

27 May 2021

Mr Gavin Jones  
Director – Competition Exemptions  
Australian Competition and Consumer Commission  
23 Marcus Clarke Street  
CANBERRA ACT 2601

Via email: [gavin.jones@acc.gov.au](mailto:gavin.jones@acc.gov.au)

Dear Mr Jones,

**RE SUPPORT FOR QANTAS AND JAPAN AIRLINES JOINT BUSINESS AGREEMENT**

The Australian Tourism Industry Council (ATIC) wishes to outline its support for the Qantas Airways (Qantas) and Japan Airlines (JAL) joint business agreement (JBA).

ATIC is the national representative body of Australia's state and territory tourism industry councils (TIC) covering all states and territories. Together, ATIC members represent close to 12,000 tourism operators across the nation from Broome to Bruny Island and Port Lincoln to Port Douglas and the majority of which are small to medium sized enterprises. This is holistically reflective of the true make-up of our wider industry. ATIC has the largest and most diverse representation of tourism enterprises across Australia.

COVID-19 and the consequential travel and border restrictions has had a major and unprecedented impact on Australia's overall tourism industry. In particular, has been the economic and commercial impacts on our nation's inbound tourism sector, due to hard closed international borders which will from this point take years to achieve market recovery.

In the 2019 calendar year (CY19), there were close to 9.5 million international arrivals into Australia. This had represented another record intake year as a result of the collective efforts of industry, commercial enterprises and Australian governments to encourage sustainable growth in our visitor economy and international tourism over the past decade. Close to 50 billion in annual international tourism and visitor receipts were annually being injected into Australia's economy pre-COVID-19.

In all, Australia's top-5 international visitor markets – China, NZ, US, UK and Japan – until COVID-19, had been experiencing strong, sustainable growth in international arrivals and commensurate visitor spend.

The global COVID-19 pandemic has changed the inbound visitor market completely. As an industry we have to be realistic that the re-build will not be linear, that the impacts of COVID-19 on international travel logistics and consumer confidence will be long-standing, and in many areas, create permanent change.

Australia's overwhelmingly strongest international market for visitation and visitor spend – China – is also unlikely to return to the same levels. In 2019 this alone, China delivered over 1.4 million arrivals with spend determined by Tourism Research Australia at approaching \$12 billion per annum.

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In the case of the Japanese inbound market, TRA had determined its value in 2019 at \$2.1billion via 500,000 annual visitors. The Japanese market is a genuine and historic, top-10 visitor market for Australia. Japan has also been a critical market for a number of Australian regional tourism gateways, importantly including Far North Queensland.

On behalf of the ATIC board and members, we urge the Australian Competition and Consumer Commission to approve the Qantas and Japan Airlines (JAL) Joint Business Agreement (JBA).

As we slowly exit COVID-19, it is clear there will be future hesitancy to travel. Our long-standing position in the industry, recognised the time taken for recovery in the post-SARS virus environment in the early 2000s, where high-yielding markets like Japan had a longer recovery-tail.

For a critical market like Japan, we need to do everything to accelerate the post COVID re-build and ensure airlines are re-establishing their city-pairs and reducing the risks associated with the launch of new initiatives. Post COVID-19, Japan will be a vital market to stimulate Australia's inbound tourism sector. Its pre-virus growth of above 6 per cent – out-performed the market average of 2.4%.

ATIC believes the proposal put forward by Qantas and JAL is in the best interests of 'destination Australia'. The JBA Agreement will deliver the benefits for the Australian tourism industry that we believe includes:

- Expanded codeshare relationship and optimised schedules on flights between Australia and New Zealand and Japan, opening more connections to destinations beyond the major city gateways. Qantas customers would have access to 14 new codeshare destinations in Japan and JAL customers would have access to 15 new codeshare destinations in Australia and New Zealand.
- Enhanced frequent flyer benefits for Qantas and JAL customers.
- Improvements in the customer experience, including streamlined processes for disruption management and investments in product and service inflight and on the ground, designed to better serve the carriers' joint customers.
- More premium travel opportunities, with Qantas able to offer customers a greater number of Business and Premium Economy seats on flights operated by JAL. We think this is a particularly important point given the Japanese market's propensity for being high-yielding for Australian tourism.
- Coordination of pricing, schedules, sales and tourism marketing to develop new and improved travel products, delivering more choice for customers.
- Critically, the JBA will allow both airlines to accelerate the reinstatement of city-pairs (including Melbourne) and facilitate the launch of Qantas' proposed service between Cairns-Tokyo (Narita) which would be a particularly important development for the FNQ tourism industry.

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Australian tourism is staring into an ongoing period of constrained capital and it needs efficient airline partners to support a sustainable recovery. The proposed JBA ensures that both Qantas and JAL are incentivised to leverage their assets to stimulate the Australia-Japan market.

The opportunity associated with Qantas launching services on Cairns-Tokyo (Narita) route and providing a dual-brand product for customers can't be ignored in the current need to find means to re-build Australian international air markets.

We know Jetstar within the Qantas Group is an attractive option for leisure passengers. But we believe the premium Qantas product in Cairns is now well suited for the Japanese corporate market for meetings, conferences and events, as well as a returning leisure market that is traditionally high-yield.

Australia's international tourism sector needs certainty post-COVID, and the Qantas-JAL JBA helps deliver that. The opportunities that flow from Japan will also increase future certainty on the Australia-Japan route and build back this critical inbound market. For Qantas to re-establish much needed international services as the removal of hard international borders permits will define just how recovery of our nation's once strong international tourism industry can occur.

This JBA is good for 'destination Australia' and we would welcome a discussion with the ACCC to further elaborate on our views.

I can be contacted at [REDACTED] and on [REDACTED].

Yours sincerely,

[REDACTED]

**Simon Westaway**  
Executive Director

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