

24 August 2020

Mr G Jones
Director, Adjudication
Australian Competition and Consumer Commission
Level 35, 360 Elizabeth St
Melbourne VIC 3330

By email: adjudication@accc.gov.au

Dear Mr Jones,

SUBJECT: Authorisation substitution application by Qantas Airways Limited and China Eastern Airlines Limited.

Perth Airport welcomes the opportunity to provide comment on the application for revocation and substitution on both an interim and ongoing basis.

The current authorisations (A91740 and A91474) were granted (with conditions) on 14 November 2014 and are due to expire on 31 October 2020.

Your correspondence notes the reasons Qantas and China Eastern sought these original authorisations.

This included their belief of a need to coordinate their operations on “schedules, connections and connection times” and “expanding connecting services and destinations.”

It is apparent from this list of reasons that the expected outcome would be an expansion of services and destinations for the benefit of consumers. This, in turn, would theoretically lead to a better outcome for both competition and consumers.

Given this expected outcome, the ACCC in granting the authorisation wisely included a condition that required Qantas and China Eastern to maintain or grow flight capacity on particular routes.

While being mindful of the challenges facing all airlines as they respond to the impact of Covid-19, we remain concerned that the permanent removal of this clause could have a negative impact on consumers in Western Australia as it would remove an incentive for Qantas and China Eastern to explore a direct connection between Perth and mainland China.

Prior to the Covid-19 outbreak and subsequent border restrictions, China Eastern had commenced a trial of direct flights between Perth and Shanghai. This trial was the result of an intensive business-to-business engagement and lobbying effort over 3 years by Perth Airport, supported by the Western Australian and Australian governments, industry and the tertiary education sector. Qantas also flies internationally from Perth Airport and has previously spoken of developing a “western hub” style operation in Perth.

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The development of additional flights to mainland China – which is one of Western Australia’s major trading partners – would be a significant boost for the State’s economy and would deliver benefits for consumers.

Presently the Perth-China market is clearly under-served with only China Southern operating a three-times a week service to Guangzhou.

The permanent removal of the original condition could mean Perth consumers would see no expansion of services until well beyond March 2022.

A sensible compromise would be to allow an extension of the authorisation without the condition to maintain and grow capacity, but to do so for a shorter period.

Perth Airport believes a 12-month extension would allow both airlines to work through the current Covid-19 challenge.

The airlines could then seek a further authorisation which could be considered by the ACCC in light of what is hoped to be a return, at some level, to international travel in the post-Covid recovery period

At that point in time, the building of capacity will be pivotal to Australia’s aviation and tourism sector and the re-insertion of the capacity-related condition would be both timely and appropriate.

The 12-month extension would allow airlines the time to plan for a post-Covid environment with a view to the Northern Summer Season and then to promote growth in new capacity over the peak months of the Chinese New Year in 2022.

Perth Airport thanks the ACCC for seeking and considering these comments. Our officers are available to the ACCC at any time to further discuss this submission, to clarify any points, or answer any questions you may have.

The best point of contact going forward would be our General Manager Corporate Affairs, Matt Brown, who can be reached on [REDACTED] or on [REDACTED].

Yours sincerely,


Kevin Brown

CHIEF EXECUTIVE OFFICER