

The Qantas Counterfactual

Public Session

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Counterfactual

strategy

- Secure and develop Australasian home base.
- Competitive position is essential.
- Natural extension of Qantas long term commitment to New Zealand
 - International
 - Domestic.



AIR NEW ZEALAND



Domestic

New

• **Zealand** Qantas is in the relatively early stages of domestic New Zealand expansion.

• Qantas has maintained some form of presence in domestic New Zealand for 10 years.

→ Preferred selling arrangement with Ansett New Zealand (1990)



→ Franchise arrangement with Tasman Pacific



→ Qantas operations (May 2001)

Domestic New

- Expansion plans slowed due to events outside Qantas control

- Collapse of Ansett Australia in September 2001.

- Implementation of the counterfactual is already in progress.

- Jetconnect established in June 2001

- Received AOC in October 2002

- Five-aircraft operation by November 2002

- Sixth aircraft arrived in May 2003

- Wellington base established June 2003



AIR NEW ZEALAND



Reasons for growing in Domestic New Zealand

- Need to protect and build network profit.
- Home market.
- Need to build frequency.
- Current revenue share does not match capacity share (“share”)

Plans for Domestic New Zealand

- New fare structure already implemented.
- Continue with plans to expand the business.
- Review of product and network.
- Discuss further in confidential session.



Plans for the Tasman

- Introduction of more efficient aircraft
 - Operate all Auckland and most Christchurch services with wide-bodied aircraft
 - Operation of some 737s using Jetconnect.
- Review fare structure.
- Discuss above and other international routes further in confidential session.



***Airline Planning
Group
New Zealand
Presence Analysis***

***Overview of 'City
Presence'***

What passengers value

- Competitive fares.
- Minimum travel time to destination.
- Schedule options
 - number of available destinations
 - frequency of flights
 - seat availability on preferred flight.

City presence concepts

- Increasing breadth and depth of service delivers benefits to the traveller through
 - better frequencies
 - increased number of destinations
 - access to more low-fare seats.
- This is described as “city presence”.

Value of greater city presence

First Place Market Positions

