



8 September 2009

Mr Michael Bird
Executive Director
International Air Services Commission
GPO Box 630
Canberra ACT 2601

Dear Mr ~~Bird~~ *Mike*

Application for Capacity Allocation – Fiji Route

I refer to your letter of 25 August inviting the Qantas Group to address the Paragraph 5 criteria in support of our application for an allocation of 1,491 seats per week for Jetstar to operate daily A321 services on the Fiji route.

The Group's submission is attached.

We would be pleased to provide any further information the Commission may require in support of this application.

Yours sincerely

Jane McKeon

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Head of Government and International Relations



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APPLICATION FOR CAPACITY FOR AUSTRALIA-FIJI SERVICES

SUPPLEMENTARY SUBMISSION

Australia-Fiji passenger market

Fiji is Australia's 12th largest route in terms of total origin/destination (O/D) traffic flows, with approximately 510,000 passengers travelling between the two countries in the year to end June 2009. Passenger numbers have remained static in the past year, following 12% growth and a 3% fall in passengers in 2008 and 2007 respectively.

The market is dominated by point-to-point traffic, with almost 97% of passengers travelling directly between Australia and Fiji. Almost 99% of Australian residents and 86% of visitors travelled directly between the two countries in the last year. Of those visitors that travelled via other countries, nearly 4% did so via New Zealand.

The majority of uplift/discharge (U/D) traffic on the route has an O/D of Fiji, particularly for Australian residents. A small proportion of predominantly visitor traffic originates in, or is destined for, the United States.

Australian traffic on the route is seven times the number of inbound visitors, with 446,600 resident (88%) and 63,400 visitor (12%) movements in the year to June 2009.

The Australia-Fiji route is principally a leisure market, with approximately 70% of passengers travelling for holiday purposes, 13% visiting friends and relatives (VFR) and 5% for business in the last year.

The majority of Australian traffic travelled to Fiji for leisure purposes, with holiday comprising 78%, VFR 10% and 4% for business over this period.

The figures are somewhat different for visitor traffic, with the major segments travel for VFR (33%), holiday (21%) and business (16%). The strong VFR component can be attributed to Australia's growing Fijian community, which has doubled in size between 1996 and 2006 according to the 2006 census.

The majority of resident and visitor traffic travels to/from New South Wales, with 47% and 55% passengers respectively. This is followed by Queensland, with 23% resident and 26% visitor traffic, and Victoria accounting for 21% of residents and 13% of visitors.

Market share on the Australia-Fiji route is primarily divided between Air Pacific, Pacific Blue and Qantas (via a free-sale code share with Air Pacific). In the year to June 2009, Air Pacific carried 46% of passengers, Pacific Blue carried 34% and Qantas held a 20% share¹.

¹ Market share data sourced from BITRE, with adjustment of Air Pacific passengers which are travelling on the Qantas code. All other statistics are ABS data.

Jetstar's plans

Jetstar proposes to operate a daily service between Sydney and Nadi from 5 April 2010. Jetstar is planning to operate these services using a one-class Airbus 321-200 aircraft configured with 213 seats.

The proposed schedule is outlined below:

City Pair	Dep	Arr	Frequency
Sydney - Nadi	0925	1535	Daily
Nadi - Sydney	1635	1920	Daily

The schedule is focused on servicing and growing point-to-point traffic, as Sydney is the largest market for both residents and visitors, while also offering same-day connectivity for passengers travelling to/from Melbourne and Perth.

It is proposed that Qantas will code share on the Jetstar services.

