

64 7 878 8472

19/05/2003 15:50

Tel/Fax # 07-878-8472
email: chambers@xtra.co.nz

“Chequers”,
Tiki Tiki Road,
R.D.1, Te Kuiti

BY FAX TO: 04-924-3700 – 1st of 2 pages

Mr Ian Graham,
Commerce Commission,
Wellington.

19th May 2003

Dear Mr Graham,

Re: Proposed Purchase of Air New Zealand Shares by Qantas

Further to our telecom on 8th Instant, please find below my submission **AGAINST** the proposed purchase of **ANY** Air New Zealand Shares by Qantas:

- 1) I fly to the United States and Europe between 4 and 6 times per annum and, given that:
 - a) Air New Zealand and Qantas are now the only 2 airlines flying non stop between New Zealand and the United States (Air New Zealand currently operating 17 non stop Auckland/Los Angeles flights per week and Qantas operating 7 non stop Auckland/Los Angeles flights per week) and,
 - b) Air New Zealand and Qantas are now the only 2 airlines flying between New Zealand and the United States which do not involve an overnight stay en route and at additional cost then,

I am concerned that any shareholding of one carrier in the other will result in collusion and that, as a consequence, there will be no effective competition on this route; being a route which is vitally important for NZ leisure and business travellers, cargo and overseas visitors to New Zealand and, to a lesser extent, Australia (ie those visitors from or via the United States who visit both countries during the same vacation).

- 2) The NZ Government Statistician’s website gives a good indication of the importance of the United States/New Zealand route for New Zealand (and partially Australian) tourism:
 - a) during 2002, the number of visitors from the United States was 205,289 and this was exceeded only by the number of visitors from Australia (632,470)and from the U.K. (236,986) ie the United States is the close-second-highest visitor origin for NZ and,
 - b) between 1996 and 2002, visitor arrivals from the United States increased by 28.2% and this does not include visitor arrivals from Canada (which increased by 37%) or from other countries via the United States ie from the U.K. (which increased by 73.6%), from the rest of Europe (which increased by 36.9%), etc and,

64 7 878 8472

c) during this same period, visitor arrivals from all countries to NZ increased by only 25.4% and short term departures by NZ residents to all destinations increased by only 18.4%

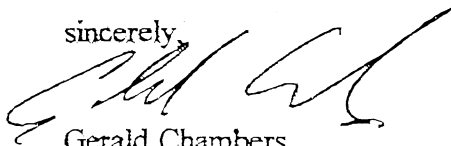
and

d) although, during the same period, visitor numbers from Australia increased by 45.1%, the increase for the last 2 years, 2001 & 2002, was only 0.3%.

(This dismal growth in visitor arrivals from Australia in the past 2 years may partially explain the latest Air New Zealand/Qantas offer to hold trans Tasman fares for 5 years and, presumably, their offer relates only to full published fares).

4) In conclusion, if the Commerce Commission gives Qantas and Air New Zealand immunity to collude, the consequences for both countries will be far worse than they were in the days when British Airways, Qantas & Air New Zealand, got behind the shed each year and fixed the prices. This time, not only will the 3 airlines be linked, so too will the One World and Star Alliances.

sincerely,



Gerald Chambers