

Attention David Barrett
Australian Competition and Consumer Commission
Acting Assistant Director
Infrastructure and Transport - Access & Pricing Branch, Infrastructure Division

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Dear Sir and Madam

Bonza's Response to the Draft Airservices Price Notification 2024-2026

On behalf of Bonza Aviation Pty Ltd (Bonza) I am pleased to provide the following response to the Draft Airservices Price Notification 2024-2026 (PN Paper) which was issued for stakeholder feedback in November 2023.

Bonza wishes to note the proposed 4 price increases for each of the service lines provided by Airservices between April 2024 and January 2026. It also makes the observation that the proposed pricing impacts more profoundly regional airports as opposed to capital city airports.

Whilst Bonza acknowledges that Airservices are not proposing any changes to the existing cost allocation methodology, at this time it does wish to note that any potential Airservices price increase to regional locations can have an impact on air travel affordability for those living in regional Australia. We also note that there are some proposed changes to the Airservices pricing that lower the costs to regional Australia over the coming years, which is advantageous to these markets, however there is still a substantial disparity between the regions and cities.

Since its inaugural flight on 31 January 2023 Bonza now sells 38 routes across 3 aircraft bases. Out of the 38 routes on sale, 84%, are unique to Bonza, and only 2 are capital cities. Bonza is about democratising air travel, making it affordable for the many and not just the few; making it available to all Australians, to each of the capital cities and regions as well as to the domestic travellers visiting destinations outside of them.

The cost of travelling to regional destinations within Australia is already stated to be prohibitive in certain areas. Bonza believes that affordable airfares are vital to sustaining successful tourist markets in rural, regional and remote areas, particularly where areas experience decreased incomes and reduction in population due to drought, bushfires or other natural disasters.

Price increases by Airservices based on the same cost allocation may exacerbate the airfares to regional Australia. Bonza hears first hand from its customers that until Bonza arrived they would travel days by road because they could not afford the airfares; or not travel at all. With the cost of living increasing for all Australians and particularly in regional Australia it seems unfair, to us here at Bonza, that those in regional Australia, who perhaps earn the least, are having to pay the highest airfares.



Bonza encourages a review of the cost allocation methodology as part of future initiatives including for example OneSKY with consideration being given to a more nationalised approach that is not prohibitive for any one region that may be dependent on additional infrastructure and resourcing but instead is focussed on equitability across all regions.

Additionally, Bonza is interested in the impact that these price increases based on the same cost allocation may have on competition.

Bonza operates a low cost carrier business model. Until Bonza's arrival, and for nearly a decade before, Australia was the only country that did not have an independent low-cost operator. It is a different aviation business model and when it comes to pricing, one size does not fit all. Our strategic decisions are based on cost with the focus on point-to-point routes, high utilisation of aircraft amongst other things.

Bonza's strategy is unique, predominantly operating in unserved or underserved markets (with underserved defined as routes that currently have service but generally on turboprop business focused operators and no current low-cost carrier service).

We have welcomed initiatives by AirServices to fly direct routes for those unserved or underserved markets for example Melbourne to Rockhampton, the benefits for this initiative extending not only to the passengers, the airlines but also to Airservices by way of efficiencies and optimisation.

Like all businesses but particularly so for Bonza as a low cost carrier any price increases being imposed may result in the cost of certain routes being so prohibitive that it becomes a barrier to entry for airlines to continue in them and/or enter in them.

Consequently this may result in the low-cost operated routes in Australia once again stagnating. A flow on effect being to diminish competition within the industry and for the travelling public,

As Bonza grows and we look to become a meaningful competitor with the other established airlines already within the market; a level playing field is needed which, based on our current business plans, may not be achievable if regional Australia is impacted greater than the capital cities.

Yours faithfully

Tim Jordan
CEO