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**FAX**

**To:** Hon Minister of Transport NZ **Fax:** 644 495 8445  
**From:** Nick KHe - MD **Date:** 12 / 05 / 2006  
**Subject:** Code Share Agreement - QF & Air NZ **No. of Pages:** 3

**HIGH PRIORITY**

"Attention Annette King"

Dear Minister,

Please find enclosed a **Letter of Objection** in relation to the proposed Code Share Agreement between Qantas and Air New Zealand concerning the Trans Tasman market.

As we are active it would be greatly appreciated if Jumpjet could be duly listed for the purposes of submission.

Cordially,

Managing Director

*pls draft short reply, saying yes thanks for submission etc.*

Registered Office: Level 1, Stewart Dawson Building, 2 Willis Street, Wellington, New Zealand

16 May 2006

Nick Kile  
Managing Director  
JumpJet Airlines Limited  
P O Box 30031  
**LOWER HUTT**

Dear Nick Kile

On behalf of Hon Annette King, Minister of Transport, I acknowledge your letter of 12 May 2006 concerning the proposed code-share agreement between Qantas and Air New Zealand.

You may expect a personal reply from the Minister in due course.

Yours sincerely

Anya Zohrab  
**Private Secretary**



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**Jumpjet Airline Limited**

PO Box 30031  
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12 May 2006

Ref: Pol.06

Hon Annette King  
 Minister of Transport  
 Parliament Building  
 Wellington  
 New Zealand

Fax: 644 495 8445

Reception: 644 471 9999

Dear Minister,

**Jumpjet Holdings Limited - Objection to Code Share – QF & Air NZ**

We take this opportunity to formally place objection in relation to the Code Share Agreement pending between Air New Zealand and Qantas Airways concerning the Regional International Trans Tasman market.

The Jumpjet<sup>®</sup> objection to the Code Sharing Agreement (CSA) is submitted for the following reasons: -

1. The key reason for seeking regulatory approval via such an agreement is to allow Qantas and Air New Zealand a form of clearance that would permit both companies to cease competition on the Trans Tasman routes, which is the prime function of any code sharing agreement.

The regulatory approval confirming the CSA is likely to remove both carriers legal compliance responsibilities under Section 36A of the Commerce Act 1986 and possibly the Australian Trade Practices Act 1974. Without this protection the probability of Jumpjet<sup>®</sup> gaining investment necessary to fully capitalise the company reduces dramatically.

It is also our advice that, should the CSA be approved, Qantas and Air New Zealand will be in a position to vary fares and capacity in a predatory sense. Thus, strategies using parent, subsidiary companies and the Star and One World Alliance partners network would be open to be utilised against existing and new entrant carriers in the Single Aviation Market.

2. Another highly likely result of the CSA is the formation of an informal duopoly Association incorporating the Virgin Patrick/Group's Pacific Blue carrier. Thus further reducing competition and creating a market lockup that would also constrain Jumpjet<sup>®</sup> from gaining Trans Tasman access to introduce services into the Wellington Region. *(Virgin's untypical public silence portrays an understanding that the company would gain greater market share with less competition under a Code Share scenario)*

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3. Within the last 24 months Qantas and Air New Zealand parent and subsidiary companies, on all Trans Tasman Route structures, have themselves **increased capacity** by some 65 sectors per week or approximately 15%. Thus, increasing seat capacity in the total market by an estimated 450,000 seats per annum.  
*(Research Templates - available on request)*
4. It is entirely possible for airlines with relatively sizeable fleets to purposely raise capacity in order to strategically lower the **Load Factors** and portray a desired result for political purposes. Also, any analysis considerations should be directed at the total fleets of both carriers to achieve accurate scrutiny of the strategies being used.
5. The Qantas and Air New Zealand subsidiaries, **JetStar, Jet Connect and Freedom Air**, function as strategic arms of the parent companies and the likely strategies and effects of future fleet usage should be collectively analysed.
6. Another significant factor is that the **Star Alliance Partners and One World Alliance Partners** are networked and positioned to assist in any predatory activity.

**Is a Code Share necessary?**

Currently, both carriers are legally permitted to vary **capacity, load factors and ticket pricing** within the spirit of **fair competition**. Any officially authorized departure, by Qantas and Air New Zealand, from jurisdiction under the **Commerce Act 1986** or the **Trade Practices Act 1974** would lessen competition in the market and be detrimental to the consumer. More particularly, the air travelling public to and from the Wellington Region.

We agree that the most effective forum to evaluate such voracious strategies is the NZ Commerce Commission and the Australian Consumer and Competition Commission.

Respectfully yours,



Nick Kile  
Managing Director

cc. Merger Commissioner-Australian Competition and Consumer Commission  
"Attention GM Mergers (Tim Grimwade)"