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To: aking@ministers.govt.nz  
CC:  
Subject: Air New Zealand/Qantas Codeshare

08/05/2006 10:12 am

Mrs King,

I am writing surrounding the Air New Zealand/Qantas Codeshare agreement. I urge you to allow the codeshare to go ahead. It is the only logical option left for both airlines. The losses are unsustainable and it disgusts me that Wellington Airport can carry on like it is when they are one of the major contributors in the form of exorbitant fees to airlines and passengers who utilise their airport. It is not commercially viable for both airlines to continue with the loadings they get from Wellington. Air New Zealand is a business and it simply isn't fair to expect them to serve New Zealanders and sustain such incredible losses at the same time. There is a trend throughout the industry for mergers between airlines, and although this option in New Zealand is far short of this, it is the only logical option left.

After years of unsustainable competition in this market brought about largely through what I see as the governments continued error of judgement in allowing Emirates free access to our skies, it appears there may be some respite for our national airline. Although the cut throat competition inevitably will continue in this market, at least this agreement may lead to a small recovery of some of the major losses being incurred by both the airlines. I find it difficult to digest that such an agreement will lead to less competition. There is no room in the current market for an increase in fares or major reduction in capacity, such is the highly competitive situation that currently exists, so the comments of David Russell and a few others are amusing at best. This stretch of airspace as we continually hear is the most competitive in the world, and a reduction of 3 planes is certainly not going to change this!

With the government as a major stakeholder in Air New Zealand, I am confident as Transport Minister you will make the right decision in allowing this code sharing agreement to go ahead. Although it will still fall well short of what is required to claw back the incredible losses sustained by Qantas and Air New Zealand, it will hopefully offer some respite from the ridiculous situation that prevails. The current situation is clearly hurting our economy in the form of cuts in the workforce, and it is sad that people like David Russell cannot see past just the low fares.

Once again, I urge you to allow this codeshare agreement to proceed. Air New Zealand cannot sustain these incredible losses in one of its major markets as the major player and this would seem the only logical step left to the two airlines. Competition is at an all time high, and with airlines like Emirates (who clearly do not reciprocate the ludicrous open access to their skies as New Zealand does to them) dumping capacity there will continue to be this unsustainable competition in the future.

Kind regards,

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