



Fact File

QANTAS AT A GLANCE

MANAGEMENT

Chief Executive Officer

- Mr Geoff Dixon

Senior Executives

- Mr Peter Gregg
Chief Financial Officer
- Mr Denis Adams
Chief Executive Officer Australian Airlines
- Ms Fiona Balfour
Executive General Manager and Chief Information Officer
- Mr John Borghetti
Executive General Manager Sales & Marketing
- Mr Kevin Brown
Executive General Manager Human Resources
- Mr Paul Edwards
Executive General Manager Airline Strategy & Network
- Mr Grant Fenn
Executive General Manager Finance and Deputy Chief Financial Officer
- Mr David Forsyth
Executive General Manager Aircraft Operations
- Mr Narendra Kumar
Executive General Manager Subsidiary Businesses
- Mr David Hawes *Group General Manager Government and International Relations*
- Mr Brett Johnson *General Counsel and Company Secretary*
- Mr Michael Sharp *Group General Manager Corporate Communication*

HISTORY Qantas is the world's oldest continually operating airline. It was founded in the Queensland outback in 1920 and is Australia's largest domestic and international airline. Qantas is also recognised as one of the world's leading long distance airlines, having pioneered services from Australia to North America and Europe. Qantas employs more than 33,000 staff across a network which spans 142 destinations in Australia, Africa, the Americas, Asia, UK/Europe, and the Pacific.

AIRCRAFT OPERATIONS Qantas operates a fleet of 186 aircraft, comprising Boeing 717s, 737s, 747s and 767s, British Aerospace 146s and De Havilland Dash 8s.

ROUTES Qantas is Australia's leading domestic airline, operating more than 5,300 domestic flights a week (nearly 760 per day) and serving 67 destinations in all states and mainland territories. Qantas operates nearly 540 international flights every week, offering services to 75 destinations in 32 countries. The airline serves major cities in the Asia/Pacific region, the UK, Europe, North America, South America and southern Africa.

BUSINESS & INVESTMENTS The company's main business is the transportation of passengers. In addition to the core airline, Qantas subsidiaries operate in specialist markets. They include QantasLink, Qantas Freight, Qantas Flight Catering and Qantas Holidays. Qantas holds a 46.3 per cent shareholding in Air Pacific. British Airways has a 18.9 per cent interest in Qantas.

OPERATIONAL STATISTICS

Passengers carried:	<i>Year ended</i> 30 June 2002	<i>Year ended</i> 30 June 2001
<i>Domestic:</i>	15,063,000	11,218,000
<i>International:</i>	8,424,000	7,763,000
<i>Regionals:</i>	4,281,000	3,166,000
Total:	27,128,000	22,147,000

<i>RPKs*:</i>	75,134 million	70,540 million
<i>ASKs**:</i>	95,944 million	92,943 million

Average core aircraft utilisation: 11.3 hrs per day 11.5 hrs per day

* Revenue Passenger Kilometres (RPKs)
(the number of paying passengers carried, multiplied by the number of kilometres flown)

** Available Seat Kilometres (ASKs)
(the number of seats available for passengers, multiplied by the number of kilometres flown)

FINANCIAL PERFORMANCE In the year ended 30 June 2002, Qantas recorded a net profit before tax of \$A631.0 million, up \$A33.9 million or 5.7 per cent on the previous year. Net profit after tax of \$A428.0 million was 3.0 per cent up on last year. Revenue increased by 11.1 per cent to \$A11.30 billion. The Directors declared a fully franked final dividend of nine cents per share, bringing total fully franked dividends for the year to 17 cents per share.

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The website allows customers to make domestic and international bookings and provides a facility for Frequent Flyers to redeem their points for travel. It also provides product information, online schedules, arrival and departure information, company history, general information about Qantas and major media releases.



Fact File

HISTORY

THE BIRTH OF QANTAS Qantas was established by pioneer aviators Paul McGinness and Wilmot Hudson Fysh and grazier, Fergus McMaster, and registered in Brisbane on 16 November 1920. The company takes its name from the initial letters in the words in the original registered title - Queensland and Northern Territory Aerial Services Limited. After the first Board meeting in Winton on 10 February 1921, the company relocated to Longreach later the same year, Brisbane in 1930 and to Sydney in 1938.

AERIAL JOYRIDING The company began its operations with joy rides and air taxi flights. Regular scheduled airmail and passenger services began on 2 November 1922, from Charleville to Cloncurry in rural Queensland. The journey of 923 kilometres took two days with an overnight stop at Longreach. Passenger ticket No. 1 was issued to 84 year old Alexander Kennedy, a pioneer of western Queensland.

Qantas was conceived by Lieutenants McGinness and Hudson Fysh on their return from service with the Australian Flying Corps in World War I. In 1919 they were commissioned to find suitable landing grounds for a Great Britain-Australia air race. After completing the survey in a Model T Ford, they were convinced that air travel was the ideal alternative for crossing sparsely populated country where roads were almost non-existent. They envisaged their aircraft linking Brisbane and Darwin - the capitals of Queensland and the Northern Territory, respectively - with railheads at Charleville, Blackall, Longreach, Winton and Cloncurry. Although McGinness soon pursued other interests, Fysh - later Sir Hudson - remained with the company for 46 years. He was knighted in 1953 and retired as Chairman in 1966.

HISTORIC DEVELOPMENT Qantas has played a key role in the development of Australian and international aviation. In 1928 it operated the first flying doctor service for the Reverend John Flynn's Australian Inland Mission. In 1931 Qantas made its first link with Imperial Airways (a predecessor of British Airways) when it carried mail to Darwin as part of an experimental Australia-UK service. The year 1934 saw the formation of Qantas Empire Airways Limited, with Imperial Airways holding 50 per cent. The two airlines began regular Australia-UK services in December 1934, initially carrying only mail. A Qantas aircraft flew overseas for the first time in February 1935 when a DH86 operated the Brisbane to Singapore section of the service, and the first Qantas overseas passenger left Brisbane for Singapore in April 1935. Four-engine Shorts 'Empire' flying boats brought new levels of luxury and comfort to the Australia-UK service from July 1938.

WORLD WAR II During the second World War, Qantas maintained vital air links, flew supply drops at treetop level in (Papua) New Guinea and established the 'Double Sunrise' non-stop flights across the Indian Ocean with Catalina flying boats operating in radio silence. By the end of the war, company engineers had serviced 298 aircraft, more than 2,800 aircraft engines and more than 24,300 aircraft instruments for the allied forces. Their reputation for workmanship ensured that the label 'Overhauled by Qantas' was much sought after.

POSTWAR EXPANSION The company expanded rapidly after the war. In 1947 the Australian Government purchased the shares held by Imperial Airways - which had become BOAC - together with all remaining shares. That year Qantas took delivery of its first pressurised long-range Lockheed Constellation which went into service on the 'Kangaroo' Route. Qantas made its first Sydney-London flight in its own right in December 1947, leaving Australia on 1 December and landing in the UK on 5 December. Qantas published a commemorative book - *The Longest Hop* - in December 1997 to celebrate the 50th anniversary of the flight. The airline's services to Japan began on behalf of the Royal Australian Air Force, and in 1950, Qantas inaugurated its own commercial services to Japan. Qantas added Hong Kong to its network in 1949 and South Africa in 1952.

USA AND THE WORLD Qantas began flying to San Francisco and Vancouver in October 1953. In 1956 it carried the Olympic flame from Athens to Darwin as part of its journey to the Melbourne Olympics. Round-the-world services with Super Constellations began on 14 January 1958. Qantas entered the jet age in 1959, taking delivery of the first Boeing 707 owned by a non-US airline. The 1960s brought rapid expansion. In 1967, the name changed to Qantas Airways Limited. The company ordered the advanced B model of the Boeing 747 which went into service in September 1971. The first Qantas *Longreach* series Boeing 747-400, delivered in August 1989, set a world distance record for a commercial jet when it flew London-Sydney non-stop (a record which stood until 1993).

AUSTRALIAN AIRLINES (DOMESTIC, 1946-1993) Australian Airlines helped to pioneer domestic commercial aviation. Beginning as Trans-Australia Airlines (TAA), the company flew its first passengers from Melbourne to Sydney in a Douglas DC3 in September 1946. TAA took over Qantas domestic passenger services and the flying doctor network in 1949, enabling Qantas to concentrate on overseas services. TAA introduced the turboprop Vickers Viscount to trunk routes in 1954, the Boeing 727 in 1964, and gave the domestic market widebody airliners and Business Class when it introduced the Airbus A300 in 1981. In August 1986 TAA became Australian Airlines. Qantas purchased Australian Airlines in 1992 and integrated its operations into the company.

PRIVATISATION Australia's domestic airline industry was deregulated in October 1990. In April 1991, the Australian Government announced it would sell 49 per cent of Qantas and 100 per cent of Australian Airlines. In February 1992, the Government's 'One Nation' statement detailed an overhaul of aviation policy including an end to the artificial barrier between Australia's international and domestic air services. This opened the way for Qantas to re-enter the domestic market after an absence of more than 40 years, and to enter the bidding for Australian Airlines. In June 1992, the Government accepted the Qantas bid for Australian Airlines and decided to privatise fully the Qantas Group. The \$A400 million purchase of Australian Airlines was completed in September 1992 and the operations of the two airlines were merged under the single Qantas brand in October 1993. The privatisation of Qantas began with a trade sale and in December 1992 the Government selected British Airways as the successful bidder. British Airways completed its \$A665 million purchase of 25 per cent of Qantas in March 1993. The Public Share Offer was launched on 22 June 1995. The privatisation was completed and Qantas shares listed on the Australian Stock Exchange on 31 July 1995.

IMPULSE AIRLINES In November 2001 Qantas purchased Impulse Airlines in accordance with the terms of a commercial relationship signed in May 2001 in which Impulse contracted its aircraft to Qantas, after deciding to withdraw from operating scheduled services in its own right. Since then Impulse Airlines has operated under the QantasLink brand and livery as a wholly-owned subsidiary of Qantas.

COLLAPSE OF ANSETT The collapse of Ansett in September 2001 created a series of immediate and longer term challenges for Qantas on the domestic front. To assist stranded Ansett passengers, Qantas leased extra aircraft and added hundreds of special flights, including to regional Australia. The airline flew over 50,000 former Ansett passengers for free and another 65,000 on heavily discounted fares. Qantas was able to add the equivalent of about seven year's growth, virtually overnight. This huge effort was critical in minimising the impact of the Ansett collapse on the Australian economy, tourism, business and national life. Qantas currently employs approximately 1,500 ex-Ansett staff across its operations.

AUSTRALIAN AIRLINES - A NEW INTERNATIONAL AIRLINE Australia's newest airline took to the skies on 27 October, 2002, with the first of Australian Airlines services travelling between Cairns and the Japanese cities of Nagoya and Osaka. Australian Airlines is wholly owned by Qantas but operated independently and managed separately. It uses a lower cost model which allows it to serve markets from which Qantas has had to withdraw. The all economy class airline has a fleet of four Boeing 767 -300 aircraft and offers a full inflight service. Flights between Cairns and Fukuoka and Cairns and Singapore commence on November 21 and to Taipei and Hong Kong on 22 November (*See Australian Airlines Fact File*).

TODAY International Air Transport Association (IATA) comparisons for the 2001 calendar year show that Qantas is the world's 12th largest airline in terms of Revenue Passenger Kilometres (RPKs). The Qantas fleet consists of 184 aircraft. The Qantas Group carried more than 27 million passengers in 2001/2002 and serves 142 destinations - 67 in Australia and 75 in 32 other countries. It employs more than 33,000 people worldwide.



Fact File

BUSINESS OVERVIEW

THE QANTAS GROUP The Qantas Group operates an extensive network serving Australia and 31 other countries in Asia and the Pacific, the Americas, the UK, Europe and southern Africa. The Group serves 142 destinations (67 in Australia and 75 overseas), carried more than 27 million passengers in 2001/2002 and employs more than 33,000 people worldwide.

It operates 184 aircraft – 123 in the core Qantas jet fleet and a further 61 flown by QantasLink serving all Australian states and mainland territories. In the year ended 30 June 2002, Qantas recorded a net profit before tax of \$A631.0 million, up \$A33.9 million or 5.7 per cent on the previous year. Net profit after tax of \$A428.0 million was 3.0 per cent up on last year. Revenue increased by 11.1 per cent to \$A11.3 billion. The Directors declared a fully franked final dividend of nine cents per share, bringing total fully franked dividends for the year to 17 cents per share.

REGIONAL AIR SERVICES QantasLink is an integral part of the Qantas Group operating an extensive regional network serving 55 cities and towns throughout Australia with connections to a network that extends to 31 other countries. (See *QantasLink Fact File*)

ENGINEERING, TECHNICAL OPERATIONS AND MAINTENANCE SERVICES Qantas operates one of the largest aircraft engineering and maintenance facilities in the Asia-Pacific region. The main operations are in Sydney and Melbourne. Qantas carries out maintenance on airframes, engines and avionics of its own core fleet as well as for other clients.

Qantas has operated and maintained more than 50 different types of aircraft, from two-seater biplanes to Boeing 747-400s. Australia's remoteness from the main aviation centres of Europe and North America has always required Qantas to be self-reliant. Qantas has won the Cumberbatch Trophy for air safety twice, most recently in 1990. (See *Engineering and Maintenance Fact File*)

QANTAS FREIGHT Although Qantas is primarily a passenger airline, air freight is an integral part of the core business. Qantas has been a freight carrier since its first scheduled service in November 1922 when it carried mail between Charleville and Cloncurry in Queensland.

