

Dear Janet,

I am making this submission on behalf of my personal interests, business interests and also in my position as an Executive Board member of the Screen Directors Guild of New Zealand (SDGNZ).

The SDGNZ has executives in Auckland and Wellington which require regular travel to their meetings. These meetings have been encouraged and facilitated through Air New Zealand's new low price air fair structure which would likely be adversely impacted by a decrease in Air New Zealand's competition from Qantas. I understand the airlines have acknowledged that passenger costs to the public are likely to rise. This would limit our ability to organise our Executive effectively. Airlines operate complex fare structures. Cheap deals are available care of bulk purchases. It seems likely that only one seller of air travel operating in the New Zealand market would jeopardise these discounts.

Air New Zealand promotes New Zealand culture overseas and has been beneficial particularly to our wine industry. Air New Zealand also features New Zealand music. At the moment, Air New Zealand has the grace to serve some extra special Australian wines; Qantas does not return the favour. Given these facts, it seems unlikely that Qantas would work to promote New Zealand products or culture.

Air New Zealand screens inflight audiovisual information programmes (videos and films) about destinations to which it flies. Over the past ten years the New Zealand television advertising industry has been diminished as high production value work has migrated across the Tasman to Sydney, Australia. This has reduced the work opportunities available to our members, it has also reduced the value of product produced in the New Zealand audiovisual sector of the economy. Qantas has an "in-house" production facility in Sydney. I am concerned that an alliance between Air New Zealand and Qantas would see inflight audiovisual material produced outside New Zealand. Similarly to the television advertising industry, this would reduce the work opportunities available to our members and the value of the audiovisual sector to the New Zealand economy.

Further, it is likely that if inflight audiovisual material were no longer produced in New Zealand it would cease to reflect New Zealand's culture and cultural products. New Zealand's culture and cultural products currently distinguish New Zealand (in particular as a tourist destination) from its main competition - Australia. This would negatively impact on the New Zealand tourism market.

I am concerned that, with the publicly announced departure of United Airlines (with its US/NZ service) from New Zealand, there will likely be no access to the US for Star Alliance members in New Zealand if an Air New Zealand/Qantas alliance is allowed. Perhaps more importantly, there will be no access to New Zealand from the United States (or Canada) for Star Alliance members. This will negatively impact New Zealand's tourism market. Also, as a result of the United Airlines departure from New Zealand, if an alliance between Air New Zealand and Qantas is allowed they will be an effectively monopoly in the international US/NZ air passenger market. I understand that these competition concerns are country to s61(6) Commerce Act 1986).

There does not appear to be any airline to replace United Airlines' role in New Zealand in the predictabe future.

In the recent past I have accumulated a substantial balance of Air Points/Air Miles in the Star Alliance network of airlines. Since the

collapse of Ansett Australia and the subsequent lessening of Australian airline market competition and access to Star Alliance members in it, I have been waiting in the hope of being able to use these benefits in the Australian airline market through Air New Zealand. An alliance between Air New Zealand and Qantas would jeopardise Air New Zealand's membership of the Star Alliance and diminish my chance of using these benefits. It would reduce my chances of my redeeming these benefits in New Zealand and on route to the US (with the recent withdrawal of United Airlines from the New Zealand).

Please would you acknowledge receipt of this correspondence.

Yours sincerely,  
Morgan Read.

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Morgan Read Film  
19 Clarke Road  
Royal Oak  
Auckland  
New Zealand  
mailto:mrffilm@pl.net  
Ph/Fx:  
+64-(0)9-634.6338  
Mb:  
+64-(0)21-73.23.63  
GST #: 42-752-061