

Submission on the proposed Air New Zealand / Qantas alliance

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I wish to make a submission opposing the proposed Air New Zealand / Qantas alliance, on the grounds that it is not in the National Interest.

The proposed alliance will largely eliminate competition from the routes concerned and create a powerful monopoly. Between them, Air New Zealand, Qantas, and subsidiaries (e.g. Freedom Air and Air Pacific) already dominate the Trans-Tasman, Trans-Pacific and domestic New Zealand routes. The alliance will create a virtual monopoly and inevitably lead to increases in air fares and freight charges, and a reduction in service. It will be difficult, if not impossible for any other airline to break this dominance. The airlines' estimates of "public benefit" can not be substantiated and Economics has shown that such a monopoly will be profitable only at the expense of the public.

I urge the Commerce Commission to reject any proposal joining Qantas and Air New Zealand. The airlines are the two traditional competitors in this region, they belong to different airline alliances (Oneworld and Star Alliance respectively) and they have different objectives (Qantas' being purely to eliminate competition in its 'back yard'). If an alliance *must* be allowed to proceed, then strict controls must be put in place. My preference would be that one of the two airlines sells all duplicated routes, services & facilities to a third party, and agree to stay out of these markets for a minimum of five years. Competition would then be allowed to flourish - and this would be in the National Interest.

The proposal before the commission is arguably the most important that it has ever dealt with. Political pressure does not help. I again urge the Commerce Commission to remain focused on the objective - the National Interest - competition.

My interest is as an employee of an air freight company, a concerned passenger and a Transport student. I do not own any airline shares, but do use the services of both airlines on a regular basis.

Doug Weir