

Public Version

**Application to the Minister of Transport
pursuant to Part 9 of the Civil Aviation Act 1990**



Joint Business Agreement

21 December 2020

EXECUTIVE SUMMARY

Qantas Airways Limited (**Qantas**) and Japan Airlines Co Ltd (**JAL**) and their relevant related bodies corporate¹ (together, the **Applicants**) seek authorisation from the Minister of Transport under section 88 of the *Civil Aviation Act 1990* (**CAA**) of the Joint Business Agreement (**JBA**) and associated agreements for three years,² through which they will rebuild operations across a range of routes between New Zealand/Australia and Japan as demand recovers (the **Proposed Conduct**). Equivalent applications are being made to the Ministry of Infrastructure, Land and Transport in Japan (**MLIT**) and to the Australian Competition and Consumer Commission (**ACCC**).

As the Minister is aware, air passenger services between Australasia and Japan have always been a vital element of the long standing strong political and economic ties in the region, yet the airline industry remains in crisis as a result of the coronavirus Pandemic. The flight, entry and quarantine restrictions imposed by Governments globally have impacted the industry with unprecedented severity and caused a precipitous decline in demand. Critically, it has been forecast that it will be at least 2024 by the time global passenger traffic recovers to pre-Pandemic levels.³

The Pandemic has forced a \$4 billion revenue impact on Qantas in the second half of financial year 2020, contributing to a \$2.7 billion statutory loss before tax in the 2020 financial year.⁴ Qantas continues to undergo a massive business restructuring as a result, including the continued stand down of employees and a reduction of its workforce by at least 8,500 roles across all parts of the business. JAL has also experienced a significant decrease in operating revenue of 194.7 billion yen, down 74 per cent year-over-year, recording a loss of 161.2 billion yen during April-September 2020. With international passenger demand decreasing by 97.7 per cent and international passenger revenue down 96.6 per cent year-on-year, JAL plans to retire a total of 24 Boeing 777 fleet by the end of financial year 2022.

The New Zealand Government retains entry restrictions on international travel and on 8 December 2020, the Australian Government extended the ban on outbound international travel for a further three months until 17 March 2021.⁵ Even with a relaxation of travel restrictions in coming months, demand for travel ex-Japan is expected to be slow to recover, given potential restrictions on leisure travel as part of any 'travel bubbles' and a history of consumer conservatism in the wake of industry disruption. As explained further below, JAL has modelled that poor demand forecasts will mean that, absent the Proposed Conduct, **[REDACTED - CONFIDENTIAL]**

The Proposed Conduct is critical to sustainably restoring air links across a wide range of routes between Australasia and Japan. As demand recovers and borders open, the Applicants' combined selling engines will facilitate key consumer benefits which would not otherwise occur.

Authorisation is being sought from the Minister because the Proposed Conduct will include the ability for the Applicants to coordinate on pricing for journeys between New Zealand and Japan, via Australia – specifically, on itineraries between New Zealand and Australia on Trans-Tasman services operated by Qantas,⁶ connecting to long-haul services between Australia and Japan operated by JAL and Qantas. This will include expanding the ability for JAL to code on Qantas operated services from Christchurch, Wellington and Queenstown and Auckland to various ports in Australia, in addition to the existing code on Sydney-Auckland services.

¹ See Annexure A which is a list of the Applicants' related bodies corporate covered by this Application.

² See Confidential Annexure B.

³ International Air Transport Association media release 'Recovery delayed as international travel remains locked down,' 28 July 2020. Available: <https://www.iata.org/en/pressroom/pr/2020-07-28-02/>

⁴ See Qantas media release 'Qantas Group FY20 Financial Results – Navigating Exceptional Conditions,' 20 August 2020. Available: <https://www.qantasnewsroom.com.au/media-releases/qantas-group-fy20-financial-results-navigating-exceptional-conditions/>

⁵ Hon Greg Hunt, Minister for Health, Australian Government, 'Extending the human biosecurity emergency period by three months', media release dated 8 December 2020. Available: <https://www.health.gov.au/ministers/the-hon-greg-hunt-mp/media/extending-the-human-biosecurity-emergency-period-by-three-months>

⁶ The Proposed Conduct does not relate to 'point to point' journeys between Australia and New Zealand (i.e. it only relates to that segment as part of a long haul journey from New Zealand via Australia to Japan).

For the reasons set out below, the Proposed Conduct will deliver significant benefits to New Zealand consumers and will not cause any competitive detriment. There is no actual or intended operational overlap between the Applicants to or from New Zealand: JAL does not operate on the Tasman or between New Zealand and Japan (and has very low market share as an indirect operator). By providing a competitive one-stop alternative to Air New Zealand (which is the only carrier that operates directly from New Zealand to Japan), the Proposed Conduct will deliver greater choice for consumers to travel from New Zealand to Japan.

Together, the Applicants will be able to offer increased frequencies and improved connectivity over a more diverse number of city pairs between Australasia and Japan, which will drive consumer confidence and rebuild the crippled tourism industries and state and regional economies.

Specifically, the Applicants will deliver improved schedule choice for New Zealand consumers to more destinations through:

- expanding the existing codeshare relationship between Qantas and JAL, facilitating new routings between New Zealand and Japan via Australia. This will give New Zealand consumers seamless connectivity, reduced journey times and increased schedule choice on routes between Australia and Japan as well as through access to more destinations 'behind and beyond' the major city gateways. For example, Qantas customers will have access to 14 new codeshare ports in Japan and JAL customers will have access to 15 new codeshare ports in New Zealand (including Christchurch, Wellington and Queenstown) and Australia;
- potentially increased frequencies and/or gauge operated by Qantas on the Tasman, if the additional codeshare services generate higher loads of passengers transiting from New Zealand onto Japan via Australia;
- accelerated and more sustainable reinstatement of capacity between Australia and Japan, providing more schedule options for New Zealanders to travel to Japan via Australia and for inbound tourists to reach New Zealand. Specifically, this will include:
 - a more certain and sustainable reinstatement of services operated by both carriers on routes from Sydney to Tokyo;
 - an accelerated reinstatement of daily services operated by both carriers from Melbourne to Tokyo, with the ability to offer complimentary schedules giving consumers more choice;
 - an accelerated reinstatement of services [REDACTED - CONFIDENTIAL] on the Qantas operated Brisbane-Tokyo route;
 - a faster return [REDACTED - CONFIDENTIAL] of Qantas services from Sydney to Osaka;
 - a faster return [REDACTED - CONFIDENTIAL] of Qantas services from Sydney to Sapporo; and
 - the introduction of new routes, being [REDACTED - CONFIDENTIAL]

In addition, the Proposed Conduct will enable the Applicants to:

- offer enhanced frequent flyer benefits for Qantas and JAL customers, including improving earn for members of the other carrier's frequent flyer program on joint business routes and prioritising all necessary work to offer customers the ability to upgrade on the other carrier using points/miles;
- invest in customer service and product improvements over the longer term, including through streamlined processes for customer re-accommodation in the event of flight disruption or delays and improving in-flight product and on-ground service. The Applicants will work together to make multi-sector travel easier for passengers with disabilities or those travelling with infants/children travelling alone. There will also be opportunities for sharing best practice in relation to on-board products such as meals that cater to particular passenger preferences as well as close cooperation in relation to COVID-19 testing and vaccine verification processes;
- provide a better proposition for corporate travellers between Australasia and Japan, which would otherwise be limited by the fact that Qantas' available fleet has restricted business class seats and no premium economy seats. Specifically, Qantas will be able to market and sell 16 additional

business class seats and 35 premium economy seats per flight through access to JAL's inventory, compared to if it were restricted to selling only its own operated services;⁷

- offer a variety of fare products and price points to consumers, made possible through coordinated inventory management between Qantas and JAL; and
- critically, re-stimulate tourism and trade to and within Australasia through joint sales and marketing with a particular focus on campaigns in Japan showcasing New Zealand and Australia, building on the capacity, frequency, codeshare and other customer benefits outlined above as well as through potential opportunities to increase access to shared cargo space and provide increased supply chain certainty.

Importantly, the Proposed Conduct will also have a broader restorative effect by helping to support the reinstatement of capacity across other parts of Qantas' international network. As a result of the Proposed Conduct, Qantas will be better able to sustainably direct resources to other markets to rebuild links to other countries. In turn, this will increase the public benefits to the Australasian tourism industry and regional economies more generally. These benefits will grow in meaning and utilisation as demand recovery builds over time, with the Proposed Conduct helping to provide certainty and therefore paving the way for Australasia to be regarded as a safe destination for business and leisure travellers.

By contrast, without authorisation, the codeshare across the Tasman will not expand, leaving New Zealanders and inbound tourists with less choice, reduced connectivity, longer journey times and more limited schedule choice on New Zealand-Japan itineraries. Qantas' Australia-Japan services will carry higher degrees of risk, will be less diversified in scope and, in the case of Brisbane-Tokyo, Sydney-Osaka and Sydney-Sapporo services, will be slower to be reinstated. In addition, there will be no prospect of new city pairs being served. Without the Proposed Conduct, JAL [REDACTED - CONFIDENTIAL]

The Applicants therefore urge the Minister to authorise the Proposed Conduct given that it will deliver significant benefits to New Zealand consumers, providing competition to Air New Zealand's direct service offering to Japan.

THE APPLICANTS

Qantas

Qantas was incorporated in Queensland, Australia in 1920. Prior to the Pandemic, Qantas operated more than 4,500 flights per week in Australia and over 730 flights internationally. Qantas also operates airline related businesses including freight operations, loyalty programs and engineering.

The international destinations to which Qantas operated prior to the Pandemic are set out in Table 1 below and in the route map included as Annexure C to this submission. All of these services have been impacted by the Pandemic and operations are being monitored regularly.⁸

Table 1: Qantas International Destinations (Ex Australia), Pre-Pandemic

Region	Destinations
Pacific	Auckland, Christchurch, Wellington, Queenstown, Noumea, Port Moresby, Nadi

⁷ Based on a comparison with Qantas A330-300 aircraft, which are configured with Business and Economy cabins.

⁸ Please see Qantas Group announcement on 10 March 2020. Available: See <https://www.qantasnewsroom.com.au/media-releases/qantas-group-update-on-coronavirus-response/>. See also: <https://www.qantasnewsroom.com.au/media-releases/qantas-group-update-on-coronavirus-response-2/> and <https://www.qantasnewsroom.com.au/media-releases/qantas-group-outlines-customer-and-employee-impact-of-coronavirus-related-network-cuts/>

Region	Destinations
Asia	Tokyo Haneda, Tokyo Narita, Sapporo, Osaka, Bangkok, Hong Kong, Jakarta, Manila, Shanghai, Singapore, Bali-Denpasar
Europe	London Heathrow
Americas	Dallas/Fort Worth, New York, Los Angeles, San Francisco, Honolulu, Santiago, Vancouver
Africa	Johannesburg

As at March 2020 (pre-Pandemic), the Qantas Group had a total passenger fleet of over 270 aircraft, comprising Boeing 787s, 747s, 737s and 717s, Airbus A380s, A330s, A321s and A320s, Bombardier Dash 8s and Bombardier Q400s and Fokker 100s. As a result of the Pandemic, Qantas brought forward the retirement of the Boeing 747 aircraft and placed all of its A380 fleet into semi-permanent storage.

The Qantas Group is currently a party to alliances with each of:

- Emirates (re-authorised by the Minister until 2023⁹);
- China Eastern; and
- American Airlines (in relation to which Qantas and American submitted an application to the Ministry of Transport in July 2020¹⁰).

None of the above alliances include any routes to or from Japan.