Qantas Freight markets three primary products - Cargo, Mail and Express Services - on all international sectors of Qantas flights. Domestic freight is marketed by Australian air Express Pty Ltd (AaE), a company Qantas owns jointly with Australia Post. Freight is carried primarily in the under-floor space of Qantas aircraft and additional capacity is provided on leased and joint venture freighter aircraft. (See *Freight Fact File*)

INFORMATION TECHNOLOGY Qantas Information Technology supports the information systems used throughout the Qantas Group and is involved in the acquisition, development and application of new systems. Major projects include the migration of the Qantas reservations and ticketing systems to Amadeus in November 2002, the implementation of the Integrated Revenue Information System (IRIS) in April 2002, and ongoing joint investments in the evolution of yield management systems with British Airways. (See *Qantas Information Technology Fact File*).

E-COMMERCE Qantas has introduced a range of internet-based initiatives aimed at consumer and corporate customers, and travel and purchasing partners. The Qantas internet site - qantas.com - allows customers to make domestic and international bookings and provides a facility for Frequent Flyers to redeem their points for travel. It also provides product information, online schedules, arrival and departure information, company history, general information about Qantas and major media releases. The capacity of the site was demonstrated in September 2001 when more than three million hits were recorded in 24 hours. Qantas is a founding member of Zuji - the Asia-Pacific travel website which was launched in July 2002. Qantas has also launched a special web site for Australian travel agents offering access to Qantas news, information and special offers.

FLIGHT CATERING Qantas operates two catering businesses within Qantas Catering Holdings (QFCH) - Qantas Flight Catering Limited (QFCL) and Caterair Airport Services. QFCH has catering centres in five Australian ports - Sydney, Melbourne, Brisbane, Adelaide and Perth. Qantas also owns the Cairns operations of Caterair and has management control of the Sydney Caterair business, which is a joint venture. In February 2002, wholly owned Qantas subsidiary Snap Fresh Pty Ltd opened a state-of-the-art meal production facility in outer Brisbane. In the year to 30 June 2002, the Caterair and QFCL catering centres produced a total of 38 million meals for Qantas and other airlines as well as railway and hospital clients. Snap Fresh will eventually produce up to 20 million meals each year for Qantas and other airlines and clients (*See Flight Catering Fact File*).

HOLIDAYS Qantas Holidays is Australia's largest leisure travel wholesaler. With nearly 30 years' experience, it caters to more than one million customers a year, offering an extensive range of products covering the Qantas network as well as operating a Barrier Reef cruise ship, the *Reef Endeavour*, with Captain Cook Cruises. For the fifth consecutive year, Qantas Holidays was named 2001 Wholesaler of the Year in Australia's prestigious annual National Travel Industry Awards.

LOYALTY PROGRAMS The **Qantas Frequent Flyer Program** is the largest Australian-based airline loyalty program. Members accumulate points through flying with Qantas or its 23 Frequent Flyer international and domestic airline partners, including oneworld alliance airlines British Airways, American Airlines, Cathay Pacific, Iberia, Finnair, LanChile and Aer Lingus. Points are awarded according to the class of travel, membership tier and miles flown and may also be accumulated through qualifying transactions with more than 4,000 hotels around the world, Hertz and Thrifty hire cars, Telstra Telecard and Travelex Foreign Exchange. Points earned in the credit card loyalty programs of Diners Club, American Express and Qantas ANZ Visa and selected programs of a number of banks (CBA, NAB, AMP, Citibank, Westpac) may be converted to Qantas Frequent Flyer points. Members who accumulate higher levels of status credits within a year are granted Silver, Gold or Platinum status. At each status level, members receive extra service benefits, including higher priority service numbers, check-in, baggage allowances, and for Platinum and Gold members, complimentary entrance to the Qantas Club. Eligible Frequent Flyer members also have access to oneworld Alliance lounges. Frequent Flyer points can be redeemed for air travel on Qantas and partner airlines, hotel stays, and car hire companies.

The **Qantas Club Program** provides members with access to a network of Qantas Club and associated lounges in Australia and around the world. The lounges provide a quality environment for passengers to relax or do business before flying. Qantas Club membership is by subscription, which can be taken as a one, two, four year or lifetime membership. Access to the lounges is provided to Qantas Club members, as well as Platinum and Gold Frequent Flyers on the Qantas network. First and Business Class passengers are also offered entry when travelling with Qantas on international routes.



Fact File

STATISTICS

FLEET Qantas' total fleet currently comprises 184 aircraft.

The core fleet of 123 jet aircraft is used on international and main national routes. At mid-November 2002, the fleet comprised:

- 27 Boeing 747-400
- 29 Boeing 767-300ER
- 22 Boeing 737-400
- 6 Boeing 747-300
- 7 Boeing 767-200ER
- 16 Boeing 737-300**
- 1 Boeing 747-200*
- 15 Boeing 737-800

*excludes one on lease to Air Pacific

**includes one on lease from ILFC

QantasLink operates 61 aircraft. At mid-November 2002, the fleet comprised:

- 14 Boeing 717-200
- 32 de Havilland Dash 8
- 15 British Aerospace 146

NB: interim short term wet leases have been excluded from this aircraft count

FLEET PLAN In November 2000, Qantas announced its decision to purchase 31 new aircraft as part of its long-term fleet plan to provide for market growth and for replacement of existing aircraft. The plan includes:

- 13 Airbus A330-200 and A330-300 aircraft for delivery between 2002 and 2005 to provide for growth on domestic routes, with flexibility for regional international operations;
- 6 Boeing 747-400ER (Extended Range) aircraft with enhanced performance capability for delivery between 2002 and 2006 to handle growth on international long haul routes (the first of these entered service in November 2002); and
- 12 Airbus A380 aircraft for delivery between 2006 and 2011 to meet passenger growth on selected long haul routes.

In October 2001, Qantas announced it would purchase 15 Next Generation Boeing 737-800 aircraft and two Dash 8-Q300 regional aircraft to add immediate capacity to its Australian operations. All 15 737-800s are now in service. In July 2002, Qantas also announced it would take delivery of an additional four 737-800 aircraft in early 2003.

PASSENGERS CARRIED:

	Year ended 30 June 2002	Year ended 30 June 2001
<i>Domestic:</i>	15,063,000	11,218,000
<i>International:</i>	8,424,000	7,763,000
<i>Regionals:</i>	3,641,000	3,166,000
Total:	27,128,000	22,147,000

ROUTE NETWORK - SCHEDULED SERVICES

Countries Served - 33

Asia and Pacific (18)

Australia	Fiji*	French Polynesia	Hong Kong
Indonesia	Japan	Republic of South Korea*	New Caledonia
New Zealand	Papua New Guinea*	Peoples Republic of China	Philippines
Samoa*	Singapore	Taiwan	Thailand
Vanuatu*	Vietnam*		

Europe (11)

Austria*	Denmark*	Finland*,	France
Germany	Italy	Netherlands	Norway*
Sweden*	Switzerland*	UK	

The Americas (3)

Canada*	Chile*	United States
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Africa (1)

South Africa

Total Destinations - 142

Australia (67)

Adelaide	Albury	Alice Springs	Armidale	Ayers Rock
Ballina	Barcaldine	Barrow Island#	Blackwater	Brampton Island#
Brisbane	Broome	Bundaberg	Burnie	Cairns
Canberra	Charleville	Coffs Harbour	Coolangatta	Darwin
Daydream Island#	Devonport	Dubbo	Emerald	Gladstone
Gove	Grafton	Hamilton Island	Hayman Island#	Hobart
Horn Island#	Kalgoorlie	Karratha	Kempsey	Launceston
Leinster	Leonora	Long Island#	Longreach	Lord Howe Island
Mackay	Maroochydore	Melbourne	Mildura	Moree
Mt Hotham	Mt Isa	Narrabri	Newcastle	Newman
Paraburdoo	Perth	Port Hedland	Port Macquarie	Proserpine
Rockhampton	Roma	Shute Harbour#	South Molle Island#	Sydney
Tamworth	Taree	Thursday Island#	Tom Price#	Townsville
Wagga Wagga	Weipa			

International (75)

Aberdeen*	Amsterdam*	Apia*	Auckland	Bangkok
Beijing*	Berlin*	Birmingham*	Boston*	Calgary*
Chicago*	Christchurch	Copenhagen*	Dallas/Fort Worth*	Denpasar
Denver*	Dunedin*	Dusseldorf*	Edinburgh*	Frankfurt
Glasgow*	Hamburg*	Hamilton*	Helsinki*	Ho Chi Minh City*
Hong Kong	Honolulu	Jakarta	Johannesburg	Las Vegas*
London	Los Angeles	Lyon*	Manchester	Manila
Miami*	Munich*	Nadi*	Nagoya	Nelson*
New York	Newcastle-on-Tyne*	Nice	Norfolk Island*	Noumea
Osaka	Oslo*	Palmerston North*	Papeete*	Paris
Phoenix*	Port Moresby*	Port Vila*	Portland*	Queenstown
Rome	Rotorua*	San Diego*	San Francisco*	San Jose*
Santiago*	Seattle*	Seoul*	Shanghai*	Singapore
Stockholm*	Suva*	Taipei	Tokyo	Toronto*
Vancouver*	Vienna*	Washington DC*	Wellington	Zurich*.

* Indicates all services operated as codeshare flights by other airlines on behalf of Qantas

Indicates services operated via launch or coach



Fact File

COMMERCIAL OPERATIONS

AN AWARD WINNING BRAND Qantas is one of Australia's leading brands, with the kangaroo symbol representing a proud history focused on reliability, safety, engineering excellence and customer service. Qantas has been awarded the prestigious *Cumberbatch Trophy* for safety and reliability twice (in 1974 and 1990) by the British Guild of Air Pilots and Air Navigators. Other recent awards include:

- Airline of the Year, National Travel Industry Awards (2002 and 1999)
- World Airline Entertainment Association Avion Awards for Best Overall Inflight Entertainment, Best Inflight Audio Entertainment and Best Main Screen/Overhead Video Programming (2002)
- Wholesaler of the Year (Qantas Holidays), National Travel Industry Awards (2001, for the fifth consecutive year)
- Best International Affinity Card for the Qantas Telstra Visa Card, Freddie Awards (2002 and 2000)
- Best Airline in Australasia/Pacific, OAG UK Airline of the Year Awards (2002 and 2000)
- Banksia Environment Award to Qantas and Visy for packaging and recycling of in-flight meals (2002)
- Airline with the best corporate image in both domestic and international categories by Australian National Business Bulletin magazine (2001)
- Best First Class by global researchers Inflight Research Services (2000)
- Best Business to Business Airline, Business Asia reader survey (2000)
- Best Airline to Australasia by readers of UK magazine Selling Long Haul (2000)
- Best Airline to Australia, New Zealand and the South Pacific, Business Traveller International (1999, for the ninth consecutive year).

PRODUCT ENHANCEMENTS

- **Inflight Dining** Renowned chef and restaurateur Neil Perry worked with Qantas on a completely new approach to inflight cuisine in 1997, when the airline relaunched its First Class service. The new meals featured quality produce and ingredients sourced from around the Qantas international network. This approach to inflight dining has since been extended to Qantas International Business Class. Perry has also been involved in developing the Qantas domestic inflight product that offers fresh, contemporary meals and snacks.
- **Business Class** In March 2002 Qantas announced a \$300 million investment in a new International Business Class, including new custom-built seats that convert to beds, which will offer the highest level of comfort and service. Qantas has developed the seat design in partnership with one of the world's leading industrial designers, London-based Australian Marc Newson, and US manufacturer BE Aerospace. The new seats will be introduced initially on the airline's London and Hong Kong routes in the first half of 2003. The new International Business Class will also feature a new lighting system designed exclusively for Qantas, a self-service bar area and new-style catering to provide more choice and flexibility.
- **Qantas Club Lounges** In February 2002, Qantas opened its new flagship Qantas Club Lounge at the Sydney International Terminal. With facilities for up to 500 Business Class and 150 First Class customers, it is the largest departure lounge in the Southern Hemisphere. New international lounges in Melbourne and Honolulu, and for First Class customers in Singapore have also been opened and plans are in place for new First and Business Class lounges in Bangkok and a new Singapore Business Class lounge. The airline is also investing \$50 million in the redevelopment of domestic Qantas Club lounges across Australia.
- **Cityflyer** Qantas introduced *Cityflyer* in July 2001, offering customers travelling between Melbourne and Sydney more flights and more seats than any other airline. On-ground *Cityflyer* services include priority departure gates, dedicated customers service desk at the departure gate for travellers with hand baggage only, and dedicated baggage carousels in Sydney and Melbourne. *Cityflyer* was extended to Sydney-Brisbane and Melbourne-Brisbane services in February 2002, Adelaide services began in November 2002 and Perth services are scheduled to commence in early 2003.

