

27 July 2012



Ministry of Transport
PO Box 3175
Wellington, 6140
Attention: Bruce Johnson, General Manager Aviation and Maritime

Dear Mr Johnson,

Air New Zealand Limited and Cathay Pacific Airlines Application for a North Asia Alliance Agreement

This submission is provided by Wellington International Airport Limited ("WIAL") in relation to the application made to the Minister of Transport by Air New Zealand Limited ("Air New Zealand") and Cathay Pacific Airways Limited ("Cathay") (together "the Applicants") seeking authorisation of a North Asia Alliance Agreement ("the Alliance") under Part 9 of the Civil Aviation Act 1990.

WIAL wishes to thank the Ministry for sharing the application with airports and for seeking our respective views on its potential effects. The environment in which airline operators exist is complex and WIAL is pleased to provide the Ministry with analysis and information to assist with the evaluation of a proposal such as the Alliance.

WIAL contributed to, and supports the view submitted by NZ Airports regarding this application. Alongside that submission, WIAL draws the Ministry's attention to the following points of particular interest to Wellington Airport:

- The absence of detail contained within the version of the application made available for our consideration limited our ability to provide a detailed analysis of the potential impact of the proposal. WIAL has an established knowledge base which is likely to provide useful supporting information on these issues for the use of the Ministry. If the Ministry is prepared to supply further detail WIAL will be pleased to prepare and provide this.
- Although only limited information has been made available for use in evaluating the potential impact of the proposed Alliance, initial analysis has identified clear potential for the arrangement to restrict growth on the affected routes to the detriment of consumers.
- While it is not an express requirement of section 88(2) of the Civil Aviation Act 1990, WIAL considers that the Ministry should undertake a comprehensive, robust and transparent cost-benefit analysis of the likely effects of authorising the proposed Alliance. I note from your email that alongside the specific provisions of s.88 of the Civil Aviation Act you will also consider the overall public benefit in your deliberations. WIAL considers that it is well placed to assist the Ministry with evaluating the

Wellington Airport Limited

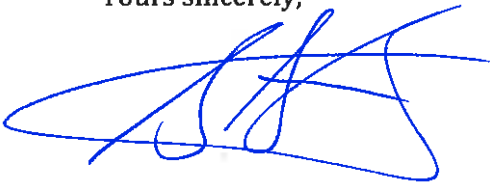
Corporate Office TEL +64 (4) 385 5100
Main Terminal Building FAX +64 (4) 385 5139
Stewart Duff Drive EMAIL mail@wellingtonairport.co.nz
PO Box 14175 www.wellingtonairport.co.nz
Wellington 6241
New Zealand



- **cost-benefit information and requests further involvement in this process as it progresses.**
- **WIAL acknowledges that the airline environment is dynamic and challenging and commends the applicants for developing innovative solutions with the potential to enhance their business. There is no desire on WIAL's part to oppose such ambitions, as airline success is paramount to the growth prospects of our own organisation. That said it is vital that the potential impacts of collusive agreements such as the proposed North Asia Alliance Agreement are carefully considered to ensure that any associated benefits will be realised and detriments avoided where possible. In WIAL's view such consideration requires transparent analysis of the associated costs and benefits subjected to public scrutiny. It is only through this process that the Ministry will obtain the full and informed views of affected parties - information which is certain to add weight and confidence to the Ministry's final decision.**

As previously stated WIAL will be pleased to conduct further detailed analysis regarding the potential impacts of the proposal should the Ministry accept our offer and provide further detail regarding the Application. I sincerely hope that you will accept this offer.

Yours sincerely,



Steve Sanderson
Chief Executive Officer