Jetstar

Jetstar is a vital part of the Qantas Group's domestic and international operations. It operates low-cost, value-based services in domestic Australia and, prior to the Pandemic, to the international destinations shown in Table 2 below. Again, all of these services have been impacted by the Pandemic and operations are being monitored regularly.¹¹

Table 2: Jetstar International Destinations, Pre-Pandemic

Region	Destinations
Pacific	Auckland, Christchurch, Queenstown, Wellington, Nadi, Rarotonga
South East Asia	Bangkok, Phuket, Bali-Denpasar, Ho Chi Minh City, Singapore
North East Asia	Osaka, Tokyo-Narita, Seoul-Incheon
Americas	Honolulu

⁹ See: <https://www.transport.govt.nz/area-of-interest/air-transport/airline-code-share-and-alliance-agreements/>

¹⁰ See <https://www.transport.govt.nz/area-of-interest/air-transport/airline-code-share-and-alliance-agreements/>

¹¹ Please see Qantas Group announcement on 10 March 2020. Available: See <https://www.qantasnewsroom.com.au/media-releases/qantas-group-update-on-coronavirus-response/> See also: <https://www.qantasnewsroom.com.au/media-releases/qantas-group-update-on-coronavirus-response-2/> and <https://www.qantas.com/au/en/travel-info/travel-updates/coronavirus.html>

As set out below, Jetstar focuses on low cost point to point operations between Australia and Japan and, pre-Pandemic, served routes from Queensland to Japan. While Jetstar is included in this application¹² and would participate in joint business decision making, the primary focus of commercial coordination will be between Qantas and JAL given the compatibility between full service carrier offerings and network connectivity.

More information about the Qantas Group, including the latest network information, is available at www.qantas.com.

JAL

JAL was incorporated in Tokyo, Japan in 1951. Prior to the Pandemic, JAL operated more than 6,000 flights per week in Japan and over 1,000 flights internationally. JAL also operates airline related businesses including freight operations, loyalty programs and engineering.

The international destination cities to which JAL operated prior to the Pandemic are set out in Table 3 below and in the route maps included as Annexure D to this submission. All of these services have been impacted by the Pandemic and operations are being monitored regularly.

Table 3: JAL International Destinations, Pre-Pandemic

Region	Destinations
East Asia	Beijing, Shanghai, Tianjin, Dalian, Guangzhou, Hong Kong, Seoul, Busan, Taipei, Kaohsiung
Southeast Asia, India	Hanoi, Ho Chi Minh City, Manila, Singapore, Kuala Lumpur, Bangkok, Jakarta, Delhi
Europe	London, Paris, Frankfurt, Helsinki, Moscow, Vladivostok
USA	Los Angeles, San Francisco, Seattle, San Diego, Chicago, Dallas-Fort Worth, New York, Boston, Honolulu, Kona, Vancouver
Australia	Sydney, Melbourne

As at March 2020 (pre-Pandemic), the JAL Group had a total passenger fleet of 241 aircraft, comprising Airbus A350s, Boeing 787s, 777s, 767s, 737s, Embraer 170s, 190s, Bombardier D8-400CCs, Saab 340Bs, ATR 42s and 72s. As noted earlier, as part of its cost reduction measures as a result of the Pandemic, JAL plans to retire a total of 24 Boeing 777 fleet by the end of financial year 2022.

The JAL Group is a member of the **oneworld** alliance and has been engaged in joint businesses with American Airlines over the Trans-Pacific routes since April 2011, over the Trans-Siberian routes with British Airways since October 2012, with Finnair since April 2014 with Iberia since October 2016 and with Malaysia Airlines over the Japan-Malaysia routes since July 2020.

More information about JAL is available at www.jal.co.jp

AUSTRALASIA-JAPAN MARKET

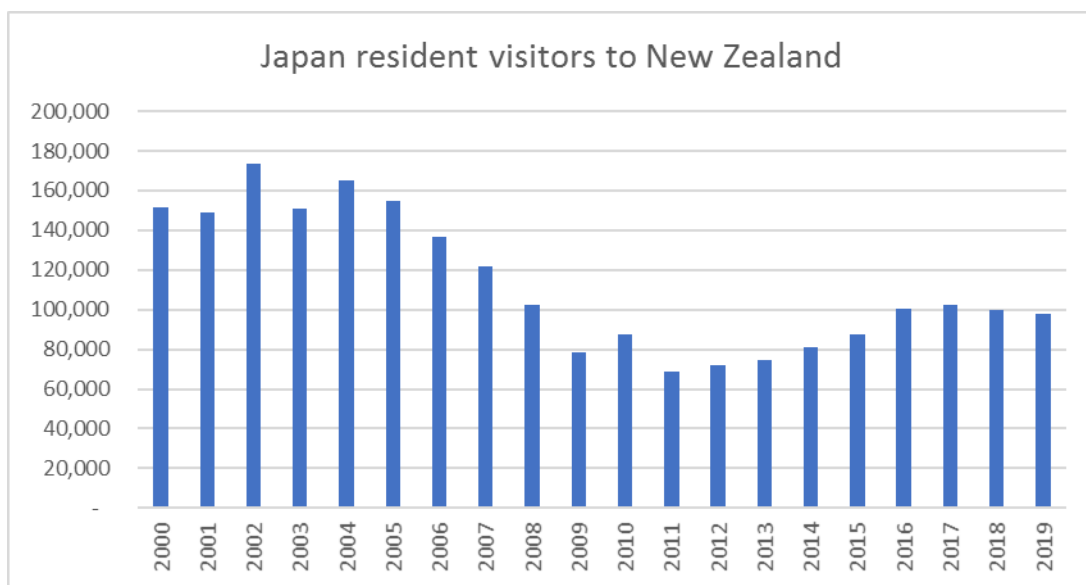
Air passenger services have always been a critical element of the long standing strong economic and political ties between each of New Zealand and Australia and Japan. The Proposed Conduct will enable

¹² Jetstar Japan – a joint venture operation between Jetstar and JAL in relation to domestic and short haul international services from Japan – is the subject of separate anti-trust approvals in Japan. Jetstar Japan is not included in the scope of this application as it will not be involved in commercial coordination on long haul international routes between Australasia and Japan.

the Applicants to rebuild Australasia-Japan capacity as quickly and as sustainably as possible to re-stimulate demand across a diverse range of routes. This will provide increased certainty and choice to passengers and more effectively re-connect tourism, corporate and trade markets and ultimately facilitate capacity growth as demand recovers.

This application should be assessed having regard to the strong relationships between New Zealand and Japan, and between New Zealand and Australia, both of which are outlined further below. The significance of Japan to New Zealand’s tourism industry is clear. Japan is New Zealand’s sixth largest source of visitors¹³, after Australia, China, USA, UK and Germany. As Figure 1 below shows, there has been a slight decline in Japanese visitor volumes to New Zealand over the last three years even before the Pandemic. The Proposed Conduct will generate increased inbound tourism to New Zealand, with the strength of the JAL’s marketing and selling engine in the Japanese market, including the JAL Mileage Bank membership base, supported by an improved joint network proposition to New Zealand via Australia.

Figure 1: Japan Visitor Arrivals to New Zealand (000s) – Year on Year To December 2019

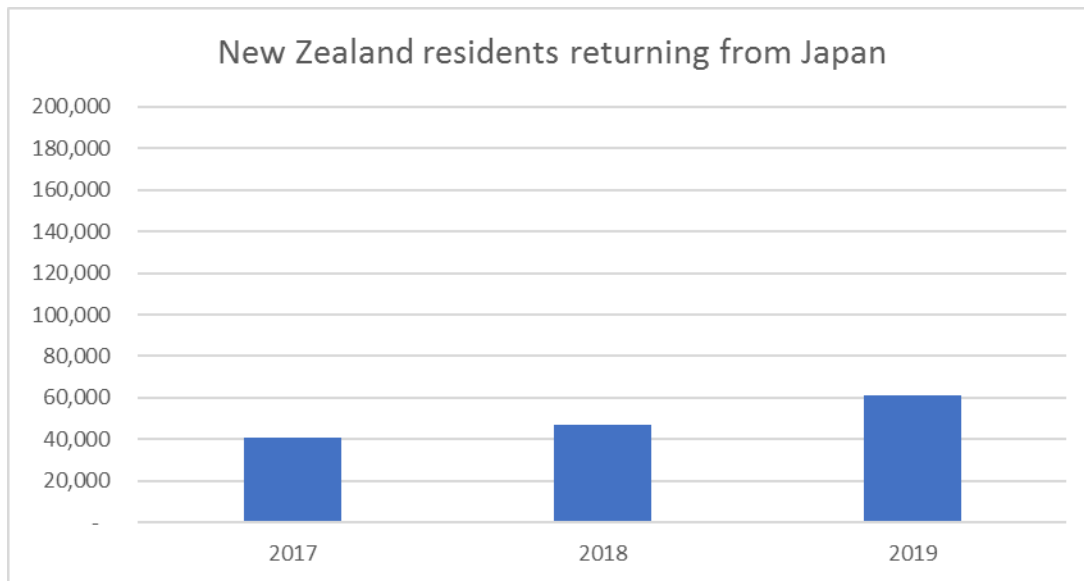


Source: International Travel and Migration (Stats NZ)

In addition, the Proposed Conduct will support the growing trend of New Zealanders visiting Japan. There has been a 50 per cent increase in New Zealanders visiting Japan over the last two years, with the ratio of New Zealanders to Japanese now 38:62, compared to 29:71 in 2017. These travellers will benefit from the expansion of the codeshare on the Tasman and enhanced schedule choice and connectivity.

¹³ Stats NZ: 2019 visitors

Figure 2: New Zealand Residents Departing on Short Term Visits to Japan (000s) – Year on Year To December 2019



*Source: International Travel and Migration (Stats NZ)
N.B. Calendar years 2017-2019 are only full years available with Japan data*

It goes without saying that in the current economic climate, it is in New Zealand’s and Australia’s interests to encourage as much inbound tourism and corporate traffic to Australasia as possible and to further the strong political and economic relationships in the region. While it is impossible to predict with certainty how and when demand will be restored post Pandemic, public benefits will be maximised if the prior tourism trends can be reinvigorated through sustainable capacity reinstatement across a diverse range of city pairs, with capacity supported and demand stimulated through joint sales and marketing in all relevant points of sale.

As noted earlier, neither Qantas or JAL operate directly between New Zealand and Japan. Prior to the Pandemic, Air New Zealand was the sole operator of direct services between New Zealand and Japan, offering five to ten services per week services between Auckland and Tokyo and three services a week between Auckland and Osaka-Kansai seasonally between November to March. As set out further below, Air New Zealand dominates share of passenger services between New Zealand and Japan. The Proposed Conduct will enable the Applicants to offer a competitive one-stop alternative to this service.

In relation to Australia-Japan Services, prior to the Pandemic:

- Qantas operated to Tokyo on a daily basis from each of Sydney, Melbourne and Brisbane in addition to Sydney-Osaka on a four times weekly basis and Sydney-Sapporo on a seasonal basis;
- Jetstar operated flights on a daily basis from Cairns to Tokyo, Cairns to Osaka and from Gold Coast to Tokyo; and
- JAL operated to Tokyo from both Sydney and Melbourne on a daily basis.

In the month of February 2020, prior to the Pandemic,¹⁴ the Qantas Group operated 178 return services per week between New Zealand and Australia, being 97 weekly return services to Auckland, 30 weekly return services to Christchurch, 27 weekly return services to Queenstown and 24 weekly return services

¹⁴ The Qantas Group recommenced limited Tasman services from 16 October 2020 due to the establishment of the one-way travel bubble from New Zealand to Australia.

to Wellington. Jetstar operates domestic services within New Zealand, to key ports including Auckland, Christchurch, Wellington, Queenstown and Dunedin.

The Qantas Group and JAL currently have a limited arms-length codeshare agreement, under which Qantas codes on certain JAL operated services from Singapore to Tokyo and JAL codes on certain Qantas operated services from Australia to Singapore and on Jetstar services from the Gold Coast and Cairns to Japan. JAL also codes on Qantas' Sydney-Auckland service. There is currently no other codeshare on routes between Australia and Japan, the Tasman or on any domestic Australia/New Zealand or Japan services.