- **QuickCheck** Qantas introduced state-of-the-art self-service **QuickCheck** kiosks at Sydney and Melbourne domestic terminals in August 2002. **QuickCheck** provides real customer benefits by reducing check-in times to less than one minute for customers without baggage. The kiosks are easily accessible in terminal departure areas, in Qantas Club Lounges and close to Cityflyer departure gates.
- **Qantas Total Entertainment** Qantas is installing progressively on its 747-400 fleet a new \$300 million inflight entertainment system. The new system features seat-back video screens offering movies and games in Economy Class; new, larger touch-activated individual screens and in-seat power points for laptop computers in First and Business Class, and in-seat telephones in all classes. The inflight entertainment program is expected to be completed by mid 2003.
- **Qantas Drive** Qantas also introduced Qantas Drive, a limousine service that can be booked through Qantas or Qantas Clubs or at special desks at Sydney, Melbourne, Brisbane and Coolangatta airports. The service offers standard and luxury sedans, stretch limousines, coaches and buses.
- **Qantas Flight Update** Qantas launched an SMS short message service in November 2001. The service sends details of flight departure time changes to registered users with compatible mobile phones. It advises domestic customers if their flight has been delayed by more than 30 minutes, and customers travelling on international services if their flight has been delayed by more than an hour (for Australia-originating flights only).

FLYING ART In 1994, Qantas unveiled its first Aboriginal painted aircraft - a Boeing 747-400 painted in an Aboriginal design depicting the story of journeys by spirit ancestors, in the form of kangaroos, across the Australian landscape. *Wunala Dreaming* today operates scheduled services around the Qantas international network. It was joined on the airline's 75th anniversary in November 1995 by *Nalanji Dreaming*, a Boeing 747-300 painted in an Aboriginal rainforest theme. In January 2000, Qantas unveiled a Boeing 747-400 in the colours of the 2000 Qantas Australian Grand Prix, featuring a 22 metre long, 5.6 metre high generic image of a Formula One racing car with the vibrant Grand Prix racing flags in a diamond pattern. A third Aboriginal painted aircraft was added to the fleet in February 2002, when a new Boeing 737-800, *Yananyi Dreaming*, became the first aircraft with Aboriginal design dedicated to domestic skies. The artwork features the story of one of Australia's most recognisable tourist destinations, Uluru.

RELATIONSHIP MARKETING The Qantas Relationship Marketing division runs the airline's loyalty programs. These include the Qantas Frequent Flyer Program, the Qantas Club Program, and partnerships with third parties (including hotels, credit cards and hire cars) in the Qantas Frequent Flyer program. (See *Business Overview Fact File*). A Frequent Flyer and Qantas Club Service Centre, based in Melbourne, carries prime responsibility for the administration of the loyalty programs. The Relationship Marketing team maintains contact with loyalty program members through a Frequent Flyer newsletter, magazine, and the Frequent Flyer internet site located at qantasfrequentflyer.com. Through the web site, members have exclusive access to their membership details and statements. They can also directly book Frequent Flyer redemption flights, book and pay for domestic and selected international flights, confirm Qantas flight arrival and departure times, update personal details, and obtain information about Qantas offers.

HOLIDAYS Qantas Holidays is the largest travel wholesaler in Australia, with nearly 30 years' experience. Qantas Holidays offers an extensive range of products covering the Qantas network, and also operates a Barrier Reef cruise ship, the *Reef Endeavour*, in partnership with Captain Cook Cruises. Qantas Holidays was named 2001 Wholesaler of the Year in the National Travel Industry Awards for the fifth consecutive year. Quality service to consumers and travel agents from its worldwide reservations and sales network is backed up by state-of-the-art product database and computer systems, as well as through subsidiary and associated organisations in key markets and destinations throughout the world.

SALES Qantas maintains sales forces in Australia and around the world. Key markets for the airline include leisure, corporate, and group and incentives travel. The airline distributes its product through travel agents, its own Qantas Travel centres, as well as through Qantas Telephone Sales centres and the internet. (See *Qantas Sales Fact File*)



Fact File

QANTAS ENGINEERING TECHNICAL OPERATIONS AND MAINTENANCE SERVICES

Qantas Engineering Technical Operations and Maintenance Services (ETOMS) has established an international reputation for excellence. The ETOMS Division is effectively a multi-million dollar business operation, with more than 6,000 employees at its Sydney and Melbourne Jetbases, as well as line stations around Australia and the world.

The Sydney Jetbase at Mascot is responsible for maintaining the company's widebody Boeing aircraft - B747-200, B747-300, B747-400, B767-200, B767-300 and large fan engines including Rolls Royce RB211 and General Electric CF6.

The Melbourne facility caters for the company's narrow body Boeing 737-300, 737-400 and 737-800 series aircraft. Engine capabilities are concentrated on the CFM56 engines.

The ETOMS division undertakes a significant amount of customer business annually, and is constantly pursuing plans to improve its outstanding quality, use of assets, turn times and business enhancements.

INTERNATIONAL APPROVAL Qantas ETOMS is accredited under international standards for Quality Assurance ISO9000 (AS3901). This confirms that Qantas not only meets the safety criteria of aviation authorities, but also achieves world standards for delivery, cost and other factors vital to customers. Qantas holds regulatory approval from the Australian Civil Aviation Safety Authority (CASA), the United States Federal Aviation Administration (FAA) and many other foreign regulatory authorities.

MAINTENANCE CHECKS Qantas ETOMS provides a comprehensive range of engineering, maintenance, inventory, training and support services for aircraft, engines and components. The facilities in Sydney and Melbourne have extensive capabilities to perform aircraft maintenance modifications, refurbishment and repairs.

Maintenance has been performed on a wide range of widebody and narrowbody aircraft and their engines for airlines and air forces around the world.

AIRCRAFT MAINTENANCE

Routine maintenance check capability:

- Boeing 737-300 /-400 up to C7 level equivalent
- Boeing 747-200/-300/-400 up to D level
- Boeing 767-200/-300 up to C level

Qantas specialises in the following engine and APU types:

- Rolls Royce RB211-524 series
- CFM 56-3 series
- Garrett series 331, 660,
- General Electric CF6-80C2
- Pratt & Whitney 901
- GTCP 85 series (13 variants)

QantasLink also provides maintenance services for its Boeing 717 and Dash 8 turboprop aircraft.

Power Plant maintenance facilities are in Sydney and Melbourne and are supported by four test cells capable of testing turbo-prop engines up to 5,000eshp (engine shaft horsepower), jet engines and fan engines up to 100,000lb thrust. In addition to routine maintenance, Qantas specialises in customised maintenance inspections and modification packages:

- Minor/major airframe repairs
- Structural inspections
- Corrosion prevention and control
- Aging aircraft inspections
- Aircraft modification/refurbishment (Section 41, strut/pylon, reconfiguration)

TRAINING Qantas has one of the most comprehensive engineering, technical operations and maintenance training schemes in the Asia Pacific region. The company concentrates on four categories of training, apprentice, skills, licence and management and has developed a number of in-house initiatives. It has developed advanced technical facilities in Australia, and is one of the few airlines with its own industry training program.

FUTURE DEVELOPMENTS Qantas ETOMS is currently constructing a new double-bay 767 Heavy Maintenance hangar facility in Brisbane which should be in operation early in 2004.

Line Maintenance hangars have also been recently acquired in Brisbane and Adelaide to support recent fleet growth.

Qantas ETOMS is currently in advance planning to support future maintenance on new aircraft, engine and component types, including B737-800, B747-400ER and A330, all delivered or due for delivery in 2002.



Fact File

QANTAS FREIGHT

FREIGHT DIVISION Qantas Freight, the freight division of Qantas Airways Limited, is an integral part of the company, generating revenue in excess of A\$700 million per annum.

Qantas has been carrying freight since the airline's inaugural service in November 1922 and uplifting international airmail since the airline's first international flight between Darwin and Singapore in February 1935.

Qantas Freight offers a variety of services including general and express cargo, airmail, freighters and charters, and employs more than 700 staff across the network.

Significant investments have been made in terminal facilities, freight tracking and security screening in the last 12 months and the network expanded through alliances and agreements.

International freight capacity will be boosted from November 2002 with the progressive introduction of six Boeing 747-400ERs to the Qantas fleet. Freight capacity has been further increased on the Qantas network with the start up of Australian Airlines, an international, all economy class, full service carrier, in October 2002. Australian Airlines is initially flying to destinations in Japan as well as Singapore, Hong Kong and Taiwan.

PRODUCTS AND SERVICES Freight is carried to all Qantas destinations in the underfloor hold space of aircraft. Freight is transported in containers or on pallets known as Unit Load Devices, or ULDs, which are designed to allow fast and efficient handling while making maximum use of available space in the aircraft.

Qantas carries a variety of general cargo including:

- commodities such as computer and electrical equipment, printed matter and machinery;
- perishable cargo requiring special care to ensure the contents are delivered in good condition (eg chilled and frozen seafood, fruit, flowers, vegetables and meat);
- valuable cargo including gold bullion, precious metals and high value works of art;
- vulnerable cargo including goods that are particularly vulnerable to theft or pilferage, such as watches, video cameras and recorders, and jewellery; and
- live animals including prime breeding stock, top thoroughbred horses, valuable zoological species and family pets.

Qantas Freight offers a range of products and services including:

- Fast Freight - an express air freight service to the freight forwarding and air freight industry;
- Unaccompanied Courier Baggage (UCB) and On Board Courier (OBC) services - additional methods of moving freight when local Customs procedures may not allow express products to be moved on an air waybill as Fast Freight;
- Unaccompanied Passenger Baggage - a service provided to international passengers who have baggage over the allowance for their flight and choose this product as an alternative to excess baggage charges;
- Qantas Express Parcel Service, a door-to-door operated by Jupiter Air Oceania on the airline's behalf providing a fast, efficient and economical solution for sending small, urgent items from Australia to almost anywhere in the world;
- Airmail - Qantas Freight carries airmail on behalf of approximately 130 postal administrations worldwide and offers all types of airmail services, including International Express Post (Express Mail Service), First Class Mail (letters, cards and small parcels), Parcel Post, Surface Air Lift (SAL) and Surface Mail by Air (SMBA); and
- Customs Clearance - in Sydney, Qantas has its own Customs Brokerage arm to service the needs of the importer or exporter.

E-COMMERCE INNOVATION Qantas Freight is an industry leader in e-commerce with 80 per cent of bookings now made online and a range of services on hand to provide fast and easy access to accurate information on worldwide freight movements around the clock.

Registered users of the Qantas Freight website can generate an electronic air waybill, send a booking request (e-booking), print IATA Resolution 606 bar code labels and access the latest shipment status information through a number of tracking solutions. In addition to the internet, freight can be tracked via e-mail, voice response telephone and WAP enabled mobile phones/PDAs (Personal Digital Assistant).

At the core of these facilities is the Qantas global operating system Aquarius, which links all Qantas Freight locations worldwide and controls reservations, tracking and tracing, communications and freight operations.

Follow Me Tracking and *City to City Tracking* – which provides automatic status on a pre-defined range of air waybills nominated by the user – were introduced in 2001 to give customers greater flexibility. Both services complement existing options of tracking freight.

FREIGHT SECURITY Qantas Freight has made a pro-active, multi-million-dollar investment in security to upgrade its Australian freight terminals. These world leading freight security measures aim to ensure safer handling and more secure transport of all airfreight. They include the use of:

- an increased number of security guards to inspect and check freight arriving at the terminals;
- sniffer dogs on a random basis;
- explosive trace detection equipment;
- uniquely numbered security seals on units to confirm security checks; and
- x-ray machines on export docks to allow selective x-raying of loose freight.

ALLIANCES AND AGREEMENTS Qantas can offer its freight customers access to the global route network of 135 countries and territories covered by the **oneworld** alliance, of which Qantas is a founding member. Qantas complements this network through commercial agreements with other airlines and freighter leases.

In 2002, Qantas joined forces with US-based freighter operator Polar Air Cargo to provide customers with a full range of all-cargo services across the South Pacific. The cargo agreement links the extensive network of Qantas to and within Australia and New Zealand and Qantas ground facilities in Australia with the efficiency and reliability of the Boeing 747-400 freighters from Polar Air Cargo.

Qantas Freight also provides freighter aircraft services northbound to the US with a dedicated weekly MD11 freighter providing main deck capacity to both the East and West Coast of America. These freighters are operated between the US and Australia by Gemini Air Cargo.

DOMESTIC AIR FREIGHT Australian air Express (AaE) is operated as a joint venture by Qantas Freight and Australia Post to provide domestic freight and mail services and seamless transfer between international and domestic networks.

NETWORK FACILITIES Qantas Freight operates its own handling facilities in Sydney, Melbourne, Brisbane, Perth and Los Angeles. At all other ports Qantas Freight is handled by appointed agents.

Qantas offers a variety of facilities for freight requiring special handling across the network. Facilities include: coolrooms and freezers for perishables; warmrooms for tropical fish and other live animals vulnerable to cold weather; strongrooms and safes for security storage of valuable cargo shipments; dry ice and wet ice for re-icing; and a range of equipment such as forklifts, cranes and reach trucks for loading and unloading.



Fact File

QANTAS TERMINAL DEVELOPMENTS

Qantas operates its own domestic terminals in Sydney and Melbourne and shares facilities at common-user terminals at other ports across Australia.

SYDNEY Sydney Airport is Australia's busiest and most important commercial airport. It was opened in 1920 and is one of the oldest continuously operating airports in the world.

