

Our Ref: 56245
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**Australian
Competition &
Consumer
Commission**

26 February 2015

Anna Pritchard
Head of Legal
Qantas Airways Limited

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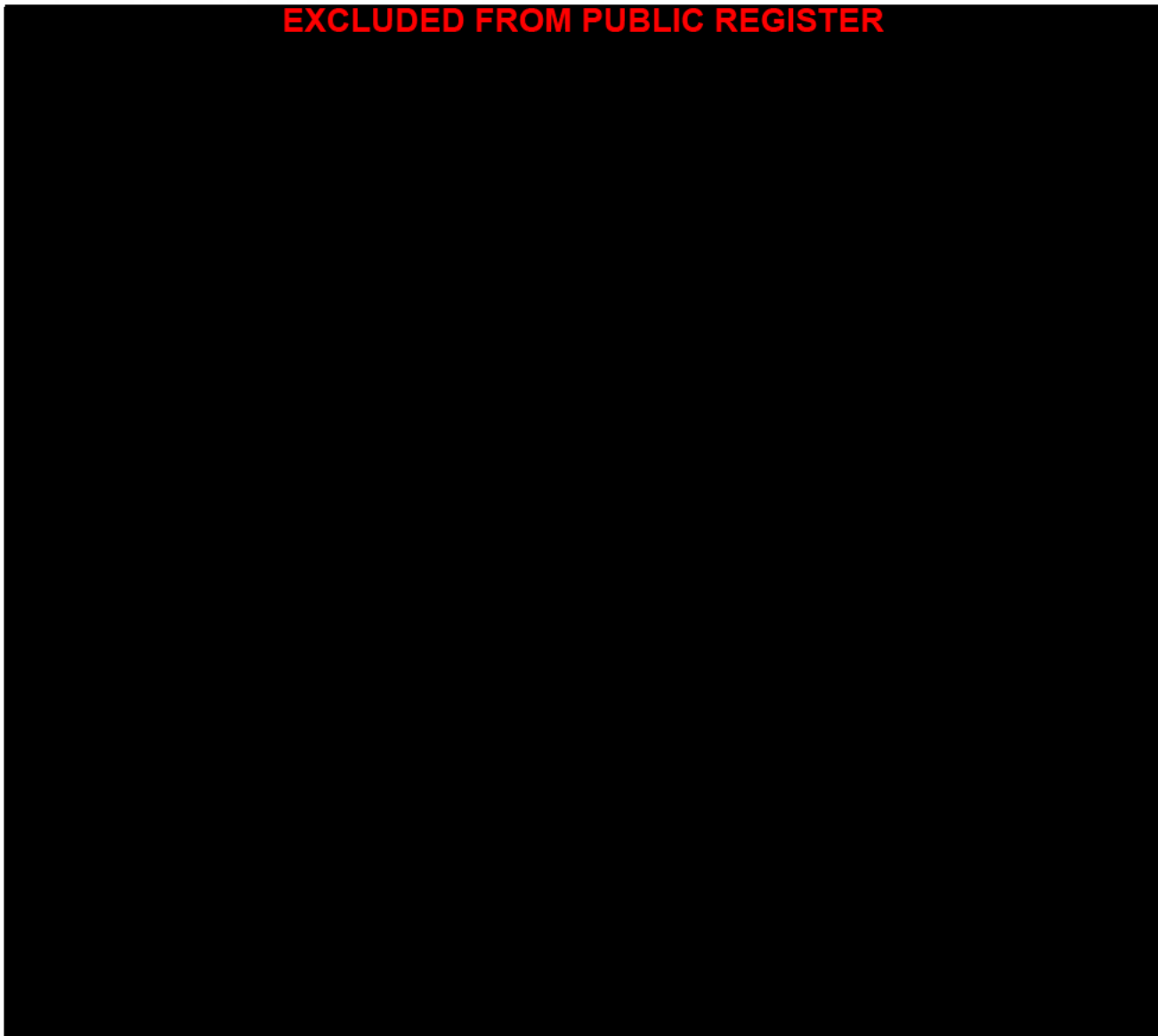
By email: annapritchard@qantas.com.au

Dear Ms Pritchard

Qantas & China Eastern applications for authorisation A91470 & A91471

I refer to the meeting between Qantas and the ACCC on 23 February 2015 and the strategy documents provided by Qantas on 19 January 2015 (the strategy documents).

