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 A/CEO
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OFFICE OF THE COMMISSIONER
 Date: 24 / 01 / 2011

7 January 2011

Assoc. Prof. Billy Manoka
 Commissioner/CEO
 Independent Consumer and Competition Commission
 PO Box 6394 Boroko
 Papua New Guinea

Dear Assoc. Prof. Manoka

Re: Information Sought Regarding Air Niugini's Authorisation Applications

I refer to your letter of 21 December requesting Qantas to provide information to assist the Commission in its assessment of the proposed code share agreement between Qantas and Air Niugini.

As the Commission is aware, Qantas wishes to place Air Niugini's code on its services between Cairns and Port Moresby. Contractual arrangements between Air Niugini and Qantas to enable this are yet to be finalised.

While we believe it is premature for Qantas to provide the information until such time that the arrangements have been finalised, we attach the information sought by the Commission and look forward to providing detailed comments on the competition issues and the public benefit aspects of the proposed code share agreement in due course.

As this information is commercial-in-confidence, Qantas has sought assurances from the Commission that the information contained in the attachment – with particular reference to Table 3 – not be placed on the public register, nor disclosed to any third party without Qantas' consent. We note that the Commission has accepted this condition via email correspondence received from Ms Nancy Ebbes earlier today.

We would be pleased to offer further information in relation to the foregoing.

Yours sincerely

for: A. Kala

Robert Wood
 Head of Government and International Relations
 Qantas Airways



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 Qantas Centre 203 Coward Street Mascot NSW 2020 Australia
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1. The current proportions of passengers on the Port Moresby/Cains route under each of the categories of; (a) Government and Business; (b) Visiting friends and relatives; (c) Tourists; for Qantas services on this route before and after the ceasing of the current code share arrangement.

Refer to Table 2.

2. Qantas profitability measures on the Port Moresby/Cains route since ceasing code share arrangements with Air Niugini and providing independent services.

Refer to Table 3.

3. Current capacity limits for the Port Moresby/Cains route and the allocated and unallocated capacity on this route in each direction per week.

Qantas currently operates 12 weekly services per week on the Port Moresby/Cains route using Q400 aircraft fitted with 74 seats, providing a total of 888 seats each way each week.

4. Frequency and capacity provided by Qantas under the authorised code share arrangements on the Port Moresby/Cains route prior to entry by Qantas as a carrier on this route.

Refer to Table 1.

5. Current frequency/capacity provided by Qantas since it has independently entered as a carrier on this route.

Refer to 3 above.

6. Proposed frequency/capacity intended to be provided by Qantas if authorisation is granted.

Qantas does not intend to change its schedule on the Port Moresby/Cairns route should authorisation of the arrangements be granted.

7. Break-even load factor on this route.

Refer to Table 3.

8. Qantas revenue yield for the past 12 months (separating code share data from the data when it entered the market independently).

Refer to Table 3.

TABLE 1

SERVICES OPERATED BY AIR NIUGINI

AIR NIUGINI

IATA Northern Winter 2009 - 25Oct09 to 27Mar10

Northern Winter 2009

| Origin | Dest | OF Flight | PX Flight | A/C | Days of Operation | | | | | | | OF Seat Allocation | |
|----------------------------------|------|-----------|-----------|-------|-------------------|---|---|---|---|---|---|--------------------|-----|
| | | | | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | J/C | Y/C |
| CNS - POM vs services | | | | | | | | | | | | | |
| POM | CNS | QF384 | PX090 | F100 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | See note (1) | |
| POM | CNS | QF382 | PX098 | F100 | | | | | 5 | | 7 | See note (1) | |
| POM | CNS | QF382 | PX098 | DH8-3 | | 2 | 3 | 4 | | | | See note (1) | |
| CNS | POM | QF381 | PX093 | F100 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | See note (1) | |
| CNS | POM | QF379 | PX091 | F100 | 1 | | | | | 6 | | See note (1) | |
| CNS | POM | QF379 | PX091 | DH8-3 | | | 3 | 4 | 5 | | | See note (1) | |
| SYD-BNE - POM vs services | | | | | | | | | | | | | |
| POM | BNE | QF350 | PX3 | B767 | | 2 | 3 | 4 | | | 7 | See note (2) | |
| POM | BNE | QF352 | PX6 | B767 | | | | | 5 | | 7 | See note (2) | |
| POM | BNE | QF352 | PX6 | B757 | | | | 4 | | | | See note (2) | |
| POM | BNE | QF310 | PX3 | F100 | 1 | | | | | | | See note (2) | |
| POM | SYD | QF312 | PX1 | B757 | | | | | 5 | 6 | 7 | See note (2) | |
| BNE | POM | QF349 | PX4 | B767 | | 2 | 3 | 4 | | | 7 | See note (2) | |
| BNE | POM | QF351 | PX6 | B767 | 1 | | | | | 6 | | See note (2) | |
| BNE | POM | QF351 | PX6 | B757 | | | | | 5 | 6 | | See note (2) | |
| BNE | POM | QF349 | PX4 | F100 | 1 | | | | | 6 | | See note (2) | |
| SYD | POM | QF313 | PX2 | B757 | 1 | | | | | 6 | | See note (2) | |

