



20 June 2014

Madeleine Foley
The Director
Standing Committee on State Development
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Ms Foley,

Thank you for the recent opportunity for Qantas to appear before the Legislative Council Standing Committee on State Development Inquiry into Regional Aviation.

Attached is Qantas' response to a series of Questions on Notice and supplementary questions from that appearance on 23 May 2014.

Yours sincerely

John Gissing
CEO, QantasLink



Attachment – Qantas response to Standing Committee on State Development

Questions on notice

- 1. Regarding the increase of your 74 seat Q-400s, in respect of landing capacity across the regional destinations you have mentioned, how many of those destinations could accept such a plane?**

The Q400 has the capacity to land at all of the ports which QantasLink currently services in New South Wales, with the exception of Lord Howe Island.

The Moree and Armidale airport runways are capable of accepting Q400 aircraft, however Armidale would require pavement concessions for operations with the Q400 and both would require the implementation of security screening for the Q400 to operate there.

- 2. You have mentioned that at Lord Howe it is runway length. Is it runway length or the pavement strength or both at Armidale and Moree?**

Armidale and Moree

Armidale and Moree passenger numbers do not currently support a Q400 service. Additionally, specific pavement concessions would be required in Armidale and investment would be required by each council in passenger security within the terminal and baggage makeup areas at Armidale and Moree Airports.

Lord Howe Island

In regards to Lord Howe Island, Q400 aircraft require a runway length of around 1600 metres and the current Lord Howe Island runway length is around 900 metres. Any runway extension would require environmentally sensitive works impacting the sand dune at one end of the runway or the lagoon at the other end, or both.

Two of our sixteen Dash 8 Q300 50 seat aircraft, which are fitted with larger fuel tanks, could possibly operate at Lord Howe Island. These aircraft however, due to the take-off and landing performance limitations on the short runway, would be payload restricted to less than 25 passengers and therefore commercially unviable.

- 3. Given that you say that the Q400 aircraft is potentially 20% more efficient, quieter and has all the benefits, is QantasLink looking to bring back the Melbourne/Albion Park service?**

QantasLink previously operated a Dash 8 36 seat service from Melbourne to Albion Park. After 2 years of operation, this sector was abandoned due to very low loads and unsustainable losses. There are no plans to re-introduce the service.



4. Is QantasLink looking to bring back the Sydney/Cooma route?

The Cooma/Sydney service is regulated by the NSW Government, but in any case the market is too small for QantasLink to operate our smallest Dash 8 36 seat aircraft.

5. Given your experience with that Moree problem, can you make any suggestions to the Committee, on notice, on how we could avoid that problem in the future and any shortcomings and any suggestions you might be able to make around the licensing?

QantasLink is pleased to have been awarded a contract to operate Moree services until March 2018. Questions related to licencing and previous licencing awards should be directed to Transport for NSW.

Qantas would however like to recommend that Transport for NSW include some form of business viability test, as is required for example by the Queensland Government, for participation in the NSW regulated routes application process.



Supplementary questions

1. In your submission (page 5, para 4) you note that QantasLink and Sydney Airport negotiate regional pricing as part of a broader agreement between Qantas and the Airport – can you expand on this and the outcomes you have been able to achieve in relation to restraining costs?

Qantas supports the monitored regional pricing for regional carriers under part VIIA of the Act. The “broader agreement” between Qantas and the Airport, while confidential, dealt with property leasing matters and this agreement does not conflict with the monitored regional pricing.

2. In your submission (page 5, para 3) you note that QantasLink encourages mutually beneficial partnerships with airport owners to develop marketing incentives that encourage passenger growth. Can you provide current examples of where these partnerships have been achieved with positive results?

Qantas has worked with Destination NSW on joint marketing for new routes such as Coffs Harbour to Melbourne and Brisbane to Port Macquarie.

QantasLink has also worked with local councils to promote their individual events and providing a range of local event and other sponsorships. Examples include the application of marketing decals to our aircraft such as the Golden Guitar for Tamworth – promoting the Tamworth Country Music Festival – and the Western Plains Zoo promotion with Dubbo. These promotional activities have assisted in driving awareness of destinations and hence have improved the passenger numbers travelling to these centres.

3. You note on page 3 of your submission that Qantas is gradually replacing its smaller capacity aircraft with the Bombardier Dash 8 Q400 and that a number of smaller towns in NSW are not capable of accommodating aircraft of this size. Will any of your existing regional services be impacted by this replacement process?

QantasLink does not anticipate any impact to existing services as a result of the current replacement process. We are in dialogue with the Lord Howe Island Board about the longer term future of operations to Lord Howe Island given the restricted runway length at that airport. However, we do not see any changes in the QantasLink fleet impacting our ability to serve Lord Howe Island during our current licence period.



4. On page 4 you state that Qantas has no immediate plans to extend its regional services into new towns. Does Qantas have a long term plan for regional air services for its existing services: would it involve expansion, reduction or retraction of any services?

Qantas continues to manage each regional market it operates to in line with market demand forecast requirements. Qantas continues to ensure services operated to regional communities are sustainable by adding capacity and frequency where required and if necessary reducing capacity and frequency when demand is persistently soft or continuously declining.

5. In regards to employment, it is noted on page 4 of your submission that QantasLink employs over 500 staff in NSW, which includes maintenance and engineering facilities in Tamworth. Does Qantas have any future plans for further expanding regional maintenance and service facilities either in Tamworth or in other regional centres?

Qantas is currently reviewing options to increase the maintenance footprint in Tamworth from one line of maintenance to two lines of maintenance. This move will see an expansion of our use of facilities in Tamworth.

6. You note on page 4 of your submission that hub and spoke systems have failed in the past. Can you recall where these were established and your perception of why they failed?

QantasLink has no recent experience in hub and spoke operations in NSW and therefore is unable to offer the Committee any relevant specific considerations on the system over and above the remarks in our submission.

7. Has Qantas identified potential issues it may have with recruiting sufficient numbers of trained and skilled aviation personnel in the future. Do you think this is an issue for regional air service providers?

Qantas has experienced periods where the global demand for trained and skilled aviation personnel has made it more difficult to recruit qualified staff for its regional operations. While this will be an issue for regional air service providers, we are unable to predict the next period during which such an increase in demand will affect the ability to recruit sufficient trained and skilled staff.