



7 March 2023

**BY EMAIL ONLY**

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Dear Mr Hilton

**Qantas Airways Limited & Emirates (AA1000625-1) (the Application)  
Response to ACCC request for information**

Thank you for your request for information dated 27 February 2023 (the **RFI**). Qantas sets out its response to the RFI below, which replicates the ACCC's questions in the RFI for ease of reading. Capitalised terms in this submission have the same meaning as set out in the Application.

1. **We refer to the market share data set out in Annexure E-H of Qantas' submission dated 5 November 2022. Please:**

(a) **for the market shares that are sourced from "DDS (Trip Dominant Marketing Carrier)", explain the metric used to calculate the market shares**

The market shares are sourced from the IATA DDS system, and are based on number of passengers. 'Trip' refers to the flight(s) that form the total route of a specific origin and destination (a single trip can be served by one or multiple carriers), and 'Dominant Marketing Carrier' refers to the marketing carrier for the longest distance of the trip. (Marketing carrier is the carrier that sells transport on a vehicle operated by itself, or by another carrier as part of a commercial agreement between the two parties.)



- (b) **provide total numbers of passengers for each calendar year at the bottom of each table in Annexures E-H, and**

Please refer to Annexure 1 **attached**. Please note the passenger number data is **confidential** and marked accordingly.

- (c) **update these tables to include the latest available data.**

Please refer to Annexure 1 **attached**. The latest data currently available is to December 2022. Annexure 1 includes data for Jan-May 2022 (as included in the Application), and updated data, comprising Jan-Dec 2022 data (ie CY2022), as well as October-Dec 2022 to provide a more recent picture. The updated data is shaded.

2. **Please provide the data used to prepare Figures 4 and 5 (page 12 of Qantas' submission dated 5 November 2022) and include latest available data (including forecast capacity) and comparable Qantas data.**

Please refer to Annexure 2 **attached** for the BITRE data used to prepare Figures 4 and 5 on the Application. Please refer to Annexure 3 **attached** for updated BITRE data, which reflects the latest available data (to November 2022) and includes comparable Qantas data.

3. **Please describe the data (capacity or passenger market share) and data source used to calculate the market share information referred to in paragraph 3.2(c) of Qantas' 15 February 2023 response to AFTA's submission. Please also provide the data used to calculate percentage shares to the extent that this is not already done in response to Question 1 above.**

The source of the market share data in paragraph 3.2 of Qantas' 15 February 2023 response (**15 Feb Response**) is the same as for Q1 above (ie IATA DDS) and is based on passengers. At the time of providing this response, the latest data available was for November 2022, and so data for October-November 2022 was included in the 15 Feb Response to provide the most recent picture available at that time. Annexure 1 contains updated data for October – December 2022 to provide a more recent picture than that set out in the 15 Feb Response.

4. **Please explain the following metric used in [REDACTED QF CONFIDENTIAL] and [REDACTED QF/EK CONFIDENTIAL] in Qantas' submission dated 5 November 2022.**

Qantas has over 130 interline agreements with other airlines, which allow other airlines (especially those with services to Australia) access to sell the Qantas Domestic network in conjunction with their own international service to/from Australia. **[REDACTED QF CONFIDENTIAL]**

**[REDACTED QF/EK CONFIDENTIAL]**

5. **In relation to paragraph 1.5 of Qantas' submission dated 5 November 2022 please provide the latest available information about the expected recovery of international passenger numbers and capacity to/from Australia.**

As set out in Qantas' 1H23 (half year) results released on 23 February 2023, Qantas Group International capacity for 1H23 was 60 per cent (of pre-COVID capacity),<sup>1</sup> which almost doubled from 31 per cent of pre-COVID capacity in 2H22.<sup>2</sup>

Qantas Group half year results set out that group international capacity is forecast to reach 71 per cent in 3Q23 and 81 per cent in 4Q23, and 89 per cent in 1H24, as set out in the following table.<sup>3</sup>

<sup>1</sup> Figures are a comparison against FY19 as a proxy for pre-COVID flying. Qantas Group 1H23 Results Presentation (23 February 2023), page 3. Available here:

<https://investor.qantas.com/FormBuilder/Resource/module/doLLG5ufYkCyEPIF1tpgyw/file/2023HY/1H23-Presentation.pdf>.