Qantas operates from three terminals within Sydney Airport:

- Terminal 1 (Sydney International Airport) – Qantas flights QF001 to QF399
- Terminal 3 (Qantas Domestic Terminal) – Qantas flights QF400 to QF 1599
- Terminal 2 (former Ansett Domestic Terminal) – Qantas flights QF1600 and above

Terminal 1 Within Sydney Airport Corporation Limited's international terminal, Qantas operates:

- 20 return services each day
- 17 aircraft gates and 50 check-in counters
- a new flagship Qantas Club lounge, which opened in February 2002 with seating for 500 in the Business Class lounge and 150 in the First Class lounge
- an expanded Qantas Customer Services Centre
- seamless transfer facilities, with a check-in and baggage system dedicated to the airline's customers transferring from international to Qantas domestic services.

Terminal 3 Qantas officially opened its new Sydney Domestic Terminal in 1999, following a \$A250 million, six-year redevelopment. The two-level terminal covers almost 85,000 square metres, providing a total of 15 aircraft parking gates and the flexibility to handle a range of aircraft types, including Boeing 747s.

It features 30 walk-through check-in counters to expedite the movement of passengers as well as:

- automated baggage sorting system – the first to be installed in an Australian domestic terminal
- Qantas Club lounge with seating for approximately 1,100 guests and a comprehensive business centre
- a Chairmans Lounge with seating for approximately 110
- five baggage reclaim carousels, including two capable of taking baggage from a Boeing 747
- direct access to the airport railway station and links to Sydney's CBD and suburbs

Terminal 2 Qantas commenced operations from Terminal 2 in September 2002 and utilises gates in Pier B of Terminal 2 for QantasLink regional and leisure flights, with the exception of Gold Coast and Canberra services which continue to operate from Terminal 3. Features of Terminal 2 include:

- check-in facilities within the main concourse and also within the Qantas Club lounge located in Pier B
- a 220-seat Qantas Club lounge
- Qantas ticket counter
- QantasLink customer service desk

Around 100 QantasLink flights each day operate from Terminal 2, carrying more than 4000 passengers. A variety of retail facilities are also available within the Terminal. Qantas offers seamless coach transfer between Terminal 1 and Terminal 3, with convenient transfer between Terminal 3 and Terminal 2 via the Airport Link rail walkway.

MELBOURNE DOMESTIC TERMINAL Qantas completed a \$92 million redevelopment of the Qantas Melbourne Domestic Terminal in September 2001. The new facility features four new aerobridges and gates, making a total of 16 gates. One of the new gates is capable of handling widebodied aircraft up to the size of a Boeing 747. The others are capable of handling aircraft up to the size of a Boeing 767-300.

Other features of the Melbourne terminal include:

- 24 walk-through check-in counters
- automated baggage handling system
- expanded baggage reclaim facilities
- enlarged Qantas Club lounge with seating for up to 1,000 members and guests and a comprehensively equipped business centre
- a new Chairmans Lounge with seating for 125 customers
- extensive retail services

ARRIVAL OF THE A330 In November 2000, Qantas announced its decision to purchase 31 new aircraft as part of its long-term fleet plan. The plan includes 13 Airbus A330-200 and A330-300 aircraft for delivery between 2002 and 2005. The Sydney and Melbourne terminals, as well as facilities in Brisbane and Perth, are being upgraded to handle these new aircraft.



Fact File

ALLIANCES

COMMERCIAL ALLIANCES Since the beginning of commercial aviation, airlines have developed cooperative arrangements to provide a wider, more efficient range of services. Customers benefit from better networks, frequencies, products and services, while the airlines gain from revenue enhancement and cost savings through shared facilities and resources. The trend towards alliances has accelerated since the major aviation milestone of US domestic deregulation in 1978, and more recent changes in other markets towards a freer regulatory environment for both national and international operations. Increasing competition has been a key driver in the formation of alliances. Qantas is involved in equity investments, commercial alliances and other agreements.

EQUITY INVESTMENTS

- British Airways holds 18.9 per cent of Qantas
- Qantas holds 46.3 percent of Air Pacific

ONEWORLD In just three years, **oneworld** has established itself as the most global of the world's airline alliances. Now comprising eight of the world's leading airlines - Qantas, Aer Lingus, American Airlines, British Airways, Cathay Pacific, Finnair, Iberia and LanChile - **oneworld** provides services to 571 destinations in 135 countries. Since the alliance was established in February 1999, **oneworld** member airlines have carried some 600 million passengers - equivalent to one in 15 of the world's population, flown 6.7 billion miles (equivalent to around 36 return trips to the sun) and operated around four million flights. A **oneworld** flight departs somewhere in the world every 16 seconds. Customers continue to benefit from closer linking of the member airlines' frequent flyer programs; appropriate recognition and privileges no matter on which of the airlines they are flying; access to over 380 lounges for eligible members; smoother transfers for passengers travelling across the global networks of the **oneworld** carriers and greater support from more than 270,000 airline employees who are equipped to assist and care for customers travelling with any of the **oneworld** airlines. **oneworld** has been at the forefront of introducing new services and benefits for customers, including the **oneworld** Explorer fare.

QANTAS AND BRITISH AIRWAYS Qantas and its global alliance partner British Airways entered into a comprehensive 10-year marketing agreement in 1993. Customers benefit from global fare products including round-the-world fares, reciprocal frequent flyer programs and lounge access, a program to develop joint lounges, and global freight cooperation. Both airlines benefit from savings achieved through joint purchasing of fuel, catering/catering equipment, hotel accommodation, ground handling and engineering spares. Knowledge sharing and cooperation in many areas including inflight services and entertainment, freight, information technology and engineering has also resulted in further gains. Qantas and British Airways codeshare on a number of each other's services. These include the Kangaroo Route between Australia, Singapore/Bangkok and the UK, BA services to UK domestic and European ports, Qantas Australian domestic, trans-Tasman and Auckland-Los Angeles services.

QANTAS AND AMERICAN AIRLINES Qantas and American Airlines cooperate under codesharing agreements, reciprocal frequent flyer programs and reciprocal lounge access arrangements. The relationship began in 1989 and was, at the time, the world's first commercial codeshare agreement. The airlines codeshare between Sydney and Los Angeles, Melbourne and Los Angeles, Brisbane and Los Angeles via Auckland, Sydney and Christchurch, Sydney and Auckland and Sydney and Honolulu (Qantas aircraft) and between Los Angeles and San Francisco, New York, Washington DC, Boston, Chicago, Miami, Dallas/Fort Worth, Toronto, Las Vegas, San Jose, Honolulu, Phoenix and Oakland (American Airlines aircraft). They also codeshare on American Airlines aircraft between Honolulu and Los Angeles, San Francisco, Dallas Fort/Worth and Chicago O'Hare. The codeshare also extends to services operated by American Eagle between Los Angeles and San Diego. Within Australia and New Zealand, American Airlines also codeshares on a number of Qantas' domestic services.

QANTAS AND AIR PACIFIC Cooperation between Qantas and Air Pacific includes codesharing, marketing and reciprocal frequent flyer programs. In November 1997, Qantas and Air Pacific signed a 10-year commercial agreement to explore opportunities in scheduling and fleet coordination, engineering, marketing, ground handling, customer service, fuel purchase and freight. The relationship currently includes codeshare agreements, engineering spares management, access to frequent flyer programs and distribution of holiday product through Qantas Holidays. Qantas' current shareholding in Air Pacific is 46.3 percent. Qantas codeshares on Air Pacific services between Nadi and Sydney, Melbourne, Brisbane, Los Angeles, Auckland and Honolulu, and between Suva and Sydney.

CODESHARE ALLIANCES In recent years, Qantas has developed codesharing arrangements with many other international carriers to provide customers with the widest possible flight network.

- **Aircalin** Commenced in April 1991 with Qantas codesharing on Aircalin services between Sydney, Brisbane and Noumea. Aircalin also codeshares on Qantas services on the same routes.
- **Air Niugini** Commenced October 1987 with Qantas codesharing on Air Niugini services between Cairns and Port Moresby. In September 2002, the agreement was extended to all services to and from Australia.
- **Air Tahiti Nui** Commenced in August 2000, with Qantas codesharing on services between Auckland and Papeete and since October 2000 between Papeete and Los Angeles. Air Tahiti Nui codeshares on Qantas services between Auckland and Sydney.
- **Air Vanuatu** Commenced in October 1993, with Qantas codesharing on Air Vanuatu services between Sydney, Brisbane and Port Vila.
- **Alaska Airlines** Commenced between Los Angeles and Seattle, Washington, and Portland, Oregon in May 1999. Extended to all daily Alaska Airlines flights between Los Angeles and Vancouver in October 2001 and to Los Angeles-Calgary services in May 2002.
- **Alitalia** Commenced in March 2001 on Qantas services between Melbourne, Sydney, Brisbane and Rome via Singapore.
- **Asiana** Commenced in November 1996 between Korea and Australia and expanded to include daily Asiana services between Seoul and Sydney in February 1998.
- **China Eastern Airlines** Commenced in October 2000, with both airlines codesharing on two of the others' weekly services between Beijing, Shanghai and Sydney. Qantas ceased services to China in July 2001 but continued to codeshare on the China Eastern services, and increased this to three services per week.
- **Eva Air** Between Australia and Taiwan, Qantas codeshares on three Eva Air services each week between Brisbane and Taipei and Eva Air codeshares on two weekly Qantas services between Sydney and Taipei.
- **Finnair** Commenced in June 2000. Qantas codeshares on Finnair flights between Helsinki, Bangkok and Singapore, and Finnair codeshares on Qantas flights between Sydney and Bangkok.
- **Gulf Air** Commenced in April 2002. Gulf Air codeshares on Qantas services between Melbourne, Sydney and Singapore.
- **Japan Airlines** Commenced in April 1997. Today, Qantas codeshares on daily Brisbane-Tokyo and daily Osaka-Brisbane-Sydney services operated by JAL. JAL codeshares on Qantas' daily Cairns-Tokyo and Melbourne-Tokyo services.
- **LanChile** Since July 2002, Qantas has codeshared on LanChile services between Sydney, Auckland and Santiago
- **Norfolk Jet** Commenced in August 1999. Qantas codeshares on Norfolk Jet services between Sydney, Melbourne, Brisbane and Norfolk Island.
- **Origin Pacific** In New Zealand, Qantas has codeshared on Origin Pacific regional services since July 2001, including between Christchurch and Wellington, Dunedin, Nelson, Rotorua, Palmerston North and Queenstown and Invercargill, between Wellington, Nelson and Hamilton and between Auckland and Palmerston North, Rotorua and Nelson.
- **Polynesian Airlines** Commenced in October 1999 with Qantas codesharing on Polynesian Airlines services between Sydney and Apia, via Auckland and in November 2000 on services between Sydney and Papeete.
- **South African Airways** Commenced in January 2001. SAA codeshares on four direct non-stop Qantas services between Sydney and Johannesburg and Qantas codeshares on four SAA services between Johannesburg and Perth.
- **Vietnam Airlines** Commenced in March 1998 on Vietnam Airlines services to Ho Chi Minh City. Two services a week currently operate from both Sydney and Melbourne.



Fact File

QANTAS AND BRITISH AIRWAYS

Links between the two carriers date from 1931 when Imperial Airways (a forerunner of British Airways) and Qantas operated an experimental Australia-UK airmail service. Imperial Airways acquired 50 percent of Qantas Empire Airways Limited in 1934, when the two airlines began regular joint Australia-UK airmail flights followed by passenger services from 1935. The Australian Government bought out all shareholdings in 1947, the year Qantas began Australia-UK services in its own right. Continuing cooperation between the two airlines and some other British Commonwealth airlines involved pooled services and revenue sharing during the 1950s and 1960s. British Airways was formed in 1972 with the merger of BOAC and British European Airways.

GLOBAL PARTNERS Qantas and British Airways (BA) are partners in a global alliance which has developed since 1993 when BA purchased 25 percent of Qantas against a background of growing competition and closer cooperation among airline groups in the world's major markets. The key element of the alliance is a comprehensive 10 year commercial agreement which was enhanced when the airlines gained the approval of the Australian Competition and Consumer Commission (ACCC) to cease competing and cooperate more closely on the Kangaroo Route between Australia, Asia and Europe. Qantas and BA worldwide services are largely complementary, meeting at common gateways in North America, Asia, Europe and southern Africa. BA brings to Qantas its strong European and North Atlantic networks and its sizeable presence in the continental US-Europe market. In addition to the Kangaroo Route cooperation, Qantas brings to the alliance a comprehensive Asia Pacific network.

STRATEGIC PARTNERSHIP In December 1992, the Australian Government selected BA to take 25 per cent of the privatised Qantas. The sale was completed in March 1993 when BA acquired its 25 percent shareholding for \$A665 million (the Qantas privatisation was completed through the public float of the remaining 75 percent of its shares. Qantas was listed on the Australian Stock Exchange on 31 July 1995). Qantas and British Airways have a commercial agreement under which mutual benefits are derived for the two airlines and their customers. Joint working parties have identified opportunities to enhance profitability, efficiency and business effectiveness by developing new services and products, and by integrating or coordinating activities and functions. BA currently holds 18.9 percent of Qantas.

KANGAROO ROUTE COOPERATION In May 2000, the ACCC authorised a Joint Services Agreement for an additional three year period. The authorisation gives Qantas and BA the ability to coordinate schedules and pricing on their services between Australia, Asia and Europe. The benefits of the alliance for customers includes:

- access to a wider choice of fares and itineraries
- improved transfers between the airlines
- more travel itinerary options, which can include Africa, Asia, Europe, the Pacific and the United States
- round-the-world fares
- global freight cooperation
- greater benefits for frequent flyers including reciprocity in most markets
- reciprocal lounge access and check-in facilities
- ticket interchangeability, giving more flexibility

Qantas and BA share a wide variety of resources through the alliance (including sales and travel outlets, accommodation and other goods and services), and cooperate in fuel purchasing, ground handling, aircraft maintenance and catering.

