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Attention: Aviation & Security Team

We are an Australian tour wholesaler with 30 years experience in winter programmes.

For a number of years now, we have been trying to charter a suitable jet such as a B737 or an A320 to operate a series of low cost charters from various Australian east cost ports to the Queenstown (ZQN) region.

Initially, we are looking at just a 13 week period, probably into INVERCARGILL (IVC), the closest major airport to Milford Sound by road & back door into Queenstown, now that it has the 3rd longest runway in New Zealand, fewer weather related problems than ZQN & almost no total airport closures that ZQN has & without weigh restrictions on outbound flights due to the shortness of ZQN runway, let alone the difficult approach to ZQN !!!

We have come up against a brick wall with both Australian (Virgin/Pacific Blue(DJ), Qantas (QF)) & Air New Zealand (NZ). Other Australian carriers either do not have suitable aircraft or are unable or unwilling to operate such services at a viable

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costing.

Jetstar (JQ) were not interested in even talking to us, presumably as they perceive it might have some impact on big brother, QF operations into ZQN or their own domestic New Zealand operations into ZQN.

The only airline that operates in either country, that were interested, were Tiger Airways Australia(TT) although at this point of time, we understand, they cannot easily operate charters to New Zealand due to traffic rights/ownership issues, although we understand Tiger Airways Singapore (TR) can operate charters from Perth to New Zealand as a "continuation" of SIN/PER flights, with the question then being, what is the definition of "continuation" & whether that can include an Australian domestic only sector, that Tiger can sell as a domestic Australian only sector, by some form of codeshare between TR & TT.

Also as TR only currently operate 1 flight a day into Australia (PER/SIN) they would be restricted to 1 Australia/New Zealand flight a day, which might not be viable. We understand a nonstop PER/New Zealand flight could be operated with one of their A319 aircraft.

So, we have been forced to try to deal with foreign operators, which makes the whole process much more complex.

In the end, it just gets too hard.

With the current competition between many carriers of fares between Australia & the USA, it's often cheaper to fly BNE/LAX/BNE than BNE/ZQN/BNE which is crazy, when comparing a total of ~7.5 hours flying to ~26 hours flying.

With the USA in deep recession & seemingly remaining in recession for a number of years, it will therefore remain cheaper to have a 1 week ski holiday in USA than in New Zealand, unless an operator like Tiger Airways Australia (TT) is able to fly to wherever in New Zealand, whenever it thinks it's viable.

(We are currently selling in the Australian market, return airfares to Los Angeles from Brisbane, Sydney or Melbourne for departure in early December, with 1 week spacious on snow 4 star accommodation & 6 days lifts & local taxes for AUD\$1499 inclusive - this is not backpacker accommodation & is what places like Queenstown in New Zealand is competing with)

As Tiger apparently has the lowest costs of any airline in the region, which will get even lower as they acquire more aircraft, they can operate thin routes successfully, that high cost airlines like QF, DJ & NZ simply can't.

Flights to places like Invercargill, Hamilton, Palmerston North, Rotorua, Napier & Dunedin, would see either regular trans-Tasman services for the 1st time or resumed or increased services, let alone the 3 major ports of entry of Auckland, Christchurch or Wellington, plus potential new ports in Australia gaining trans-Tasman services or trans-Tasman operations being resumed from places like Newcastle(NTL) & Townsville(TSV).

As a result, New Zealand is missing out on a lot of potential tourists from Australia. Just because potential tourists don't want to pay a lot for their airfares, does not mean, they will not spend a lot in New Zealand. On the contrary, many will spend more in New Zealand, if they spend less on airfares to get to New Zealand.

If an alliance or any sort of tie up between DJ & NZ was allowed to go ahead as proposed, capacity would simply reduce, fares on average would go up & New Zealand would miss out on more tourists from Australia, harming the New Zealand economy even more.

We further understand that the Tiger Airways group is due to take delivery of some 30+ 180 seat A320 aircraft in the next 3 years & surely it would be best for all concerned, (except perhaps DJ & NZ shareholders) that as many trans-Tasman flights as possible are operated by the likes of Tiger Airways Australia, so as to increase competition & keep fares as low as possible, so as to increase tourism to both New Zealand & Australia.

**Craig Mathews
MANAGING DIRECTOR
cc. ACCC (Australia)**