The Proposed Conduct will include the ability for the Applicants to coordinate on pricing for journeys between New Zealand and Japan, via Australia – specifically, on itineraries between New Zealand and Australia on Trans-Tasman services operated by Qantas, connecting to long-haul services between Australia and Japan operated by JAL and Qantas. This will include expanding the ability for JAL to code on Qantas operated services from Australia to Christchurch, Wellington and Queenstown and Auckland, in addition to the existing code on Sydney-Auckland services.

THE PROPOSED CONDUCT

Joint Business Agreement

The JBA provides the commercial and operational support necessary to re-build and ultimately expand the Australasia-Japan network across a more diverse range of city pairs. The Applicants are incentivised to add capacity, knowing that each carrier will support the sale and marketing of the additional seats using their respective distribution systems and reach – thereby reducing risk.

As the Minister is aware, metal neutrality – which is the founding principle of the JBA – provides the commercial incentive to support joint capacity expansion. Qantas and JAL will be indifferent as to which joint flight a customer chooses on services between Australia and Japan. This incentivises the Applicants to allow each other access to the full inventory of available seats whether the customer is seeking to book a journey on either or both carriers.

These selling processes provide customers with the widest available choice of flights for their journey, using both carrier's brands, services and products. Because the JBA involves the pooling of revenue, both carriers are invested in the success of each other's flying. For example, Qantas would be incentivised to deliver crucial Australasian sales support to JAL's current limited Sydney-Tokyo service because it is financially akin to being Qantas' own. In turn, Qantas customers would have greater choice of seats and schedules through joint selling of JAL's services.

Along with other regulators, the Ministry of Transport has previously recognised the benefits of joint businesses between airlines. For example, the Minister has considered and approved the Qantas/American Airlines alliance¹⁵, as well as long term agreements between Air New Zealand and United Airlines,¹⁶ on the basis of strong public benefits being delivered. By way of further example, the ACCC has previously observed that:

*'In alliances where the parties' incentives are fully aligned – to a point where each carrier is not concerned with making sure that a passenger flies on their airline (i.e. metal neutrality) – they tend to be very focused on synchronising their operations and activities and sharing the financial rewards and risks so as to make their products and services as appealing as possible to passengers.'*¹⁷

¹⁵ See: Ministry of Transport briefing to the Minister re Authorisation of the Qantas/American Airlines Alliance (received 6 November 2015) and authorised by the Minister on 8 November 2015. Available: <https://www.transport.govt.nz/air/internationalairservices/internationalaircarriagecompetition/qantas-american-joint-agreement/>

¹⁶ See: <https://www.transport.govt.nz/air/internationalairservices/internationalaircarriagecompetition/airnz-united-airlines-application/>

¹⁷ See para 98 of ACCC Determination: Application for Revocation of A91265 and A91266 and the Substitution of authorisation A91502 and A91503 lodged by Qantas Airways and American Airlines in respect of their restated joint business agreement and

This kind of arrangement becomes even more imperative in the context of rebuilding capacity post the Pandemic. As set out earlier, the flight, entry and quarantine restrictions imposed by Governments globally have impacted the industry with unprecedented severity and caused a precipitous decline in demand. In June 2020, the International Air Transport Association (IATA) considered that *'Financially, 2020 will go down as the worst year in the history of aviation. On average, every day of this year will add US\$230 million to industry losses...'*¹⁸ In November 2020, IATA forecast that the aviation industry will make a collective net loss this year of \$US118.5 billion (\$162 billion) and \$US38.7 billion in 2021, more than twice a previous \$US15.8 billion estimate in June.¹⁹ As noted earlier, on 8 December 2020, the Australian Government extended the ban on outbound international travel for a further three months until 17 March 2021, given that the Pandemic continued to pose an unacceptable public health risk.²⁰

As noted earlier, the Pandemic forced a \$4 billion revenue impact on Qantas in the second half of financial year 2020, contributing to a \$2.7 billion statutory loss before tax in the 2020 financial year.²¹ Qantas continues to undergo a massive reorganisation as a result, including business restructuring, the continued stand down of approximately 15,000 employees and a reduction of its workforce by at least 8,500 roles across all parts of the business.

JAL has also experienced an unprecedented impact as a result of the Pandemic. Operating revenue decreased to 194.7 billion yen, down 74 per cent year-over-year, EBIT recorded a loss of 223.9 billion yen and profit/loss figures recorded a loss of 161.2 billion yen during the first half of FY2020 (April-September). As strict travel and quarantine restrictions were imposed on a global scale, international passenger demand decreased by 97.7 per cent and international passenger revenue recorded 9.1 billion yen, down 96.6 per cent year-on-year. Domestic passenger demand was on the recovery trend in June and July, after the lifting of the state of emergency, but demand declined once again in August due to the increased number of COVID-19 infections. Passenger numbers are down 76.1 per cent and passenger revenue recorded 69.6 billion yen, down 75.6 per cent year-on-year. As a part of the cost reduction measures, JAL plans to retire a total of 24 Boeing 777 fleet by the end of financial year 2022.

As explained further below, JAL has modelled that poor demand forecasts will mean that, absent the Proposed Conduct, **REDACTED - CONFIDENTIAL**

In the context of the Pandemic, the ACCC has recognised the need for airline collaboration in assisting the recovery of international air passenger services markets. For example, in its draft determination on 3 December 2020 to re-authorise the Qantas-China Eastern alliance, the ACCC noted:

*'In the context of the significant disruption to international travel resulting from the COVID-19 pandemic, the ACCC considers that the extended JCA is likely to result in a public benefit by assisting the Applicants to reinstate flights, and potentially grow the capacity they operate between Australia and China as travel restrictions ease, more quickly and in a more sustainable way than would otherwise be the case.'*²²

'The ACCC considers that under the JCA, the Applicants are likely to reinstate capacity, and potentially grow capacity, more quickly and in a more sustainable way than would otherwise be

associated agreements, 25 February 2016. Authorisation numbers A91502 and A91503. Available:

<https://www.accc.gov.au/system/files/public-registers/documents/D16%2B22969.pdf>

¹⁸ See <https://www.iata.org/en/pressroom/pr/2020-06-09-01/>

¹⁹ 'Airlines to rack up more than \$200b of losses during pandemic' in *Australian Financial Review* 25 November 2020.

²⁰ Hon Greg Hunt, Minister for Health, Australian Government, 'Extending the human biosecurity emergency period by three months', media release dated 8 December 2020. Available: <https://www.health.gov.au/ministers/the-hon-greg-hunt-mp/media/extending-the-human-biosecurity-emergency-period-by-three-months>

²¹ See Qantas media release 'Qantas Group FY20 Financial Results – Navigating Exceptional Conditions,' 20 August 2020. Available: <https://www.qantasnewsroom.com.au/media-releases/qantas-group-fy20-financial-results-navigating-exceptional-conditions/>

²² Commission Draft Determination in relation to Application for revocation of A91470 and A91474 and the substitution of authorisation AA1000526 lodged by Qantas Airways Limited and China Eastern Airlines Corporation Limited in respect of a Joint Coordination Agreement Authorisation number: AA1000526, dated 3 December 2020, p 1. Available: <https://www.accc.gov.au/system/files/public-registers/documents/Draft%20Determination%20Decision%20-%202003.12.20%20-%20PR%20-%20AA1000526%20-%20Qantas%20CEA.pdf>

*the case by allowing the Applicants to combine load volumes and undertake joint marketing initiatives which could potentially stimulate additional passenger traffic.*²³

*'...current demand for flights between Australia and China is low and there is uncertainty about the extent and timing of a recovery in demand that is likely to occur. Further, it is not apparent that if Qantas and China Eastern were operating independently of each other, there would be sufficient recovery in demand to fuel a strong return to the route for both airlines between now and March 2022. As noted, the ACCC considers that the extended JCA will assist Qantas and China Eastern in reinstating services as demand picks up.'*²⁴

Similarly, in its recent submission in support of the re-authorisation of the Qantas-American Airlines alliance, the Australian Department of Infrastructure, Transport, Regional Development and Communications considered that collaboration between carriers would assist recovery:

*'The impact of COVID-19 on the airline industry has been widely reported. It is not clear how markets will respond and a return to pre-COVID-19 level of air traffic are expected to take time. The Department considers extending the Qantas / American Airlines alliance will help facilitate sustainable services for Qantas' international operations when regular flights re-commence in the anticipated recovery period post COVID-19. This recovery might take most of the timeframe sought in this approval to be realised. The impact of this [application for approval] on supporting recovery and facilitating a strong foundation for longer term competition is significant.'*²⁵

The same analysis applies to consideration of the Proposed Conduct. The terms of the JBA will assist in expediting capacity growth across a more diverse range of city pairs between Australasia and Japan than would otherwise be possible. The JBA will enable the Applicants to work together in respect of marketing and sales, pricing, scheduling, distribution strategies and agency arrangements, yield and inventory management, frequent flyer programs, lounges, joint procurement, product and service standards and cargo.²⁶ Decision making will be facilitated and streamlined through the establishment of a governance structure, featuring key working groups from the Applicants' respective commercial teams plus escalation procedures for senior management to ensure matters are dealt with promptly and efficiently as the market and demand conditions continue to evolve quickly.

Importantly, the JBA will not in any way incentivise capacity reduction or impose an artificial constraint on capacity reinstatement or growth, nor will it enable the Applicants to price at an artificially higher level. This is because the JBA reduces the risk associated with the reinstatement of capacity across a range of existing routes and facilitates the introduction of capacity on new routes, since revenue is pooled between both carriers. The JBA provides each carrier with incremental distribution ability beyond its own distribution network. Moreover, as described further below, the Applicants will remain constrained by the existence of strong and effective direct and indirect competitors which would mean any attempt to artificially reduce capacity or increase price would be futile as passengers would exercise choice to fly with others or, particularly in the case of leisure passengers, simply fly elsewhere or not at all.

²³ *ibid*, paras 4.21 and 4.22.

²⁴ *ibid*, p 2.

²⁵ Letter to ACCC from Department of Infrastructure, Transport, Regional Development and Communications dated 27 November, 2020. Available: <https://www.accc.gov.au/system/files/public-registers/documents/Submission%20by%20Department%20of%20Infrastructure%2C%20Transport%2C%20Regional%20Development%20and%20Communications%20-%2003.12.20%20-%20PR%20-%20AA1000532%20Qantas-American.pdf>

²⁶ See Confidential Annexure B. The exact scope of the Proposed Conduct will evolve over its term and may be altered from time to time.

Counterfactual

The public benefits which will be achieved by the Proposed Conduct will simply not materialise in the counterfactual scenario, to the immediate and ongoing detriment of New Zealand consumers.

Without the JBA, the Applicants would have no ability or incentive to share access to each other's network and inventory or to work together to sustain and recover the Australasia-Japan routes. As discussed further below, there will be less schedule choice for consumers, with slower and less diversified reinstatement of capacity leading to less certainty and higher risk.

Absent the Proposed Conduct, there will be no expansion of the codeshare to facilitate multiple Tasman routings and there will be no prospect of the Applicants serving new city pairs. Without authorisation, the codeshare across the Tasman will not expand, leaving New Zealanders and inbound tourists with less choice, reduced connectivity, longer journey times and more limited schedule choice on New Zealand-Japan itineraries. Qantas' Australia-Japan services will carry higher degrees of risk, will be less diversified in scope and, in the case of Brisbane-Tokyo, Sydney-Osaka and Sydney-Sapporo services, will be slower to be reinstated. Without the Proposed Conduct, JAL [REDACTED - CONFIDENTIAL]

Without the Proposed Conduct, it is likely that Qantas and JAL would continue the existing limited, arms-length codeshare on non-overlapping routes (outlined above). The codeshare would not expand to include direct services between Australia-Japan or any domestic services in Australia or Japan or additional routes across the Tasman. JAL would continue to codeshare on Jetstar's services from Cairns and Gold Coast to Japan and on Qantas' services from Sydney to Auckland, but otherwise the codeshare will not expand beyond these limited operations. This is because, without revenue sharing, there is no incentive to support another carrier's operations on overlapping routes in preference to a carrier's own. Codeshare partners who do not pool revenue will always have an incentive to fill seats on flights that they operate themselves, where they will receive the full fare instead of just the portion of a fare received from a codeshare sale. This limits codeshare partners' willingness to share capacity and fails to capture integrative efficiencies that are achieved with metal neutrality.

