

**From:** D'Ettorre, Gina  
**Sent:** Thursday, 22 June 2006 5:46 PM  
**To:** 'laurie.hannan'  
**Cc:** Toohey, Carl  
**Subject:** Qantas - Air New Zealand authorisation [SEC=IN-CONFIDENCE]

Dear Mr Hannan

I am contacting you in relation to the Qantas and Air New Zealand application to the Australian Competition and Consumer Commission (ACCC) for authorisation of a trans-Tasman Network Agreement (TNA).

I understand you are the slot co-ordinator in New Zealand. As part of the ACCC's assessment of the TNA proposed by Qantas and Air New Zealand, the ACCC is interested in issues surrounding access to slots.

Specifically, the ACCC would appreciate if you would consider providing information in relation to the following:

- Would Virgin Blue/Emirates be likely to face any difficulties in gaining access to slots at any of the major airports in New Zealand should it decide to increase service frequency on the trans-Tasman? Is there a difference between 'peak' and 'non-peak' periods in this context? Could Virgin Blue/Emirates gain access to slots to match the frequency of Qantas or Air NZ on the main business routes from Sydney/Melbourne to Auckland/Wellington?
- In the event that the TNA is authorised, and Qantas and Air New Zealand remove capacity from certain routes, what would happen to the associated slots? Would Qantas and Air New Zealand be free to use these slots for other international routes (i.e. non trans-Tasman) and domestic routes, or would they be re-allocated to other airlines operating on the trans-Tasman?

If you can assist the ACCC with respect to the above information please let me know if you would prefer to provide a written response to these questions, or if a telephone conversation would be more convenient.

In the event of a telephone conversation, please let me know your contact details and a suitable time in which to call you.

I have attached a copy of the Qantas and Air New Zealand's submission in support of the application for your information. I have not included the attachments to the submission because of their size, however if you think it would be useful please let me know and I can forward these also. If you would like further information, please do not hesitate to contact me at the above email address or on 03 9290 1483.

Thank you very much for your assistance.

Regards

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I have not seen the Air New Zealand and Qantas submissions (they were not attached to your e-mail) and I have not been approached by either carrier seeking any change in slots for the TNA, but I assume that they basically seek to eliminate wingtip-to-wingtip flying on some routes and to provide a greater spread of services, albeit at some reduction in frequency.

There is no simple answer to your first question. The challenges in gaining slots are not carrier specific, but more likely to relate to

1. peak vs. off peak - ie: more difficult to get slots in the peak (being for AKL 1030-1530lt daily and Christchurch 1330-1515lt daily) and
2. aircraft type ie: carrier using a small aircraft (say a 737 or A320) might find a slot available whereas a large aircraft would not fit (unlike Sydney, where the major slot constraint is the cap on hourly runway movements, at Auckland and Christchurch the major constraint is passenger flow rate through the terminal).

Issues will arise for carriers on the Tasman with or without the TNA –

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Some times of day are wide open in terms of slot availability – I can identify many daytime periods of over an hour during the week when there are NO international movements scheduled (slots only apply to International movements). I cannot judge whether or not those times would be suitable for what a carrier might consider a competitive Tasman schedule.

It might be possible for Air New Zealand and Qantas to swap slots to achieve their proposed TNA timings – equally it might be possible for Emirates or Virgin Blue to effect a swap with some other carrier (there are up to 9 other carriers operating in the peak period at Auckland).

If TNA is approved there are two possible outcomes:

- Air New Zealand and Qantas might decide to use their New Zealand slots for services to other destinations – they would be free to do so, but commercially attractive timings for Tasman services might not be so attractive for other routes
- the two carriers might relinquish their New Zealand slots, in which case they could be acquired by other carriers, but not necessarily for Tasman services (there is no regionality in slot allocation) and I am aware of at least two non-Tasman carriers which would welcome the opportunity to improve the slots which they are holding at Auckland