CODESHARING British Airways and Qantas have an extensive codesharing relationship, which dates back to 1995 when BA codeshared on Qantas flights between Auckland and Los Angeles. The current codeshare services include the following sectors:

- London (Heathrow) - Singapore and Bangkok
- Singapore - Sydney, Melbourne, Brisbane, Perth, Adelaide, Darwin and Cairns
- Bangkok - Sydney and Melbourne
- London (Heathrow) - Manchester, Edinburgh, Glasgow, Newcastle-upon-Tyne, Aberdeen, Paris, Vienna, Amsterdam, Copenhagen, Stockholm, Oslo, Hamburg, Berlin, Frankfurt, Munich, Dusseldorf
- Frankfurt - Singapore, Bangkok, London (Heathrow and Gatwick), Manchester, Birmingham
- Paris - London (Heathrow and Gatwick), Manchester, Birmingham
- Sydney - Brisbane, Melbourne, Adelaide, Canberra, Auckland, Wellington, Christchurch
- Melbourne - Auckland, Adelaide
- Auckland - Los Angeles

JOINT OPERATIONS The two airlines have integrated their operations in Singapore, Bangkok, Jakarta and Kuala Lumpur. As well as establishing joint or co-located airport and sales offices in a number of locations around the world, they share airport lounges in Hong Kong, Singapore, Los Angeles, Bangkok, Manila and Kuala Lumpur.

EQUITY CONDITIONS The Qantas Sale Act 1992 - the enabling legislation for the privatisation of Qantas - contains clauses designed to maintain the basic Australian character of the airline. The Act *"requires that Qantas' Articles of Association must contain provisions which will ensure that: Qantas' main operational base and headquarters remain in Australia; that the name 'Qantas' is preserved for the company's scheduled international passenger services; that at least two-thirds of the board of Qantas are Australian citizens; that the Chairman of the Board is an Australian citizen"*. The Act was amended in 1995 to permit up to 49 percent of Qantas to be owned by foreign investors (previously 35 percent) with the 25 percent limit on any single foreign investor remaining. The situation, in summary, is that:

- British Airways is not entitled to vote on ten of the 12 Qantas Directors. BA cannot control the composition of the Qantas Board of Directors
- At 25% shareholding in Qantas, BA can appoint three Directors who are not subject to a general shareholder vote. If BA reduces its 25 percent shareholding in Qantas, these appointment rights are reduced to two directors (15-25 percent) and one director (10-15 percent)
- Any proposal to make all Directors (including BA Directors) subject to a vote of all shareholders would increase BA influence over the Board and its composition
- A limited number of defined, important matters are subject to a two-thirds majority of the Qantas Board, including the sale or transfer of operating rights of value
- The non-BA directors can carry a resolution subject to the two-thirds majority provision without the support of BA and notwithstanding the opposition of one non-BA Director
- BA has the right to veto a nomination for the position of Chairman at the time the appointment is proposed. BA does not have subsequent rights of veto over the Chairman, nor any affirmative rights or powers to determine who the Chairman will be
- Subsequent to the initial appointment, the Chairman can only be removed by resignation, by being voted down by a majority of the Board, or by not being re-elected as a Director by non-BA shareholders in a general meeting
- Proposals arising from the 10 year commercial agreement between Qantas and BA are specifically subject to the approval of both Boards

The joint services agreement covering the cooperative Australia-UK arrangements between Qantas and BA is similarly constructed to safeguard the independence of the Qantas Board.



Fact File

QANTAS SALES

The Qantas approach to sales focuses on regions, dividing its network into the following sales areas: Australia and Papua New Guinea; South East Asia; North Asia; Japan; UK; Europe, the Middle East and Africa; the Americas; the Pacific; and New Zealand. Qantas distributes its product through travel agents and via its own Qantas Travel centres, as well as through Qantas Telephone Sales centres and the Internet and through travel wholesalers such as Qantas Holidays. Key markets for the airline include leisure travellers, corporate accounts, and group and incentives travel.

TELEPHONE SALES Telephone Sales Australia has a staff of more than 1,200. It operates 24 hours a day seven days a week. Three Australian Contact Centres are located in Melbourne, Brisbane and Hobart. Telephone Sales also provides support for internet/online sales and Australian Airlines.

There are also 14 overseas Qantas Contact Centres in Auckland (New Zealand) Tuscon (USA), London (UK), Singapore, Hong Kong, Bangkok (Thailand), Tokyo (Japan), Manila (Philippines), Jakarta (Indonesia), Mumbai (India), Johannesburg (South Africa), Rome (Italy), Bremen (Germany) and Lyon (France). The last three are outsourced to British Airways. There are also numerous dual retail/telephone sales units throughout Qantas' worldwide network.

Telephone Sales offers a seamless service which includes a "call interflow" system to divert calls between the airline's Australian centres as well as from overseas outside the business hours of the local Qantas off-shore office.

INDUSTRY SALES Qantas has a strong commitment to the travel agency network. The airline works closely with some 4,000 travel agencies throughout Australia as well as industry bodies such as the Australian Federation of Travel Agents (AFTA), the International Air Transport Association (IATA), and global distribution systems (such as Amadeus, Galileo and Sabre) that allow travel agents to quote fares and make bookings from their own offices.

Each Australian state and territory has a dedicated Industry Sales team. The airline also has a centralised Qantas Industry Centre in Sydney which agents can telephone for information and guidance about air fares, Qantas products, and travel visa and health requirements.

Qantas has set up a web site exclusively for Australian travel agents, offering 24 hour assistance.

CORPORATE AND GOVERNMENT SALES Qantas is a major player in the corporate and government account area, and has a dedicated department – Qantas Corporate and Government Sales – which is responsible for setting the strategic direction and policy for the airline in its dealings with these markets in Australia.

At the national level, Corporate and Government Sales works closely with state-based sales teams and Corporate Sales Teleservicing, equipping them with the appropriate information, tools and commercial understanding to enable Qantas to maintain and strategically grow its position in these key markets.

Corporate and Government sales teams in each state manage a portfolio of accounts and formulate strategies to ensure the airline's success in the major account market segment. They negotiate mutually beneficial preferred supplier agreements and develop and execute plans for account performance and improvement. In addition, they provide the day to day interaction with key customers and coordinate appropriate representation nationally.

QANTAS BUSINESS TRAVEL Qantas Business Travel is a specialist unit providing total travel management services through six offices located in major centres around Australia. More than 490 experienced business travel specialists manage some of Australia's largest and highest profile corporate and government accounts. Qantas Business Travel provides a personalised travel management service to a broad cross section of corporate and government customers from small and medium enterprises to large multinationals, and from local to state and federal government departments.

Qantas Business Travel offers global access to a full range of business travel management services enabling customers to create or change their travel arrangements 24 hours a day, 7 days a week. Services include: a dedicated travel management team and 1300 telephone number; specially negotiated air fares, car hire and hotel rates; consulting services offering the most suitable flight schedules, seat availability and airfare options; best fare reporting; foreign currency and travellers' cheques service; passport and visa advice; baggage and personal travel insurance; a profile system for the company and individuals within the company to streamline the travel booking process; on-line technology to streamline internal processes and reduce overall travel costs; and detailed management information reporting that enables the accurate monitoring of travel policy, travel budgets and travel savings.

GROUP SALES Qantas Group Sales tailors travel arrangements for groups of 10 or more people travelling internationally or domestically. A team of more than 60 Sydney-based specialist consultants manages group sales Australia-wide for Qantas.

Different teams within Qantas Group Sales look after different market segments to ensure that the diverse and specialised requirements of the groups are handled knowledgeably and efficiently. These markets include: travel agents; professional conference organisers and incentive houses; sporting bodies; inbound groups; and the fly/cruise market. Fares are available for a range of travel requirements.

As well as looking after air fares, Qantas Group Sales can arrange charter aircraft (with themed menus and headrest covers, etc), and plan group itineraries to provide maximum utilisation of time.

Qantas also offers a number of time-saving pre-departure services for groups. For example, flight coupons can be delivered to the airport group check-in area up to 14 days prior to departure, allowing airline boarding passes and luggage tags to be pre-printed; kerbside check-in at Melbourne and Brisbane airports; and dedicated group check-in counters at most major domestic airports.

QANTAS TRAVEL CENTRES In addition to the strong relationship Qantas has with travel agents all around Australia, Qantas has 23 of its own retail travel stores, located in every Australian state and territory. Qantas Travel locations are:

- New South Wales - Chifley Square Sydney, Chatswood, Bondi, Erina, Newcastle
- Victoria - Collins Street Melbourne, William Street Melbourne, Camberwell, Dandenong
- Australian Capital Territory - Jolimont
- Queensland - Brisbane, Cairns, Surfer's Paradise, Townsville
- Northern Territory - Casuarina, Darwin, Alice Springs, Nhulunbuy
- Western Australia - Perth
- South Australia - Adelaide, Burnside
- Tasmania - Hobart, Launceston.

On average, Qantas Travel consultants have eight years' experience in travel and tourism, and offer the full range of travel agency services including air travel bookings and ticketing, accommodation, car hire, package holidays, cruises, travel insurance, rail passes, as well as Qantas Travel gift certificates.



Fact File

QANTAS IN ASIA

HISTORY Qantas began flying to Singapore more than 60 years ago and rapidly expanded services to other parts of Asia after World War II. As part of an airmail service to the United Kingdom, a four-engine DH86 biplane made the first Qantas overseas flight in February 1935 from Brisbane and Darwin to Singapore. Regular passenger flights began in April 1935. Pioneering mail, passenger and freight services - interrupted by the war - have developed into a comprehensive network linking Australia with 11 countries in North Asia and South East Asia. Qantas has direct services between seven Australian cities and 15 cities in the region. It operates intra-Asian flights which connect with Qantas services to Australia and to Europe. As part of their global alliance, Qantas and British Airways developed a greater level of cooperation from November 1995 on Kangaroo Route services linking Australia, key Asian cities and Europe.

COUNTRIES AND DESTINATIONS SERVED Qantas offers services, including codeshares, to The People's Republic of China, Indonesia, Japan, Republic of Korea, Singapore, Taiwan, Thailand, The Philippines and Vietnam. Destinations are: Bangkok, Beijing, Denpasar, Ho Chi Minh City, Hong Kong, Jakarta, Kuala Lumpur, Manila, Nagoya, Osaka, Seoul, Singapore, Shanghai, Taipei and Tokyo.

QANTAS SERVICES AND CODESHARES TO ASIA TODAY

Hong Kong – Qantas has served Hong Kong with scheduled services since June 1949 following charter flights which began in March 1949. Today, Qantas operates 30 flights a week to Hong Kong from Australia. Qantas also operates daily services between Hong Kong and Singapore.

Indonesia – Qantas began services to Jakarta (then Batavia) in April 1935 and operated its first flight to Denpasar on the island of Bali in August 1969. Qantas flies to Denpasar from Sydney, Perth, Darwin and Singapore and to Jakarta from Sydney.

Japan – Qantas flew charter services to Bofu in December 1947 and to Tokyo in October 1948. It began scheduled services to Tokyo in October 1950. Qantas operates 31 flights a week between four Australian cities (Perth, Melbourne, Sydney, and Cairns) and Tokyo, Nagoya and Osaka. In April 1997, Qantas commenced a codeshare agreement with Japan Airlines, and now offers seven codeshare services a week between Australia and Japan (Brisbane and Sydney, and Tokyo and Osaka) on JAL flights. (*See Alliances Fact File*)

People's Republic of China Qantas began codesharing with China Eastern Airlines in October 2000, with each airline codesharing on two of the other's weekly services between Beijing, Shanghai and Sydney. In July 2001, following the cessation of Qantas operated services to China, Qantas continued codeshare services with China Eastern, with the number of weekly services increased to four.

Philippines – Scheduled services to Manila began in September 1949 following military charters which started in November 1947. Today, Qantas flies four times a week to Manila from Sydney, with one of these services operated via Brisbane.

Republic of Korea – Flights to Seoul began in November 1991. Qantas currently offers daily services via a codeshare agreement with the Republic of Korea's Asiana Airlines. (*See Alliances Fact File*).

Singapore – The island republic is an important hub for Qantas flights linking Australian cities with Kangaroo Route services to Europe and flights to other parts of Asia. Qantas operates 57 non-stop services a week to Singapore from Australia. It flies between Singapore and Jakarta three times a week, between Singapore and Denpasar three times a week, and operates daily services between Singapore and Hong Kong.

Taiwan – Sydney-Taipei services began in October 1991. Qantas currently codeshares on two Eva Air services between Sydney and Taipei each week.

Thailand – Qantas first flew to Bangkok in November 1953. Today, Qantas operates seven services a week to the UK via Bangkok and also codeshares on seven British Airways flights a week between Australia and Thailand and Thailand and the UK.

Vietnam – Qantas began scheduled services to Ho Chi Minh City in November 1994, replacing charter services. In February 1998, Qantas signed a codeshare agreement with Vietnam Airlines, and offers five codeshare services a week on Vietnam Airlines flights to Ho Chi Minh City.

