



PERTH AIRPORT

12 March 2009

Section Head – National Aviation Policy
Aviation & Airports
Department of Infrastructure, Transport, Regional Development and Local Government
GPO Box 594
CANBERRA ACT 2601

Dear Scott

Perth Airport Supplemental Response to National Aviation Policy Green Paper

Since making our submission, two announcements have been made that add further support to the proposal from both the West Australian Government and Perth Airport that Perth be subject to an “open-skies” approach in bilateral international air service negotiations. On 11 March 2009, Qantas Airways and Etihad Airways announced that they had reached a code-share agreement and on the same day, Qatar Airways announced its intention to serve Sydney and Melbourne subject to government approvals.

The Qantas/Etihad announcement adds weight to the argument that Perth is too far away from the East Coast to be able to use Perth to gain access to the East Coast markets. Qantas and Etihad are code sharing only on selected East Coast routes: Perth routes are not included in this agreement. There is no doubt that in part this is because Perth is not currently served by Etihad, but also clearly demonstrates that there is no expectation that passengers would travel from Perth to the East Coast to join an Etihad flight to the Middle East or vice versa.

The Qatar announcement again demonstrates that the Australian markets most valued by foreign carriers are typically Sydney and Melbourne. Allowing ‘open skies’ to Perth would therefore detract very little from the negotiating position of the Australian government. This is yet another example of a carrier taking up bilateral rights to the larger Australian markets ahead of Perth.

Where Perth is forced to compete with Sydney, Melbourne and Brisbane for limited bilateral rights, it becomes very difficult to obtain a service. If the limited rights were not an issue, it would allow the carriers to assess the Perth business case against foreign ports in allocating aircraft rather than forcing the comparison to be with the East Coast ports first. In other words, as long as rights to Australia are limited, the Perth business case must be stronger than a case to serve Sydney, Melbourne or Brisbane, all of which are larger markets. While this is possible in some cases (for example for South East Asian ports where Perth’s proximity allows smaller aircraft to be utilised), in many cases it is not.

We understand that the Qatar and Australian governments met in February 2009 to renegotiate the bilateral air services agreement. If the outcome of that negotiation is to allow Qatar Airways to bring forward rights to serve Sydney and therefore start the services as announced, then all bilateral rights will be fully utilised and Perth will have to wait until the next round of negotiations before Qatar Airways can start a service.

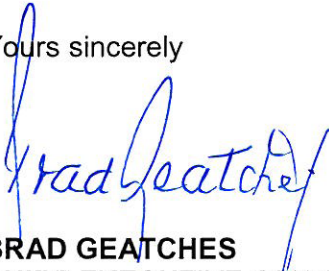
If Perth were part of the regional package with access unrestricted by bilateral rights, it would remove one barrier and make the business case presented by Perth Airport and the West Australian government to carriers such as Qatar easier to argue. This may allow new services to start earlier than they may otherwise be able to if Perth has to wait for sufficient bilateral rights to be granted to allow carriers to serve all four cities.

We again request that the Government demonstrate that it has actively considered this proposal and if it is to be rejected, that the reasons why be published.

If there are any questions regarding this supplemental submission or if the Government would like any further input from Perth Airport, please contact Brian Krause, our Aviation Business Development Manager on brian.krause@wac.com.au.

We look forward to further consultation on the details of the Green Paper proposals and to the release of the Aviation White Paper.

Yours sincerely



BRAD GEATCHES
CHIEF EXECUTIVE OFFICER