Please note there was a typo in paragraph 1.5 of the Application - the forecast for the Qantas Group's international capacity was 69 (not 79) per cent for FY2023 (as set out in the October 2022 press release in the footnote to paragraph 1.5).

<sup>2</sup> Qantas Group Returns To Profit With Record Half Year Result', Qantas News Room, (Press Release, 23 February 2023).

Available here: <https://investor.qantas.com/FormBuilder/Resource/module/doLLG5ufYkCyEPIF1tpgyw/file/2023HY/1H23-Media-Release.pdf>.

<sup>3</sup> See page 30 of Qantas Group 1H23 Results Presentation 23 February 2023.

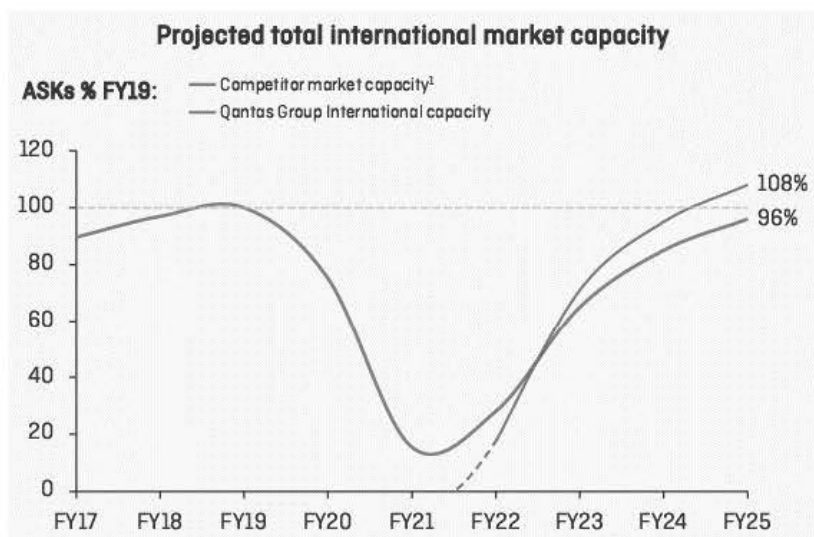
Capacity Guidance <sup>1</sup> (as % of pre-COVID)	3Q23	4Q23	2H23	FY23	1H24
<b>Group Domestic</b>	<b>98%</b>	<b>103%</b>	<b>101%</b>	<b>97%</b>	<b>109%</b>
Qantas Domestic	97%	103%	100%	<b>97%</b>	106%
Jetstar Domestic	101%	103%	102%	<b>98%</b>	114%
<b>Group International</b>	<b>71%</b>	<b>81%</b>	<b>76%</b>	<b>68%</b>	<b>89%</b>
Qantas International	69%	79%	74%	<b>66%</b>	87%
Jetstar International <sup>2</sup>	75%	85%	80%	<b>73%</b>	92%

The following table from Qantas' half yearly results sets out the following Qantas Group International capacity outlook by international market. <sup>4</sup>

#### Group International capacity outlook by market

Market	% share of FY18 Group International capacity	2H23 Group capacity vs pre-COVID <sup>2</sup>	FY24 Group capacity vs pre-COVID <sup>2</sup>
<b>North America</b>	28%	64%	80%
<b>UK/Europe</b>	8%	101%	106%
<b>North-East Asia</b>	11%	78%	94%
<b>Trans-Tasman</b>	10%	104%	110%
<b>Indonesia</b>	9%	111%	128%
<b>China<sup>3</sup>/HK</b>	9%	28%	56%
<b>Others</b>	25%	93%	103%
<b>Total</b>	<b>100%</b>	<b>81%</b> →	<b>95%</b>
<b>Total competitor market capacity<sup>1</sup></b>		<b>74%</b> →	<b>85%</b>

The half yearly results also showed projected total market capacity, as set out in the figure below, with total market capacity expected to return to pre-COVID levels by FY25.<sup>5</sup> This noted that China's accelerated reopening has shifted market capacity recovery forward by ~5% from FY24 (was ~80% now expected to be ~85%).<sup>6</sup>



<sup>4</sup> See page 8 of Qantas Group 1H23 Results Presentation 23 February 2023.

