

The Chairman
The Commerce Commission
P O Box 2351
Wellington

22 December 2002

Dear sir

Submission on the proposal for Qantas to take a significant shareholding in Air New Zealand

The following is my submission.

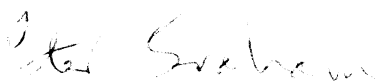
There is no doubt that, if the proposal is approved in its present form, there will be a significant reduction in competition in air travel particularly in New Zealand.

On the other hand it seems almost certain that, if Air New Zealand does not achieve a significant backing from a major air line, it will be in dire trouble financially (again) in three to four years time. In other words its medium to long term future even with the backing of the Government but without a cornerstone shareholding by a major operator is extremely problematical at best. However there are not many of us who want to witness the demise of our only national airline.

The solution to this dilemma seems to be for the Commerce Commission to approve the proposal, subject of course to it being satisfied that the proposal would produce a substantial national benefit, but require as a major condition that Air New Zealand sell Freedom Air. This would enable someone like Virgin to buy it and provide the basis for active, lively competition. I am sure that neither Air New Zealand nor Qantas would shrink from this situation.

I hope this scenario is helpful.

Yours faithfully



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