PUBLIC REGISTER VERSION

APPLICATIONS FOR AUTHORISATION OF A PROPOSED JOINT COORDINATION AGREEMENT BETWEEN QANTAS AIRWAYS LIMITED AND CHINA EASTERN AIRLINES CORPORATION LIMITED A91470 AND A91471

SUPPLEMENTARY INFORMATION

Further to your request for information on 3 March 2015, please see our responses below.

Market share data

1. **Qantas states the estimates in figure 5 (of the confidential submission provided on 2 March 2015) were arrived at by using Qantas' actual number of passengers who travelled from Sydney-Shanghai via Hong Kong compared to the number reflected in the MIDT data. The difference ratio was then used to extrapolate numbers for Qantas and all the other indirect carriers set out in Figure 5. Please confirm whether Qantas adopted the same methodology in estimating market shares for carriers operating direct flights? Specifically, did Qantas use Qantas' actual number of passengers who travelled from Sydney-Shanghai direct compared to the number reflected in the MIDT data and use the difference ratio to extrapolate numbers for Qantas and all the other direct carriers set out in Figure 5. If Qantas used a different methodology to estimate market shares for carriers offering direct flights please provide the details.**

Our response dated 2 March 2015 set out in detail the reasons why the market share data sourced from MIDT (being the only publicly available source of city pair-specific data) significantly understates the real share of indirect operators who compete for traffic between Sydney and Shanghai, specifically Cathay Pacific, China Southern and Singapore Airlines.

The MIDT data does not capture:

- passengers who choose to make separate bookings for different segments of their journey, whether with one or more airlines;
- passengers who choose to have a stopover of more than 14 hours;
- passengers who choose to fly to an airport and then proceed by alternative means of transport (e.g. high speed rail) to Shanghai; and
- passengers who choose to fly to alternative airports within reasonable geographic proximity (e.g. Hongqiao, Hangzhou, Nanjing, Ningbo, Wuxi, Changzhou and Nantong) to reach their destination within the broader Shanghai catchment area.

Having said this, Qantas believes that the MIDT data on direct services is reasonably accurate, largely because none of the above data capture issues apply to point-to-point single sector passenger itineraries. For this reason, the extrapolation described below did not need to be applied to the data reflecting passengers travelling on direct services.

Extrapolation process

Taking into account the known deficiency in MIDT data, and assuming the inaccuracy applies equally to the data of other carriers, a more accurate estimate of market share of indirect operators can be ascertained (see Figure 5 in our response dated 2 March 2015).

[REDACTED – COMMERCIAL IN CONFIDENCE]

Table 1: Extrapolated Passenger Numbers By Carrier, Sydney-Shanghai 2014

[REDACTED – COMMERCIAL IN CONFIDENCE]

Please also provide:

- **the underlying MIDT data recording the number of Qantas passengers who travelled from Sydney-Shanghai via Hong Kong and the number of Qantas passengers who travelled from Sydney-Shanghai direct;**

Please see Confidential Attachment 1.

- **the information/data that Qantas has used to calculate that [REDACTED – COMMERCIAL IN CONFIDENCE] Qantas passengers a day transfer to Shanghai via Hong Kong;**

[REDACTED – COMMERCIAL IN CONFIDENCE]

- **a definition of what constitutes a passenger transfer for the purpose of calculating this average (for example, does it include passengers who stopped over in Hong Kong before travelling to Shanghai, only passengers who transferred directly to a flight to Shanghai on arrival in Hong Kong or some combination of the two).**

Qantas defined a passenger transfer as being all Sydney-Shanghai passengers who travelled via Hong Kong and who were ticketed by Qantas. This includes those who had a stopover in Hong Kong as well as those who transferred immediately onto a connecting flight in Hong Kong to Shanghai.