5.1(a) Competition Benefits

The extent to which applications will contribute to the development of a competitive environment. The Commission should have regard to:

- *the need for Australian carriers to compete effectively with one another and the carriers of foreign countries;*
- *the number of carriers on a particular route and the existing distribution of capacity between Australian carriers;*
- *prospects for lower tariffs, increased choice and frequency of service and innovative product differentiation;*
- *the extent to which applicants are proposing to provide capacity on aircraft they will operate themselves; and*
- *the provision of commercial agreements between an applicant and another carrier.*

Distribution of capacity

The key competitors on the Australia-Fiji route are Air Pacific, Pacific Blue and Qantas (via a free-sale code share with Air Pacific). A small number of third country carriers have a presence on the route, of which Air New Zealand is the most significant, operating 11 flights per week between Nadi and Auckland, Wellington and Christchurch which connect with its trans Tasman services.

Air Pacific is Fiji's international, full-service airline and has a longstanding presence on the route. It has maintained a relatively stable schedule between Australia and Fiji in recent years and currently operates 20 flights each week each way between Nadi and three Australian gateways - Sydney, Melbourne and Brisbane - using Boeing aircraft (747-400, 767-300 and 737-800).

Qantas has a free-sale code share arrangement with Air Pacific and places its code on services between Nadi and Australia, as well as services from Fiji to New Zealand

(Auckland and Christchurch) and the United States (Honolulu and Los Angeles). Air Pacific does not code share on any Qantas operated services.

Pacific Blue is the only Australian carrier with an allocation of capacity on the Fiji route and holds 65% of the total entitlement available under the bilateral air services arrangements.

Since Pacific Blue commenced operations to Fiji in September 2004, it has progressively increased services, and today operates 20 flights each way each week between Nadi and Brisbane, Sydney, Melbourne and Adelaide with Boeing 737-800 aircraft. If V Australia were awarded the capacity it is seeking, the Virgin Blue Group would hold 90% of the total Australian capacity entitlement on the route.

The entry of Jetstar, if successful in its application for less than 30% of the total Australian capacity entitlement, would see a second Australian carrier operate its own aircraft between Australia and Fiji, providing direct competition to Pacific Blue on the route.

If its application is unsuccessful, it is unlikely that sufficient capacity would be available for Jetstar to commence operations to the extent required to be competitive on the route in the foreseeable future, as the prospect of air services negotiations between Australia and Fiji to agree additional entitlements appears remote.

Effective competition

The entry of Jetstar to the Australia-Fiji market with a daily frequency would provide considerable competition on the route. Jetstar will need to compete strongly with both incumbents to attract market share given their established positions.

The distribution of market share over the past two years has seen the incumbent operators on the route strengthen their positions at the expense of Qantas.

Pacific Blue has grown its market share from approximately 25% for the year ending June 2007 to 34% for the 12 months to end June 2009, reflecting the addition of capacity during this period. This trend could be expected to continue given the services from Melbourne and Adelaide (720 seats weekly) that Pacific Blue introduced during the current scheduling season. The proposed entry of V Australia would see the Virgin Group's operated capacity on the route increase by over 35%, which could be expected to result in substantial gains in market share.

Air Pacific has also lifted its market share over the period, to approximately 46%. While Air Pacific has competed strongly with Pacific Blue's growing presence in the Fiji market by increasing capacity and through tactical advertising and promotions, the principal driver of its increase in market share over the past two years has been the change in July 2006 of the code share relationship between Qantas and Air Pacific from a block-space to a free-sale arrangement. This has seen Qantas' position on the route reduce significantly, losing 28% market share.

Against this background, there is a clear incentive for Jetstar to enter the market at the current time.

As an Australian based carrier in a market dominated by Australian resident traffic, Jetstar is well placed to compete on the route, with the ability to capitalise upon its extensive domestic network (19 destinations across Australia) and well-recognised brand.

Sydney is the largest Australian market to/from Fiji and Jetstar has 140 combined international and domestic daily departures from Sydney, making it the airline's largest gateway.

Despite some volatility in passenger numbers over the past three years, the outlook for outbound traffic on the Fiji route is positive, with growth of 1.6% to 2012/13 and 5% to 2017/18 forecast². Jetstar is well placed to facilitate this growth and, if awarded the capacity sought, would deploy an additional 11,648 seats each year on the Sydney-Nadi route compared with V Australia's proposal.

