

# Meeting record



Other Parties ACA: Gordon Renouf	Date 8 May 2006
Norm Crothers	Time 4.00 pm
ACCC: Scott Gregson, Isabelle Arnaud	<input type="checkbox"/> Phone To
Carl Toohey, Gina D’Ettorre	<input type="checkbox"/> Phone From
Location: Choice Office, Marrickville	<input checked="" type="checkbox"/> Meeting
Subject: Qantas Air New Zealand Application for authorisation	<input type="checkbox"/>

ACCC staff met with the ACA to discuss the Qantas/Air New Zealand application for authorisation (the application) in terms of its potential to impact on consumers.

The ACCC provided an overview of the application and advised it would focus on the competition issues in light of the Tribunal’s decision in 2004.

The ACA commented the proposal does not appear to be different from the previous application in terms of the impact on consumers.

## COMPETITION

The ACA raised the following concerns:

- the conduct, if authorised, would erode competition even further and make it harder for Virgin (Pacific Blue) to compete
- the trans-Tasman Agreement (TNA) would adversely impact competition on the Wellington routes
- only Virgin is competing with Qantas and Air New Zealand on the Christchurch route and they can price competitors out of the market.

The ACA was of the view that the entry of Jetstar on to some of the trans-Tasman routes will make it more difficult for Virgin to compete.

The ACA considered that cheap fares may remain on some routes, but not others. Another issue is the number of seats offered at those cheap fares.

## CONSUMERS/BENEFITS

The ACA considered that some of the claimed benefits could be achieved without the Trans Tasman Agreement (TNA). The ACA further commented that many of the public benefits claimed in the applicants’ submission did not appear to be dependent on a price fix/TNA.

The ACA advised it was hard to put a value on Frequent Flyer Programs (FFP) and choice.

It considered, however, that the most important thing for consumers, far above FFPs is price. That is, the lowest possible fare was the highest priority for a consumer. The ACA commented the 'ordinary' traveller is prepared to put up with a lot to ensure the lowest possible fare.

The ACA advised it had conducted an Australian survey (in relation to domestic travel) in 2005 which indicated that Virgin was consumers' preferred carrier. The survey indicated consumers were dissatisfied with Qantas and its frequent flyer program because of the difficulty in using frequent flyer points.

The ACA undertook to provide the ACCC with the results of the survey.