

The General Manager
Adjudication Branch
Australian Competition and consumer Commission
PO Box 1199
DICKSON ACT 2602
Australia

BY EMAIL: adjudication@acc.gov.au

Friday 12 May 2006

Dear Sir

Re: Submission expressing general concerns about the impact on Wellington of the proposed Qantas-Air New Zealand Code Share Agreement from potentially anti-competitive behaviour.

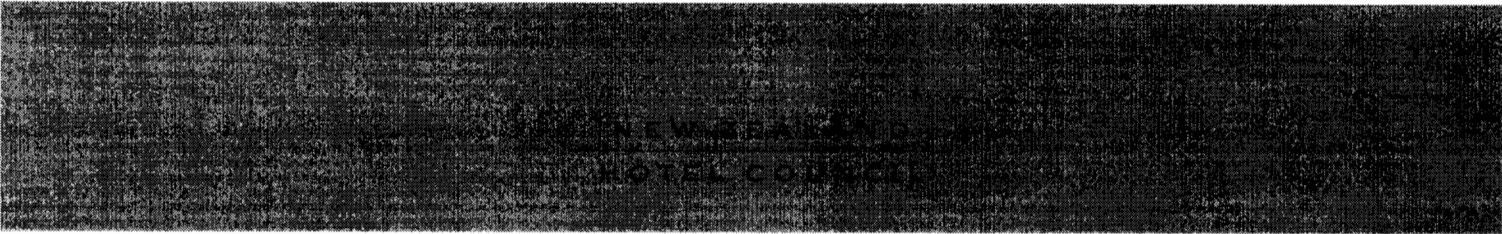
I have been asked to write on behalf of the 20 International, and Locally owned hotels that are based in Wellington and rely on regular air services to provide over 95% of their guests, around 16% of whom currently originate from Australia. The number of visitors who travel from Australia to Wellington is expected to grow as the region's tourism promotion organisation increases its marketing budget into selected Australian states.

Wellington is a distinct market for the Trans Tasman. It is a short haul market that requires convenient direct services. Ideally, passengers want a choice of airlines that will fly direct to the major destinations in Australia.

Air New Zealand and Qantas are the predominant airlines servicing the Wellington market with the only 'outsider', Pacific Blue, offering a service to Brisbane three times a week and from there on to other destinations – a service that cannot compete with direct flights on cost and/or convenience.

The real concerns Wellington hotels have are:

1. Code sharing will reduce both the number of flights and the available between Wellington and Australia. Research shows that the number of available seats has a direct bearing on traffic volumes. A reduction in the number of seats available will inevitably lead to a decrease passenger numbers.
2. The likelihood that code sharing will lead to increased ticket prices (particularly at peak times) as the result of reduced airline capacity and diminished competition.
3. That the proposed code share agreement between Air NZ and Qantas will not be subjected to the same rigorous scrutiny as their earlier, albeit different, application to



join forces.

I would like to be kept informed in relation to the application for authorisation.

Thank you for this opportunity.

Yours faithfully,

Chris Parkin
Chairman
NZHC Wellington Region

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