

27 May 2021

Mr. Tom Whitby  
Contact Officer  
Australian Competition and Consumer Commission  
exemptions@accc.gov.au

Dear Mr Whitby,

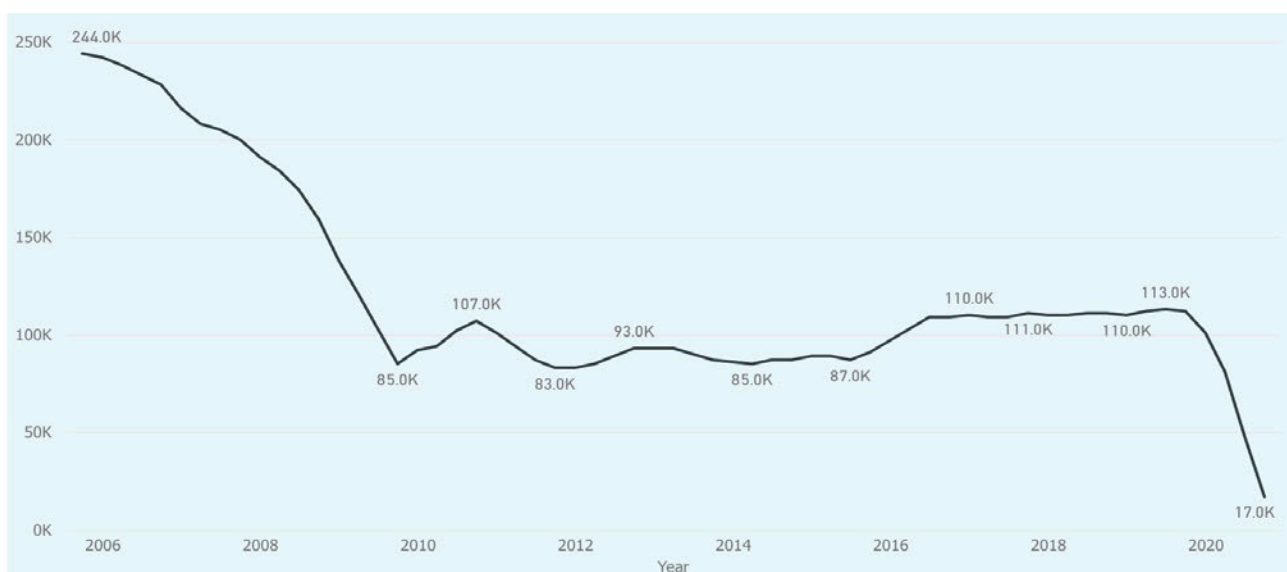
**Re: AA1000540 – Qantas and JAL Submission**

Thank you for the opportunity to comment on the draft determination of the application by Qantas Airways (Qantas) and Japan Airlines (JAL) to seek authorisation to coordinate operations between Australia and Japan.

Tourism Tropical North Queensland (TTNQ) continues to support this application for the major benefits it would provide for the recovery of tourism to Tropical North Queensland and the flow on economic benefits through export capability and thus we would welcome the additional services proposed by the applicants.

In 2005, 245,000 Japanese visitors flew direct to Cairns. This period also coincided with the highest ever level of freight exports from Cairns. Japanese visitors slumped to 85,000 in 2010, when Qantas switched to using the Jetstar brand and the Japanese economy slowed. Japanese visitor numbers to Cairns slowly rebuilt over the decade to 113,000 in 2019 (see Figure 1 below). This represented 55% of total international traffic for Cairns Airport. Japanese residents are Cairns second largest foreign visitor group. The direct economic spend of these visitors was worth \$650 million to the Cairns region.

**Figure 1: Japanese Visitor Numbers to Tropical North Queensland (2006 – 2020)**



Source: Tourism Research Australia – International Visitor Survey

Rebuilding Japanese visitation to Cairns to 250,000 per annum, possible with a Qantas/JAL partnership could deliver an extra \$550M per annum of visitor spend for the tourism sector in Cairns decimated by the closure of international borders. This goal is unlikely to be achieved without a full-service airline offer given Japanese passenger preferences.

The route between Cairns and Tokyo is not big enough to support two airlines. It is referred to within the industry as a “skinny” route. A Qantas/JAL Joint Business Agreement (JBA) would leverage the brand and network strengths of both airlines in their home markets giving the route the best chance of success. Without the JBA, a single airline would be weak at stimulating demand for the service other than in their home market. Given the relatively small size of the outbound market from Cairns, the Qantas service would struggle to be viable.

Qantas branded aircraft have not operated international services to Cairns since 2009. A JBA between Qantas and Japan Airlines would deliver multiple benefits for the recovery of our market. Both brands are well known and respected in Japan as being reliable and represent quality that is important to travellers.

The more than 20,000 people employed in tourism in the Cairns region, are hopeful of an international recovery for the region, led by a return of the Japanese traveller, the second biggest market for Cairns.

TTNQ and its partners, Advance Cairns and the North Queensland Airports, strongly encourage the ACCC to reconsider its draft determination and encourage Qantas and JAL to reinstate the Cairns Narita service with both the full-service and low-cost carrier services to rebuild Australia’s stalled international visitor economy.

Kind regards



Mark Olsen  
Chief Executive Officer