As a value-based carrier, Jetstar actively seeks to deploy capacity on leisure routes, such as Fiji, which typically are more sensitive to price stimulation. Fare stimulation on a particular route will often extend beyond the direct impact of the Jetstar capacity and generate growth for incumbent airlines, which respond competitively to Jetstar's new low fares.

Jetstar has been highly successful in launching international services which stimulate significant levels of passenger traffic growth. On comparable international leisure routes, such as Thailand and Vietnam (to which Pacific Blue does not currently operate), average passenger growth recorded across all carriers was double the average growth rate for all O/D markets in the three years to June 2009.

Air Pacific and Pacific Blue each operate more than 20 weekly frequencies between Australia and Fiji, and have a strong presence on the Sydney-Nadi route, operating nine and seven weekly services respectively. In order to compete effectively, it is essential that Jetstar receives an allocation for capacity that allows it to operate a marketable frequency on the route, which in this case is at minimum a daily service.

Although Jetstar has entered other international leisure markets successfully with less than a daily frequency, without exception this has been to replace or complement Qantas flying (to attain a daily frequency in a market, eg Honolulu), or on sectors where there has been at most one direct competitor.

The proposed entry of Jetstar (rather than Qantas with its full-service product) reflects a genuine long-term commitment to competing effectively in the leisure-based Fiji market.

Fares

The introduction of Jetstar services would offer considerable price competition in the market, for both sales in Fiji and Australia.

As a low fares carrier, Jetstar's business model is based on price leadership, enabling people to fly more often or for the first time. Since launching international services, approximately 10% of Jetstar's international passengers have consistently been first-time international flyers. Jetstar's low fares are sustainable as a result of its business model which is based on reducing complexity and maximising efficiency in order to maintain a low cost base.

Jetstar's low fares are supported by the *Jetstar Price Beat Guarantee*, which underlines Jetstar's commitment to offering passengers the lowest possible internet

² "Short-term resident departures by market, financial year", Forecast 2009, Issue 1, *Tourism Research Australia*

fares. If travellers find a fare which is cheaper than Jetstar's lowest comparable internet fare on a comparable flight, Jetstar will beat any competitor by 10%.

In order to pass on the lowest possible fare to passengers, Jetstar maintains a very simple pricing structure, offering its distribution partners a series of terms and conditions to meet their business needs, such as extended holds for wholesalers. These arrangements are focused on ensuring customers can access Jetstar's fares across all channels.

Increased choice and frequency of service

Jetstar's entry onto the Sydney-Nadi route would offer consumers increased choice and frequency of service.

Under the Virgin Group's proposal to transfer a capacity allocation from Pacific Blue to V Australia, in addition to an application for additional capacity, there would be no net increase in the number of frequencies operated between Sydney and Nadi. If Jetstar's application were successful, consumers would be able to choose from a new schedule with an additional seven frequencies each way each week.

Current services from Air Pacific and Pacific Blue provide consumers travelling between Sydney and Nadi with different options. Air Pacific offers passengers from Sydney an afternoon departure (1310), with a late morning arrival in Sydney (1140) on the return sector. Pacific Blue offers a morning departure from Sydney (0815) and an evening arrival (1820), which we assume that V Australia would maintain using current slot times. Jetstar's proposed schedule provides consumers with a third option, with attractive Sydney departure (0925) and arrival (1920) times.

Product differentiation

Jetstar's business model is focused on sustainable low fares by maintaining a low cost base, and its product offering, which is based on choice, underpins this.

Jetstar offers a one-class value-based product within which consumers have a number of options to purchase, such as *Extra Leg Room* seats, meals, snacks and beverages, entertainment (video-on-demand and audio entertainment) and comfort packs (including a blanket, pillow and amenity kit).