In turn, this means that passengers have fewer and less optimal choices – as described below.

PUBLIC BENEFITS

Overview

Authorisation of the Proposed Conduct will result in immediate and significant public benefits to New Zealand consumers. It will enable more sustainable and diversified reinstatement, and ultimate growth, of the Applicants' Australasia-Japan services, which will in turn stimulate tourism and trade.

As demand recovers and borders open, the Applicants' combined selling engines will facilitate key consumer benefits which would otherwise not occur.

Together, the Applicants will be able to offer increased frequencies and improved connectivity over a more diverse number of city pairs between Australasia and Japan, which will drive consumer confidence and rebuild the crippled tourism industries and state and regional economies.

Specifically, the Applicants will deliver improved schedule choice for New Zealand consumers to more destinations through:

- expanding the existing codeshare relationship between Qantas and JAL, facilitating new routings between New Zealand and Japan via Australia. This will give New Zealand consumers seamless connectivity, reduced journey times and increased schedule choice on routes between Australia and Japan as well as through access to more destinations 'behind and beyond' the major city gateways. For example, Qantas customers will have access to 14 new codeshare ports in Japan and JAL customers will have access to 15 new codeshare ports in New Zealand (including Christchurch, Wellington and Queenstown) and Australia;

- potentially increased frequencies and/or gauge operated by Qantas on the Tasman, if the additional codeshare services generate higher loads of passengers transiting from New Zealand onto Japan via Australia;
- accelerated and more sustainable reinstatement of capacity between Australia and Japan, providing more schedule options for New Zealanders to travel to Japan via Australia and for inbound tourists to reach New Zealand. Specifically, this will include:
 - a more certain and sustainable reinstatement of services operated by both carriers on routes from Sydney to Tokyo;
 - an accelerated reinstatement of daily services operated by both carriers from Melbourne to Tokyo, with the ability to offer complimentary schedules giving consumers more choice;
 - an accelerated reinstatement of services [REDACTED - CONFIDENTIAL] on the Qantas operated Brisbane-Tokyo route;
 - a faster return [REDACTED - CONFIDENTIAL] of Qantas services from Sydney to Osaka;
 - a faster return [REDACTED - CONFIDENTIAL] of Qantas services from Sydney to Sapporo; and
 - the introduction of new routes, being [REDACTED - CONFIDENTIAL]

In addition, the Proposed Conduct will enable the Applicants to:

- offer enhanced frequent flyer benefits for Qantas and JAL customers, including improving earn on joint business routes for members of the other carrier's frequent flyer program and prioritising all necessary work to offer customers the ability to upgrade on the other carrier using points/miles;
- invest in customer service and product improvements over the longer term, including through streamlined processes for customer re-accommodation in the event of flight disruption or delays and improving in-flight product and on-ground service. The Applicants will work together to make multi-sector travel easier for passengers with disabilities or those travelling with infants/children travelling alone. There will also be opportunities for sharing best practice in relation to on-board products such as meals that cater to particular passenger preferences as well as close cooperation in relation to COVID-19 testing and vaccine verification processes;
- provide a better proposition for corporate travellers between Australasia and Japan, which would otherwise be limited by the fact that Qantas' available fleet has restricted business class seats and no premium economy seats. Specifically, Qantas will be able to market and sell 16 additional business class seats and 35 premium economy seats per flight through access to JAL's inventory, compared to if it were restricted to selling only its own operated services;²⁷
- offer a variety of fare products and price points to consumers, made possible through coordinated inventory management between Qantas and JAL; and
- critically, re-stimulate tourism and trade to and within Australasia through joint sales and marketing with a particular focus on campaigns in Japan showcasing New Zealand and Australia, building on the capacity, frequency, codeshare and other customer benefits outlined above as well as through potential opportunities to increase access to shared cargo space and provide increased supply chain certainty.

Importantly, the Proposed Conduct will also have a broader restorative effect by helping to support the reinstatement of capacity across other parts of Qantas' international network. As a result of the Proposed Conduct, Qantas will be better able to sustainably direct resources to other markets to rebuild links to other countries. In turn, this will increase the public benefits to the Australasian tourism industry and regional economies more generally. These benefits will grow in meaning and utilisation as demand

²⁷ Based on a comparison with Qantas A330-300 aircraft which are configured with Business and Economy cabins.

recovery builds over time, with the Proposed Conduct helping to provide certainty and therefore paving the way for Australasia to be regarded as a safe destination for business and leisure travellers.

These public benefits are detailed further below.

Expanded Schedule Choice And Reduced Journey Times For New Zealand Consumers

The JBA would facilitate an increase in codeshare destinations. The Applicants would expand their existing codeshare relationship, giving New Zealand consumers increased connectivity and enhanced schedule choice through offering increased access to destinations ‘behind and beyond’ the major city gateways. Currently, JAL does not code on any Qantas domestic services. Apart from some services between Australia and Singapore, the only other international routes that JAL codes on Qantas services on is Sydney-Auckland.²⁸

With the Proposed Conduct, the codeshare reach will dramatically expand. For example, in addition to the codeshare being expanded onto trunk routes between Australia and Japan, Qantas customers will also have access to 14 new codeshare ports in Japan and JAL customers will have access to 15 codeshare new ports in New Zealand (including Christchurch, Wellington and Queenstown) and Australia as a result of the Proposed Conduct, as set out in Table 4 below.

Table 4: Proposed Codeshare Expansion As Part of Proposed Conduct

JAL codeshare ports on Qantas	Qantas codeshare ports on JAL
Adelaide	Asahikawa
Auckland	Fukuoka
Ayers Rock	Hiroshima
Brisbane	Kōchi
Cairns	Kumamoto
Canberra	Matsuyama
Christchurch	Nagoya
Darwin	Obihiro
Gold Coast	Okinawa-Naha
Hobart	Osaka-Itami
Melbourne	Osaka-Kansai
Perth	Sapporo
Queenstown	Tokyo-Haneda
Sydney	Tokyo-Narita
Wellington	

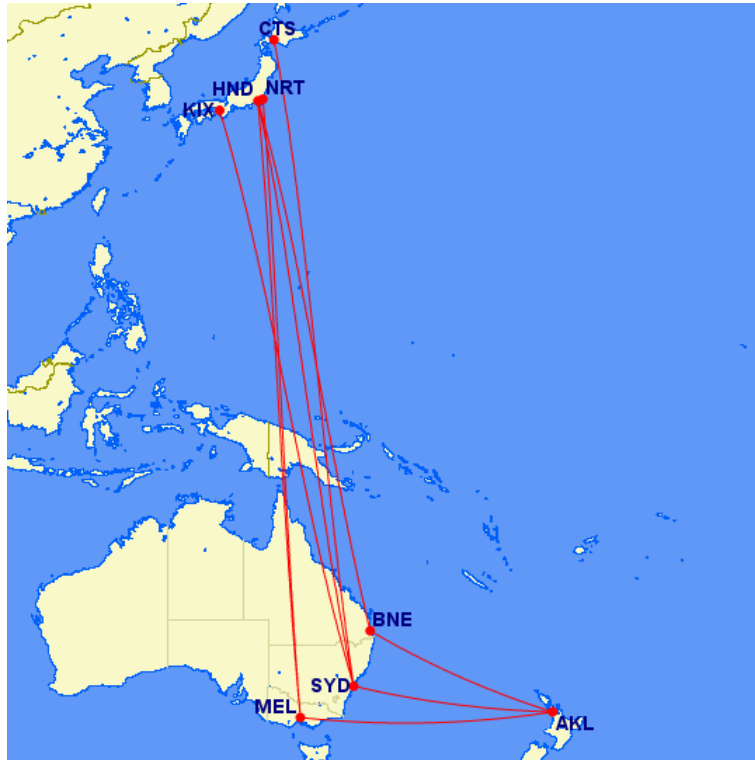
Further ports are likely to be added to the codeshare as the JBA evolves.

In particular, the Proposed Conduct will expand the Applicants’ existing codeshare services on the Tasman (currently limited to Sydney-Auckland only) to additional destinations in New Zealand, namely Christchurch, Queenstown and Wellington. This will result in increased schedule and itinerary choice for New Zealand consumers wishing to travel to Japan, as set out in Figure 3 below.

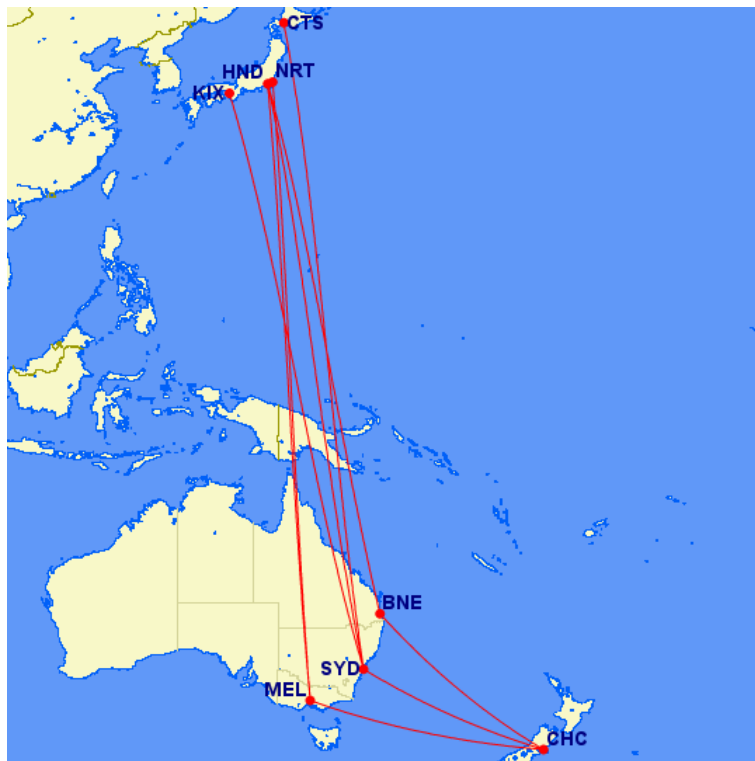
²⁸ As noted earlier, JAL currently codes on Jetstar services from Gold Coast/Cairns to Japan.

