

10 March 2017

Public Consultations Team  
White Paper Task Force  
Department of Foreign Affairs and Trade  
RG Casey Building  
John McEwan Crescent  
Barton ACT 2600

Via email: [whitepaper@dfat.gov.au](mailto:whitepaper@dfat.gov.au)

Dear Sir/Madam,

The Qantas Group appreciates the opportunity to comment on the Terms of Reference for the upcoming Foreign Policy White Paper.

Qantas Group airlines including Qantas, Jetstar and their subsidiaries contributed \$11 billion to the Australian economy in financial year 2016 and employed over 26,000 people<sup>1</sup>. The Qantas Group accounts for close to 60 per cent of Australia's domestic aviation capacity and just over 23 per cent of international capacity.<sup>2</sup>

As a major contributor to the Australian economy, the Qantas Group represents the national interest through its involvement and investment in Australia's international and domestic aviation markets, its tourism sector, trade and industry. Maintaining a strong Australian-based aviation sector is central to the Government's strategic and policy interests.

The Qantas Group is integral to Australia's domestic and international aviation industry and has developed strategic partnerships providing extensive and highly productive global reach for the Australian economy. Whilst Australia maintains a strong, competitive and efficient aviation industry the Group recognises a number of inherent risks including, but not limited to, geopolitical instability, externalities beyond the control of the industry, and an increasingly complex global policy and political environment which challenges the stability and predictability of long term investment and the development of strategic partnerships.

Framing our ability to further develop and grow the Australian aviation industry will be appropriately balanced and effective government policies.

### **Free Trade and Liberalisation**

The Qantas Group supports the Government's policy of negotiating Free Trade Agreements that are in the national interest together with the overarching objective of achieving a more liberal and open economy. However, the Government needs to be conscious of and active in addressing the emergence of non-tariff barriers.

In deregulating and developing the Australian aviation market, the Qantas Group supports progressive but rational liberalisation that is in the national interest and supports the interests of economically efficient Australian businesses, such as the Qantas Group. We support a structured approach to trade liberalisation which actively seeks to balance policies which reduce market distortions while at the same time ensuring the legitimate interests of efficient Australian firms remains a high priority for the Government. It is important, in our view that the Government ensures Australian businesses can compete on a level playing field.

<sup>1</sup> DAE Report – Qantas Group Economic Contribution 2016.

<sup>2</sup> Source: CAPA – Centre for Aviation and OAG.



Given the structural and commercial distortions which exist in the international aviation market and the fact it continues to sit outside the auspices of the World Trade Organisation, the Qantas Group believes that International Air Services Treaties should continue to be negotiated separately to Australia's wider trade and investment interests. The Qantas Group is of the strong view that ownership, administration and negotiating competencies attached to International Air Services Agreements should remain with the Transport portfolio as is the case in all other significant aviation markets.

The Qantas Group supports policies which encourage the free movement of capital to support firms investing in the Australian economy and to encourage investment by Australian businesses in the global economy. In order to ensure a level playing field we encourage the Government to review restrictions, in particular foreign ownership provisions to encourage a free and fair aviation market in Australia. As in all other areas of the economy we would support high level scrutiny of such investments in strategically important areas of the economy, such as the aviation sector.

### **Connectivity and Tourism**

In expanding our operated services and connectivity to the rest of the world, the Qantas Group acknowledges the complex challenges facing the aviation industry. Many of these challenges are met through partnership arrangements. The networks created by these arrangements such as between the Qantas Group and China Eastern and American Airlines, are in the national interest, and benefit tourism, travel and trade. The Qantas Group believes beneficial policies supporting these agreements are essential to the national interest and encourages the Government to address impediments to these agreements forming.

Partnerships like these increase competition and facilitate benefits for Australians and the national economy by promoting tourism, increasing employment and enhance international trade opportunities for Australian businesses.

In addition to the economic contribution generated by our operations, the Qantas Group plays an instrumental role in supporting and promoting Australian tourism, both through facilitating air travel and marketing Australian tourism destinations to domestic and international consumers.<sup>3</sup> Aviation and tourism are enablers of important activity across the Australian economy as the Australian aviation sector continues to meet and exceed its Tourism 2020 targets with further increases in both domestic and international markets in 2015-16.<sup>4</sup>

Internationally, the Qantas Group sees healthy growth amongst Australia's key Asia-Pacific trading partners and increased inbound tourism. However, we recognise the aviation industry is co-dependent and reactive to changes to foreign and domestic policy. Therefore, the Qantas Group supports policies that strongly encourage a sustainable industry and maintain growth for Australia's domestic economy and tourism industry.