As part of Jetstar's product, consumers are able to purchase *JetSaver Light* fares, where passengers travel for a lower fare with carry-on baggage only. The attractiveness of this fare is enhanced as Jetstar offers a cabin baggage allowance of 10 kilograms per passenger – higher than the international economy class allowances of V Australia, Pacific Blue and Air Pacific.

Jetstar is the first Australian airline to offer a specially-designed version of its website to allow customers to purchase a fare or change their bookings at jetstar.com via mobile phone, providing a simpler booking experience.

Jetstar can differentiate itself from other leisure airlines, such as Pacific Blue, by its high service standards. Jetstar was recognised by the *SkyTrax Awards* in 2009, which are voted for by consumers, as Best Low Cost Airline in Australia and New Zealand, following success in 2007 winning World's Best Low Cost Airline, Best Low Cost Airline in the Asia Pacific Region and Best Cabin Crew – Australia and New Zealand.

Jetstar's customised offering provides a competitive service for business travellers - of which there is a very small number - on a short international sector length. Business travellers have the ability to upgrade their travel experience with meals, video-on-demand (including news and business programs) or additional leg room as well as the option of a discounted fare if travelling only with carry-on baggage.

Offering travellers choice and the ability to customise their travel experience has particular advantages on short-haul international leisure routes, such as Fiji. V Australia's proposal to deploy three-class Boeing 777-300ER aircraft would not necessarily be appropriate for the Fiji route, where many passengers may not require or be prepared to pay for features such as a lie-flat bed for a flight time of approximately four hours.

Commercial agreements

In addition to code sharing with Air Pacific, Qantas proposes to code share on the Jetstar services. No code share arrangements between Jetstar and Air Pacific are planned.

Although Qantas will continue to sell code share seats on Air Pacific services, Jetstar will provide independent and direct competition to all operating carriers on the route.

Qantas currently holds a 46% equity stake in Air Pacific. Against the background of changing market conditions and a broader strategic evaluation of the Group's investment interests, this shareholding is under review. Qantas has held discussions with the Fiji Government, as the major stakeholder in Air Pacific, in these terms. Although Qantas' continuation as a shareholder in Air Pacific is under review, we would expect to maintain commercial arrangements, such as the free-sale code share, over the long term, subject to any required competition law approvals.

5.1(b) Tourism Benefits

The extent to which applications will promote tourism to and within Australia. The Commission should have regard to:

- *the level of promotion, market development and investment proposed by each of the applicants; and*
- *route service possibilities to and from points beyond the Australian gateway(s) or beyond the foreign gateway(s).*

While the number of visitors travelling to Australia is relatively low compared with Australian residents travelling to Fiji, the introduction of Jetstar services could be expected to stimulate inbound visitation given the majority of traffic is leisure-based, which is sensitive to price.

Jetstar's entry into similar international leisure routes, such as Vietnam and Thailand, demonstrates the effectiveness of its business model in promoting visitation to and within Australia. In the three years to June 2009, these markets have recorded an average growth in visitors travelling to Australia, across all carriers, which has been higher, with Vietnam more than 20 times higher, than the average growth rate for visitors across all O/D markets.

Promotion, market development and investment

Jetstar will promote the Sydney-Nadi service on an ongoing basis via network-wide and tactical route specific campaigns.

Jetstar offers holiday packages to visitors travelling to Australia to suit families and couples travelling on any budget. Travellers can purchase both pre-set packages or can customise their holiday by selecting a combination of flights, hotels and other activities. As part of its packaging product, Jetstar offers exclusive access to package pricing on Jetstar flights and includes a luggage allowance of 20 kilograms per passenger.

Route service possibilities

Jetstar offers passengers a large range of itineraries beyond the Australian gateways.

For those passengers seeking to visit more than one city in Australia, Jetstar has an extensive domestic network of 19 destinations (13 ports ex Sydney) and, via code sharing with Qantas, can offer onward services to inbound passengers to over 30 points in Australia.

