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J u m p j e t A i r l i n e s L i m i t e d

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17 May 2010

Ref: Leg/12.1/02.1

Brian Cassidy
 Chief Executive Officer
 Australian Competition & Consumer Commission
 P O Box 3131
 Canberra ACT 2601
 Australia

Phone: 612 6243 1124

FILE No:	
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Dear Mr Cassidy,

Subject: **Code Share Alliance: Single Aviation Market**

We have considered our position in relation to the recent application for a non-equity marketing alliance between the **Virgin Blue** Company and **Air New Zealand** to the Ministry. As we understand, the Code Share alliance is applied for within the Single Aviation Market (SAM).

Jumpjet remains neutral on the issue due to challenging circumstances in relation to the capitalisation of the airline, currently, in an **Early Stage** status.

Any form of perceived reduction in the competitive market may well benefit our quest for investment and proper capitalisation of the company.

We note the following contentions that you would no doubt have considered: -

1. **Virgin Blue** maintains an alliance with **Emirates Airlines**, a high net worth global airline introducing unlimited capacity into the SAM.
2. The increasing predatory nature of other global carriers (*eg. Air Asia*) and their potentially unlimited introduction of capacity into the SAM.
3. The impact of **Tiger Airlines**, a part sovereign owned carrier with the availability of immense foreign funds, operating in the SAM having been operating in that market since 2007 and accumulated continual considerable losses (Claims break-even last financial year). Thus, this airline is identified as a predatory operator against a backdrop of the most intense subsidised airfare war in Australia since fare records began in 1992.
4. The key reason for seeking regulatory approval via such an agreement could be to allow **Pacific Blue** and **Air New Zealand** a form of clearance that would permit both companies to cease competition on the Trans Tasman routes, which is the prime function of any alliance agreement.



5. The regulatory approval confirming the **Code Share Alliance** could remove both carriers legal compliance responsibilities under **Section 36A** of the **Commerce Act 1986** and possibly the Australian **Trade Practises Act 1974**.
6. It is also our advice that, should the **Alliance** be approved, **Pacific Blue** and **Air New Zealand** would be in a position to vary fares and capacity in a avaricious sense. Plus, revenue share between the carriers.
7. The rationale to create a domestic region between Australia and New Zealand fails to consider border control aspects in an increasingly unstable region. Including increasing terrorism, drug trafficking and illegal immigration that has a high probability of generating substantial legal liability problems for airlines.
8. There would appear to be no public benefit for any alliance in the Trans Tasman market.

A major concern to Jumpjet Airlines is the relatively unlimited or non-limiting regulatory capability of any global carrier to enter the Trans Tasman market. This severely inhibits our capitalisation pursuits.

As developers we spend years designing business modelling that has a good chance of survival in the market as well as introduce new innovations to commerce that may assist business in general.

But we need Investors to take similar risks as other international investment communities take, who are prepared to move their countries forward in the interest of strategic business growth opportunities.

Jumpjet Airlines, a local company, would make a greater contribution to regional and national economic development than any global carrier in terms of investment, employment and expense activity. The company is owned by Australian and New Zealanders.

Future **Open Skies, Liberalisation or Globalisation Policies** will increase investment risk within the Single Aviation Market and deny Jumpjet the "right of opportunity" that surely should accompany development of new companies owned by residents and citizens.

Cordially,



Nick Kile
Managing Director

cc. Ministry of Transport –New Zealand
dd. John Cook – Director: Finance