	57.4%								
Totals:		44,797,043	100.0%								
<p># The Percentage of Market Share for Australian and Foreign Airlines appears below: -</p> <table> <tr> <td>Market Share Foreign Airlines</td> <td>60.3%</td> </tr> <tr> <td>Market Share Australian Airlines</td> <td>33.0%</td> </tr> <tr> <td>Market Share Air New Zealand</td> <td>6.7%</td> </tr> <tr> <td></td> <td><u>100.0%</u></td> </tr> </table> <p># Totals include foreign airline multi-airport freedoms and this identifies sector passengers against sector revenue.</p>				Market Share Foreign Airlines	60.3%	Market Share Australian Airlines	33.0%	Market Share Air New Zealand	6.7%		<u>100.0%</u>
Market Share Foreign Airlines	60.3%										
Market Share Australian Airlines	33.0%										
Market Share Air New Zealand	6.7%										
	<u>100.0%</u>										

Australian Airlines	2
Foreign Airlines	26
Air New Zealand	1
Total Airlines	<u>29</u>