

Chris King

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4 February 2003

The Chairman,
Commerce Commission,
PO Box 2351, Wellington.

Dear Sir, Quantas/Air New Zealand

I write to express my concern, and that of my family, regarding the proposal for Quantas to buy into Air New Zealand. The idea of selling shares in New Zealand's own airline to its Australian competitor must fail at the very outset because of the anti-competitive aspect of the proposal, an aspect any clear thinking business Director would consider enough to condemn the proposed transaction without further consideration. That the Commerce Commission have even been asked to look at the proposal is beyond belief.

However, leaving aside the obvious anti-competitive aspect, there are other matters which I submit should lead to abandonment of the project, or, at the very least, need careful scrutiny.

It has been acknowledged by the airlines that air travel costs would rise, this at a time when Air NZ needs to do all possible to protect our \$850 million investment by offering incentives rather than turning passengers away. Any increase in fares and/or freight charges cannot be of any benefit to the public and certainly not to the commercial sector.

The question of supervisory control of a joint venture also needs much consideration, but the public are not privy to management proposals which makes any pertinent comment difficult. The Commission should make sure the general public is made fully aware of the management proposals. This may necessitate extension of the deadline date for submissions or may be covered in your draft determination. The whole question of an alliance is too important to be rushed and I submit that the public needs more time and information in order to contribute to any debate.

In terms of the Commerce Act 1986 I believe the Commission can only come to the conclusion that the proposals would not be in the public interest, but time is not of the essence in this case and deadlines should be extended.

I take exception to Hon Michael Cullen's comment on "irrational anti-Australian sentiment". There are plenty of hard factual reasons for opposing the transaction without introducing "sentiment" into the debate, although of course sentimental, or loyal New Zealanders with a love for their country, can justify good reasons connected with national pride for opposition to the proposals.

I await your Commission's draft determination with interest and am quite confident that you will deal with the matter in a fair and just manner having regard to the Commission's responsibilities under the Commerce Act.

Yours sincerely,

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