6th May 2015

Mr. Roy Mumu
Secretary
Department of Transport and Infrastructure
P O Box 1489
PORT MORESBY
NCD

Attention: Mr. William Vate – First Assistant Secretary Air Transport Division

Dear Mr. Mumu,

SUBJECT: AIR NIUGINI LIMITED APPLICATION FOR AUTHORISATION FOR CODE-SHARE AGREEMENT WITH QANTAS AIRWAYS LIMITED

This is to inform you that the Independent Consumer and Competition Commission (“ICCC”) has received the above application on the 28th of April 2015. Air Niugini Limited (“ANL”) is seeking to renew the current authorization which is expiring on the 1st of October 2015 for a term of five years.

The current code-share agreement was authorized to cover Port Moresby/Brisbane and Port Moresby/Sydney routes on flights operated by ANL. The code-share services on the former cover both passenger and freight while the later cover only passenger. This application for renewal is for both passenger and freight services on the routes and will be on similar terms as that of the current.

As you would know, the ICCC may only grant authorization if it is satisfied that in all the circumstances the code-share agreement results, or is likely to result, in a benefit to the public and this benefit outweighs the lessening of competition that would result, or be likely to result from the conduct.

Authorisation is a statutory process and is carried out in a transparent manner. In this regards, the ICCC is seeking your submissions or comments on whether or not the authorisation should be granted. Your submission should take into consideration the competition implications of the code-share and the resultant benefits and detriments to the community.

The ICCC would also appreciate your responses to the following queries to help it in its assessment of the application:
1. What is the current, total passenger and freight capacity allowed per week in each direction between Australia and Papua New Guinea (“PNG”)?

2. Who are the designated airliners in PNG and how much freight and passenger capacity have they been allocated with, to provide services per week in each direction, between PNG and Australia?

3. If another domestic airliner (say, Airlines PNG or Travel Air) were to provide passenger and freight services to Australia via the Port Moresby – Brisbane and Port Moresby – Sydney routes, would there be sufficient capacity available for the new airliner to embark on:
   i) Passenger services; and
   ii) Freight services?

4. Is the Department of Transport (“DOT”), Air Services Division, looking towards easing the capacity limitations for passengers and freight, if any, in the future, in anticipation of further economic growth in PNG and more demand for air services between Australia and PNG?

5. Can the DOT provide the current Air Service Agreement (“ASA”) or policy, governing passenger and freight capacity limits between Australia and PNG?

A copy of the non-confidential version of the application from ANL is attached for your information. It is also uploaded on the ICCC’s website, www.iccc.gov.pg.

If you think you would provide a submission, please inform the ICCC by the 11th of May 2015 and we will have your organization listed for follow up purposes. If we do not receive any confirmation by then, our staff will give a reminder call at around that date to seek your confirmation.

It is also important to note that all submissions received will be treated as public unless information is designated as “confidential”. For any information designated as confidential, please provide reasons as to why you think the information should not be disclosed to the public. These confidentiality arrangements are guided by section 131 of the ICCC Act.

Please note that all submissions and comments should reach the ICCC by 3rd of June 2015.

If you have any queries on this matter, please contact Mr. Steven Sugl or Mr. Barzillai Dominic on telephone number 325 2144 or on the following e-mails: ssugl@iccc.gov.pg or bdominic@iccc.gov.pg.

Yours sincerely,

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Mr. Elastus Geroro
Acting Chief Executive Officer