

34 A Balclutha St  
Dunedin

12-2-03

Mr John Belgrave  
Chairman, Commerce Commission  
PO Box 2351  
Wellington

Dear Sir,

Future Composition of Air New Zealand's Board

In all the published comment on ANZ /QANTAS working together, I can find no reference to the disadvantages and detriments our New Zealand airline suffered for years, when we last had Australians, and notably Qantas Directors, on our Board.

Despite the Australian members being in the minority, it became obvious that they held back route development in the NZ area, and frustrated the NZ Management plans for introducing a jet to service the growing traffic. It was also obvious that the much larger Australian airline valued their position for monitoring their smaller cousin from its Board level.

The era I refer to, was when TEAL had piston-engined DC6's, flying mainly Trans Tasman routes. TEAL management after much research, route studies and economic assessments, made a firm recommendation to replace the DC6 with the DH Comet 4. This gained the support of all their New Zealand Board members. However the Australians did not agree and there was a clear Trans Tasman rift at Board level. They wanted TEAL to order the Lockheed Electra turbo-prop, despite the fact that Qantas was centering on the new Boeing 707 for their long haul routes, thus "going jet" themselves.

In the end, TEAL was instructed to order the Electra. So for the next 7 years or more, Teal was limited to the slower turbo-prop speed and range of the Electra, and remain predominately on services to Sydney and Melbourne where Qantas then took over for long range travel beyond. Teal was just a regional feeder like the Australian domestic operators across the Australian continent.

It was not until TEAL became wholly NZ-owned, renamed as Air NZ, and (significantly without Qantas influence) re-equipped with DC8 jets not 707's, that we then made good use of our traffic rights, developed as a long haul carrier, and able to plan an expanding long term future.

Qantas at that time could not be blamed for looking after its own larger and long term interests, nor can it be today. It will always be much larger than Air NZ, and we should not try to interfere with its policies in routes and areas totally remote from Air NZ.

But likewise it would be folly to invite Qantas back onto our Air NZ Board and grant them an opportunity to repeat what happened in the 1950's and 60's. Their offer to buy shares could be regarded as their subscription to legally eavesdrop at Air NZ board level once again, and to influence decisions to favour Australia.

K.W. Cory-Wright C Eng. MRAeS

