



26 November 2023

The Honourable Simeon Brown
Minister of Transport
C/- aircservices@transport.govt.nz

Subject: Submission Against the Proposed Codeshare Agreement Between Virgin Australia and Air New Zealand

Dear Minister Brown

Introduction

I am writing to express my concerns and opposition to the proposed codeshare agreement between Virgin Australia and Air New Zealand. As a former Virgin Australia pilot residing in New Zealand, I bring a unique perspective to this issue.

Background and Personal Insight

As a pilot affected by the changes in the aviation industry due to the COVID-19 pandemic, I represent a group of skilled professionals ready to contribute to the revival of Virgin Australia's operations into New Zealand. This move would not only bring back essential jobs but also promote a competitive aviation market in the region.

Concerns Based on Document Analysis

- 1. Reduced Competition and Consumer Choice:** Despite claims in the document that the proposed conduct would not result in competitive detriment, it is essential to consider the long-term implications on the market dynamics (Sections 1.5, 1.6).
- 2. Impact on Employment Opportunities:** While the agreement proposes various benefits, such as enhanced marketing of New Zealand as a tourism destination, these advantages should not overshadow the need for direct employment opportunities for pilots and airline staff in New Zealand.
- 3. Virgin Australia's Market Potential:** Virgin Australia's current limited trans-Tasman offer, to Queenstown, indicates a significant potential for expansion and direct competition in the market. By operating its own flights, Virgin Australia can better serve the market needs and increase competition(Section 4.2).
- 4. Potential for Unfair Market Practices:** The agreement conditions, such as Air NZ specifying the public fares for Virgin Australia's codeshare services, raise concerns about fair competition practices (Section 3.1).
- 5. Impact on Regional Connectivity:** The proposed codeshare does not address the connectivity vacuum left by Virgin Australia's withdrawal from routes such as between Dunedin and the East Coast of Australia. This gap has notably affected the community in Dunedin, as no carrier has stepped in to fill the void in international services since 2020. The

absence of direct flights not only inflates travel costs but also increases the carbon footprint due to the need for additional flight legs. Currently, return fares with Air New Zealand from Dunedin to Brisbane, including baggage and meal for December 2023 to January 2024, are approximately \$1455. In contrast, when Virgin Australia serviced this route before the pandemic, fares were frequently under \$500— not accounting for the inflationary adjustment—with similar inclusions. The reinstatement of Virgin Australia's direct flights would be a step towards more affordable and environmentally conscious travel for underserved regions like Dunedin.

Proposal for Independent Operations by Virgin Australia

I propose that Virgin Australia should independently re-enter the New Zealand market. This approach would not only foster healthy competition but also create direct employment opportunities. Encouraging Virgin Australia to operate its own flights would also align with the broader interests of the trans-Tasman travel market.

Conclusion

The proposed codeshare agreement, while presenting certain benefits, poses significant risks to the competitive landscape of the trans-Tasman aviation market. It is imperative to consider the broader implications, including the potential for reduced competition and the missed opportunity for direct job creation in New Zealand. I urge you to reconsider the approval of this agreement in favour of a more competitive and inclusive market environment.

Thank you for considering my submission. I am available for further discussion or to provide additional information if required.

Sincerely,



Former pilot for Virgin Australia (New Zealand)