

RESPONSE TO QUESTIONS 5 AND 9 OF THE 17 APRIL 2013 INFORMATION REQUEST

**5 Please provide a list of routes which either Virgin Australia or Air New Zealand have ceased operating since 2010. For each route please describe the reasons for the airline exiting the route.**

Since 2010, Virgin Australia has ceased operating the routes listed below.

**(a) Trans-Tasman routes**

*Sydney-Hamilton (Exited August 2010)*

In August 2010, prior to the commencement of the Tasman Alliance with Air New Zealand, Virgin Australia ceased operating flights on the Sydney-Hamilton route for commercial reasons. Virgin Australia considered that given demand for travel on this route aircraft could be operated more viably on other routes such as Brisbane-Hamilton. At the same time as services were being reduced on the Sydney-Hamilton route Virgin Australia increased flights between Brisbane and Hamilton.

*Sydney-Wellington (Exited October 2011)*

At the end of October 2011 Virgin Australia ceased operating flights on Sydney-Wellington route (which it operated up to 6 times per week depending on seasonality) in accordance with the relative strengths of each of Virgin Australia and Air New Zealand. As a result, it was decided that Sydney-Wellington was to be operated by Air New Zealand and Brisbane-Wellington was to be operated by Virgin Australia. The Alliance has improved the schedule proposition on the Sydney-Wellington route with a better spread of morning and afternoon departures and a significant reduction in wingtip flying.

*Auckland-Cairns (Exited October 2011)*

The decision to withdraw Virgin Australia operated services from the Auckland-Cairns seasonal route at the end of October 2011 and instead have Air New Zealand operated services was made under the Alliance to align routes appropriately with the operational ability, point of sale and brand advantage of each of Virgin Australia and Air New Zealand.

*Brisbane-Hamilton (Exited October 2012)*

From the end of October 2012, Virgin Australia ceased operating the Brisbane-Hamilton route for commercial reasons. The Alliance believes that the improving road access to Auckland which makes Auckland airport very accessible by car and a downturn in the local economy contributed to the insufficient level of demand for travel on this route.

Total capacity on Virgin Australia and alliance partner Air New Zealand's trans-Tasman network remained above that required by Trans-Tasman capacity conditions despite the cessation of services.

**(b) Non trans-Tasman routes**

For commercial reasons, Virgin Australia ceased operations on the following non trans-Tasman routes:

- Rockhampton-Sydney and Canberra-Hobart in April 2013;
- Canberra-Townsville in September 2011;
- Newcastle-Gold Coast in April 2011; and
- Townsville-Gold Coast in May 2012.

Virgin Australia also notes that the Adelaide-Broome seasonal service which was operated from April to October in 2010 and 2011 was not operated in 2012 and 2013 and the Brisbane-Launceston route was operated as a summer seasonal service in December 2011 and January 2012 only.

**9 Please provide a list of the top five (by value) goods or services procured by Virgin Australia for the year ending 30 June 2012, including the value of those procured goods or services.**

The top five goods or services (by value) procured by Virgin Australia for FY12 are aircraft fuel, salaries, aircraft costs, airport charges and fuel handling.

RESPONSE TO Q5 AND Q10 OF 17 APRIL 2013 INFORMATION REQUEST

5 Please provide a list of routes which either Virgin Australia or Air New Zealand have ceased operating since 2010. For each route please describe the reasons for the airline exiting the route

Since 2010, Air New Zealand has ceased operating the routes listed below.

**(a) Trans-Tasman routes**

*Brisbane-Wellington (Exited October 2011)*

Air New Zealand ceased operating this route from October 2011 as a result of schedule optimisation under the Alliance on all Wellington sectors. Based on Alliance network planning, it was decided that Brisbane-Wellington would be operated by Virgin Australia and Melbourne/Sydney-Wellington would be operated by Air New Zealand. With these changes the Alliance has managed to eliminate wing tip flying completely from all these Wellington sectors.

*Dunedin-Sydney (Exited October 2011)*

Air New Zealand ceased operating this seasonal service from October 2011. From that date, Virgin Australia commenced seasonal Alliance operations on this route operating during December and January as a result of schedule optimisation under the Alliance.

*Dunedin-Melbourne (Exited March 2011)*

Air New Zealand ceased operating this seasonal service from March 2011. From that date, Virgin Australia commenced seasonal Alliance operations on this route, operating during December and January as a result of schedule optimisation under the Alliance.

**(b) Non Trans-Tasman routes**

*Auckland to Los Angeles (AKL-TBU-APW-LAX) (Exited 25 January 2011)*

Air New Zealand ceased operating this 1x weekly service on 25 Jan 2011 for commercial reasons. This service was operated from before 2000 to January 2011.

*Christchurch to Rarotonga (Exited July 2011)*

Air New Zealand ceased operating this 1x weekly (seasonal) service on 29 July 2011 for commercial reasons. This service was operated from March 2004 to January 2013.

*Beijing to Auckland (Exited June 2012)*

Air New Zealand ceased operating this 2x weekly service on 30 June 2012 for commercial reasons. This service was operated from July 2008 to June 2012.

*Christchurch to Wanaka (Exited January 2013)*

Air New Zealand ceased operating this 6x weekly service on 31 January 2013 for commercial reasons. This service was operated from March 2004 to January 2013.

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*Wellington to Whakatane (Exited February 2013)*

Air New Zealand ceased operating this 5x weekly (seasonal) service on 3 February 2012 for commercial reasons. This service was operated from May 2008 to February 2012.

*Hong Kong to London (Exited March 2013)*

Air New Zealand ceased operating this 5x weekly service on 4 March 2013 for commercial reasons. This service was operated from October 2006 to March 2013.