Fifteen percent of visitor traffic on Australia-Fiji services has an O/D of the United States. Passengers travelling between Nadi and the US will be able to connect with Qantas' code share services from Nadi to Los Angeles operated by Air Pacific.

5.1(c) Consumer Benefits

The extent to which applications will maximise benefits to Australian consumers. The Commission should have regard to:

- *the degree of choice (including, for example, choice of airport(s), seat availability, range of product);*
- *efficiencies achieved as reflected in lower tariffs and improved standards of service;*
- *the stimulation of innovation on the part of incumbent carriers; and*
- *route service possibilities to and from points beyond the Australian gateway(s) or beyond the foreign gateway(s).*

Australian consumers have been a major beneficiary of Jetstar's entry onto international leisure routes since December 2005.

The proposed Jetstar operations will offer Australian resident traffic the following benefits:

- the ability to customise the travel experience through pre-paid and on-board product options;
- competitively priced holiday packages for leisure travellers;
- sustainable competitive fares between Australia and Fiji;
- access to the Qantas Frequent Flyer program; and

- an extensive domestic network for passengers requiring onward flights, and connections for carriage beyond Fiji.

Degree of choice

If Jetstar's application is successful, a daily service between Sydney and Nadi would provide Australian consumers with a greater level of choice in travelling to Fiji, as they must currently choose between two carriers providing own operated services.

Jetstar's proposed schedule provides a third daylight service option, offering Australian consumers an attractive Sydney morning departure (0925) and afternoon arrival in Nadi (1535). Returning to Australia, consumers could travel on Jetstar's afternoon flight ex Nadi (1635), arriving in Sydney at 1920. These timings are convenient for the leisure market, providing services which suit hotel check-in and check-out times.

Jetstar also offers Australian consumers same-day connectivity at Sydney to/from Melbourne and Perth, providing more options for connections than V Australia services (if current Pacific Blue slot times are maintained).

Product offering

As mentioned above, Australian consumers flying on Jetstar are able to customise their experience in a number of different ways. Customers flying on international services can opt to pre-order meals, purchase snacks and drinks on board, use a state-of-the-art in-flight video-on-demand system, purchase extra legroom seats and/or reserve spare seats next to them for more comfort.

The table below provides a summary of the A321 product which will be available on the Sydney to Nadi (short haul international) service.

	Domestic Australia/NZ/Trans Tasman	Short Haul International	Short Haul International via DRW hub	Long Haul International (economy)
Aircraft Type	A320	A321	A320	A330
Feed me				
Kiosk Service	✓	✓	✓	✓
Prepaid Meals	x	\$19	\$30	\$30
Buy-on-Board Meals	x	\$19	\$30	\$30
Entertain Me				
Prepaid Video On Demand	x	x	x	\$12
Buy-on-Board Video On Demand	\$10	\$10	\$10 + \$10	\$15
Audio Headsets	\$5	\$5	\$5	\$5
Music Channels	✓	✓	✓	✓
Drop Down Screens	x	✓	x	✓
Comfort Me				
Prepaid Comfort Pack	x	\$7	\$7	\$7
Buy-on-Board Comfort Pack	x	\$7	\$7	\$7

In addition to the video-on-demand systems which are stored on-board, passengers travelling on the A321 can view the complimentary in-flight entertainment via drop-down screens in the cabin.

By the end of 2009, it is intended that international Jetstar passengers will have the option of web check-in up to 24 hours before departure and self-check kiosks. Self tagging for baggage check-in is also planned to provide Australian consumers with a more efficient check-in process.

Holiday packages

Jetstar's holiday product offers Australian consumers a range of fully-inclusive packages for families and couples through a number of channels. Fiji packages will primarily service Denarau Island, Nadi, the Coral Coast and northern islands regions out of Nadi airport. Jetstar will also offer consumers a range of options such as competitively priced hotels, tours and activities around Fiji, which can be paired with Jetstar flights and tailored to suit any holiday.

