

Pfitzner, Laura

From: Brenton Cox <bcox@aal.com.au>
Sent: Wednesday, 1 July 2015 6:35 PM
To: Adjudication
Subject: A91470 & A91471 - Qantas & China Eastern - Submission

Dear Sir/Madam

We believe the ACCC needs to reconsider the decision to deny the China Eastern and Qantas partnership. The partnership would be good for competition and aviation in Australia in general.

We support Qantas and China Eastern's rationale for the partnership and the expected benefits for competition and inbound tourism for all of Australia, however, we will not duplicate the information in support of that application that you have already received. We will instead focus on the potential importance of this partnership for Adelaide Airport, Adelaide and South Australia.

General Importance of Partnership's for Foreign Carriers Operating in Adelaide

Qantas does not currently operate international services from Adelaide. However, Qantas' partnerships with Emirates, Cathay and Malaysia deliver Qantas Frequent Flyer loyalty members benefits when travelling on these partner carriers. Capturing loyal Qantas flyers on these other carriers is important for ensuring outbound / ex-Adelaide support for these services. Underpinning that side of the market provides these partner carriers with confidence that they can commit services to Adelaide and develop the inbound markets they can uniquely serve.

Importance of the China Eastern and Qantas partnership for developing the Adelaide and Chinese market

Cathay are a critical partner of Adelaide Airport and offer strong same day connectivity into multiple destinations in mainland China through Hong Kong.

Currently there are no direct services between mainland China and Adelaide. The strength of China Eastern's home, Shanghai, as a hub but also a point to point destination in its own right (currently the largest ultimate albeit indirect destination for travel between Adelaide and China) means that the route will inevitably become viable. It is in the interests of South Australia and Australia more broadly that this happens sooner rather than later. This product and frequent flyer tie-up would enhance the economics for China Eastern's consideration of direct service to Adelaide.

We have no realistic expectation that Qantas will fly direct mainland Chinese services from Adelaide so it is critical we do what we can to make it easier for Chinese carriers to serve Adelaide. Opening up a direct corridor would be a significant facilitator for tourism, education, property and business in general in Adelaide. When competition for Chinese business and tourism is global – this will grow the pie for Australia as well as the local economy. Clearly it would be easier to increase awareness within China - making it far easier for our people and economies to connect – were there direct aviation services.

We urge you to reconsider your interim decision as it will have the effect of delaying growth and property within South Australia. The wrong decision risks the appearance that we are closed for business.

Please don't hesitate to get in touch with any queries or points of clarification.

Regards
ADELAIDE AIRPORT

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