

Section 22

From: meganmorris@qantas.com.au [mailto:meganmorris@qantas.com.au]
Sent: Tuesday, 16 August 2011 10:25 AM
To: Swan, Wayne (MP)
Subject: Qantas International Strategy

Good morning

Please find attached a letter from Qantas' Chief Executive Officer, Mr Alan Joyce, regarding some changes to Qantas' international operations.

If you have any questions please contact me on 0413 120 341 or Ms Vicki Bon, Manager Government and Public Affairs on 0408 284 435.

Regards

Jim

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Managing Director
and Chief Executive Officer
Alan Joyce



The Hon Wayne Swan MP
Deputy Prime Minister
Treasurer

Dear Treasurer

Today I have announced some important changes to Qantas' international operations.

The changes are the first phase of the transformation of Qantas from an international airline to a truly global airline – a better, stronger, more competitive carrier that will deliver greater benefits to our Australian customers, employees, and stakeholders.

The Qantas International Strategy is based on four pillars:

Opening gateways to the world through a series of strategic partnerships with some of the world's great airlines and extending the Qantas network further than ever before. We can never fly Qantas aircraft to all destinations, but by deepening our alliance relationships, we can create more opportunities for our passengers to fly further than ever before, and for our Frequent Flyers to earn and redeem more points than ever before.

Being the best airline for global travellers, with 12 of our award-winning A380s in service by the end of the year, while we continue to invest heavily in the customer experience through a fully refurbished 747 fleet in line with our exceptional A380 product, including new Panasonic in-flight entertainment systems; and new lounges in Singapore, Hong Kong and Los Angeles.

Growing with Asia, by creating a premium airline based in Asia and harnessing Qantas' globally-recognised excellence in brand management, safety, finance, marketing, product and service. Frequencies to Asia from Australia will grow significantly, and we will be able to feed traffic into the new hub from Europe and Australia, and Asian ports. We see tremendous potential for the Australian tourism sector as we bring more premium Asian business and leisure visitors to our shores.

Jetstar will launch a new low cost carrier within Japan in partnership with Japan Airlines and Mitsubishi. This is a major opportunity in a key market and is the first partnership of its kind between an Australian company and two iconic Japanese brands. International operations will commence within the first year, targeting key destinations in China and South East Asia.

Over coming months, we will be making more announcements about new partnerships, new routes and new opportunities in the world's fastest growing region – and beyond.

Qantas Airways Limited

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Building a strong, viable business by creating a simplified, highly flexible fleet of next generation aircraft capable of meeting our needs while driving down operating costs.

Qantas has placed an order with Airbus for 110 new A320 aircraft – the single biggest order of aircraft in our history. This includes 78 next-generation A320neos, featuring 15 per cent lower fuel burn, 20 per cent lower engine maintenance costs, higher maximum take-off weight and longer range.

Our strategy is to reduce the capital burden on the international business, and in these volatile economic times, the Qantas tradition of prudent capital management will once again hold us in good stead.

For the vast majority of Qantas' 35,000 people, it will be business as usual. While the retirement of some older aircraft and changes to the network will result in a reduction of our staff of around 1000 positions, these will be mostly achieved through voluntary redundancies, as has always been the Qantas way.

We will be providing full information on these initiatives to all our people and will be supporting all employees affected by these changes.

Qantas will continue to be a first-class employer, providing generous pay and conditions, and setting the highest standards of training and safety for our people and our customers.

This is just the beginning of what will be a lengthy transformation process. We will remain focused on our goal of establishing a competitive global airline, with high growth potential across all markets.

But instead of being just an Australian-based international airline, Qantas International will be participating in regional Asian opportunities, and in the world beyond. Qantas International will be a truly global business.

From today we are building a stronger, more competitive Qantas for our times, our region and our future, an Australian company, owned by Australians, with the vast majority of our operations based in Australia.

And we'll still call Australia home.

If there are any issues that you would like to discuss, please call me or Olivia Wirth, Qantas Group Executive Government and Corporate Affairs (02) 9691 3229.

Regards,



ALAN JOYCE