

QANTAS AIRWAYS LIMITED
2003 ANNUAL GENERAL MEETING – 16 OCTOBER 2003
CEO'S ADDRESS

I would like to elaborate on the theme that what happens to Qantas, matters.

The Chairman has just highlighted what our airline is doing right now. I would like to let you know what Qantas does on an ongoing basis:

- We operate a fleet of 196 aircraft;
- We employ 37,000 people and support the livelihoods of many more through our supplier relationships;
- We serve 58 Australian city and regional destinations with more than 4,500 domestic flights a week;
- We offer 540 international services every week to 77 destinations around the world; and
- Last year we carried nearly 29 million passengers safely to their destinations.

And we play an increasingly important role in the life of this country:

- We are a major contributor to the community, and to the arts and sport in Australia;
- We are at the centre of the Australian tourism industry which directly and indirectly contributes something like 9 per cent of GDP and 10 per cent of total Australian employment; and
- We carry Australia's image to the world. Most recently, we reinforced this with Australian industrial designer Marc Newson's Skybed and leading Australian designer Peter Morrissey's new uniforms.

As the Chairman has just said, at Qantas we are hard at work doing all we can to ensure the company's long term success. But we are operating within a very difficult and uneven global marketplace. And we face significant competitive barriers here at home as well.

So beyond the many management challenges we face there is also the necessity for public advocacy on matters relating to the regulatory and legislative environment. Sustainable competition is what we need, not only to avoid an industry lurching from crisis to crisis, but also to maximise aviation as a long term tool of business, leisure and tourism in this country.

Qantas must compete within two regulatory systems – the global and the national. On the global scale, irrationalism prevails, as the forces of global aviation clash with the old commercial regulations put in place during the era of World War II transport aircraft. Change is inevitable, but the timing and sequence of implementation is critically important.

Here in Australia, the dilemma is clear. On the one hand, the central aim of the current regulatory environment is still to drive down prices by opening up markets to global competition.

But there's another side to the Australian policy and regulatory environment. It is a hangover from the past. Because Qantas is strong in the Australian domestic market, it is expected to fly with a number of 20th Century dead weights on its wings. In policy and regulatory terms, we have limitations on our access to foreign capital, and we have expensive barriers to the formation of alliances.

I am confident that, with continued effort and advocacy, these issues can be addressed to allow Qantas to achieve its full potential within the global market that is evolving.

Certainly I can assure you that, whatever regime is in place, Qantas will do whatever we have to in order to compete and prosper.

As I said at the full year results announcement, conditions in the aviation industry remain challenging, however Qantas expects to improve on its performance in 2003/04 while continuing to invest in its fleet, its product and its service.

To conclude, my task and that of my team is to ensure that, whatever the challenges, Qantas continues to develop as a dynamic, prosperous, ever-modern, Australian company.

That's what we will continue to do.