10 Please provide a list of the top five (by value) goods or services procured by Air New Zealand for the year ending 30 June 2012, including the value of those procured goods or services

The top five goods or services (by value) procured internally or externally by Air New Zealand for FY12 is set out in the table below.

	Cost line	Total expense for year ended 30 June 2012 (NZ\$)	
		Group	Company
1	Fuel	[CONFIDENTIAL]	[CONFIDENTIAL]
2	Aircraft maintenance	[CONFIDENTIAL]	[CONFIDENTIAL]
3	Landing charges	[CONFIDENTIAL]	[CONFIDENTIAL]
4	Air Navigation charges	[CONFIDENTIAL]	[CONFIDENTIAL]
5	Catering	[CONFIDENTIAL]	[CONFIDENTIAL]

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8 Please provide a list of goods or services which have been jointly procured under the Alliance.

The Applicants continue to actively seek opportunities for cost savings from joint procurement activities. For example, Air New Zealand has moved its Australian Ground Handling contract to Toll Dnata who supplies ground handling services for Virgin Australia. The Applicants have also collaborated with LSG Sky Chefs in New Zealand for the provision of catering for Virgin Australia operated services. Both of these initiatives have contributed to reducing costs.

As a result of the Alliance, the Applicants have also strengthened existing relationships such as the provision of heavy maintenance services (including aircraft painting) by Air New Zealand and the Boeing 777 spare engine pooling agreement. The engine pooling agreement enables the Applicants to pool their spare Boeing 777 engines and therefore, reduce the number of spares required to be held by each party representing a substantial saving for each Applicant.

The Applicants continue to discuss joint procurement opportunities. Discussions around such initiatives take time, so do the tender processes and contracts for these activities, often years. Discussions around further joint procurement opportunities were also delayed during Virgin Australia's business transformation program which included migration to the Sabre Sonic Reservation platform during 2011 and 2012. Following the successful completion of the first and largest phase of this program in January 2013, the Applicants will continue to progress these discussions.

**Wingtip Flying – when two or more different carriers fly the same route at the same time, practically wingtip to wingtip alongside each other**

**Further defined as:**

**Wingtip Flying**

Wingtip flying is when there are two flights, on the same sector, and they both depart in the same morning or afternoon or less than 3 hours apart  
When there are more than two flights per day on a given sector, wingtip flying is defined as any flights that depart within 1 hour of each other

**Day of week clash**

Applies to sectors where both Air NZ and Virgin Australia operated less than 7 trips per week each  
A day of week clash is where both carriers operate on the same day and leave another day with zero services

**Not Applicable**

Routes where only NZ or VA (formerly DJ) was operating prior to the Alliance have been deemed as Not Applicable for the purpose of the Wingtip Flying Anal

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	NW09			NS10			NW10			NS11			NW11			NS12			
	Sectors per season	No. of Wingtip Flights	Wingtip %	Sectors per season	No. of Wingtip Flights	Wingtip %	Sectors per season	No. of Wingtip Flights	Wingtip %	Sectors per season	No. of Wingtip Flights	Wingtip %	Sectors per season	No. of Wingtip Flights	Wingtip %	Sectors per season	No. of Wingtip Flights	Wingtip %	
Wingtip Flying	AKLBNE	952	161	17%	1514	267	18%	944	160	17%	1504	102	7%	946	0	0%	1598	174	11%
	BNEWLG	600	164	27%	848	243	29%	574	141	25%	886	271	31%	588	0	0%	866	14	2%
	SYDWLG	594	110	19%	676	167	25%	536	88	16%	802	76	9%	586	0	0%	756	0	0%
	AKLSYD	1885	268	14%	2340	415	18%	1704	295	17%	2368	420	18%	1712	92	5%	2334	49	2%
	AKLMEL	1051	30	3%	1362	205	15%	1008	83	8%	1394	206	15%	1006	4	0%	1422	49	3%
	AKLOOL	456	52	11%	736	175	24%	476	0	0%	728	116	16%	478	0	0%	696	4	1%
	BNECHC	643	148	23%	1106	262	24%	710	49	7%	950	222	23%	578	36	6%	992	302	30%
	CHCMEL	742	192	26%	738	149	20%	706	0	0%	650	94	14%	534	29	5%	586	26	4%
	CHCSYD	784	117	15%	900	200	22%	714	88	12%	756	158	21%	536	24	4%	668	67	10%
	SYDZQN										302	50	17%	182	0	0%	322	53	16%

	NW09			NS10			NW10			NS11			NW11			NS12			NW12			NS13			
	Sectors per season	Day of week clash	DOW clash %	Sectors per season	Day of week clash	DOW clash %	Sectors per season	Day of week clash	DOW clash %	Sectors per season	Day of week clash	DOW clash %	Sectors per season	Day of week clash	DOW clash %	Sectors per season	Day of week clash	DOW clash %	Sectors per season	Day of week clash	DOW clash %	Sectors per season	Day of week clash	DOW clash %	
Day of Week Clash	BNEDUD	132	0	0%	276	0	0%	169	0	0%	300	44	15%	134	0	0%	302	0	0%	146	0	0%	294	0	0%
	SYDZQN	160	36	23%	286	71	25%	98	0	0%															
	AKLCNS	134	0	0%	344	0	0%	198	0	0%	308	16	5%	168	0	0%	310	0	0%	152	0	0%	254	0	0%
	BNEZQN	14	0	0%	50	0	0%	46	0	0%	174	34	20%	36	0	0%	168	0	0%	60	0	0%			
	CHCMEL	742	0	0%																					

Not applicable



ADLAKL  
AKLPER  
BNEHLZ  
CHCOOL  
MELZQN  
MELWLG  
ROTSYD  
DUDSYD  
DUDMEL