Figure 3: New Routings Made Possible By The Proposed Conduct

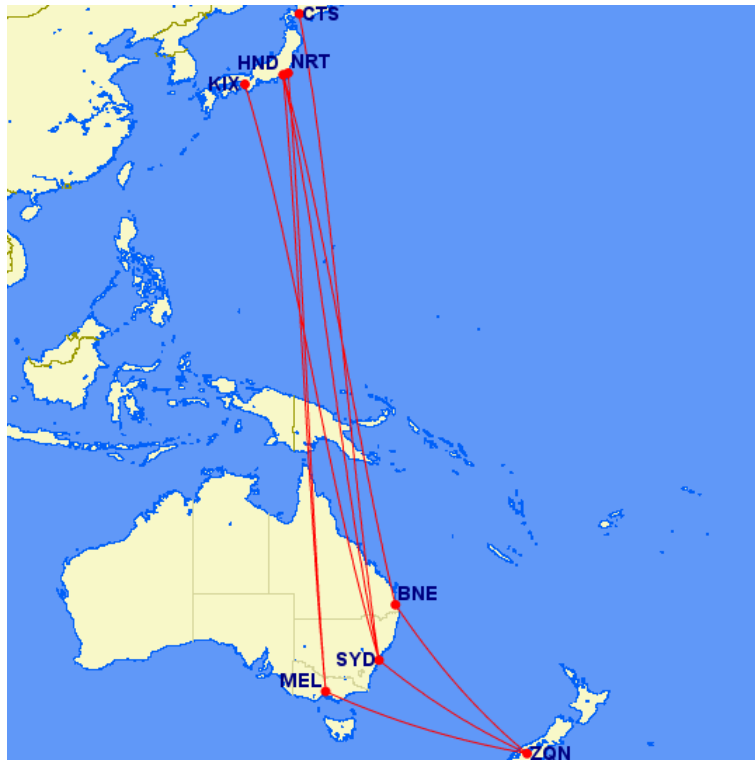
Ex Auckland to Osaka, Sapporo and Tokyo



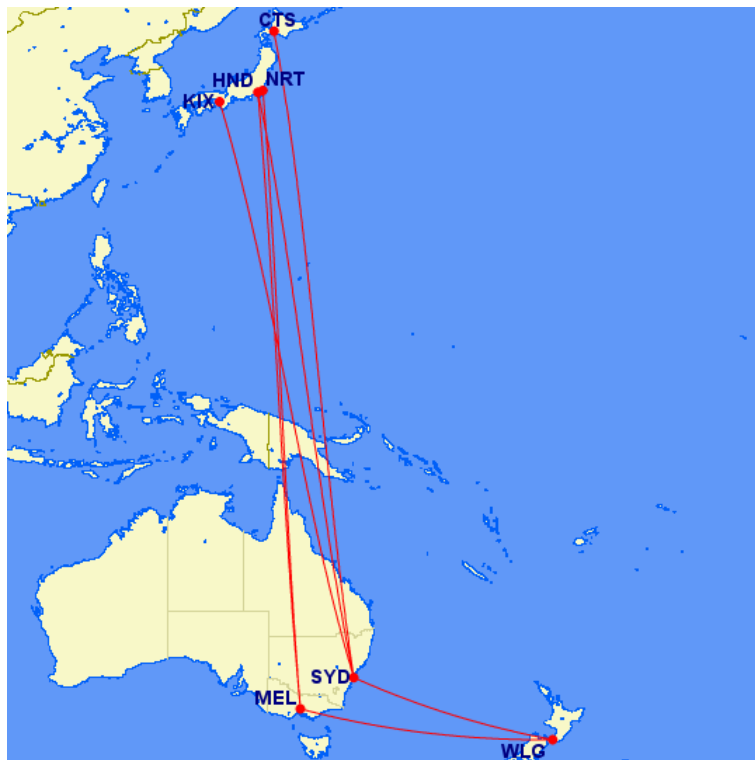
Ex Christchurch to Osaka, Sapporo and Tokyo



Ex Queenstown to Osaka, Sapporo and Tokyo



Ex Wellington to Osaka, Sapporo and Tokyo



Prior to the JBA, Qantas could only offer one evening itinerary option to Tokyo-Haneda via Sydney. As a result of the JBA, it will be able to offer another evening option to Tokyo-Narita via Melbourne on JAL's evening Melbourne-Tokyo service. Connectivity to and from New Zealand will be a key consideration for optimising the timing of both JAL's and Qantas' Australia-Japan flying.

The increase in departure and arrival times from combining JAL's and Qantas' Australia-Japan services into a joint network increases the number of itinerary options available to both airlines to sell in the New Zealand and Japanese markets. This allows both carriers to be more effective competitors to Air New Zealand's non-stop services, where consumers can trade off the convenience of a direct service, against the convenience of additional time of day options available in the JBA.

New Zealand consumers will also benefit from improved connectivity and reduced journey times as a result of being able to travel on Qantas/Jetstar across the Tasman to join either a Qantas or JAL operated service to Japan, as shown in Table 5 below.

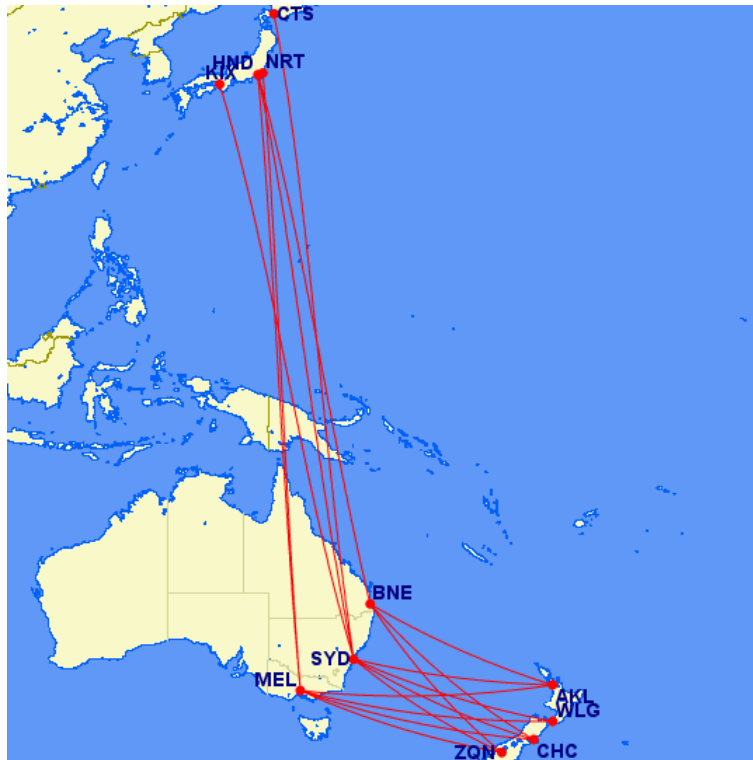
Table 5: Improved Journey Times Between New Zealand and Japan

Origin & Destination	Qantas	JAL	Qantas-JAL codeshare
Christchurch-Tokyo	CHC-BNE-NRT QF134-QF61 14:20	No codeshare option to CHC	CHC-SYD-HND QF138-JL52 15:00 (new Tokyo-Haneda option)
Tokyo-Queenstown	No same day connection possible Connection via BNE/MEL/SYD available during Northern Summer season	No codeshare option to ZQN	HND-SYD-ZQN JL51-QF121 15:50
Tokyo-Wellington	HND-SYD-WLG QF26-QF163 21:55	No codeshare option to WLG	HND-SYD-WLG JL51-QF161 16:15

Source: Amadeus GDS, Northern Winter 2021. Operating flight numbers used, as codeshare flight numbers not yet determined.

The addition of JAL codeshares on Qantas' Tasman routes has further benefits for New Zealand and Australian consumers, with multiple routings and schedule options to Japan as shown in Figure 4 below.

Figure 4: Combined JAL-Qantas Australia-Japan and Trans-Tasman Networks



In addition, as noted earlier, the Proposed Conduct also provides the platform for the potential increase in frequencies and/or gauge operated by Qantas on the Tasman. While it is too early to predict the timing or extent of such increases, it is more likely to occur with the Proposed Conduct than without it. The Applicants' expanded codeshare will attract more passengers transiting from New Zealand to Japan via Australia, travelling on the new codeshare services to and from each of Christchurch, Wellington and Queenstown (as well as the existing code on Sydney-Auckland services). Passengers travelling between New Zealand and Japan via Australia are expected to take advantage of new schedule options and other consumer benefits such as increased frequent flyer entitlements and fare flexibility. Hence, if the additional codeshare services generate higher loads of passengers transiting between New Zealand onto Japan then Qantas will be in a better position to increase Tasman services as well, to the benefit again of both the Australian and New Zealand tourism industries and economies. In expanding the codeshare, the Applicants would work on maximising schedule connectivity and itinerary choice.

With authorisation, this comprehensive joint network will enable Australasian consumers to enjoy further schedule choice and connectivity. By contrast, without the JBA, codeshare opportunities, connections and itinerary choice will diminish.

New Routes

The Proposed Conduct will facilitate the introduction of new routes. **[REDACTED - CONFIDENTIAL]**

Enhanced Frequent Flyer Benefits

The Applicants will offer improved frequent flyer benefits for customers of Qantas and JAL including by enhancing earn on joint business routes marketed by the other carrier (i.e. Qantas Frequent Flyer members earn on JAL marketed flights and JAL Mileage Bank members earn on Qantas marketed flights) and prioritising all necessary work to offer customers the ability to request cabin upgrades on the other carrier by using points/miles (i.e. JAL Mileage Bank members could request upgrades on Qantas operated flights and Qantas Frequent Flyers could request upgrades on JAL operated flights).

These are benefits which go beyond the existing entitlements Qantas and JAL customers can already enjoy through the oneworld alliance. This is of particular benefit to the [REDACTED - CONFIDENTIAL] Qantas Frequent Flyer members resident in New Zealand and to the [REDACTED - CONFIDENTIAL] members of the JAL Mileage Bank program resident in New Zealand.

Diversified Capacity Reinstatement On Australia-Japan Routes

As set out above, the Pandemic has had an unprecedented impact on the airline industry. Any reinstatement of capacity carries a newer, higher level of risk – particularly for international routes. As the ACCC recently noted the pattern of demand recovery post-Pandemic will be difficult to predict and will be subject to fluctuation:

*'The ACCC recognises that due to travel restrictions, the market conditions in which the alliance will operate, at least over the 18 months for which re-authorisation is sought, will be substantially different. In particular, demand for services is likely to be significantly lower than historical levels over this period. Further, the timing, pace and extent of the recovery in demand when travel restrictions do ease is uncertain and likely to be non-linear.'*²⁹

In light of this reality, the estimated dates for joint frequency and capacity increases as a result of the Proposed Conduct are necessarily based on the carriers' best estimates of demand recovery at the date of this submission. The joint network plan is dependent on Australia and Japan having two-way open borders permitting both business and leisure purpose traffic. With no confirmed two-way border opening date at the time of this submission, the environment for forecasting demand is highly uncertain and the dates for capacity restoration are subject to demand recovery being achieved. [REDACTED - CONFIDENTIAL] Despite this uncertainty, however, the benefits of the Proposed Conduct relative to the counterfactual position are clear for the reasons detailed further below.

The Proposed Conduct must be assessed having regard to the need to give airlines increased certainty and confidence to invest in capacity reinstatement and growth, which the ACCC has also noted is particularly important in the international travel context:

*'The ACCC considers that decisions about capacity operated, including adding additional capacity, are primarily driven by market conditions and passenger demand. However, the ACCC accepts that in the initial post COVID-19 recovery phase, once international travel resumes, there will be significant uncertainty about market conditions and passenger demand. This may make airlines more reluctant to commit to reinstating and growing capacity than would otherwise be the case.....'*³⁰

Accordingly, the Proposed Conduct has been designed to support, diversify and accelerate capacity reinstatement on a wide range of city pairs between Australasia and Japan, with improved connectivity.

This includes the resumption of services operated by both carriers between Sydney and Melbourne to Tokyo, while assisting to bring forward a Qantas operated service from Brisbane-Tokyo with additional frequencies than would otherwise be the case. The resumption of Qantas operated services from Sydney to Osaka and Sapporo would be markedly faster, [REDACTED - CONFIDENTIAL] compared to a scenario without the Proposed Conduct. In addition, the Proposed Conduct will facilitate the introduction of new city pairs (and resultant consumer benefits), as described below. This faster and more diversified reintroduction of capacity is of significant and immediate benefit to consumers, and the Australian economy generally.

