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OFFICE OF THE COMMISIOINER
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Mr. Steven Sugl
Competitive Markets and Fair Trade Division
Independent Consumer & Competition Commission
PO Box 6394
Boroko
National Capital District

8th November 2018

By email

Dear Sir,

Re: Code Share Application by Air Niugini Ltd and Philippine Airlines Inc.

I refer to the Code Share Application you have received from Air Niugini and Philippine Airlines. (A copy has been circulated to POMCCI Members of which we are one.)

We feel that allowing such a code share would be detrimental to the interests of citizens of both Papua New Guinea and the Philippines and any other travellers between Port Moresby and Manila. This is because it will eliminate competition on the Port Moresby / Manila route and hence result in a significant increase in the air fares. The record of Air Niugini in the past on code share arrangements with Qantas is a clear example of this.

Pls consider the comments

Also, Air Niugini has previously taken advantage of any reduction in competition to increase fares. For example, the fares to Cairns from Port Moresby are now more expensive than to Brisbane despite the latter being a much longer flight. This is only due to the competition provided by Virgin and Qantas on the Brisbane route.

Prior to the introduction of the service by Philippine Airlines Inc. the cost of the airfare charged on the POM/MNL route ranged from K2,400 to K3,400. Compare that to the average price that is now charged on that route which ranges from K1,400 to K1,800.00 for the return fare.

One can only easily see the benefit of the competition on this route when one compares the per kilometre air fare charged by Air Niugini on the routes to Singapore, Hong Kong and Tokyo where there is only the one carrier namely Air Niugini. The fares are substantially higher on a per kilometre basis to that charged on the POM/MNL route.

The POM-MNL route has proven to be very popular and well patronised as evidenced by the fact that Philippine Airlines Inc. have recently introduced a newer aircraft on this sector as well as increasing their flights from three to four per week. Aiur Niugini is also increasing from 3 to four or five flights per week.

With all this proven patronage there is no reason that these two airlines cannot continue to compete for customers as they are now and both make viable returns on this route.

The status quo should remain as this is the best interests of the travelling public. Any code share will be detrimental to the interests of the increasing number of PNG citizens who are

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currently able to take advantage of cheaper education, medical support and holidays that are now available to them as a result of the competition that exists on this route between Air Niugini and Philippine Airlines. Competition that still allows both airlines to travel full and offer increasing number of flights on this route.

Hence we strongly believe that the ICCC should refuse this application for the code share between Air Niugini Ltd and Philippine Airlines Inc. We believe that to allow any code share in the absence of another player on this route would be highly uncompetitive.

Yours faithfully,
SGS PNG Ltd

Bruce Telfer
Managing Director

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