In addition, there is potential for consumers to book car hire in and around Nadi through Jetstar, as its car hire partners (Avis/Budget) have a presence there. Jetstar is also exploring the possibility of providing transfers from the airport to hotels in Nadi/Denarau/Coral Coast in addition to connections to and bookings on the ferry service from Denarau to the northern islands.

For the comparable destination of Bali, Jetstar's packages are generally equal to or cheaper than the equivalent offered by Virgin Blue. In addition, Jetstar's holiday product differs from the Virgin Group's product by providing a wider range of packaging options, including pre-set packages (on top of *Flight Plus* and "build your own" customised holidays), as well as incorporating *JetSaver Light* flights that include 20 kilograms of luggage in the package price.

Jetstar's proposal to offer a daily flight schedule will be important to the competitiveness of its holiday packages, ensuring that customers have complete flexibility in terms of length of stay.

Fares

Jetstar's proposed tariff levels will see the introduction of fares which are highly competitive with both Air Pacific's and Pacific Blue's base fare. While the entry of a new carrier on the Australia-Fiji route could be expected to stimulate price competition initially, Jetstar is able to continue to deliver sustainable low fares as has been demonstrated on other routes.

In addition to Jetstar's commitment to sustainable, competitive fares, further options are available to Australian consumers. As mentioned above, launched in February 2008, Jetstar was the first airline in Australia to offer a fare - *JetSaver Light* - which provides a \$20 discount (one-way sector) for international passengers travelling with only carry-on baggage.

To support this, Jetstar has increased the maximum carry-on weight allowance for carry-on luggage to 10 kilograms from seven kilograms, to make it easier for all passengers carrying a standard size bag to meet its cabin baggage weight restrictions. This will provide Australian consumers, particularly those travelling for a short break or business travellers, with a competitive option in the Australia-Fiji market.

Frequent Flyer scheme

Jetstar flights are available for redemption by members of the Qantas Frequent Flyer program in two ways – via Qantas and Partner Classic Awards or Jetstar Any Seat Awards. Jetstar passengers are able to earn Qantas Frequent Flyer points and status credits when travelling on particular fare types, such as Jetstar's *JetFlex* fare.

Access to Qantas Club lounges is available prior to travel to those Jetstar passengers which are Qantas Club members.

Distribution methods

As Fiji is primarily an outbound route, similar to other Jetstar destinations such as Bali or Phuket, Jetstar expects to sell the majority of seats on its proposed service in Australia.

Jetstar has an extensive distribution network that spans all industry channels in Australia. This includes:

- direct to consumers via the Jetstar.com website and call centre;
- airline partners including interline and code share partners;
- retailers in Australia including Flight Centre, Stella Group, Jetset Travel World, STA;
- online Travel Agents including Webjet;
- wholesalers/consolidators including Horizon, Voyager, Infinity, Pinpoint
- meetings, incentives and tour operators to facilitate group travel movements; and
- corporate travel managers including Corporate Travel Management, Carlson Wagonlit, American Express.

Jetstar agents have ready access to all flights through a number of channels, including the proprietary website, a direct linkage into Jetstar's booking engine via Application Program Interface (API), and all major global reservation systems (Amadeus, Galileo, Sabre etc) which operate in Australia.

Advertising and promotions

Jetstar plans to heavily promote Fiji in the Australian market on a national basis through various channels and advertising activity including the following:

- an advertising campaign around the special short-term inaugural fare;
- direct response campaigns across all media channels with significant volumes of television, print, and radio advertising; and
- a national agent education campaign which may include familiarisation trips to Nadi for key agents. This will coincide with the commencement of the consumer campaign and the sales campaign with agents in Australia.

Jetstar is one of the most prominent carriers in Australia in terms of promotion of fares and public campaigns. In combination with its low fares, this sees it well placed to reach a broad section of the Australian public and stimulate demand between Australia and Fiji.