Without authorisation, Qantas and JAL will both focus heavily on the key Sydney-Tokyo route, due to that route offering superior local demand and network connectivity relative to others. There would also

²⁹ Commission Draft Determination in relation to Application for revocation of A91470 and A91474 and the substitution of authorisation AA1000526 lodged by Qantas Airways Limited and China Eastern Airlines Corporation Limited in respect of a Joint Coordination Agreement Authorisation number: AA1000526, dated 3 December 2020, p 4.13. Available: <https://www.accc.gov.au/system/files/public-registers/documents/Draft%20Determination%20Decision%20-%2003.12.20%20-%20PR%20-%20AA1000526%20-%20Qantas%20CEA.pdf>

³⁰ Ibid, paras 4.21 and 4.22.

be no prospect of new city pairs being served. Importantly, without the Proposed Conduct, [REDACTED - CONFIDENTIAL]

As well as re-connecting more city pairs sooner, the Proposed Conduct will provide a greater spread of schedule options between Australia and Japan, with more flights available in a single fare product, than what Qantas or JAL could provide alone. For example, Qantas and JAL customers seeking to avoid day flights will be able to fly Melbourne-Tokyo overnight on JAL and return Tokyo-Melbourne overnight on Qantas. Without the Proposed Conduct, a Qantas customer would have to fly Melbourne-Tokyo during the day (or overnight one-stop via Sydney) and return Tokyo-Melbourne overnight, whilst a JAL customer could only fly Melbourne-Tokyo overnight and Tokyo-Melbourne during the day. Both carriers will investigate schedule and connectivity improvements, particularly on the Melbourne-Tokyo and Sydney-Tokyo routes where both carriers aim to return to daily operations. In turn, this will benefit New Zealand consumers connecting across the Tasman on the expanded codeshare services.

Without a joint business with JAL, Qantas would offer a more limited proposition to Japan with less schedule choice and connectivity for New Zealand consumers. Qantas' Australia-Japan services will carry higher degrees of risk and, in the case of Brisbane-Tokyo, Sydney-Osaka and Sydney-Sapporo services, will be slower to be reinstated. Specifically, as set out in detail below, [REDACTED - CONFIDENTIAL]

Similarly, without the Proposed Conduct, JAL [REDACTED - CONFIDENTIAL]

Improved Product and Customer Service

The JBA incentivises the Applicants to share best practices and jointly invest in designing and delivering an optimal customer experience. Revenue-pooling ensures the carriers jointly aim to provide customers the best in-flight and on-ground experience across both brands.

With authorisation, Qantas and JAL will work closely together to improve the customer experience. The carriers will invest over the longer term in customer service improvements such as streamlined processes for customer re-accommodation in the event of flight disruption or delays as well as improvements in inflight product and on-ground customer service. For example, with likely ongoing disruptions as a result of the Pandemic, the Proposed Conduct will enable JAL and Qantas to accommodate passengers smoothly to each other's flights, leveraging the closer relationship and flexibilities gained through the Proposed Conduct, and thereby minimising customer inconvenience. The Applicants will also work together to make multi-sector travel easier for passengers with disabilities or those travelling with infants/children travelling alone. There will also be opportunities for sharing best practice in relation to on-board products such as meals that cater to particular passenger preferences.

In addition, the Applicants will closely cooperate in relation to COVID-19 testing and vaccine verification processes.

Further initiatives would be identified and developed with a grant of interim authorisation.

Better Options for Corporate Travellers

Together, the Applicants can provide a better proposition for corporate travellers between Australasia and Japan, which would otherwise be limited by the fact that Qantas' available fleet has restricted business class seats. Specifically, Qantas will be able to market and sell 16 additional business class seats per flight through access to JAL inventory compared to if it were restricted to selling its own operated services. For corporates, the Proposed Conduct means more seats, available from more ports, at more times of the day – facilitating connections and frequencies that make business travel seamless.

In addition, the Applicants would offer corporate travellers improved schedule choice and connectivity, discount arrangements and enhanced frequent flyer earn and upgrade benefits. Qantas will include JAL flights in its corporate deals, which will provide greater choice to corporate customers.

Increased Inventory Access and More Flexible Fares

With the Proposed Conduct, the Applicants will offer a variety of fare products and price points to consumers, made possible through coordinated inventory management between Qantas and JAL. While detailed discussions and planning of revenue management opportunities will not occur unless and until relevant authorisations are granted, it is possible at this stage to identify benefits which will flow from increased integration of functions.

Importantly, the ability to coordinate inventory would mean that the Applicants can support each other's sales and marketing activities, by ensuring that sufficient seats are available to be offered as part of a sale to multiple destinations. This is not possible under normal codeshare arrangements. As outlined earlier, the JBA is based on metal-neutral selling of the Applicant's joint services, meaning that the Applicants will align their economic incentives and organise their sales functions to enable them to be indifferent as to which joint service the customer chooses. This provides the incentive for the Applicants to allow each other access to the full inventory of available seats regardless of whether the customer is seeking to book a journey between Australia and Japan using either or both carriers.

The Proposed Conduct will enable the Applicants to work together to stimulate demand recovery and contribute to the provision of more flexible fares. With authorisation, the revenue management teams will continue to find ways to rebuild travel and tourism through attractive pricing for both leisure and corporate customers.

The Proposed Conduct also enables the creation of fares that can utilise both carriers' networks to maximise options available to consumer in New Zealand and Japan. In addition to providing more routing and departure and arrival time options, this also creates the possibility of lower priced fares for less popular journeys, or journeys that take longer for consumers willing to trade off price for convenience.

For example, prior to the Proposed Conduct, a Wellington based traveller seeking to fly to Tokyo on a Qantas fare could only take Qantas to Sydney, followed by an overnight Qantas service to Tokyo. In the return direction, the itinerary on Qantas is flying Tokyo-Sydney overnight, followed by a nine hour transit to an evening Qantas Sydney-Wellington. Even if using the Qantas Tasman network on an interline basis, JAL is unable to sell a return same day connection between Wellington and Tokyo, as its Sydney-Tokyo flight departs before Wellington-Sydney services arrive. In the new world, by incorporating JAL flights on a codeshare basis, Qantas can now offer Tokyo-Wellington with a far shorter three hour transit in Sydney, as JAL's Tokyo-Sydney arrives earlier and connects to Qantas' morning Wellington service. In addition, a customer could fly Wellington-Tokyo via Melbourne, connecting onto JAL's midnight Melbourne-Tokyo departure. Conversely, JAL can also offer the same options on its own fares, combining the best of the JAL and Qantas networks to create more competitive itineraries.

By contrast, without authorisation of the Proposed Conduct, the Applicants would not have the ability or incentive to support each other's inventory and revenue management functions. Without appropriate commercial incentives in place, the Applicants would not open up their respective network for sale by the other, leading to a reduced range of price points (and, as noted earlier, a less certain and slower reinstatement of capacity).

Tourism Recovery and Promotion of International Trade and Business

As New Zealand looks to emerging from the Pandemic, restoring tourism will be a critical pillar of economic recovery. The JBA creates significant incentives for a Japanese carrier with home market strength to generate traffic to and from New Zealand. Increased and faster capacity restored across multiple city pairs between Australasia and Japan, as a result of the Proposed Conduct, will not only assist with restoring tourism levels to New Zealand, but also provide greater capacity to facilitate the trade of goods between New Zealand and each of Japan and Australia.

By providing JAL with an improved network proposition between New Zealand and Japan, plus economic incentives to sell on both JAL and Qantas services, JAL's sales and marketing teams will be incentivised to increase focus on developing passenger traffic to and from New Zealand. This will be advantageous for the New Zealand economy to have a well established Japanese airline drive traffic to New Zealand. Furthermore, the JBA provides Qantas with an improved proposition to sell New Zealand

from Japan in addition to Australia. Demand will be re-stimulated through the Applicants being able to offer a wider variety of products and price points, plus coordinated joint marketing campaigns.

Co-branded marketing initiatives would lead to better utilisation of the respective home market sales and distribution networks of each carrier. For example, JAL would actively promote cities in New Zealand which would become accessible to JAL customers through the expanded codeshare and easier access to the domestic and regional flights. Such promotion of regional travel and tourism is particularly important in domestic Japan, where JAL has a significant frequent flyer membership base but Qantas has limited reach and distribution capability. The Applicants would also work together to assist and incentivise travel agents to sell and support the Australasia-Japan services.

Trading relationships between Australia and Japan would be strengthened as a result of the Proposed Conduct, which envisages the Applicants cooperating in respect to freight services as well. Where a revenue sharing joint business is in place to cover freight operations, carriers are able to provide confirmed uplift of bookings (whereas normally bookings would be only confirmed on an ad hoc 'space available' basis and as such accorded lowest priority by the operating carrier). In addition, there would be improved connectivity between freight networks with the ability to open up new origin-destination shipments. The potential to integrate IT systems over time would also provide an enhanced end to end customer experience. Joint promotion and selling of the increased and diversified capacity, once reinstated, will be key to developing corporate business links and will assist New Zealand exporters seeking to diversify and develop new markets in Japan. Specific joint marketing opportunities, including in relation to cooperation on cargo, would be identified and planned if authorisation is granted.

Importantly, the Proposed Conduct will have a broader restorative effect by helping to support the reinstatement of capacity across other parts of Qantas' international network, assisting the Australasian and Pacific regions. By expediting the recovery of Qantas' operations to Japan, Qantas will be better able to sustainably direct resources to other markets to rebuild links to other countries. In turn, this will increase the public benefits to the regional tourism industry and economy more generally.

NO ANTI COMPETITIVE EFFECTS

The Proposed Conduct is inherently geared to maximise consumer interest. It will offer a competitive alternative to Air New Zealand's direct services between New Zealand and Japan, while also delivering greater public benefits faster and with more certainty than a future without it. As described earlier, the JBA will incentivise the Applicants to expand rather than restrict capacity and to invest in an improved product offering which is likely to stimulate innovation and price competition from others.

Importantly, the Applicants will not have any ability or incentive to artificially restrict capacity or increase prices because of the constraints which will continue to be imposed by other direct and indirect operators on Australia-Japan routes and the real prospect of lost sales and revenue. Any attempt to do so would be futile as passengers would exercise choice to fly with others or, particularly in the case of leisure passengers, simply fly elsewhere or not at all.

As outlined below, in practice the Applicants will remain constrained by Air New Zealand and indirect operators such as Cathay Pacific, China Southern Airlines and Singapore Airlines as competition to attract and re-stimulate demand intensifies.

Strong Competition

The routes between Australasia and Japan are, and will remain, highly competitive.

Historic share data in respect of air passenger services from New Zealand to Japan is included in Table 6 below. It indicates that in relation to the number of passengers on services between New Zealand and Japan in calendar year 2019, the Qantas Group (including Jetstar) had a share of 8.8 per cent and JAL had a share of 0.3 per cent. JAL was the sixteenth largest carrier between New Zealand and Japan, indicating a very small presence.

Air New Zealand dominates share of passenger services between New Zealand and Japan, capturing 75.3 per cent of all traffic. As set out in Table 6 below, Air New Zealand faces little constraint from other operators, but this will improve with the expanded codeshare and other benefits made possible through

the Proposed Conduct which will enable the Applicants to provide an improved competitive alternative to Air New Zealand.

Table 6: New Zealand-Japan Passenger Share, Calendar Year 2019 (all POS)

Operating Carrier	Estimated Passengers	Percentage
Air New Zealand	242,807	75.3
Qantas	23,918	7.4
Singapore Airlines	13,842	4.3
Cathay Pacific	9,205	2.9
China Southern Airlines	4,616	1.4
Jetstar	4,446	1.4
China Airlines	3,186	1.0
Thai Airways	2,833	0.9
Korean Air	2,735	0.8
Air China	2,584	0.8
China Eastern	2,531	0.8
Philippine Airlines	2,440	0.8
Fiji Airways	1,920	0.6
Hong Kong Airlines	1,529	0.5
ANA	1,258	0.4
JAL	1,101	0.3
Other	1,663	0.5

Source: IATA DDS

Further information about various competitors on routes between Australasia and Japan is set out below.

Air New Zealand

The Applicants regard Air New Zealand as the primary competitor on services between New Zealand and Japan, as well as between Australia and New Zealand. Prior to the Pandemic, Air New Zealand was the only operator of direct services between New Zealand and Japan, offering five to ten services per week between Auckland and Tokyo, and a three per week seasonal service between Auckland and Osaka-Kansai between November to March.

