

Blanch, Belinda

From: Rachel Crowley
Sent: Wednesday, 15 April 2015 9:51 AM
To: Brett, Georgina
Subject: RE: A91470 & A91471 - Qantas and China Eastern - Submission [DLM=For-Official-Use-Only]

SUBMISSION BY BRISBANE AIRPORT CORPORATION

To whom it may concern,

Brisbane Airport Corporation (BAC) supports Qantas Airways Limited's application for authorisation of its partnership with China Eastern.

BAC's support for this partnership is based on its view that the partnership would deliver significant benefits to the Queensland travelling public and local business, and open new opportunities for inbound travel to the State.

Queensland is currently under-serviced in terms of direct flights to and from mainland China, and, as such, is restricted in its capacity to unlock the full potential of trade and tourism links between the state and key Chinese markets. More direct airlines services through the main state gateway, BNE, would deliver economic benefits throughout the state via BNE's extensive regional Queensland route network.

In particular, BAC believes that there would be a significant consumer and economic benefit to Queensland from a non-stop Shanghai – Brisbane service. BAC believes that the proposed partnership between Qantas and China Eastern Airlines will enable the commencement of a Shanghai – Brisbane flight far sooner than if the airlines were required to act independently. Whether that service is operated by one airline or the other, or in partnership, will have no bearing on the level of competition in the Shanghai - Brisbane market in the foreseeable future, as the potential for two carriers to operate the route must be considered very low. However, the ability for China Eastern and Qantas to work cooperatively together would, we believe, provide the confidence needed to start services on this route within 12-18 months.

That a partnership between a foreign and a Chinese airline can have a beneficial result in the number of city pairs operated is clearly demonstrated in the joint venture between KLM of the Netherlands and China Southern Airlines. At the time of writing, KLM operates to the most cities in China (five) of any European airline. Likewise, Amsterdam is the only European destination to receive flights from both China Southern's Guangzhou and Beijing hubs. KLM's joint venture with China Southern gives it access to the key enabling factor of China Southern's sales distribution channel throughout China, and gives China Southern access to KLM's destination network throughout Europe.

Whilst it supports this current application, BAC envisages that, as the Chinese overseas travel market grows and matures, there will come a time when it is no longer commercially critical for Qantas to operate in partnership with a Chinese airline. Therefore, it would be reasonable for the ACCC to approve the application now whilst reserving the right to periodically revisit the application and retest the assumptions stated above.

If you have any further questions please do not hesitate to contact me.

Sincerely

RACHEL CROWLEY
HEAD OF CORPORATE RELATIONS
BRISBANE AIRPORT CORPORATION PTY LIMITED



- ♦ Rated 1st for Customer Services for 10 years running in a survey by the ACCC
- ♦ Award for Sustainability in Business 2013 Lord Mayor's Business Awards
- ♦ Ranked 3rd by Skytrax World Airline Awards 2014, for Airports Servicing 20-30 million Passengers
- ♦ Ranked 3rd by Skytrax World Airline Awards 2014, for Best Airport in Australia/Pacific
- ♦ Ranked 3rd by Skytrax World Airline Awards 2014, for Best Airport Staff in Australia/Pacific