

3 May 2024

Mr Tony Hilton
Director
Competition Exemptions
Australian Competition and Consumer Commission
By email: exemptions@accc.gov.au

Dear Mr Hilton

AA1000653 – Virgin Australia and Air New Zealand application for authorisation – draft determination

Canberra Airport appreciates the opportunity to provide feedback on the Australian Competition & Consumer Commission's (ACCC) draft determination dated 1 May 2024 in respect of the application for authorisation lodged by Virgin Australia and Air New Zealand.

As detailed in our initial submission, Canberra Airport is supportive of the proposed conduct due to the various benefits that will be afforded to Canberrans and the economies of the ACT and south-east NSW. It is encouraging this has been identified in the draft determination.

Canberra Airport is concerned, however, that the ACCC intends to authorise the proposed conduct for a period of five years. As detailed in the submission made by Canberra Airport, and noted in Queensland Airports', such a length of time is likely to disincentivise Virgin Australia from entering the trans-Tasman market in the medium-to-long-term with its own fleet of aircraft.

The claim by Virgin Australia that its previous operation of trans-Tasman services was economically unviable does not provide justification to exclude re-entering the market in the future.

The lack of competition in the aviation sector has an adverse impact on passengers through higher airfares and reduced levels of service. Canberra Airport contends that the proposed conduct should be an instrument to eventually facilitate Virgin Australia's independent re-emergence on various trans-Tasman routes.

More airlines servicing the trans-Tasman market will increase the weekly number of seats available, lower airfares and improve the overall experience for passengers.

It is noted that Virgin Australia will be required to complete logistical and technical processes to support the proposed conduct, but it is difficult to accept that these changes would justify the need for a five-year authorisation period.

Canberra Airport again requests the ACCC to consider limiting the authorisation to three years and if there is a material change in circumstances during this period, the ACCC can conduct a review of the authorisation and extend it if necessary.

Should you have any questions or require any additional information, please contact our Government Relations and Policy Advisor, Jordan Fallon, by phoning 6175 3384 or emailing j.fallon@canberraairport.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Michael Thomson', written in a cursive style.

Michael Thomson
Head of Aviation