

18 April 2006

Hon Pete Hodgson
Acting Minister of Transport
Parliament Buildings
WELLINGTON

Dear Minister

Proposed Code Share Arrangement Between Qantas and Air New Zealand

The Wellington Regional Chamber of Commerce has concerns about the impacts a code-share arrangement between Qantas and Air New Zealand might have for our regional economy. Our region covers the north of the South Island and the Taranaki, Wanganui, Hawkes Bay, Wairarapa, Manawatu, Kapiti, Porirua, Upper Hutt, Hutt and Wellington City economies. Together this region constitutes the second largest component of New Zealand's GDP outside of the Auckland region.

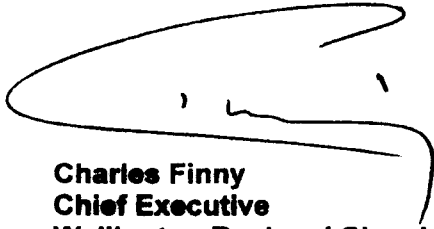
There are some fifth freedom operators servicing some trans-Tasman city pairs from Auckland and Christchurch. Even in these cities, fifth freedom carriers operate very limited services compared to those offered by Qantas and Air New Zealand. In Wellington, there is no effective competition on the Wellington to Australia air route except for that between Qantas and Air New Zealand. Pacific Blue has significantly reduced services since it started up in March 2004.

We are therefore concerned that a code-share arrangement between Qantas and Air New Zealand which applied also to flights to Wellington would result in fewer flights between Wellington and Australia, higher fares on the flights which did continue, and a further reduction in air freight capacity. Much of our region's fresh produce is exported by air on flights to Australia, which is either the final destination, or a transfer point for flights to Asia. Twenty percent of New Zealand's lucrative export trade in live lobsters comes through Wellington airport, for example.

The Chamber is firmly of the view that this code-share arrangement between Qantas and Air New Zealand is of such significance to both the national and regional economies that it should be given full scrutiny by the Commerce Commission. We therefore request that you reject any application received from Qantas and Air New Zealand for authorisation by you of the code-share, under Section 88 and 89 of the New Zealand Civil Aviation Act 1990. Instead we request that the application be referred to the Commerce Commission.

We would be very happy to meet with you and/or your officials to discuss our concerns about the possible impacts on the regional economy of this code-share proposal.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Charles Finny', written over a horizontal line.

Charles Finny
Chief Executive
Wellington Regional Chamber of Commerce