



16 August 2001

Mr Robert Cameron
Partner
Cameron and Co. Ltd
Level 6
108 The Terrace
Wellington
New Zealand

Fax. 0015 6444996651

Dear Rob

RIGHTS AVAILABLE UNDER NZ AIR SERVICES AGREEMENTS

We welcome the Ministry of Transport's response to our letter dated 13 August seeking confirmation of Air New Zealand's access to bilateral entitlements under New Zealand's air services agreements.

This indicates that, in the main, Air New Zealand would have access to the rights required to give effect to the significant expansion in its operations involved in the Qantas proposal. In relatively few cases, notably HKG-LHR, SIN-India, and Japan, the necessary traffic rights do not appear to be available.

We note that in the first two instances, the deficiencies in the relevant agreements are highlighted in a manner which suggests that there may be other reasons in addition to those identified which would prevent Air New Zealand's immediate expansion into these markets. The use of the term *inter alia* suggests this.

We recognise that, for confidentiality reasons, the Ministry of Transport may not be in a position to disclose this information to Qantas. Nevertheless, it would seem appropriate that you satisfy yourself that the information to be presented to the New Zealand Government is as complete as possible in these areas.

Qantas Airways Limited

ABN 16 009 661 901

50 Franklin Street Melbourne Victoria 3000 Australia

PO Box 2806AA Melbourne Victoria 3001 Australia

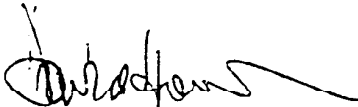
Telephone 61 (2) 9691 3636

www.qantas.com.au

We were interested in the advice in relation to Japan as it had been our understanding that the recommencement of FUK services could be possible if under a code share with JAL. We were also under the impression that in these circumstances the manner in which code share capacity is counted under the Japan-New Zealand bilateral would see Air New Zealand credited with capacity taken up by JAL on its services. This would have the effect of increasing the frequency with which Air New Zealand could operate in this market.

Finally, it may be worth seeking the Ministry's advice on plans to rectify the shortfalls under the UK and India agreements, and to protect Air New Zealand's future growth prospect in the Japan market by securing capacity needed to access slots at Narita's new Runway B.

Yours sincerely



David Hawes
Group General Manager
Government and International Relations