AUSTRALIAN AIRLINES The recently launched leisure carrier Australian Airlines also flies from Cairns to the Asian cities of Nagoya, Osaka, Fukuoka, Singapore, Hong Kong and Taipei. (*see Australian Airlines Fact File*)

QANTAS OFFICES Qantas has offices in Bali, Bangkok, Beijing, Fukuoka, Ho Chi Minh City, Hong Kong, Jakarta, Kuala Lumpur, Manila, Mumbai, Nagoya, Osaka, Sapporo, Seoul, Shanghai, Singapore, Surabaya, Taipei and Tokyo.



Fact File

QANTAS IN THE UK/EUROPE

HISTORY Qantas' links with the United Kingdom extend back to 1931 when Qantas carried airmail from Brisbane to Darwin as part of an experimental Australia-England run with Imperial Airways (a forerunner of British Airways). Qantas, together with Imperial Airways and its successor BOAC, provided an Australia-England air link almost without interruption despite dangers and difficulties during the Second World War. In 1947, Qantas began its first regular weekly service through to London on the famous Kangaroo Route.

Qantas began services to Rome in October 1948. The presence of Qantas in Germany dates from January 1953 when a Constellation L749 began a regular passenger service. The airline recommenced direct flights to Paris on 26 October 1998. Qantas, which has maintained an office in Paris since July 1962, had previously operated to the French capital via Frankfurt until March 1995.

QANTAS SERVICES TODAY Qantas currently operates 34 return B747 services a week to four European destinations – 21 return services a week to London (Heathrow), daily return services to Frankfurt, and three return services a week to both Paris and Rome.

EUROPEAN CODESHARES Together with its Joint Services Agreement partner, British Airways, Qantas offers a total of 40 return services a week to the UK. Qantas also offers codeshare services with British Airways to London (Gatwick), Manchester, Oslo, Stockholm, Copenhagen, Berlin, Hamburg, Dusseldorf, Zurich, Amsterdam, Paris and Vienna.

Qantas codeshares on 19 return services operated by British Airways to London Heathrow. Services operate from Sydney and Melbourne via Singapore or Bangkok.

As well as travelling on direct Qantas flights from Australia to Frankfurt or Paris, Qantas passengers can travel between Australia and London Heathrow and connect with codeshare services on British Airways flights to these cities. Qantas codeshares on British Airways services between Paris and Birmingham, Frankfurt and Manchester, and on services to London (Gatwick). These services connect with Qantas flights between Australia and Frankfurt and Qantas flights to Paris.

Qantas began servicing three Scandinavian cities in July 1999, codesharing on British Airways. Qantas offers double daily return services between London and Oslo, double daily return services between London and Stockholm and double daily services from London to Copenhagen.

QANTAS OFFICES Qantas has offices in Amsterdam, Frankfurt, London, Paris, Rome, Stockholm and Zurich.



Fact File

QANTAS IN THE AMERICAS

NORTH AMERICA AND CANADA

HISTORY Qantas established itself in the United States of America in San Francisco in 1954, taking over the operations of British Commonwealth Pacific Airlines which, in September 1946, had commenced the first trans-Pacific commercial services.

The first Qantas services linking Australia and the USA were operated by 60-passenger Lockheed Super Constellation aircraft flying twice weekly via Fiji, Canton Island and Honolulu.

By early 1955, the Australian airline's services had increased to three per week. Passenger traffic continued to grow, reflecting the increasing interest of Americans in Australia for both trade and travel. More Australians were visiting the USA and Canada while travelling between Australia and the UK and Europe.

When Qantas gained the rights to extend its trans-Pacific services from San Francisco to New York and then London, the airline began, in 1958, the first around-the-world passenger service. Although this was a very prestigious route, the San Francisco-London sector proved unprofitable due to cabotage restrictions and was eventually dropped by Qantas in 1973.

Before then, in July 1959, Qantas introduced the first jet service across the Pacific with a Boeing 707 aircraft. Qantas began flying Boeing 747s across the Pacific to San Francisco in January 1972.

In 1995, Qantas moved its USA regional headquarters to Los Angeles and discontinued flying to San Francisco, instead choosing to serve that city via codeshare flights, initially with USAir and, from January 1998, with Reno Air, which in August 1999 became part of American Airlines.

In July 1997, Qantas services between Melbourne and Los Angeles via Auckland were increased to five per week. On 26 October 1997, these services were increased to daily. Qantas became the first airline to offer non-stop services between Melbourne and Los Angeles from 31 October 1999.

QANTAS SERVICES TODAY Qantas offers services to 15 destinations in the USA and Canada. The airline has its own services to Los Angeles, New York and Honolulu. Qantas operates 30 return services a week between Australia and the USA – twice daily non-stop services between Sydney and Los Angeles, daily non-stop flights between Melbourne and Los Angeles, daily same-plane services between Brisbane and Los Angeles via Auckland, and two return services a week between Sydney and Honolulu.

QANTAS AND CANADA CODESHARES Qantas codeshares on:

- American Airlines flights between Los Angeles and Boston, Chicago, Dallas/Fort Worth, Las Vegas, Miami, New York (JFK and Newark), San Diego, San Francisco, San Jose and Washington DC. Qantas also codeshares on American Airlines flights between Honolulu and Chicago, Dallas/Fort Worth, Los Angeles, San Francisco and San Jose.
- American Eagle services between Los Angeles and Phoenix, Oakland and San Diego.
- Alaska Airlines services between Los Angeles and Calgary, Portland, Seattle and Vancouver.
- Air Tahiti Nui between Auckland, Papeete and Los Angeles three times a week
- Air Pacific between Nadi in Fiji and Los Angeles three times a week, and twice a week between Nadi and Honolulu.

QANTAS OFFICES Qantas has offices in:

- North East: New York, Pennsylvania/New Jersey, Boston, White Plains, Williamsburg
- Mid-West: Chicago, Cleveland
- South East: Washington DC, Atlanta, Dallas, Houston, Miami
- West Coast: Los Angeles, San Jose, Hawaiian Islands, Orange County, Phoenix, San Francisco, Seattle
- Canada: Toronto, Vancouver.

SOUTH AMERICA

HISTORY In 1966, Qantas commenced flights to Latin America as part of a new round-the-world route through Tahiti and Mexico to Bermuda and London. This service was discontinued in 1975. Between 1988 and 1993, Qantas had a codeshare arrangement with Aerolineas Argentinas, and again from November 1998 until June 2001.

CODESHARE SERVICES TODAY Qantas now operates three return services a week from Sydney to Santiago, Chile via Auckland, on a codeshare basis with **oneworld** partner LanChile. The three class services utilise A340 aircraft. Customers can then connect with LanChile services from Santiago to ports throughout South America.

QANTAS OFFICES Qantas has offices in Buenos Aires and Sao Paulo.



Fact File

QANTAS IN NEW ZEALAND

HISTORY Tasman Empire Airways Limited (TEAL), formed by Qantas, Imperial Airways (BOAC), and a partnership of Union Airways of New Zealand and the New Zealand Labour Government, inaugurated a weekly service between Sydney and Auckland on 30 April 1940. The trans-Tasman service used two Shorts Empire Flying Boats - Aotearoa and Awarua. The first flight - operated by Aotearoa - left Auckland at 6:00am, arriving nine hours and 15 minutes later at Rose Bay, a distance of 1,348 miles. It carried nine passengers and about 40,000 letters.

In October 1961, Qantas began operations in its own right across the Tasman, in pool with TEAL. In April 1965, Qantas inaugurated a Boeing 707 service between Sydney and Christchurch. By 1972, Qantas operated Boeing 747 services to New Zealand for the increased number of passengers flying.

QANTAS SERVICES TODAY Qantas currently operates more than 200 flights per week between Australia and New Zealand, including non-stop services connecting the gateway Australian cities of Brisbane, Sydney and Melbourne, with Auckland, Wellington and Christchurch and between Queenstown and Brisbane and Sydney during the ski season.

Qantas also offers the convenience of an extensive Australian domestic network for same-airline connections to and from other Australian ports.

Qantas connects Auckland with Los Angeles non-stop daily. Qantas also codeshares on services operated by other airlines to Nadi in Fiji, Apia in Samoa, Papeete in French Polynesia and Santiago in Chile.

DOMESTIC NEW ZEALAND AIRLINE In May 2001 Qantas launched a New Zealand domestic service.

Flying Boeing 737 aircraft, Qantas provides more than 250 return services each week between Auckland and Wellington and Auckland and Christchurch.

Qantas also offers codeshare services with Origin Pacific between Christchurch and Queenstown, Rotorua and Christchurch, Wellington and Christchurch, Christchurch and Dunedin, Hamilton and Wellington, Palmerston North and Auckland, Palmerston North and Christchurch, Nelson and Christchurch and Nelson and Wellington.

All Qantas domestic New Zealand flights can be integrated with the extensive Qantas international network. Qantas flights within New Zealand, including Qantas codeshare flights also offer the opportunity to earn Qantas Frequent Flyer points. Qantas Clubs are located at both international and domestic airports at Auckland, Christchurch and Wellington. Valet parking is also available at Auckland domestic and international terminals.

QANTAS OFFICES Qantas has offices in Auckland, Christchurch and Wellington, and South Pacific offices in Noumea and Suva.



Fact File

QANTAS IN SOUTHERN AFRICA

HISTORY Qantas Airways first began services to Southern Africa in 1948 with a survey flight from Sydney via Perth, the Cocos Islands and Mauritius to Johannesburg. This was to become known as the Wallaby Route because of the 'short hops' between ports on the route. The return flight to Australia became the first direct service between the two continents.

On 1 September 1952, the first scheduled passenger service left Sydney for Johannesburg on a Lockheed Constellation L-749A aircraft. Passengers onboard *VH-EAD Charles Kingsford-Smith* included Qantas Chairman and Managing Director Mr Hudson Fysh and his wife. The service arrived in Johannesburg three days later on Thursday 4 September. The fortnightly services continued until 1955 when the Super Constellation L-1049 aircraft type was introduced.

In 1957, Qantas and South African Airways (SAA) announced a partnership to operate services between the two countries on alternate weeks. SAA would operate DC7B aircraft and Qantas Super Constellations from Sydney through Perth to Johannesburg. The SAA services terminated in Perth.

When the Electra aircraft were introduced to the *Wallaby Route*, new speed records were set. The aircraft *VH-ECD* recorded a commercial time in June 1963 of 54 hours against the Super Constellation time of 61 hours, 40 minutes.

Qantas suspended services between Australia and Southern Africa from 1977 until 1982. In November 1982, weekly services began from Australia to Zimbabwe (Harare) on three class Boeing 747 SP aircraft. Passengers initially flew Sydney-Harare via Perth and then to Johannesburg, with direct Johannesburg services later added. Qantas ceased services to Harare in October 2000.

QANTAS SERVICES TODAY Qantas operates non-stop services between Sydney and Johannesburg four times a week on its 747-400 aircraft. Typical flight time is 14 hours and 10 minutes, one of the longest non-stop sectors in the Qantas network. Qantas also codeshares in four South African Airways services per week between Perth and Johannesburg.

In July 2002, Qantas announced a fifth weekly service to South Africa for the peak summer period. The supplementary service will fly Sydney-Johannesburg via Perth each Tuesday from 3 December 2002 to 24 February 2003.

QANTAS OFFICE Qantas has an office in Johannesburg.



Fact File

YIELD MANAGEMENT

PERISHABLE ASSET A statement familiar to yield managers in the aviation industry is that 'no asset is more perishable than an airline seat'. The reason is that when a flight departs with empty seats, the opportunity to sell them on that flight is lost forever. For 2001/2002, Qantas reported an average revenue seat factor of 78.5 per cent. In other words, almost eight out of every 10 seats were filled with revenue passengers.

Airlines adopted yield management systems, also called revenue management systems, to maximise seat sales at the optimal (not necessarily highest) price - to maximise revenue return from each flight.

FROM AVIATION TO OTHER INDUSTRIES Yield management began in the airline industry and has been adopted widely in the hotel, car rental, shipping, and advertising industries. All have perishable products - airline seats (and freight capacity), hotel rooms, berths on cruise ships, and advertising time on radio and television and space in newspapers and magazines. The industries concerned seek to market them with maximum efficiency. In aviation, yield management was spurred by intense competition as airline capacity grew faster than demand through the 1980s, making it harder to sell seats. Without yield management in today's operating environment, airlines would find it difficult to make a profit and customers would be denied the broad range of fares which are offered.

PRICING INITIATIVES Up until the 1950s there was primarily one class of travel - First Class - and one fare level, with air travel beyond the economic reach of most people. Tourist class - today called Economy Class - followed when airlines put more seats into aircraft and lowered fares. Qantas introduced Tourist Class on the Kangaroo Route to London in 1954. TAA (forerunner of Australian Airlines Mk I) introduced it on main domestic routes from 1955. Pricing initiatives in the 1960s began with fare reductions like the Qantas Pacesetter fares offered to the "under-26" market for travel to Europe.

The Boeing 747, which entered Qantas service in 1971, had a major impact on air travel. It more than doubled the capacity of a single aircraft and enabled Qantas to offer revolutionary low air fares resulting from concurrent operating economies. Many people were able to afford air travel for the first time. Qantas was among the first carriers to devise inclusive holiday packages covering air travel, accommodation and sightseeing tours. In 1979 Qantas became the first airline to introduce Business Class.