Note PX will often alter the B757/B767 aircraft between flights, however OF seat allocations remain the same.

(1) The NW09 blocks are.

| DOW | Flt No | Leg | Block Type | J Cabin | Y Cabin |
|-----------|--------|---------|------------|---------|---------|
| Monday | QF 379 | CNS-POM | Hard Block | 0 | 10 |
| | | | Soft Block | 0 | 5 |
| | | | Total | 0 | 15 |
| | QF 384 | POM-CNS | Hard Block | 2 | 22 |
| | | | Soft Block | 0 | 4 |
| | | | Total | 2 | 26 |
| | QF 381 | CNS-POM | Hard Block | 2 | 18 |
| | | | Soft Block | 0 | 5 |
| | | | Total | 2 | 23 |
| Tuesday | QF 384 | POM-CNS | Hard Block | 0 | 12 |
| | | | Soft Block | 0 | 3 |
| | | | Total | 0 | 15 |
| | QF 381 | CNS-POM | Hard Block | 0 | 20 |
| | | | Soft Block | 0 | 4 |
| | | | Total | 0 | 24 |
| | QF 382 | POM-CNS | Hard Block | 0 | 8 |
| | | | Soft Block | 0 | 2 |
| | | | Total | 0 | 10 |
| Wednesday | QF 379 | CNS-POM | Hard Block | 0 | 10 |
| | | | Soft Block | 0 | 2 |
| | | | Total | 0 | 12 |
| | QF 384 | POM-CNS | Hard Block | 0 | 13 |
| | | | Soft Block | 0 | 2 |
| | | | Total | 0 | 15 |
| | QF 381 | CNS-POM | Hard Block | 0 | 15 |
| | | | Soft Block | 0 | 5 |
| | | | Total | 0 | 20 |
| | QF 382 | POM-CNS | Hard Block | 0 | 10 |
| | | | Soft Block | 0 | 2 |
| | | | Total | 0 | 12 |
| Thursday | QF 379 | CNS-POM | Hard Block | 0 | 10 |
| | | | Soft Block | 0 | 2 |
| | | | Total | 0 | 12 |
| | QF 384 | POM-CNS | Hard Block | 0 | 12 |
| | | | Soft Block | 0 | 3 |
| | | | Total | 0 | 15 |
| | QF 381 | CNS-POM | Hard Block | 0 | 12 |
| | | | Soft Block | 0 | 8 |
| | | | Total | 0 | 20 |
| | QF 382 | POM-CNS | Hard Block | 0 | 8 |
| | | | Soft Block | 0 | 2 |
| | | | Total | 0 | 10 |
| Friday | QF 379 | CNS-POM | Hard Block | 0 | 8 |
| | | | Soft Block | 0 | 2 |
| | | | Total | 0 | 10 |
| | QF 384 | POM-CNS | Hard Block | 4 | 22 |
| | | | Soft Block | 0 | 4 |
| | | | Total | 4 | 26 |
| | QF 381 | CNS-POM | Hard Block | 0 | 10 |
| | | | Soft Block | 0 | 5 |
| | | | Total | 0 | 15 |
| | QF 382 | POM-CNS | Hard Block | 2 | 16 |
| | | | Soft Block | 2 | 2 |
| | | | Total | 4 | 18 |
| Saturday | QF 379 | CNS-POM | Hard Block | 0 | 5 |
| | | | Soft Block | 0 | 5 |
| | | | Total | 0 | 10 |
| | QF 384 | POM-CNS | Hard Block | 0 | 20 |
| | | | Soft Block | 0 | 3 |
| | | | Total | 0 | 23 |
| | QF 381 | CNS-POM | Hard Block | 0 | 8 |
| | | | Soft Block | 0 | 2 |
| | | | Total | 0 | 10 |
| Sunday | QF 384 | POM-CNS | Hard Block | 0 | 20 |
| | | | Soft Block | 0 | 4 |
| | | | Total | 0 | 24 |
| | QF 381 | CNS-POM | Hard Block | 2 | 23 |
| | | | Soft Block | 0 | 5 |
| | | | Total | 2 | 28 |
| | QF 382 | POM-CNS | Hard Block | 0 | 8 |
| | | | Soft Block | 0 | 2 |
| | | | Total | 0 | 10 |

