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News Release

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TRAVEL AGENTS ASSOCIATION WELCOMES ACCC DRAFT DECISION TO DENY CODE-SHARE PROPOSAL

The Travel Agents Association of New Zealand (TAANZ) welcomed the ACCC draft decision to deny authorisation of the Tasman Networks Agreement (TNA) between Air New Zealand and Qantas, known as the Code-Share proposal.

TAANZ says that the draft decision acknowledges that were the proposal to be authorised, it would have fundamentally changed the competitive process across the Tasman, resulting in higher prices and reducing travel options at key times.

Paul Yeo, chief executive of TAANZ said, "There is no doubt that consumers have benefited in recent years from competition on the trans-Tasman route. As things stand, this draft decision ensures that the current regime will continue."

"However, while we favour competition, we also acknowledge the airlines need to have a sustainable business. Should this draft decision be confirmed, we are concerned that Air New Zealand and Qantas could reduce capacity and the number of flights which would disadvantage travellers. Were that to happen, travellers could be worse off unless Virgin Blue and Emirates significantly increase their capacity between the two countries."

TAANZ understands that the Ministry of Transport is preparing its case to advise Hon Pete Hodgson, who is acting for Transport Minister Hon Annette King, but that an announcement is not likely to be made before the New Year. The TNA has to be authorised on both sides of the Tasman to become a reality.

Mr Yeo said, "The majority of our members are opposed to the TNA. The others raised some of the same concerns and, while not supporting the TNA, did not want to formally oppose it. TAANZ determined its position after studying the airlines' proposal, reviewing submissions to the Australian Competition and Consumer Commission, and consulting its members.

“The TNA proposal is of significant interest to our members, their customers and to the wider New Zealand economy. Having examined the airlines’ proposal, we concluded that the costs in terms of increased fares, a reduction in frequency and seat numbers are significant, and therefore TAANZ welcomes the ACCC’s draft determination.”

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The Travel Agents Association of NZ was founded in 1962. It represents 511 travel agencies throughout the country who employ 3,500 staff and who carry out over \$3 billion worth of travel business annually.