A NEW CHALLENGE With up to three distinct classes of travel and varied fares, airlines gave customers the choice of an increasing range of products. Importantly, airlines recognised that different segments of the market had appetites for different air travel products at different prices, with some keen to accept advanced booking requirements, stopover and other limitations in return for cheaper prices. As customers became more sensitive to price and more tolerant of special conditions, airlines recognised a new challenge - how to obtain the best mix of traffic at the optimum revenue for each flight. With literally tens of thousands of flights a day, seasonal peaks and troughs in the market and many other variables, airlines had to develop a way of selling each seat to the right passenger at the right price.

COMPUTER-BASED SYSTEMS To do this, airlines turned to computer-based yield management systems in the early 1980s. Essentially, the systems use widely accepted statistical tools to forecast demand for seats, taking into account historical data and seasonal variables. For example, there is heavy demand on main domestic corridors during weekday peak periods and to vacation destinations during holiday periods, but there may be troughs in demand at other times. Each flight has its own individual forecast.

Yield managers must take into account factors as diverse as economic swings which affect longer-term travel demand, seasonal schedule changes, changes in aircraft capacity to achieve the optimal mix of fares, and special events such as major sporting events.

THE CUSTOMER From the customer viewpoint, yield management has brought better deals. Airlines offer many fares lower than the standard published fares which are the industry benchmarks.

An essential part of yield management that is not well understood by customers is overbooking of flights. Airlines overbook in the knowledge that a percentage of passengers and agents make reservations which are never used, and others make multiple bookings - practices which can deny other intending passengers the opportunity to travel on flights which appear to be 'fully sold'. Overbooking profiles are carefully monitored and managed. Overbooking, as part of yield management, ensures flights are not closed out for bookings well ahead of departure because airlines know that a certain percentage of bookings will not be taken due to cancellations and 'no shows' on the day of departure. Hence fewer of the perishable seats are wasted and more customers are given the opportunity to travel. Without overbooking, air fares would rise to cover the loss of revenue from last minute cancellations and 'no shows'.

Yield definition: Passenger yield is defined as the total revenue from passengers divided by the total revenue passenger kilometres (RPKs). It is expressed in cents/RPK.



Fact File

AIR FARES

Air fares have continued to fall in real terms since the end of World War II. Reasons include: improving operating efficiencies brought about by new technology; bigger aircraft offering lower seat-kilometre costs; airline growth leading to economies of scope and scale; increasing competition; and, more recently, computerised yield management systems which enable airlines to meet market demand with a far greater range of fares.

GOVERNMENT POLICY AND THE OPERATING ENVIRONMENT By introducing multiple designation in 1992, the Australian Government took away Qantas' rights to being the sole international operator from Australia. To promote competition, the Government introduced legislation which required the allocation of air rights to be biased against Qantas and in favour of new operators. Sufficient operating rights are available to foreign airlines to carry every passenger into and out of Australia even if Qantas did not exist. All this is designed to promote tourism by making air fares as cheap as possible. For successive governments, this objective has taken precedence over airline interests and must be accepted as a permanent feature of the operating environment for airlines.

INTERNATIONAL AIR FARES International air fares in the Australian market and most of the world's markets are, in effect, deregulated. Pricing is determined by competition and demand although it has not always been so. The International Air Transport Association's (IATA) Bermuda Agreement of 1946 paved the way for IATA's involvement in setting international passenger fares and cargo rates. The intention was not to raise fares but to ensure coherent fares and rates which would sustain the growth of airlines in the post-World War II period. Under the auspices of IATA, the industry introduced tourist class (now economy), offering lower fares in return for reduced leg room and catering services. Qantas introduced tourist class on the Kangaroo route in 1954.

With fares agreed between nations (not airlines) as part of bilateral air services agreements, special discounted fares were initially subject to Government approval throughout the world, but a more relaxed 'hands off' approach developed over time. Introduction of the Boeing 747 - with its lower seat-kilometre costs and other efficiencies - enabled Qantas to pioneer fare discounts throughout the 1970s, subject to Government approval. In 1982, an international fares war in the Australian market saw a breakdown of the regulated system and withdrawal of the Government from fare setting. For the first time, Qantas was able to offer discounted fares direct to the public.

The following tables illustrate falls in the Sydney-London return fare over time. Comparisons are based on the lowest return fares available in each year. In 2002, the lowest basic Qantas return fare on the route was \$A2250 and the figure for average ordinary weekly earnings was around \$A860 for full-time work, excluding overtime (*Sources: Australian Bureau of Statistics and Qantas*).

WAGES VS AIR FARES

Time Taken To Earn The Lowest Sydney-London Return Airfare					
1945	1965	1985	1995	2000	2002
130 weeks	21 weeks	5 weeks	3.5 weeks	2.7 weeks	2.6 weeks

AUSTRALIAN CONSUMER PRICES Percentage Increase 1964-2002

av. house 3-bedroom	av. Car 4-door	av. Weekly earnings	loaf of bread	Petrol	CPI	Sydney- London airfare
4,189%	1,316%	1,491%	1,372%	986%	855%	92%

DOMESTIC FARES Prior to October 1990, interstate air services were subject to economic regulation under the Two Airlines policy. The objective was to maintain two economically viable operators to provide trunk route services on a competitive basis. In 1981, the Independent Air Fares Committee (IAFC) was established to determine air fares, which were then applied by both airlines.

With deregulation in 1991, 38 years of government control was abolished, and the airlines were given the freedom to determine capacity, fare levels and route structures.

The entry of new competitors into the Australian domestic aviation market and the collapse of Ansett in September 2001 has focussed attention strongly on fare levels.

In real terms, however, yield from domestic air travel has been declining over the past 30 years, and – from the customer perspective – travellers today have access to the broadest air fare range ever, including internet-only fares, advance purchase fares, special one-way fares, and a range of other discounted fares in addition to Business Class and full Economy Class fares.



Fact File

AUSTRALIAN AIRLINES

AT A GLANCE Australian Airlines is the new, full service, international leisure carrier that commenced operation on October 27 2002, flying non-stop between Cairns and Nagoya and Cairns and Osaka. Services between Cairns and Fukuoka, Taipei, Singapore and Hong Kong commenced on November 21 and 22.

The second stage of operation, scheduled to commence in late 2003, will involve flying from a second base in a southern Australian capital city to a number of ports, with Phuket in Thailand and Kuala Lumpur in Malaysia among those under consideration.

Australian Airlines is wholly owned by Qantas Airways Limited, but managed separately and operated independently.

MANAGEMENT	<i>Chief Executive Officer</i>	Denis Adams
	<i>General Manager Commercial</i>	Andrea Staines

ROUTES AND SCHEDULE The Australian Airlines schedule offers:

- Daily return services between Nagoya and Cairns
- Daily return services between Osaka and Cairns
- 3 weekly return services between Fukuoka and Cairns (Monday, Thursday, Sunday)
- 3 weekly return services between Singapore and Cairns (Monday, Thursday, Saturday)
- 3 weekly return services between Taipei and Cairns (Wednesday, Friday, Sunday)
- 3 weekly return services between Hong Kong and Cairns (Tuesday, Friday, Saturday)
- Daily connecting services for international passengers will operate between Cairns and the Gold Coast

FLEET Australian Airlines is initially operating four Boeing 767-300 aircraft, with the fleet to increase to 12 within the next two years. The widebody aircraft are configured as an all-economy class cabin, with 271 seats and the same seat pitch and space as an equivalent Qantas aircraft.

INFLIGHT SERVICE As a full service international leisure carrier, Australian Airlines offers hot meals and snacks, modern comfortable seating and inflight entertainment.

FREQUENT FLYER PROGRAM Australian Airlines is a partner of the Qantas Frequent Flyer program. Qantas Frequent Flyer members can redeem points on Australian Airlines services, at 50 000 points for a return booking on the initial network.

WEBSITE australianairlines.com.au



Fact File

QANTASLINK

QANTAS' REGIONAL AIRLINE QantasLink regional airlines are wholly owned subsidiaries of Qantas and operate in excess of 2,700 flights each week to 55 destinations across Australia. In fact, QantasLink flies more frequently and to more destinations than Qantas domestic.

QantasLink comprises four separate regional airline entities – Airlink, Eastern Australia Airlines, Sunstate Airlines and Impulse Airlines.

With 61 aircraft in the QantasLink fleet, three aircraft types are used:

- Boeing 717 jets 14
- British Aerospace Bae146 jets 15
- DeHavilland Dash 8 turboprops 32

QantasLink has expanded its services in 2002 to better meet the needs of regional Australia, with an extra eight Boeing 717 and five Dash 8-300 aircraft added to the fleet.

QANTASLINK BASES QantasLink provides direct employment for more than 1,600 people in both metropolitan and regional locations including Newcastle, Tamworth, Mildura, Hobart and Cairns.

NATIONWIDE DESTINATIONS

Northern Territory: Alice Springs, Ayers Rock, Darwin, Gove
NSW: Albury, Armidale, Ballina, Coffs Harbour, Dubbo, Grafton, Kempsey, Lord Howe Island, Moree, Narrabri, Newcastle, Port Macquarie, Sydney, Tamworth, Wagga Wagga
ACT: Canberra
Queensland: Barcaldine, Blackall, Blackwater, Brisbane, Bundaberg, Cairns, Charleville, Emerald, Gladstone, Gold Coast, Hamilton Island, Horn Island, Longreach, Mackay, Maroochydore, Mount Isa, Proserpine, Roma, Rockhampton, Townsville, Weipa
South Australia: Adelaide
Tasmania: Burnie, Devonport, Hobart, Launceston
Victoria: Melbourne, Mildura, Mt Hotham (seasonal)
Western Australia: Broome, Kalgoorlie, Karratha, Newman, Paraburdoo, Perth, Port Hedland

AFFILIATE AIRLINES QantasLink flights also link up with services provided by affiliate airlines that serve more than 60 additional destinations. These airlines are:

- Aeropelican, based in Newcastle
- Air Link, based in Dubbo
- Airnorth Regional, based in Darwin
- Airlines of South Australia, based in Adelaide
- Horizon Airlines, based in Sydney
- Macair, based in Townsville and Brisbane
- Northwest Regional Airlines, based in Broome
- O'Connor Airlines, based in Mount Gambier
- Sunshine Express, based on the Sunshine Coast

GLOBAL REACH QantasLink customers enjoy a range of benefits available to the Qantas group including:

- convenient intrastate, interstate and international connections
- access to the Qantas worldwide reservation system
- affiliation with the **oneworld** alliance
- Qantas Frequent Flyer points*
- access to Qantas Club lounges*
- e-ticket availability from most ports** to all domestic and selected international ports
- through baggage check for Qantas domestic and international connections.

* *subject to membership terms and conditions*

** *except Lord Howe Island*

QANTASLINK ENGINEERING QantasLink operates three aircraft types: Boeing 717 jets, British Aerospace BAe146 jets, and DeHavilland Dash 8 turboprop aircraft.

The Dash 8s are serviced in Tamworth (Heavy Maintenance), Mildura (Line Maintenance), Brisbane (Line Maintenance) and Sydney (Line Maintenance).

Heavy Maintenance for the Boeing 717s is carried out in Newcastle, while the BAe146s undergo heavy maintenance in Adelaide and Line Maintenance in Adelaide, Perth, Brisbane, Darwin and Canberra.

REGIONAL SPONSORSHIPS Sponsorship of events and the promotion of tourism are just two of the ways QantasLink demonstrates its commitment to rural and regional Australia.

The airline is a major sponsor of sports, schools, cultural and community events, festivals and conferences including:

- QantasLink Newcastle Knights,
- Riverina Theatre Company, Wagga Wagga
- Australian Wool Fashion Awards, Armidale
- Tasmanian Cricket Association
- Hobart Chargers basketball team,
- QantasLink Northern Tasmania Football League
- Flying Fruit Fly Circus, Albury-Wodonga
- Queensland Rugby League Referees
- Qantas Founders Outback Museum in Longreach
- Netball Queensland
- The QantasLink Squad (Western Australian Cricket Association initiative in the Pilbara).

QantasLink also works closely with other areas of the Qantas network to promote regional and destination tourism within Australia and overseas.



Fact File

INFLIGHT HEALTH CARE

DEFIBRILLATORS AND PHYSICIAN'S KITS Since 1991, Qantas has achieved recognition worldwide for its use of cardiac defibrillators on its aircraft. It was the first airline in the world to install the defibrillators on its international Boeing 747 and 767 aircraft. In 1999, Qantas set a new standard for Australian domestic aviation medicine when it installed cardiac defibrillators on all of its Boeing 737 aircraft.

The defibrillators enable fast and easy treatment of passengers who have had a cardiac arrest. Also onboard is an extensive physician's kit containing medical equipment and medications. Qantas Customer Service Managers undergo a wide ranging training program to ensure they are confident and capable of using the defibrillator and the physician's kit in the case of a cardiac emergency onboard.

There have been 14 long term survivors of cardiac arrest, resulting from the airline's 11-year cardiac care program.

MEDLINK In October 2000, Qantas helped to set a global standard among the commercial airline industry when it installed a system on its international and domestic flights enabling inflight crew to contact an on-ground physician during a medical emergency.

Provided by MedLink, the emergency telemedicine centre of MedAire in Phoenix, USA, the service enables direct consultation with a certified emergency physician at any time during a flight almost anywhere in the world.

The contact with the hospital-based medical service is made by satellite communications or radio. MedLink communications officers gather basic information on the problem and pass it on to an emergency room physician to talk directly with the crew. The physician can then assess the situation and recommend a management plan for the operating crew on the aircraft, using the physician's kit if necessary.

