



# WINDUP OF JETSTAR HONG KONG ALMOST COMPLETE

News / Airlines



No aircraft, no staff and no licence to fly. The wind-up of **Jetstar Hong Kong** is all but complete.

The failed venture has sold all its Airbus A320s and made most of its staff redundant after the three major shareholders cut off any further funding of the proposed airline in response to the Hong Kong government's rejection of its application for an operating licence.

Qantas chief executive Alan Joyce says the airline group had spent \$30 million on Jetstar Hong Kong, a joint-venture with China Eastern and Shun Tak Holdings.

"That was the total investment, it won't be any more than that. There is no more money going in," Joyce told shareholders at the Qantas annual general meeting in Perth on Friday.

"There are no aircraft left, they have been all sold and we are winding down the employees that are currently there and I think just about all the employees have actually left the business.

"We have accepted the decision of the Hong Kong authorities and will move on. We are not happy with that decision."

In June, Hong Kong's Air Transport Licensing Authority [formally knocked back Jetstar Hong Kong's application for an operating license](#).

In the months that followed China Eastern, Shun Tak and Qantas all declared they would make no further investment in the proposed airline, effectively accepting the regulator's decision.

Undeterred by the unsuccessful venture, Joyce said Qantas was an "entrepreneurial business" that would continue to seek new opportunities to grow.

"I don't think it is appropriate to say that we shouldn't be doing these things because if we don't do these things we won't create new businesses, we won't create new opportunities, we won't grow the profitability and diversify the organisation," Joyce said.

"We take risks on business because that's the way you create profits."

Joyce's comments on Jetstar Hong Kong were prompted by a question from a shareholder, who among other things asked if Qantas could have chosen a better joint-venture partner than Shun Tak Holdings, particularly given chief executive Pansy Ho's background.

The shareholder quoted from a 2009 special report to the New Jersey Casino Control Commission, which said: "Apart from her financial, professional and personal dependence upon her father, Pansy Ho's relationships with several other individuals who are known or alleged to be associated with organised crime independently call into question her personal suitability as MGM's business association with her".

The report also noted Ho did not have any criminal convictions or bankruptcies.

Qantas chairman Leigh Clifford said he was unaware of the reference to Pansy Ho.

"Obviously, we did our due diligence, and I was personally involved in some of it," Clifford said.

Meanwhile, Deputy Prime Minister and Minister for Infrastructure and Regional Development Warren Truss told an industry conference the federal government would continue to seek concessions from Hong Kong in exchange for an expanded air services agreement between the two countries.

Cathay Pacific has utilised all available traffic rights under the current bilateral for flights to Australia's main four gateway cities of Brisbane, Melbourne, Perth and Sydney. Therefore, Cathay is unable to add any additional flights and local rival Hong Kong Airlines is prevented from starting service to those four major ports without any expansion in the bilateral agreement.

The Australian and Hong Kong governments have been negotiating on and off in recent times, with Hong Kong understood to be seeking extra capacity. However, the two sides have been unable to reach an agreement, with Australia believed to be seeking further access to points beyond Hong Kong.

"We've got serious issues with Hong Kong and we really expect some concessions from Hong Kong that deal with those issues before we are all that keen about signing new agreements with them," Truss told delegates at the Regional Aviation Association of Australia (RAAA) national convention in the NSW Hunter Valley on Friday.

"But those negotiations I hope will progress more constructively in the months ahead."



Deputy Prime Minister and Minister for Infrastructure and Regional Development Warren Truss at the RAAA national convention. (Seth Jaworski)

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