<sup>5</sup> See page 8 of Qantas Group 1H23 Results Presentation 23 February 2023.

<sup>6</sup> See page 8 of Qantas Group 1H23 Results Presentation 23 February 2023.

6. **With reference to paragraph 1.16 of Qantas' submission dated 5 November 2022, please provide data indicating the capacity (e.g. number of seats flown) of Qantas' services for each Trans-Tasman route that Qantas has operated / will operate during each month from 30 October 2022 to the end of the Northern Hemisphere winter.**

Please refer to Confidential Annexure 4 **attached**.

7. **In relation to the scope of authorisation sought please:**

- (a) **confirm that it does not include any coordination between Qantas and Emirates in respect of their NDC technology/platforms, and**
- (b) **explain the scope of coordination in relation to "distribution strategies" and "agents" (see paragraph 3.3 (b) of Qantas' submission dated 5 November 2022), including whether it includes any joint pricing for distribution services or commissions paid to travel agents.**

The Restated MCA (as authorised in 2018, and the MCA as authorised in 2013 on equivalent terms) contemplates broad cooperation by Qantas and Emirates (as summarised in paragraph 3.3 of the Application) with the objective of enhancing the product offering to passengers, and otherwise delivering substantial public benefits. The broad cooperation contemplated by the Restated MCA to enable an effective and successful alliance includes (as noted in 3.3(b)) cooperation in relation to distribution strategies and pricing for passengers and agents.

Details of the contemplated cooperation are set out in the Restated MCA. A copy of the confidential Restated MCA was provided to the ACCC with the Application (and a copy of the Restated MCA and MCA was similarly provided to the ACCC with previous authorisation applications).

**[REDACTED QF CONFIDENTIAL]** the alliance contemplates the parties seeking to cooperate and align in relation to distribution and pricing (including fares, rebates, incentives and discounts for passengers and agents) with respect to the **[REDACTED QF CONFIDENTIAL]**

Qantas coordinates its distribution strategy with Emirates to ensure alignment with **[REDACTED QF CONFIDENTIAL]** the Restated MCA (ie distribution of agreed fares), recognising that pricing coordination on such fares is a fundamental component of the alliance. This has and will generate benefits (examples of which were included in the 15 Feb Response.)

Qantas has developed and made independent decisions with respect to its global distribution strategy. **[REDACTED QF CONFIDENTIAL]**

The overall coordination contemplated by the Restated MCA (including in relation to distribution activities) underpins the foundations of the alliance, which in turn delivers a suite of benefits to consumers and agents. Looking ahead, Qantas considers it critical that the scope of coordination continues to encompass distribution and agents, including to allow the alliance to flexibly respond to the opportunities enabled by dynamic NDC technology so that Qantas and Emirates can provide, through the alliance, an even more enhanced offering.

Traditional technology is price focused and has limited the products, offers and features that can be offered. NDC technology is fundamentally different from a capability perspective, and will enable airlines to provide a greater range of products, offers, incentives and retailing experiences, which will improve consumer choice and agent choice (enabling agents, for example, to different or more relevant offers), in other words the capability of the technology provides different ways to drive value to consumers and agents.

**[REDACTED QF CONFIDENTIAL]** the parties need to continue to have the ability to coordinate and make joint propositions available to consumers and agents through such technology **[REDACTED QF CONFIDENTIAL]**

Without the ability to coordinate in respect of distribution and agents, the overall workability of the alliance would be impeded and the benefits that flow to consumers and agents would be significantly diluted.

