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The Chairman
Commerce Commission
Wellington

Submission on the proposed Qantas / Air New Zealand Strategic Alliance

Dear Commissioners

I write to request the opportunity to present to the Commerce Commission in respect to following concerns which I hold in respect the abovementioned Strategic Alliance, namely:

1. The impact on competition levels between Wellington and Australia;
2. The impact on domestic competition levels;
3. The future availability of seats for the use of Frequent Flyer / Airpoints.

A summary of the issues that I wish to address are:

1. Wellington is served by only two international airlines – Qantas and Air New Zealand, unlike Auckland where other airlines operate on Tasman routes. On several occasions over the last twelve months I have become aware of differential pricing between Auckland – Sydney relative to the Wellington Sydney flights, operating on the same day, and with the same notice period, which I assume the price differential is a direct response to the presence of other operators on the route. The proposed alliance offers little in the way of protection from a misuse of pricing ability on the Wellington trans Tasman services;
2. My concerns in relation to the issue of domestic competition are essentially similar to 1 above;
3. New Zealanders are major accumulators of Airpoints through Airline, Bank and other loyalty schemes. Given the proposed Alliance has, as one of its objectives, the increased the utilisation of aircraft, there appears, in the public papers made available to be no safeguards to ensure adequate provision of seats for the redemption of Airpoints/Frequent Flyer Points. I believe that there needs to be a stated minimum number of seats allocated on each trans Tasman and domestic route for the redemption of these points. This has been an issue of considerable discussion in Australia.

I formally request the opportunity to address in person the commission on these points.

Yours faithfully



G. Andrew McDouall

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