Efficiencies

Jetstar's business model is based on price leadership, which is sustainable due to a constant focus on maintaining a low cost base by maximising efficiencies. Although customers enjoy considerable flexibility in customising the product offering, this is structured so as not to add further complexity to the basic model, ensuring the availability of low fares.

Jetstar's business model has enabled it to compete successfully in a number of markets which were not viable for Qantas, with a two or three-class full service offering.

Jetstar provides options to customers to improve the efficiency of their own experience, through the availability of web check-in, Self-Check Kiosks and plans to introduce self tagging for baggage check-in. These options deliver time savings to passengers by reducing congestion associated with check-in queues and also reduce costs to the airline, which keeps fares low. Similarly, Jetstar's innovative *JetSaver Light* fare encourages passengers to travel with only carry-on luggage, which also delivers time and cost savings.

The A321-200 has superior seat-kilometre costs of any single-aisle aircraft within its class and these cost efficiencies will contribute to Jetstar's ability to offer lower tariffs to Australian consumers on an ongoing basis.

In addition to its high standards of service, Jetstar has been recognised for its operational and overall excellence in the low cost airline category. In 2008, the Centre for Asia Pacific Aviation (CAPA) named Jetstar the Low Cost Airline of the Year in the Asia Pacific region for the second consecutive year. It is the third time the value-based carrier has won the prestigious aviation award since its operational launch in May 2004. In addition, Jetstar was selected by an independent panel of industry experts to receive *Airline Business* magazine's award for Operational Excellence in 2007.

If Jetstar's application to commence a daily Sydney-Nadi service was successful, this would provide further operational efficiencies across its network, such as increased aircraft utilisation and economies of scale.

Stimulation of innovation by incumbent carriers

The entry of Jetstar will stimulate the Australia-Fiji market and ensure the incumbent carriers become more innovative in terms of fares and product offering. For example, shortly after Jetstar launched services to Thailand, Thai Airways announced an interline agreement with Virgin Blue, which expanded its Australian network and offered special fares to Australian residents.

On the Bali route, Jetstar and Pacific Blue compete vigorously, which is evident in significantly higher than average passenger growth than that across all O/D routes in terms of total, resident and visitor traffic.

Route service possibilities

A very small proportion of Australian residents travelling on the Fiji route originate in or are bound for the United States. Attractive connections for these passengers could be offered on Qantas code share services to the US operated by Air Pacific.

5.1(d) Trade Benefits

The extent to which applications will promote international trade. The Commission should have regard to:

- *the availability of frequent, low cost, reliable freight movement for Australian exporters and importers.*

The Australia-Fiji air freight market supports a sizeable two-way trade in goods, which chiefly consists of textiles and fresh produce, as well as express cargo and international air mail services.

On each of its services to Nadi, Jetstar would have the ability to move approximately 500 kilograms of freight per flight, which will vary depending upon passenger loadings and season of operation.

As part of the Qantas Group, Jetstar can offer its freight customers access to an extensive international and domestic network. In addition, Qantas Freight's partnership with Australia Post - Australian air Express (AaE) - provides freight and mail services in Australia and offers a seamless transfer between international and domestic networks.

5.1(e) Industry Structure

The extent to which applications will impact positively on the Australian aviation industry.

The commencement of flights to Fiji by Jetstar will have a positive impact on the Australian aviation industry.

Jetstar's expansion into Fiji will ensure that available Jetstar aircraft are efficiently utilised and will provide incremental employment for Australian crews. If successful in its application, Jetstar would be the only Australian airline group on the route to use Australian based crews.

Jetstar's entry on the Fiji route would encourage long-term competition in the industry by providing an opportunity for another Australian carrier to compete on the route. This would better equip Australian airlines to compete effectively with the high quality foreign airlines which have grown their services in the market, strengthening the international competitiveness of Australia's aviation industry and encouraging future investment and skills development in this sector.