

Questions On Notice

Bonza

1. Do you support a forensic audit being undertaken of use of slots at Sydney Airport and the associated concerns about high levels of flight cancellations, especially on Canberra-Sydney and Sydney-Melbourne routes?

Bonza Response: Bonza would certainly welcome a detailed forensic audit being completed on current slot use at Sydney airport. The current rate of cancellations and subsequent non-use of limited slots at the largest domestic and international gateway in the country is clearly a subject that has very significant competitive, economic and social implications not only for the population of the Sydney basin but for the rest of Australia (& the world...) too.

2. Does Bonza view Western Sydney International Airport as a potential alternative to Sydney Kingsford Smith for operating services to the Sydney basin, once that airport opens in late 2026?

Bonza Response: Around the world many large cities are now multi-airport cities. These multi-airport cities provide valuable and local travel alternatives based on their local and natural catchment population. Bonza is certainly a strong advocate of having multi-airport cities in each of Australia's 5 largest cities (SYD, MEL, BNE, PER & ADL). All other things being equal we will all generally have an immediate preference for our closest airport. However, that natural catchment size for an airport does get altered by the ease and cost of access to that airport and of course the breadth of airline services and prices of airline service offered to / from those airports.

Each airport has their own distinct natural catchment area and that is driven by competitive alternatives available from specific airports. For example, if wanting an international flight, and a specific airport only offers domestic service then that specific airport cannot be considered as an alternative to another airport that also provides international service. In the case of Western Sydney International (WSI) Airport it will certainly have its own natural and immediate catchment to the west and south of Sydney. That will certainly provide some welcome airport competition to the Sydney basin.

Currently Melbourne is the only city in Australia that can be considered as a multi-airport city. That competitive tension between airports is generated as a consequence of multiple airports in close proximity. That is certainly a positive for consumers and airlines alike. It is therefore no coincidence that Melbourne is the first and only state capital that Bonza currently services, with that outcome being largely driven by the positive competitive tension that is currently fostered between both Melbourne airports. This is certainly a positive for Bonza and has seen us launch service from both Melbourne airports as we believe both airports have their own local catchments that we would like to service with Bonza low fares.

In summary once opened in late 2026 Bonza sees WSI as a very positive addition to the Sydney airports landscape that should allow for greater customer choice and a much-improved competitive environment for air travellers and airlines. However, as in the case of Melbourne, Bonza would ideally look to service both Sydney airports as both will have their own unique markets and catchment areas that we would like to service. Based on industry growth and population growth it is very probable that WSI will not significantly assist with existing slot availability at SYD (especially at peak times). This would especially be the case if incumbent airlines transitioned to smaller capacity aircraft therefore allowing themselves to maintain existing slots to the detriment of potential new competitors or growing airlines like Bonza.

3. When Bonza presented to the House Economics Committee, you raised the NSW Regional Ringfence which provides access to Sydney Airport for regional services. We heard some concerns last week the Regional Ringfence wasn't delivering on expectations. Are you able to advise the committee of your concerns about the Ringfence and how to make it more effective in supporting regional communities?

Bonza Response: Slots that are ringfenced for regional services are good in theory but lacking in practical execution especially when considering the very significant demographic changes that have occurred both pre and post COVID in Australia. The currently defined ringfenced regional services are limited to regional destinations in New South Wales.

That narrow definition may have been fit for purpose several decades ago when regional centres were strongly tied to state capitals. However, that state capital only view of Australia is no longer fit for purpose when half of the Australian population does not live in either Sydney, Melbourne or Brisbane. This is especially the case when significant demographic change has seen many regional cities and population centres grow to be significant homes and service centres that have populations of up and around 100,000.

It is those population centres that have been largely fuelled by population growth from either capital cities or southern states more generally. This means that there are cities in regional Queensland, regional Victoria, regional Tasmania, regional South Australia and regional Western Australia that could potentially support service to Sydney if there were slots made available to support the new regional service.

Of the approximately 16 regional destinations (with a population of about 2 million Australians) that Bonza could initially connect to Sydney, approximately half of those locations are not in NSW and currently have no non-stop service to Sydney. The relatively simple change of definition as to which destinations could utilise these ringfenced regional slots would significantly increase their flexibility and the ability to use these slots.

Of course, it would also be very important that incumbent operators do not get preference and the ability to access these ringfenced slots above new or growing competitors.

4. Did Mr Jordan or other Bonza representatives meet with Transport Minister Catherine King before approval was given to commence operations? If so, did you talk with her about barriers to competition and new entrants in the sector at that time?

Bonza Response: Bonza did not meet directly with Minister King prior to Bonza commencing operations in January 2023. As a matter of courtesy Bonza did virtually brief the Ministers office (via the Transport Advisor) on our progress towards our start of operations in September 2022 and then subsequent to our start of operations in February 2023.

5. Has the Minister met with Bonza since commencing operations, to discuss your concerns regarding access to Sydney Airport, competition in the domestic aviation industry, or other issues?

Bonza Response: Tim Jordan / CEO of Bonza met Minister King for the first time for an introductory meeting on the 25th May 2023 in Canberra. During that brief meeting access to Sydney slots was raised by Bonza as a concern and barrier to potential Bonza growth.