



INDEPENDENT CONSUMER AND
COMPETITION COMMISSION

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COMMENTS SOUGHT ON AUTHORISATION APPLICATIONS BY AIR NIUGINI FOR ITS CODE SHARING ARRANGEMENT WITH QANTAS AND PHILIPPINES AIRLINES

I make reference to the above captioned matter and would like to advise that the Independent Consumer and Competition Commission (Commission) has received two separate code-sharing applications as stated below:

1. Application from Air Niugini Limited (Air Niugini) proposing a code-sharing arrangement with Qantas Airways Limited (Qantas):

On 21 May 2010 Air Niugini advised the Commission that the parties had terminated their code-share agreement relating to the Port Moresby-Cairns sector. The parties have however reached a new agreement to code-share, whereby Qantas' subsidiary Qantas Link will be the operating carrier while Air Niugini will only market its seats on the flights. Air Niugini has therefore submitted an authorization application to the Commission for its approval to enable it code-share with Qantas on the Port Moresby-Cairns sector.

2. Application from Air Niugini proposing a code-sharing arrangement with Philippines Airlines (PAL):

Air Niugini has also submitted another application seeking authorization from the Commission to enter into and give effect to a code-sharing arrangement with PAL on the Port Moresby-Manila sector where the flight is operated by Air Niugini and PAL would be the marketing carrier.

These applications were submitted in accordance with Section 70 of the *Independent Consumer and Competition Act 2002 (ICCC Act 2002)* for the Commission's approval on the proposed code-sharing arrangement.

In accordance with the ICCC Act, the Commission is required to assess the merits of the code share arrangement and make a determination on whether or not to grant authorization for this arrangement. The effect of an ICCC authorization is an exemption from the application of the ICCC Act dealing with restrictive trade practices.

The test in an application for authorization under the ICCC Act is that the Commission must be satisfied that the code share arrangement will result, or will be likely to result, in such a benefit to the public that it should be allowed to proceed.

In order to make an informed decision on this matter and as part of its wider public consultation process, the Commission is now seeking views from all relevant stakeholders including key government agencies, industry players, and major users of both passenger and air freight services between the two separate routes proposed by Air Niugini, as stated above. The Commission notes the Airlines of PNG Limited's support in providing submissions on similar applications it has dealt with, and wishes to further invite the

its views on both the competition issues and the public benefits aspects of Air Niugini's code share arrangement and its overall impact on the national economy.

The Commission would appreciate if your comments, on both Air Niugini Authorisation Applications can be submitted in separate attachments. This would enable it to separate your comments and factor into the relevant determinations to be made.

In view of the time constraint, we would appreciate it if Airlines PNG could provide its views no later than 3rd December 2010. Please note that all submissions received will be treated as public, except where information is designated "confidential".

Public copies of the Air Niugini authorization applications are available and can be obtained at the ICCC Office; First Floor Garden City, Boroko by contacting Messrs. Steven Sugl or Bob Lowi on email ssugl@iccc.gov.pg or blowi@iccc.gov.pg or on phone 325 2144.

We look forward to your prompt response and thank you in advance for your assistance.

Yours sincerely,

Assoc. Prof. Dr Billy Manoka, (PhD)
Commissioner & CEO