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The ACCC also requests that Qantas provide the following additional information.

1. For the calendar year 2014, please advise the number of Qantas ticketed passengers flown on Qantas operated flights from Sydney to Hong Kong, both in total and as a percentage of all Qantas ticketed passengers flown on Qantas operated flights from Sydney to Hong Kong, who transferred to a Cathay Pacific or Dragonair flight to a destination in mainland China on arrival in Hong Kong (total and by destination of Cathay Pacific or Dragonair flights to which Qantas ticketed passengers transferred).
2. In relation to Qantas operated flights between Sydney and Shanghai, for the calendar year 2014, please advise:
 - (a) the number of Qantas ticketed passengers who travelled on a return ticket with Sydney as their departure city, and
 - (b) the number of Qantas ticketed passengers who travelled on a return ticket with Shanghai as their departure city.

For the purpose of questions 2 and 3 Qantas ticketed passengers are revenue passengers travelling on a Qantas code. It excludes staff travel, infant tickets, passengers redeeming frequent flyer entitlements and seats sold by other carriers through codeshare and interline agreements.

3. At section 7.4 of the submission in support of the application for authorisation the Applicants submit that as a result of the Proposed Conduct the Applicants expect that China Eastern will, in 2016, be able to offer additional frequencies on existing routes. The Applicants state that this will result in China Eastern operating 24 flights a week between Sydney and Shanghai and 22 flights a week between Melbourne and

Shanghai. Please advise whether the references to 24 and 22 flights a week means return flights or one way flights (and therefore 12 and 11 return services a week)?
Note: The ACCC has also asked China Eastern for this information.

4. Please advise whether Qantas intends to maintain its existing frequencies on the Sydney – Shanghai route if the Joint Coordination Agreement with China Eastern is authorised? If it is anticipated that there will be any changes to Qantas frequencies if the Joint Coordination Agreement is authorised please provide details.
5. In the meeting between Qantas and the ACCC on 18 November 2014 Qantas representatives stated that Qantas intends to maintain its existing codeshare agreement with China Southern if the Joint Coordination Agreement with China Eastern is authorised. Please confirm whether this is the case.
6. In the meeting between Qantas and the ACCC on 23 February 2015 Qantas representatives discussed new entrants and anticipated new entrants providing passenger air services in China. Please provide any details of new entrants that Qantas considers relevant to consideration of the application for authorisation of the Joint Coordination Agreement. The ACCC is particularly interested in any evidence or details of anticipated entry or expansion by airlines that would provide long-haul services from Shanghai.

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Please provide the requested information in questions 3, 4, 5, 6 and 7 by COB Wednesday 4 March 2015. Please provide the information requested in the remainder of the questions by COB Monday 9 March 2015.

Where possible provide documents in full, redacted only for legal professional privilege.

I note that some of the information requested may be confidential to Qantas. Under section 89 of the *Competition and Consumer Act 2010* the ACCC is able to exclude documents (or part documents) from its public register by reason of the confidential nature of any of the matters contained in the document. If Qantas does wish to request exclusion from the public register for any documents (or part documents) provided in response to the ACCC's request please clearly indicate this when providing the documents.

This letter will also be placed on the public register once Qantas has provided a response. If Qantas considers that any information in this letter is confidential please also indicate this in your response so that it can be redacted accordingly before it is placed on the public register.

Should you have any queries in relation to this matter, please do not hesitate to contact Gavin Jones on (03) 9290 1475.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'R Chadwick', with a long horizontal flourish extending to the right.

Dr Richard Chadwick
General Manager
Adjudication Branch