

# Fly Jetstar – but not too often

June 4

Ah, competition. It's a wonderful thing, especially when it comes to airline services.

That's the view of at least two groups in Taranaki at the moment, since Oz cheapie airline Jetstar began its flights between here and Auckland in February.

One is the hitherto untapped air travel market comprising perhaps thousands of people who traditionally travelled to the big smoke by car, preferring the rigours of Mt Messenger and the Awakino Gorge to Air New Zealand's expensive monopoly.

The other includes business-people with a stake in Jetstar's potential to increase the number of visitors here - hoteliers, caterers, tourism operators and those who run attractions like the Len Lye Centre. And New Plymouth District Council, for a related reason: its airport investment.

Jetstar's announcement it would come here had a big impact on the council, which half-owns the airport with the government.

Having only just approved plans for an \$11 million upgrade, it suddenly had to adjust those to accommodate a second major airline. That added a million dollars to the cost, along with another \$400,000 spent on a temporary terminal, extra carparks and moving fuel pumps to expand tarmac space.

Bearing in mind the last two items were planned anyway, the newcomer has cost the airport well over \$1 million.

At this stage, ratepayers don't have to fork out anything directly, because the airport company will borrow the money and repay it through charges to the airlines, based on passenger traffic. It's covered even if overall passenger numbers (up about 13 percent in the first month) drop after the initial boost, since they can review the airline fees every year.

All well and good. Or is it?

Consider this: annual passenger traffic totals about 350,000, with such rapid growth over the past decade that 550,000 is expected within seven years.

However, even with Jetstar's modest addition of 40 flights a week to Air NZ's nearly 200, the total number of seats currently available over a year amounts to about 800,000 (assuming 68-seater ATRs on Air NZ and 50-seater Bombardier Q300s), which is well over twice the current passenger traffic.

If those numbers are right, it means an average loading of less than 50 percent per flight. Is that sustainable? Neither company will part with that sort of information, but it seems like something's gotta give.

What happens if Jetstar takes too big a bite out of Air NZ's business?

At the start of the year, the latter's 195 flights in and out each week continued to provide direct services throughout the day to the main centres and other key cities. Air NZ was also responding to Jetstar's cheap deals, offering some that were just as good, depending on when you booked (that applies to Jetstar, as well).

If Air NZ passenger loadings start to drop - something that seemed bound to happen even without Jetstar, given the current downturn in the dairying and oil/gas industries - logic suggests one or more things must happen.

One might be a reduction in the number of flights, meaning fewer options for those who will stick to Air NZ simply because, in the opinion of large organisations, it offers a reliable service that gets their people to out-of-town meetings on time.

Another might be to move some flights back to the Q300s it used prior to the ATRs (and which Jetstar uses now). Ironically, there might be an unexpected benefit in that, because according to frequent flier Bryce Barnett, the Q300s feel a lot more stable when Taranaki is suffering one of its customary south-easterly blows.

Another possibility, of course, is that after a trial period the Jetstar venture could go the way of past competitors to Air NZ on many provincial routes like ours - they might just pull out altogether.

Then we're left with a new airport that will be future-proofed beyond foreseeable requirements, plus a temporary terminal. The council is confident it could find someone else to rent that, but who knows.

The worst upshot would be a return to higher air fares because of the loss of opposition.

So what do we do? Well, keep using Jetstar, obviously, but not so much that we force Air NZ to cut too many of the options we have taken for granted for so long.

Only the number-crunchers will have any idea of the break-points.

There is one consolation in the event of competitive failure: by the next decade we can expect a much easier car trip on the road north.