

## Simmonds, Martine

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**From:** Nick Hodgson [nickliveshere@gmail.com]  
**Sent:** Thursday, 11 May 2006 10:34 PM  
**To:** Adjudication  
**Subject:** Qantas/Air NZ Codeshare Agreement

I am writing to express my support for the proposed Codeshare Agreement. This is the only logical step left for both airlines in what is an unsustainably competitive market.

In answer to the specific questions posted on your website:

The market has changed dramatically since 2002. Capacity has increased overall and with the soaring prices of fuel the losses incurred in this market have ballooned. Emirates and Pacific Blue have a much greater presence out of all the main cities and prices have become even lower with the introduction of more services and new airlines such as Jetstar. Service levels have increased with the introduction of newer products such as Inflight Entertainment units but financially the situation has become far worse.

Currently the state of competition is unsustainable. Fuel prices are climbing, yet massive overcapacity does not allow for any real shift in upward pricing. Qantas and Air New Zealand sustain huge losses as a result of their major commitment to the market, yet other lower cost airlines suffer very little affect due to their lower cost bases.

Other airlines, such as Emirates are not affected, firstly because they are subsidised by their own government but also because they are only operating feeder services to other international destinations.

Sitting on the tarmac in Australia is costly, so the alternative to fly already has financial benefits.

There are very few barriers to entry in the market. The Tasman is one of the most open stretches of airspace in the world. In terms of expansion, we can see from the example of Pacific Blue how easy it is to expand the market. There are developments occurring regularly in the market and new entrants such as Jetstar also bringing about lower fares.

Fares cannot increase because of the TNA in the market. This suggestion is ridiculous. The market is so competitive that any price increase would lead customers to fly with other cheaper alternatives.

Airlines such as Emirates and Pacific Blue would be able to effectively control pricing in the market. With the massive overcapacity that currently exists and the amount of spare seats that Emirates flies with everyday, this could easily be used to lower prices and stimulate further demand should either of the codeshare partners proceed with price increases.

The benefits to the public from the TNA are numerous. They will offer much better scheduling, but also more efficient use of resources in other markets which require attention. Increased frequency of services through code sharing will suit the public far more.

The decision to allow the codeshare to proceed is the only logical one left. The market is unsustainable. The trend in aviation around the world is for airline mergers and codeshare agreements. Both airlines use them effectively throughout their networks with many international carriers to great effect. Prices have certainly not been affected!

I urge you to see the logic in the proposal and allow the codeshare to proceed. It falls well short of the merger which should have been allowed years ago, but is the only step left.

Regards,

Nick Hodgson