8. Please update the information presented in Figures 1-3 in Qantas' submission dated 5 November 2022 to take into account latest available information.

Figures 1, 2 and 3 of the Application has been updated as shown below.

**Figure 1: Qantas International Destinations (ex Australia) as at 1 March 2023**

Region	Destinations
Pacific	Apia, Auckland, Christchurch, Dili, Nadi, Norfolk Island, Noumea, Nuku'alofa, Port Moresby, Queenstown, Wellington
Asia	Bangkok, Bengaluru, Delhi, Denpasar, Hong Kong, Jakarta, Manila, Seoul, Shanghai (from October 2023), Singapore, Tokyo Haneda
Europe	London Heathrow, Rome
Americas	Dallas/Fort Worth, Honolulu, Los Angeles, New York JFK (from June 2023), San Francisco (from May 2023), Santiago, Vancouver
Africa	Johannesburg

**Figure 2: Jetstar International Destinations (ex Australia) as at 1 March 2023**

Region	Destinations
Pacific	Auckland, Christchurch, Dunedin, Nadi, Queenstown, Rarotonga (from June 2023) Wellington
South East Asia	Bangkok, Denpasar, Ho Chi Minh City, Phuket, Singapore
North East Asia	Osaka, Seoul, Tokyo-Narita
Americas	Honolulu

**Figure 3: Emirates Passenger Destinations (as at 1 March 2023)**

Region	Destinations
Pacific	Adelaide (temporarily suspended), Auckland, Brisbane, Christchurch (resumes 26 March 2023), Melbourne, Perth, Sydney
Asia	Ahmedabad, Bali, Bangkok, Beijing (resumes 15 March 2023), Bengaluru, Cebu, Chennai, Clark, Cochin, Colombo, Delhi, Dhaka, Guangzhou, Hanoi, Ho Chi Minh, Hong Kong, Hyderabad, Islamabad, Jakarta, Kabul (temporarily suspended), Karachi, Kolkata, Kuala Lumpur, Lahore, Male, Manila, Mumbai, Osaka, Peshawar, Phnom Penh (temporarily suspended), Phuket, Seoul, Shanghai (resumed 20 Jan 2023), Sialkot, Singapore, Taipei, Thiruvananthapuram, Tokyo-Haneda, Tokyo-Narita, Yangon (temporarily suspended)
Europe	Amsterdam, Athens, Barcelona, Birmingham, Bologna, Brussels, Budapest, Copenhagen, Dublin, Dusseldorf, Edinburgh (temporarily suspended), Frankfurt, Geneva, Glasgow, Hamburg, Istanbul, Larnaca, Lisbon, London-Gatwick, London-Heathrow, London-Stansted, Lyon, Madrid, Malta, Manchester, Milan, Moscow, Munich, Newcastle, Nice, Oslo, Paris, Porto (temporarily suspended), Prague, Rome, St. Petersburg, Stockholm, Venice, Vienna, Warsaw, Zurich
Americas	Boston, Buenos Aires (resumed 2 November 2022), Chicago, Dallas/Fort Worth, Houston, Los Angeles, Mexico City, Mexico City, Miami, New York, Newark, Orlando, Rio De Janeiro (resumed 2 November 2022), San Francisco, Sao Paulo, Seattle, Toronto, Washington
Africa	Abidjan, Abuja, Accra, Addis Ababa, Algiers, Cairo, Cape Town, Casablanca, Conakry, Dakar, Dar Es Salaam, Durban, Entebbe, Harare, Johannesburg, Khartoum, Lagos (temporarily suspended), Luanda, Lusaka, Mauritius, Nairobi, Seychelles, Tunis
Middle East	Amman, Baghdad, Bahrain, Basra, Beirut, Dammam, Doha (temporarily suspended), Erbil (temporarily suspended), Jeddah, Kuwait, Medinah, Muscat, Riyadh, Tehran

Please let us know if the ACCC has any questions or requires any further information.

Yours faithfully

*Qantas*  
Nicole Malone  
Head of Competition & Consumer