In addition, Air New Zealand operates extensive services on the Tasman. Prior to the Pandemic, Prior to the Pandemic, Air New Zealand also operated an extensive Trans-Tasman network, comprising 159 weekly flights to a range of gateways in Australia³¹. These services included:

- Auckland-Adelaide, four times weekly;
- Auckland-Brisbane, 17 times weekly;
- Auckland-Gold Coast, 6 times weekly;
- Auckland-Melbourne, 24 times weekly;
- Auckland-Perth, 9 times weekly;
- Auckland-Sydney, 35 times weekly;
- Christchurch-Brisbane, daily;
- Christchurch-Gold Coast, two times weekly;
- Christchurch-Melbourne, 9 times weekly;
- Christchurch-Sydney, 11 times weekly;
- Queenstown-Brisbane, 3 times weekly;
- Queenstown-Melbourne, 5 times weekly;
- Queenstown-Sydney, 5 times weekly;
- Wellington-Brisbane, 4 times weekly;
- Wellington-Melbourne, 6 times weekly; and
- Wellington-Sydney, 12 times weekly.

Other Indirect Operators

There are a number of other indirect operators from Australasia to Japan. Prior to the Pandemic,³² these services included:

- Singapore Airlines, operating services via Singapore;
- Cathay Pacific, operating services via Hong Kong;
- China Southern Airlines, operating services via Guangzhou;
- China Airlines, operating services via Taipei;
- Thai Airways, operating services via Bangkok;
- Korean Air, operating services via Seoul;
- China Eastern Airlines, operating services via Shanghai;
- Philippine Airlines, operating services via Manila;
- Malaysia Airlines, operating services via Kuala Lumpur.

No Barriers To Entry or Expansion

There are no material regulatory, commercial or operational barriers to entry or expansion on services between Australasia and Japan.

Barriers to entry on services between New Zealand and Japan are low. The New Zealand-Japan air services arrangements permit the entry of multiple New Zealander and Japanese air passenger and freight carriers on the routes between New Zealand and Japan. The open skies agreement between New Zealand and Japan, signed in 2012, provides for unrestricted capacity to operate international air services between the two countries (except to or from Haneda). The air services arrangements provide for one frequency per day for an airline of each country to operate a passenger service between New Zealand and Haneda during prescribed late night and early morning hours (between 2200 and 0655 hours). Further, slots at Tokyo's Narita Airport are also easy to obtain.

The Applicants will therefore remain constrained not only by the existing presence of Air New Zealand, but also by the threat of expansion or new entry such as by ANA or its low cost subsidiary.

³¹ Source: scheduled network data, February 2020 departures, Diio Mi.

³² Ibid.

The Australia-Japan air services arrangements similarly permit the entry of multiple Australian and Japanese air passenger and freight carriers on the route between Australia and Japan. The open skies agreement between Australia and Japan, signed in 2011, provides for unrestricted capacity to operate international air services between the two countries, except to or from Haneda. The air services arrangements provide for one frequency per day for an airline of each country to operate a passenger service between Australia and Haneda during prescribed late night and early morning hours (between 2200 and 0655 hours).³³ In 2019, the Japanese MLIT released four new Haneda day slot pairs for Australian (two slots pairs) and Japanese carriers (two slot pairs). These became available for use in April 2020. Further, slots at Tokyo's Narita Airport are also easy to obtain.

These open arrangements mean that expansion and new entry is possible and credible. As noted earlier, ANA has recently announced the creation of a new airline brand which may ultimately operate on routes between Australia and Japan.

Freight Competition

As outlined earlier, the JBA contemplates that the Applicants will work together to identify opportunities for collaboration in relation to freight services between New Zealand/Australia and Japan. While these details have not yet been progressed in detail, it is expected that such collaboration will deliver additional benefits to customers in particular by increasing the freight capacity that would become accessible to customers of both Qantas and JAL. As noted above, this would be particularly beneficial to importers and exporters seeking to restore supply chain certainty post Pandemic.

Cargo routes between New Zealand and Japan are highly competitive with multiple operators providing direct and indirect services. These competitors include: Air New Zealand, DHL, Cathay Pacific, FedEx and Singapore Airlines. As described below, barriers to entry are low, meaning that the threat of new entry and expansion of existing operators will continue to impose constraint on the Applicants.

NO LEGAL REASONS FOR THE MINISTER REFUSING TO AUTHORISE THE PROPOSED CONDUCT

The Minister's discretion to authorise the Proposed Conduct is provided in section 88(2) of the CAA.

The Proposed Conduct meets the test for authorisation and the Applicants strongly urge the Minister to exercise his discretion to grant authorisation for a three year term.

Sections 88(3) and (4) of the CAA provide specific reasons for the Minister to decline to authorise, although they are subject to an override in section 88(5) if the Minister believes that to decline authorisation would have an undesirable effect on international comity. As discussed below:

- none of the reasons set out in sections 88(3) and (4) apply in respect of the Proposed Conduct; and
- declining authorisation would have an undesirable effect on international comity between New Zealand and Australia, New Zealand and Japan and Australia and Japan respectively. Accordingly, section 88(5) provides a distinct reason for the Minister to exercise his discretion in favour of authorising the Proposed Conduct.

No infringement of section 88(3)

In considering whether to grant authorisation under subsection (2) of this section, the Minister must ensure that granting authorisation will not prejudice compliance with any relevant international convention, agreement or arrangement to which the Government of New Zealand is a party.

³³ See further 'Haneda Airport open for Australian airlines', Media Release Hon Anthony Albanese MP, (then Minister for Transport), 30 September 2011. Available: <https://anthonyalbanese.com.au/haneda-airport-opens-for-australian-airlines> and <https://www.executivetraveller.com/australia-japan-open-skies-agreement-flights-to-haneda-allowed>

The Minister's authorisation of the Proposed Conduct will not prejudice New Zealand's compliance with any relevant international conventions, agreements or arrangements. Conventions and agreements which may be relevant include:

- the Air Services Agreement between Japan and New Zealand signed on 18 January 1980;
- the Air Services Agreement between New Zealand and Australia dated 8 August 2002 (the **ASA**);
- the Single Aviation Market Arrangements between New Zealand and Australia dated 1 November 1996 (the **SAM**);
- bilateral agreements between New Zealand and other countries.

The ASA expressly contemplates authorisations of the type sought in this application and therefore any authorisation cannot be said to prejudice compliance with that agreement. Specifically, Article 14 provides that:

*'The competition laws of each Party, as amended from time to time, shall apply to the operation of the airlines of both Applicants. Where permitted under those laws, a Party or its competition authority may, however, unilaterally exempt commercial agreements between airlines (including block-space, code share and other joint service agreements) from the application of its domestic competition law.'*³⁴

The SAM arrangements reflect a desire on the part of the Australian and New Zealand Governments to achieve an efficient, integrated Australasian aviation market. As was the case in 2015, over the longer term the Proposed Conduct will continue to generate substantial benefits for consumers and will deliver economic efficiencies to the benefit of the Applicants as well as New Zealand and Australia. This will be mutually beneficial to each country's economy, particularly as the global airline and tourism industries seek to recover from the COVID-19 Pandemic.

Clause 15 (1) of the SAM arrangements provides:

All aviation activities (including terminal access) under these arrangements will take place in a manner consistent with competition law as it applies in the relevant jurisdiction.

The Proposed Conduct is consistent with the CAA regime (and therefore the Commerce Act), the Australian *Competition and Consumer Act 2010* (Cth) and relevant Japanese antitrust provisions, and will therefore not prejudice compliance with the SAM.

Additionally, nothing in the Proposed Conduct will prejudice compliance with New Zealand's bilateral agreement with Japan or bilateral agreements between New Zealand and other countries.

No infringement of section 88(4)

The Proposed Conduct includes no provision that would infringe sections 88(4)(a)-(f).

No infringement of section 88(4)(a)

Authorisation shall not be given under this section to any provision of any contract, arrangement, or understanding that provides that any party to it may directly or indirectly enforce it through any form of action by way of fines or market pressures against any person, whether or not that person is a party to the contract, arrangement, or understanding. The Proposed Conduct makes no provision for either Applicant to directly or indirectly enforce the JBA or any associated agreement through any form of action by way of fines or market pressures against any person.

³⁴ See <http://www.austlii.edu.au/au/other/dfat/treaties/2003/18.html>

No infringement of section 88(4)(b)

Authorisation shall not be given under this section to any provision of any contract, arrangement, or understanding that has the purpose or effect of breaching the terms of a commission regime issued under section 89 of this Act. The Applicants understand the only commission regimes issued by the Minister which are currently in force under section 89 of the CAA are the *Civil Aviation (Passenger Agents' Commission Regime) Notice 1983* and the *Civil Aviation (Cargo Agents' Commission Regime) Notice 1983*. The Proposed Conduct does not have the purpose or effect of breaching the terms of either of these commission regimes.

No infringement of section 88(4)(c)

Authorisation shall not be given under this section to any provision of any contract, arrangement, or understanding that unjustifiably discriminates between consumers of international air services in the access they have to competitive tariffs. The Proposed Conduct does not contain any provision which discriminates between consumers in the access they have to tariffs. In fact, the Proposed Conduct is likely to enhance the availability of competitive fares between Australasia and Japan. For reasons set out above, the JBA will improve options for consumers of international air services including more availability for discounted and flexible fares through reciprocal inventory access.

The Applicants will continue to face competitive pressure from other competitors, in particular Air New Zealand, Singapore Airlines and Cathay Pacific (and ANA on routes between Australia and Japan), meaning that they will have no ability (or incentive) to discriminate between consumers in respect of access to competitive tariffs. To the contrary, consumers are more likely to have greater access to competitive tariffs under the Proposed Conduct because:

- the Applicants will continue to set fares having regard to existing and potential competition from other carriers on all routes on which they operate, i.e., they will continue to set competitive fares;
- the Applicants will continue to make those fares widely available – their distribution strategy will be determined having regard to existing and potential competition and the costs and benefits of various distribution channels. Indeed, rather than restricting access, the Proposed Conduct will enhance the availability of fares for travel between Australasia and Japan as the Applicants will continue to coordinate their marketing and sales activities; and
- a larger inventory of seats in the lower booking classes will be made available under the Proposed Conduct.

No infringement of section 88(4)(d)

Authorisation shall not be given under this section to any provision of any contract, arrangement, or understanding in so far as it relates to tariffs if it has the effect of excluding any supplier of international carriage by air from participating in the market to which it relates. The Proposed Conduct has no impact on the ability of any supplier of international carriage by air from participating in the provision of services on Australasia-Japan routes.

Authorisation will not have any flow-on impact in terms of the ASA or other regulatory conditions that would impact another airline's access to Australasia-Japan routes. Further, given the existence of strong international competitors such as Air New Zealand, Cathay Pacific and Singapore Airlines, the Applicants will have no incentive to set tariffs so as to exclude any person from providing international air services on any relevant route.

No infringement of section 88(4)(e)

Authorisation shall not be given under this section to any provision of any contract, arrangement, or understanding that has the purpose or effect of preventing any party from seeking approval, in terms of section 90 of this Act, for the purpose of selling international carriage by air at any other tariff so approved.

The ASA removes any requirement that tariffs be filed with the aeronautical authorities of either Australia or New Zealand. In any event, the Proposed Conduct does not prevent any party from seeking the Minister's approval of any tariff under section 90 of the CAA.

No infringement of section 88(4)(f)

Authorisation shall not be given under this section to any provision of any contract, arrangement, or understanding that prevents any party from withdrawing without penalty on reasonable notice from the contract, arrangement, or understanding. **[REDACTED - CONFIDENTIAL]**

International Comity

If the Minister considers, contrary to the Applicants' view, that the Proposed Conduct does not comply with any of section 88(4)(a)-(f), he can nevertheless authorise the Proposed Conduct under section 88(5) if declining authorisation would have an undesirable effect on international comity between New Zealand and another state.

Declining authorisation would have an undesirable effect on international comity between New Zealand and Australia and between New Zealand and Japan. Accordingly, international comity provides a distinct reason for the Minister to exercise his discretion in favour of authorising the Proposed Conduct.