### **Trans-Tasman**

The Qantas Group recognises and encourages the comprehensive economic integration between Australia and New Zealand and considers this a driving force for regional economic integration and a promoter of competition, innovation and productivity.

As the trans-Tasman aviation market approaches maturity, Australian carriers like the Qantas Group will continue to deliver growth, investment and jobs to the national economy. Taxes and charges continue to represent a disproportionate percentage of the airfare in a market that is of great economic value to both Australia and New Zealand. The continued growth of this market and its contribution to the national economy will be facilitated by ensuring government policy and regulation is responsive to the contribution that local airlines make.

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<sup>3</sup> DAE Report – Qantas Group Economic Contribution 2016.

<sup>4</sup> Tourism Research Australia's State of the Industry report 2015-16.

Whilst we recognise and accept the inherent challenges around border reform, the Qantas Group supports the Government in further exploring the introduction of a more streamlined and secure trans-Tasman regulatory arrangements.

## **Security**

The Qantas Group places great emphasis on the safety and security of its staff and customers and is committed to maintaining the highest safety and security standards. Shifts in geopolitical power paired with customer demand impact on all industries, including aviation. Growth in the Asia Pacific has resulted in an increase in the region's political influence and share of global business. The Qantas Group also recognises the impact of externalities, both global and regional, and supports the Australian Government's development of a robust foreign policy.

Security continues to be a constantly evolving and enduring challenge, with the aviation industry subject to a number of inherent risks. With a growing number of domestic and international threats that can harm the safety of our staff and customers and the integrity of our business, we support and encourage the development of effective information sharing systems with participating nations to identify these threats and improve mitigation strategies.

The digitalisation of our systems and distinction of big data have effectively changed the way industry operates. Of particular concern is the increasing risk to cyber security and resulting threats to the integrity of data and critical operating systems. In mitigating these risks Qantas Group actively engages with and supports the Australian Governments initiatives to ensure the data we use is securely managed.

The Qantas Group considers itself a major contributor to the safety, security and wellbeing of the Australian people and will continue to support the government in safeguarding the national interest by providing disaster relief and assistance where and when required. Moreover, the Qantas Group recognises and values the strong relationships it shares with Australian embassies globally.

## **Climate**

The Qantas Group shares the Government's commitment to addressing climate change and we are determined to play our part in reducing our environmental footprint, ensuring that we grow our business responsibly. Climate change is recognised as one of the four global forces that are most relevant to our business and a critical issue in the foreseeable future. Considering Australia's geographically isolate position and dispersed population centres, there is a greater reliance on aviation services to support and maintain economic activity.

In assuming responsibility to reduce emissions the Qantas Group actively participates in both voluntary and regulatory carbon markets to meet our obligations under legislative requirements and customer demand, and actively prioritises investment in offset projects in the Asia-Pacific to support the economic development and resilience of our regional neighbours. To further facilitate this, the Qantas Group is supportive of the Government being signatory to the International Civil Aviation Organization's recently adopted Carbon Offset and Reduction Scheme for International Aviation (CORSIA) development of a Global Market Based Mechanism for international aviation and encourages further developments aiding industry to stabilise emissions growth, including through the commercial scale supply of aviation biofuel.

Addressing the impacts of climate change presents the Government with significant challenges and opportunities. In tackling these challenges we support and encourage the Governments collaboration both domestically and globally, laying the foundations for businesses to invest and grow with confidence in technologies that will help reduce emissions.

## Summary

The Qantas Group is a major driver in the national economy and industry leader and supports the Government's priorities for the Foreign Policy White Paper. Whilst recognising an often uncertain foreign policy environment, maintaining a strong Australian-based aviation sector is central to the Government's strategic and policy objectives and is important to the national interest. The Qantas Group supports the Government's stated priorities for the national economy and the leadership expected of nationally significant corporations.

We would be pleased to participate further with the Government as the White Paper develops.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Andrew Parker', with a long horizontal flourish extending to the right.

**Andrew Parker**

Group Executive Government, Industry and International Affairs