(2) The NW09 blocks are.

| DOW | Flt No | Leg | Block Type | J Cabin | Y Cabin |
|-----------|--------|---------|------------|---------|---------|
| Monday | QF 313 | SYD-POM | Hard Block | 6 | 35 |
| | | | Soft Block | 4 | 20 |
| | | | Total | 10 | 55 |
| | QF 351 | BNE-POM | Hard Block | 12 | 70 |
| | | | Soft Block | 4 | 30 |
| | | | Total | 16 | 100 |
| | QF 349 | POM-BNE | Hard Block | 0 | 5 |
| | | | Soft Block | 0 | 5 |
| | | | Total | 0 | 10 |
| Tuesday | QF 310 | POM-BNE | Hard Block | 3 | 25 |
| | | | Soft Block | 0 | 15 |
| | | | Total | 3 | 40 |
| | QF 349 | BNE-POM | Hard Block | 5 | 40 |
| | | | Soft Block | 4 | 30 |
| | | | Total | 9 | 70 |
| | QF 350 | POM-BNE | Hard Block | 4 | 46 |
| | | | Soft Block | 4 | 20 |
| | | | Total | 8 | 66 |
| Wednesday | QF 349 | BNE-POM | Hard Block | 5 | 40 |
| | | | Soft Block | 4 | 30 |
| | | | Total | 9 | 70 |
| | QF 350 | POM-BNE | Hard Block | 5 | 40 |
| | | | Soft Block | 4 | 30 |
| | | | Total | 9 | 70 |
| Thursday | QF 349 | BNE-POM | Hard Block | 4 | 40 |
| | | | Soft Block | 4 | 20 |
| | | | Total | 8 | 60 |
| | QF 350 | POM-BNE | Hard Block | 10 | 50 |
| | | | Soft Block | 4 | 30 |
| | | | Total | 14 | 80 |
| Friday | QF 311 | BNE-POM | Hard Block | 4 | 30 |
| | | | Soft Block | 4 | 20 |
| | | | Total | 8 | 50 |
| | QF 352 | POM-BNE | Hard Block | 5 | 40 |
| | | | Soft Block | 4 | 30 |
| | | | Total | 9 | 70 |
| | QF 312 | POM-SYD | Hard Block | 5 | 35 |
| | | | Soft Block | 5 | 10 |
| | | | Total | 10 | 45 |
| Saturday | QF 313 | SYD-POM | Hard Block | 3 | 35 |
| | | | Soft Block | 2 | 20 |
| | | | Total | 5 | 55 |
| | QF 311 | BNE-POM | Hard Block | 4 | 40 |
| | | | Soft Block | 2 | 20 |
| | | | Total | 6 | 60 |
| | QF 310 | POM-BNE | Hard Block | 3 | 33 |
| | | | Soft Block | 0 | 7 |
| | | | Total | 3 | 40 |
| | QF 349 | BNE-POM | Hard Block | 2 | 25 |
| | | | Soft Block | 0 | 10 |
| | | | Total | 2 | 35 |
| Sunday | QF 349 | BNE-POM | Hard Block | 12 | 70 |
| | | | Soft Block | 4 | 25 |
| | | | Total | 16 | 95 |
| | QF 350 | POM-BNE | Hard Block | 4 | 30 |
| | | | Soft Block | 4 | 20 |
| | | | Total | 8 | 50 |
| | QF 352 | POM-BNE | Hard Block | 4 | 40 |
| | | | Soft Block | 4 | 30 |
| | | | Total | 8 | 70 |
| | QF 312 | POM-SYD | Hard Block | 4 | 35 |
| | | | Soft Block | 0 | 5 |
| | | | Total | 4 | 40 |

