

We have a multi facet business. My wife and I grow olives and peonies in Blenheim. In addition we still retain business links - my wife with the museum world as a consultant and myself as a consultant to clients in the finance sector.

In all capacities we rely heavily on air for freight and for travel.

Our issues are :

Freight Competition

The only way we can get our peonies to the offshore markets is by air and then using sophisticated chill chain facilities. The withdrawal of United leaves a big gap in the freight to the US and beyond. An Airnz/Qantas deal makes this worse because there is simply no requirement for the joint airline to compete with anyone!!

Getting the flowers from Blenheim to the exit port is a hassle now but without the support of Airnz (competing with everyone) we are worried that we will be bumped in favour of more convenient (lower volumetric) products. Origin Pacific are there now but facing Airnz/Qantas competition do you really think that they will stay? And once they are gone do we look at deliveries once a week? We need a daily service within NZ and then out of NZ.

Actually it's the same message in all our areas of concern. Join Airnz with Qantas and the competition just melts.

Passenger competition

We both fly often to Wellington both for business and family. I fly a lot to Christchurch and Invercargill.

Right now it's hard - for an 11am meeting in Invercargill I have to leave here on 25 Feb, overnight in Wellington, 6.50am out of Wn, 5.25pm ex Invercargill, overnight in Wn and then Blenheim to Wellington on 27 Feb. Three days for a 6 hour meeting!!! My point is that it's bad now but join two big players and they just won't care!!! I'll end up driving to get there in time.

Marketing

On an Airnz flight from London last month they served my wife Australian wine!

Our olive oil goes to a marketing company which provides oil to Airnz for first class passengers

Under an Airnz/Qantas tie up guess whose wine they will continue to serve and guess whose oil they will switch to?

Are we really to believe that under the merged deal NZ will be promoted in it's own right or is it more likely that the emphasis will be on Australia? This is not about nationalism its about preserving the identity of the things from which many New Zealanders derive their livelihood. I live in a tourist centre, Marlborough, and I fear the effect on tourism. New Zealand has always been regarded by Australia as another Tassy and in any tie up this attitude would only get worse..

Equity

Who pulled the plug on 'Open Skies'?

Who talked who out of Singapore Airlines?
Who gains from shutting down the competition?
Who frees up their equity stake if a deal is done?
Who has botched the latest chapter of the deal from the outset?

Options

Would Air survive a price war?? Well that's the question the CC might be thinking about. My pick is that, if frustrated, Qantas will become belligerent but it is this belligerence which the CC should be looking at and one imagines has views about.

There can be no doubt at all that an Airnz/Qantas deal is just bad for all NZ. But say "No" and let other players come in if they want to and everyone will be better off. Airnz may or may not survive but at least you won't have ensured the perpetuation of a monopoly to ensure that no one else does. My understanding is that there are at least three bidders for the Wellington railway system.

Who gains?

Putting Airnz/Qantas together is said to serve the longer term viability of Airnz. I doubt this. Rather I see it as a way of ensuring the ultimate demise of Airnz. Left on its own, if it is the good deal which clearly Qantas thinks it is, there will be other alliances and likely alliances which will preserve the independence of Airnz. The Airnz/Qantas deal is easier for management. I'm sure that their hearts are in the right place but colour-blind people cannot be blamed for seeing red as green or whatever.

Bottom line

All that said how on earth could there be any advantage to anyone through an

Airnz/Qantas tie up??

The Government wants out but they stuffed the Singapore deal in the first place. As for a joint AU/NZ approach Commerce Commission/Au equivalent - the competition issues are largely this side of the Tasman. The Au competition body will have concerns about Australia and maybe trans Tasman but the real issues are here. No surprise that the NZ Govt is said to be pushing for a joint consideration. Who wants out of the shares they should never have bought???

As exporters we just can't see any merit in the 'alliance' (take over) if fact we see only downside at least ultimately

As travellers we can't see any merit in the alliance or take over - the specials will simply disappear after about 3 months. Why have specials if you are the only game in town?

Ultimately we would rather take our chance with an Airnz which might fold but with the prospect of new players coming in. Let Airnz and Qantas join now and we are dorked forever.

Regards

Jeremy Laurenson