

Mr Rob Hughes
Head of Customer & Stakeholder Management
Airways New Zealand
PO Box 14131
Christchurch 8544

Via email: submissions@airways.co.nz

4 April 2025

RE: Consultation on FY 26-28 Airways Pricing

Dear Mr Hughes,

Airlines for Australia and New Zealand (A4ANZ) welcomes the opportunity to respond to the consultation regarding Airways New Zealand's proposed prices for 1 July 2025 – 30 June 2028.

A4ANZ is an industry group representing airlines based in Australia and New Zealand, including international, domestic, regional, full service, and low-cost carriers. Established in 2017, A4ANZ's members include Air New Zealand, Qantas, Virgin Australia, Regional Express (Rex), and Jetstar. A4ANZ member airlines will also be making individual detailed submissions in response to this consultation.

While A4ANZ does not have a direct business relationship with Airways New Zealand, we recognise Airways' critical role in the New Zealand aviation ecosystem. In this submission, we have not responded in detail to each of the questions posed in the Consultation Document; instead providing high-level commentary on the timing and implementation of this pricing proposal.

A4ANZ, our members, and the broader airline industry are concerned by Airways' proposal to have new pricing take effect from 1 July 2025 – noting that Airways commenced consultation less than four months before the proposed pricing increase, and will be providing only a one-month period between the final prices being published and the new pricing taking effect.

This timeframe is untenable as tickets for these flights have already been sold. Indeed, the Australian Competition and Consumer Commission (ACCC) – the regulator responsible for assessing the appropriateness of Airservices Australia's proposed pricing increases – has previously made commentary on appropriate timeframes for proposed pricing increases, noting that even a seven-month lead time, as had been previously proposed in Australia, was not sufficient. It is of note that Airservices Australia commenced initial industry discussions on their Long Term Pricing Agreement (covering FY27-FY31) in March 2025.

A4ANZ urges Airways to reconsider the timing of the proposed price increases – including whether the introduction of new pricing may be delayed to provide adequate time for airlines to accommodate any increases.

We would also suggest that for future pricing periods, Airways engage with industry as early as possible – as is currently the case in Australia. In addition, Airways should undertake a more comprehensive approach to consultation with industry on proposed strategic investments and inputs into Airways' Building Block Model, well in advance of general consultation on pricing periods.

A4ANZ notes that at present, Airways is proposing a total increase of 22.8% from FY26 to FY28, with a 14.4% increase occurring in the first year. While A4ANZ and our members support fit-for-purpose, timely, and

efficient investment, it is of note that these proposed increases occur in the context of increases across other parts of the aviation ecosystem – including; increases in charges imposed by Auckland Airport, increasing levies from the Civil Aviation Authority, increases in both border processing and visitor visa fees, and the International Visitor Levy which has more than doubled.

These increases compound the impact of the proposed pricing increase from Airways – reinforcing New Zealand’s reputation as an expensive destination for airlines, with high fixed operating costs.

While A4ANZ does not seek to make specific comments on Airways’ costs, proposed capital plan, or BBM inputs, we note that submissions from Air New Zealand, the Qantas Group, the Board of Airline Representatives New Zealand (BARNZ), and the International Air Transport Association (IATA) provide commentary and recommendations on these issues. We agree with the recommendations that Airways should seek to smooth, as much as possible, the price increases for airlines – including through a revision of Airways’ proposed capital plan.

A4ANZ appreciates the opportunity to provide feedback on Airways’ proposed pricing for FY26-FY28, and would urge Airways to work closely with airlines on how proposed increases to pricing might be implemented, with a view to ensuring the continued viability and sustainability of the New Zealand aviation sector.

Sincerely,

Emma Wilson
Chief Executive Officer
Airlines for Australia & New Zealand

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