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To: NZ Commerce Commission

From: New Zealand Paeony Society Inc.

Subject: The Draft Determinations of the Commerce Commission on the matter of an application for authorization of an alliance involving Qantas Airways and Air New Zealand.

The New Zealand Paeony Society Inc. is an organization representing commercial growers of paeony flowers. Current membership of the Society is 231. Paeony growers export ninety per cent of their production and are completely dependent on air freight services to get flowers to the overseas markets promptly with no detriment to quality. Sixty per cent of exports are to the North American market and with the New York market being the major part of this market. Exports of paeonies to the Asian and European markets are showing steady growth.

The New Zealand Paeony Society supports the conclusions reached by the Commission in the Draft Determinations that the application for the proposed Qantas/Air New Zealand alliance should not be authorised.

The New Zealand Paeony Society supports the findings of the Commission in paras 198..201 that there are significant differences between the cargo services offered by passenger airlines and cargo airlines such as significantly higher costs, less suitable routes and lack of frequency.

The only service suitable for the transport of paeonies to the market place is passenger service belly hold. With the importance of the North American market to paeony growers and the demise of United Airlines on this route, the possibility of a further reduction in competition on this route is very likely to lead to less flights resulting in less belly hold space being available and considerably increased charges.

The New Zealand Paeony Society supports the findings of the Commission in paras 567..73.

The New Zealand Paeony Society supports the Commission's View contained in paras 819, 821 and 822 and in particular that freight benefits flowing from the proposed Alliance are likely to be nil.

Submitted by:
Alan Marshall
Secretary
New Zealand Paeony Society Incorporated