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## *Media Release*

### **QANTAS GROUP INTERNATIONAL NETWORKS**

**MELBOURNE, 11 April 2006:** The Qantas Group today took a major step in its two-brand strategy, with the announcement of Jetstar's proposed international route network\* from November 2006.

The Chief Executive Officer of Qantas, Mr Geoff Dixon, said as part of the strategy to focus on two strong brands – Qantas and Jetstar – the Australian Airlines brand would cease to exist from July 2006.

Mr Dixon said Australian Airlines staff would operate services under the Qantas brand. (This is called a wet lease operation in the aviation industry.)

“From a customer perspective, these flights will be like all other Qantas international services. They will have Qantas flight numbers, aircraft will be branded in Qantas livery and crew in Qantas uniforms will provide Qantas inflight product,” he said.

“Australian Airlines has done an outstanding job over the past few years, but we are determined to take full advantage of Jetstar's success, with its highly competitive cost structure and service standards.”

Mr Dixon said that Jetstar had created 1,300 new jobs since it commenced flying.

“A further 550 new positions will be created by mid 2007 for its international operations,” he said.

“We are creating two distinct and viable flying businesses in what remains a very difficult operating environment of continuing record high fuel prices.

“Jetstar will be grown aggressively over the next three years while we continue to expand Qantas' international operations.

“The result will be two separate, competitive brands, with Qantas targeting premium business and leisure passengers and Jetstar concentrating primarily on leisure markets.

“This is a very positive development that will boost Australian tourism at the same time as enabling the Qantas Group to grow.”

Mr Dixon said the changes announced today would see:

- Australian Airlines aircraft and crew continuing to operate from the Cairns base under the new arrangements;
- Cairns remain a major hub for Qantas international services, with 49 return flights per week;
- the establishment of new Japan routes for the Qantas Group, with Jetstar flying daily Sydney-Osaka and Osaka-Brisbane-Sydney services;
- Jetstar flying to new destinations for the Qantas Group in Vietnam (Ho Chi Minh City) and Thailand (Phuket); and

- Group services to Honolulu increase to eight flights a week, with Jetstar offering three per week from Sydney and two per week from Melbourne in addition to Qantas' three weekly Sydney-Honolulu flights.

Mr Dixon said that from 1 July, around 40 Australian Airlines cabin crew positions would be lost progressively, with no compulsory redundancies expected.

"Around 370 Australian Airlines positions will remain in Cairns, in addition to Jetstar's own Cairns base, which is expected to grow," he said.

Mr Dixon said from July:

- Qantas' thrice-weekly Adelaide-Darwin-Singapore A330-300 services would operate non-stop between Adelaide and Singapore;
- the five services operated each week by Australian Airlines between Cairns and Singapore would be operated by Qantas via Darwin;
- Australian Airlines' four weekly Cairns-Gold Coast services would cease, with a new daily Qantas international flight linking Brisbane and Cairns to cater for the inbound tourism market, particularly from Japan; and
- Australian Airlines' current twice-weekly Cairns-Hong Kong and four weekly Cairns-Sydney services would cease.

Qantas will continue to provide:

- double daily flights between Cairns and Tokyo;
- daily flights between Cairns and each of the Japanese cities of Nagoya and Osaka;
- a daily international flight between Cairns and Sydney, to cater for the inbound tourism market, particularly from Japan; and
- a total of seven services per week to Bali from Sydney, Melbourne and Perth, with Sydney and Melbourne flights to progressively transition to Jetstar.

Mr Dixon said Jetstar's long-haul services would complement Qantas' international network and provide customers with low fare, direct flights between Australia and a range of emerging and established holiday destinations.

He said Jetstar's proposed route network included six destinations in Asia and the Pacific – Bangkok, Phuket, Osaka, Ho Chi Minh City, Bali and Honolulu – operated by two-class Airbus A330-200 aircraft.

"The network will ultimately provide more services to Asia and the Pacific before expanding with second stage flying to Europe and other destinations.

"The Jetstar fleet will transition to the 311-seat Boeing 787 Dreamliner aircraft – part of Qantas' \$20 billion fleet reinvestment program – from August 2008."

Customers affected by these changes will be contacted by Qantas or their travel agent.

*\* subject to regulatory approval.*