



19 December 2014

Dr Richard Chadwick
General Manager
Adjudication Branch
Australian Competition & Consumer Commission
GPO Box 3131,
Canberra ACT 2601
E-mail: adjudication@accc.gov.au

Dear Dr Chadwick,

Re: A91470 & A91471 - Qantas Airways and China Eastern Airlines

I am writing to provide Tourism Victoria's position on Qantas Airways' (Qantas) and China Eastern Airlines' (China Eastern) application to coordinate its operations over the next five years.

Tourism Victoria supports Qantas' and China Eastern's application to coordinate its operations. The cooperation between the two organisations should benefit consumers with the ability for Qantas to code share on China Eastern's Melbourne services via Shanghai. These services enable connections from multiple destinations in China, reducing travel times to Melbourne and the need to transit via Sydney.

Qantas has advised Tourism Victoria that it will relocate its operations in Shanghai to co-locate with China Eastern in Terminal one. This will make it more convenient for transit passengers flying to Victoria on services from other cities in China.

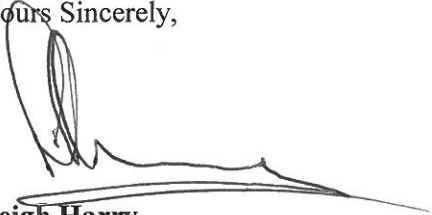
The aviation industry is subject to large fixed costs and there is a growing worldwide trend for airlines to cooperate on routes to ensure their sustainability. Tourism Victoria supports efforts to ensure long-term sustainability of the China/Australia route as airline access to the State is crucial for tourism, business and the international education market. A Qantas and China Eastern alliance aids the profitability of the route and ensures its long-term viability.

China is Victoria's largest source of international visitors, visitors nights and expenditure. For the year ended September 2014, there were 365,000 visitors from China to Victoria who contributed \$1.27 billion to the Victorian economy. Victoria is forecast to receive 665,000 overnight visitors from China by 2022/23. The arrangement between the two airlines to provide greater access to our key source market is welcomed.

Victoria welcomes the cooperation between Qantas and China Eastern as it has the potential to deliver positive outcomes for consumers and improve tourism opportunities for the State. Tourism Victoria hopes the Commission allows this cooperation to proceed.

If you have any further questions, please do not hesitate to contact Nigel Aldons, Manager Air Services at Tourism Victoria on 03 9653 9740.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Leigh Harry', with a long horizontal flourish extending to the right.

Leigh Harry
Chief Executive