As discussed above, arrangements between carriers are consistent with the SAM and the ASA. The Applicants have also applied to the ACCC for authorisation of the Proposed Conduct and believe authorisation should be granted in that jurisdiction on the basis that it will deliver net public benefits for the Australian consumers and the broader Australian economy. The Applicants are also seeking anti-trust immunity from the MLIT in Japan.

In those circumstances, declining authorisation for the Proposed Conduct would prevent both Australia and Japan from realising these net public benefits from an arrangement that is expressly contemplated in the ASA between New Zealand and Australia and in the bilateral agreement between Australia and Japan.

Confidentiality

The Applicants claim confidentiality over Confidential Annexure B to this Application and also the information in this Application enclosed in square brackets (the Confidential Information) pursuant to section 9(2)(b) of the *Official Information Act 1982*. A public version with Confidential Information redacted will be provided separately. The Confidential Information is commercially sensitive and valuable to the Applicants and disclosure would be likely unreasonably to prejudice the commercial position of one, or both, of the Applicants.

The Applicants request they be notified of any request made under the *Official Information Act* for release of the Confidential Information, and that the Minister seeks their views as to whether the Confidential Information remains confidential and commercially sensitive at the time responses to such requests are being considered.

This request for confidentiality is not intended to constrain the Minister and the Ministry of Transport from disclosing information to other Government departments for the purposes of seeking relevant expert advice. However, the Applicants request that the Minister ensure any such Departments maintain the same full confidentiality as requested above.

CONCLUSION

Despite significant challenges being continually presented by the COVID-19 Pandemic, and faced with fewer resources and uncertainty, the Applicants' cooperation and reliance on each other's network and abilities will be vital in the efforts to rebuild capacity across a diverse range of city pairs and improve connectivity between Australasia and Japan and deliver real and immediate benefits to New Zealand consumers.

ANNEXURE A –RELATED BODIES CORPORATE

QANTAS

Entity	Country of Incorporation
AAL Aviation Limited	Australia
Airlink Pty Limited	Australia
Australian Air Express Pty Ltd	Australia
Australian Airlines Limited	Australia
Australian Regional Airlines Pty. Ltd.	Australia
Eastern Australia Airlines Pty. Limited	Australia
Express Freighters Australia (Operations) Pty Limited	Australia
Express Freighters Australia Pty Limited	Australia
H Travel Sdn Bhd	Malaysia
Hangda Ticket Agent (Shanghai) Co. Ltd	China
Holiday Tours & Travel (Korea) Limited	Korea
Holiday Tours & Travel (Singapore) Pte. Ltd.	Singapore
Holiday Tours & Travel Limited	Hong Kong
Holiday Tours & Travel Ltd	Taiwan
Holiday Tours & Travel Pte. Ltd.	Singapore
Impulse Airlines Holdings Proprietary Limited	Australia
Jetabout Japan, Inc.	Japan
Jetconnect Limited	New Zealand
Jetstar Airways Limited	New Zealand
Jetstar Airways Pty Limited	Australia
Jetstar Asia Airways Pte Limited	Singapore
Jetstar Asia Holdings Pty Limited	Australia
Jetstar Group Pty Limited	Australia
Jetstar Holidays Co. Ltd.	Japan
Jetstar International Group Australia Pty Limited	Australia
Jetstar International Group Japan Co., Ltd	Japan
Jetstar NZ Regional Limited	New Zealand
Jetstar Regional Services Pte. Ltd.	Singapore
Jetstar Services Pty Limited	Australia
Network Aviation Holdings Pty Ltd	Australia
Network Aviation Pty Ltd	Australia
Network Holding Investments Pty Ltd	Australia
Network Turbine Solutions Pty Ltd	Australia
Osnet Jets Pty Ltd	Australia
PT Pacto Holiday Tours	Indonesia
Q H Tours Ltd	Australia
Qantas Airways Domestic Pty Limited	Australia
Qantas Asia Investment Company (Singapore) Pte. Ltd.	Singapore
Qantas Asia Investment Company Pty Ltd	Australia
Qantas Cabin Crew (UK) Limited	United Kingdom
Qantas Courier Limited	Australia
Qantas Domestic Pty Limited	Australia
Qantas Foundation Trustee Limited	Australia
Qantas Freight Enterprises Limited	Australia
Qantas Frequent Flyer Limited	Australia
Qantas Frequent Flyer Operations Pty Limited	Australia
Qantas Ground Services Pty Limited	Australia
Qantas Group Accommodation Pty Limited	Australia
Qantas Group Flight Training (Australia) Pty Limited	Australia
Qantas Group Flight Training Pty Limited	Australia
Qantas Information Technology Ltd	Australia
Qantas Road Express Pty Limited	Australia
Qantas Superannuation Limited	Australia
Qantas Ventures Pty Ltd	Australia
QF A332 Leasing 1 Pty Limited	Australia

QF A332 Leasing 2 Pty Limited	Australia
QF BOC 2008-1 Pty Limited	Australia
QF BOC 2008-2 Pty Limited	Australia
QF Cabin Crew Australia Pty Limited	Australia
QF Dash 8 Leasing No. 4 Pty Limited	Australia
QF Dash 8 Leasing No. 5 Pty Limited	Australia
QF Dash 8 Leasing No. 6 Pty Limited	Australia
QF ECA 2008-1 Pty Limited	Australia
QF ECA 2008-2 Pty Limited	Australia
QF ECA A380 2010 No.1 Pty Limited	Australia
QF ECA A380 2010 No.2 Pty Limited	Australia
QF ECA A380 2010 No.3 Pty Limited	Australia
QF ECA A380 2010 No.4 Pty Limited	Australia
QF ECA A380 2011 No.1 Pty Limited	Australia
QF ECA A380 2011 No.2 Pty Limited	Australia
QF EXIM B787 No.1 Pty Limited	Australia
QF EXIM B787 No.2 Pty Limited	Australia
QH International Co. Limited.	Japan
Regional Airlines Charter Pty Limited	Australia
Southern Cross Insurances Pte Limited	Singapore
Sunstate Airlines (Qld) Pty. Limited	Australia
Taylor Fry Holdings Pty Limited	Australia
Taylor Fry Pty Limited	Australia
The Network Holding Trust	N/A
The Network Trust	N/A
Vii Pty Limited	Australia

JAL

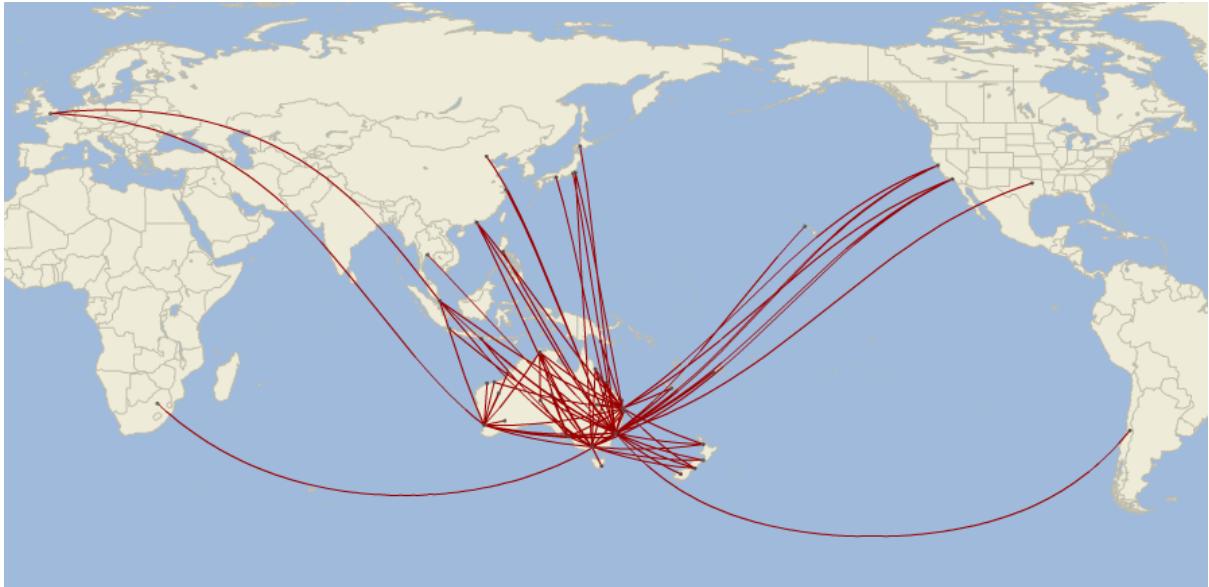
JAPAN TRANSOCEAN AIR CO., LTD.
 JAPAN AIR COMMUTER CO., LTD.
 J-AIR CO., LTD.
 ZIPAIR TOKYO CO., LTD.
 HOKKAIDO AIR SYSTEM CO., LTD.
 RYUKYU AIR COMMUTER CO., LTD.
 JETSTAR JAPAN, CO. LTD.
 JAL ENGINEERING CO., LTD.
 JAL MAINTENANCE SERVICE CO., LTD.
 JAL KANSAI AIRCARGO SYSTEM CO., LTD.
 JAL CARGO SERVICE CO., LTD.
 JAL CARGO HANDLING CO., LTD.
 JAL CARGO SERVICE KYUSHU CO., LTD.
 JUPITER GLOBAL, LTD. Hong Kong
 JAL NAVIA CO., LTD.
 JAL MILEAGE BANK CO., LTD.
 JAL ROYAL CATERING CO., LTD.
 JALPAK CO., LTD.
 JAL SALES CO., LTD.
 JAL JTA SALES CO., LTD.
 JALPAK INTERNATIONAL HAWAII, INC. USA
 JALPAK INTERNATIONAL (EUROPE) B.V.
 JALPAK INTERNATIONAL (FRANCE) S.A.S.
 EURO-CREATIVE TOURS (U.K.) LTD.
 JALPAK INTERNATIONAL ASIA PTE. LTD. Singapore
 JAL SATELLITE TRAVEL CO., LTD. Hong Kong
 PT. TAURINA TRAVEL DJAYA Indonesia

JAL SKY CO., LTD.
JAL SKY AIRPORT OKINAWA COMPANY., LTD.
JALSKY OSAKA CO., LTD.
JALSKY KYUSHU CO., LTD.
JALSKY SAPPORO CO., LTD.
JALSKY KANAZAWA CO., LTD.
JALSKY SENDAI CO., LTD.
JAL GROUND SERVICE CO., LTD.
JAL GROUND SERVICE OSAKA CO., LTD.
JAL GROUND SERVICE KYUSHU CO., LTD.
JAL GROUND SERVICE SAPPORO CO., LTD.
JAL AIRTECH CO., LTD.
JAL ABC, INC.
JAL INFORMATION TECHNOLOGY CO., LTD.
JAL DIGITAL EXPERIENCE CO., LTD.
JAL PAYMENT PORT CO., LTD.
JAL CARD, INC.
JAL FACILITIES CO., LTD.
JAL BUSINESS AVIATION CO., LTD.
AXESS INTERNATIONAL NETWORK, INC.
JAL AGRIPORT CO., LTD.
JAL HONGYUAN CO., LTD.
JAL BRAND COMMUNICATIONS CO., LTD.
JTA INFORMATION & COMMUNICATION CO., LTD.
JAL SBI FINTECH CO., LTD.
JAL SUNLIGHT CO., LTD.
OFFICIAL FILING CO., LTD.
JPRO CO., LTD.
JLC INSURANCE COMPANY LIMITED, USA

CONFIDENTIAL ANNEXURE B – JBA AND ASSOCIATED COMMERCIAL AGREEMENTS

[REDACTED - CONFIDENTIAL]

ANNEXURE C – QANTAS ROUTE MAP (PRE-PANDEMIC)



Qantas-operated network (February 2020)

Source: *DioMi*

ANNEXURE D – JAL ROUTE MAPS

Please see attached