HEALTH INFORMATION INFLIGHT Qantas is continuing to improve the information about inflight health already available to customers. In addition to the information contained in the inflight magazine, the Qantas internet site and inflight audio programs, Qantas has produced a video program about deep vein thrombosis (DVT) which is being screened on all international and domestic flights.

An inflight health information leaflet is provided with all paper tickets and provided to customers when they ask about inflight health and well-being. The DL-size leaflet covers a range of topics related to inflight health and well-being including steps the customer can take to reduce the risk of developing DVT.



Fact File

FLIGHT CATERING

Australia's reputation for fine food is enhanced on the ground – and in the air – through the meals produced at Qantas Catering Centres around the country and a new state-of-the-art production facility in Brisbane.

QFCL Qantas Flight Catering Holdings (QFCH) is a wholly owned subsidiary that operates two catering businesses, Qantas Flight Catering Limited (QFCL) and Caterair Airport Services.

QFCH has catering centres in five Australian ports - Sydney, Melbourne, Brisbane, Adelaide and Perth. Qantas also owns the Cairns operations of Caterair and has management control of Sydney Caterair, a joint venture. The busiest is QFCL Sydney, currently the largest catering business in the Southern Hemisphere producing over 32,000 meals per day.

In the year to 30 June 2002, the Caterair and QFCL catering centres produced a total of almost 38 million meals for Qantas and over 30 other airlines as well as railway and hospital clients.

Qantas provides employment for more than 3,700 people in Catering. A small workforce of people with a range of physical and intellectual disabilities is also employed at QFCL Sydney.

SNAP FRESH Snap Fresh, a wholly owned Qantas subsidiary, is Australia's first centralised meal production facility for the airline industry.

Qantas customers on international and domestic flights had their first taste of the new meals when the facility was officially opened in February 2002. Snap Fresh will eventually employ up to 200 people and produce up to 20 million meals per annum for Qantas, airline partners and businesses in the hospitality, health care and mining industries.

The facility is one of the most modern meal production centres in the world and represents an international trend in the catering industry to deliver greater quality and consistency.

The meals are made from the freshest Australian produce and designed by leading chefs to ensure they look and taste like restaurant quality food before and after they are rapid frozen. The rapid freezing technology means that meals retain all the goodness and flavour of their natural ingredients.

Leading edge technology enables the facility to offer quality and consistency while meeting the demands of airlines. When combined with a team of individually selected and dedicated employees, who are committed to excellence, the overall meal experience of our customers is further enhanced.



Fact File

CABIN SERVICES

CABIN CREW Around the world flight attendants are the face of Qantas in the sky and on the ground.

Qantas has approximately 4,200 flight attendants for its international (Long Haul) flights, 2,600 domestic (Short Haul) flight attendants and 100 Jetconnect crew who operate domestic flights in New Zealand. The regional airlines – which fly under the QantasLink brand – directly employ a further 620 flight attendants.

Among the more than 7,500 crew, there are approximately 700 Long Haul Customer Service Managers (CSMs) and Customer Service Supervisors (CSSs), and approximately 540 Short Haul Customer Service Managers (CSMs) who oversee crew.

There are Long Haul bases in Perth, Melbourne, Sydney, Bangkok, Auckland and Narita, while Short Haul crew are based in Brisbane, Melbourne and Sydney.

Many flight attendants are multi-lingual and speak languages such as French, German, Spanish, Italian, Japanese, Malaysian, Korean, Cantonese, Mandarin and Tagalog (the language of The Philippines).

RECRUITMENT When Qantas recruits flight attendants it is seeking applicants who can demonstrate the Spirit of Australia and deal with any eventuality. A person who is engaging, natural, genuine, resourceful, confident, young at heart and optimistic has the personality attributes that Qantas desires most.

Detailed information on recruitment of flight attendants is available on the Qantas internet site, qantas.com, under 'Our Company'. A Senior First Aid Certificate and a Responsible Service of Alcohol certificate are pre-requisites for employment.

NEW AIRCRAFT TRAINING Cabin crew undergo additional training when Qantas adds new aircraft types to its fleet. During the first half of 2002, the Boeing 737-800 was introduced and the new Airbus A330 will come on line from December 2002. In late 2001, 2,400 Short Haul cabin crew underwent training over a 10-week period to ensure a smooth transition to the B737-800s.

Since September 2002, all Short Haul cabin crew have begun training in preparation for the arrival of the 13-strong fleet of Airbus A330 from December 2002. Two A330 Cabin Service Trainers were purchased to facilitate the training. They complement existing Boeing 747 and 767 trainers in Sydney and Boeing 767 and 737 trainers in Melbourne.

CHARITY Qantas Cabin Crew are well known for their devotion to worthy causes including the United Nations Children's Fund (UNICEF), the Royal Institute for Deaf and Blind Children and Melbourne Royal Children's Hospital. The Qantas Cabin Crew Team, a registered charity, undertakes projects which focus on underprivileged children in Australia, Johannesburg, Bangkok and Harare, while the Pathfinders fundraising committee, comprising past and present staff, raises money to help disadvantaged and disabled children. The Qantas-UNICEF Change for Good program raises money for children in need around the world through the generous donation of foreign currency and loose change by passengers.



Fact File

QANTAS IT

IT INFRASTRUCTURE Qantas Information Technology supports the information systems used throughout the Qantas Group and is involved in the acquisition, development and application of new systems.

Qantas IT manages ticketing for 22 million passengers each year as well as the airline's 2.6 million member Frequent Flyer Program. It also provides employment for 1,200 staff who enable 600 applications to support Qantas business, program in more than 300 development environments and run 18,000 devices worldwide in real time.

Qantas has forged strategic alliances with companies such as Telstra for its domestic communication network, SITA for its international communication network, Navitaire for its revenue accounting and Amadeus for its reservations, inventory and departure control.

MAJOR PROJECTS Major projects include the migration of the Qantas reservations and ticketing system to Amadeus in November 2002, the implementation of the Integrated Revenue Information System (IRIS) and the ongoing investment in a yield management system with British Airways.

EFFICIENCY Technology plays a major role in achieving efficiency and cost savings. A good example of this is the airline's commitment to internet bookings.

Qantas is now the number one user of the Amadeus booking engine globally, and in the past year online penetration into the domestic market has increased significantly to approximately 20 percent.

In the past year, frequent flyer redemption bookings online have grown from 10% to more than 30%, with the number of people joining the scheme online to more than 40%.

The Qantas internet site - qantas.com - also provides product information, schedules, arrival and departure information, company history, airline information and major media releases.

The capacity of the site was demonstrated in September 2001 when there were up to three million hits in 24 hours. This level of usage is no longer uncommon.

E-COMMERCE INNOVATION In June 2002, Qantas announced a comprehensive e-business initiative that will transform the way the airline conducts its business and lay the foundation for a fully e-enabled organisation.

The program, known as eQ, is a serious commitment to, and investment in, e-business to ensure the airline remains competitive and to meet future business challenges.

eQ will enable new and innovative business solutions through a series of projects designed to increase productivity and efficiency, and drive significant cost savings expected to be more than 15 per cent in e-enabled areas.

This new e-business platform will improve efficiency and coordination across human resources, finance, payroll and purchasing areas – as well as in customer-related areas such as the airline's customer service and frequent flyer departments.

Implementation will commence following the successful completion of the planning phase being led by PwC Consulting. IBM Global Services will provide infrastructure and hosting services, while Oracle Corporation's E-Business Suite will deliver the future platform for Qantas.

MANAGED SERVICES In February 2002, Qantas signed a five-year managed services agreement with Telstra for the supply of Desktop Services to the airline. Telstra Enterprise Services (TES), a wholly owned subsidiary, manages the Qantas computer desktop and LAN environment worldwide, including more than 40,000 IT devices.

The contract covers all business locations currently supported by Qantas Information Technology. Initially, TES will manage Qantas owned equipment with all new equipment to be purchased and owned by TES.

TES offers optimum access to new technology based services and a pool of IT skills as the airline moves from a technology driven approach to service driven delivery across the business. The transition process is expected to end in February 2003.

Navitaire is another managed service provider which supports a major application area – revenue accounting – through the Integrated Revenue Information Solution (IRIS) program. The IRIS program will account for all Qantas passenger tickets and settlements with other carriers. The focus of the program is to improve revenue protection, timeliness and accuracy of revenue information, operational efficiency and customer service.



Fact File

ABORIGINAL AND TORRES STRAIT ISLANDER INITIATIVES

Qantas is committed to working in partnership with Aboriginal and Torres Strait Islander communities, through a range of initiatives including employment and training programs, community involvement and sponsorships. The airline's Aboriginal and Torres Strait Islander Program has been in place for more than 10 years and employs a dedicated program coordinator. Currently, between one and two per cent of the airline's 33,000 strong workforce is of Aboriginal or Torres Strait Islander descent.

QANTAS' INDIGENOUS EMPLOYMENT AND COMMUNITY INITIATIVES PROGRAM Qantas has had a comprehensive Indigenous employment and training program in place since 1988. Qantas recently joined with Australia's business leaders, the Australian Government and Indigenous leaders in a commitment to improve the employment prospects of Aboriginal and Torres Strait Islander peoples. The company signed a memorandum of understanding with the Department of Employment and Workplace Relations to participate in the Corporate Leaders for Indigenous Employment Project funded by the Commonwealth. This program was launched in July 2002 with a commitment to employ a further Indigenous staff over the next three years.

FLIGHT ATTENDANT RECRUITMENT PROGRAM Indigenous Flight attendant recruitment campaigns have been conducted by Qantas on a number of occasions. Most recently, a campaign was developed in early 2002 to assist in the recruitment of flight attendants for the new Australian Airlines and which included a series of widely advertised seminars. Approximately 50 applicants attended the assessments and 11 were successful in gaining employment with Australian Airlines.

EMPLOYEE RELATIONS Qantas employs a full-time Diversity Coordinator who is responsible for the airline's Aboriginal and Torres Strait Islander Program Unit. This role includes coordinating the Indigenous Employment and Community Initiatives Program, offering assistance to Indigenous employees with career and training development, monitoring and developing employment strategies and ensuring the program is effectively integrated into the airline's divisions, subsidiaries, regions and ports.

COMMUNITY RELATIONS Qantas maintains active links with Indigenous communities and the Aboriginal and Torres Strait Islander Commission. The Diversity Coordinator attends career expos and visits schools to talk to Indigenous students about future careers with Qantas. For the last eight years, Qantas staff have also assisted the Aboriginal and Torres Strait Islander Employment Network with its annual Christmas party for children in Sydney refuges, providing gifts and donations of food hampers.

ART AND SPONSORSHIPS The Qantas art collection includes several works by Aboriginal artists, including Freda Napanaka, Mundarra and Yirawala. Since 1994, Qantas has also sponsored Yiribana at the Art Gallery of NSW, an Indigenous gallery to which it has also donated and loaned works. Qantas worked with Balarinji design studio to paint two Boeing 747 and one Boeing 737-800 aircraft with aboriginal designs, making them some of the world's largest, and most mobile, works of art. The 747-400, *Wunala Dreaming*, was unveiled in 1994 with its distinctive design depicting the story of journeys by spirit ancestors, in the form of kangaroos, across the Australian landscape. The airline launched *Nalanji Dreaming* in 1995, with a 747-300 painted in a theme depicting rainforest and reef. A third aboriginal painted aircraft was added to the fleet in February 2002, when a new 737-800, *Yananyi Dreaming*, became the first aircraft with Aboriginal design dedicated to domestic skies. The artwork features the story of one of Australia's most recognisable tourist destinations, Uluru. Qantas sponsors a number of indigenous groups and individuals including the Bangarra Dance Theatre, the National Aboriginal Sports Council, singer, director and actor Leah Purcell's Bungabura Productions, Cairns' Tjapukai Dance Theatre and athletes Kathy Freeman and Kyle Vander-Kuyp.



Fact File

SUPPORT FOR THE COMMUNITY, THE ARTS & SPORT

Qantas continues to play a vital role in supporting the arts, sport and community organisations across Australia. The involvement of Qantas became even more important following the collapse of Ansett.

COMMUNITY Qantas support for major organisations includes:

- Bobby Goldsmith Foundation
- CanTeen
- CARE Australia
- Clean Up Australia and Clean Up the World
- Mission Australia
- National Australia Day Council Australian of the Year Awards
- National Breast Cancer Foundation
- Starlight Children's Foundation
- UNICEF Change for Good
- World Vision

THE ARTS During 2001-02, Qantas entered into new sponsorship agreements with:

- Australian Ballet
- Australian Chamber Orchestra

These new partnerships complement long term relationships with organisations such as:

- Art Gallery of NSW
- Australia Business Arts Foundation
- Australian Brandenburg Orchestra
- Australian Youth Orchestra
- Bangarra Dance Theatre
- Bell Shakespeare Company
- Melbourne Festival
- Musica Viva
- Opera Australia
- Sydney Dance Company

SPORT Qantas was a major sponsor of the 2001 Goodwill Games in Brisbane. Qantas and British Airways are the Official Airlines of Rugby World Cup 2003 and Qantas also entered into new agreements this year with:

- Australian Cricket Board
- Australian Football League
- National Rugby League

Qantas also continued its partnerships with organisations such as:

- Australian Formula One Grand Prix
- Australian Rugby Union
- Australian Swimming
- Netball Australia
- One Basketball
- Soccer Australia
- Tennis Australia