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**J u m p j e t   A i r l i n e s   L i m i t e d**

P O Box 30031  
Lower Hutt  
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24 November 2014

Ref: Leg/09.5/01.1

Darrel Channing  
Adjudication Branch,  
Australian Competition and Consumer Commission  
GPO Box 3131, CANBERRA ACT 2601  
Australia

Phone: 612 6243 1114

Dear Darrell,

Subject: **Board of Airline Representatives of Australia Inc substitution of new authorisation A91466 – interested party consultation**

In relation to consultancy on the above topic we state that Jumpjet Airlines has distinct reservations about any participation with the current Board of Airline Representatives that do not, in fact, represent the interests of **Single Aviation Market (SAM) Airlines**.

The existing Board of Airline Representatives has some **29 Member Airlines** of which only three (**3**) are **Single Aviation Market Airlines** and the remaining **26 Airlines** are **Foreign Airlines**. Many of these Foreign Airlines are owned by Foreign Governments in a strategic sense.

One of the SAM airlines is majority owned by three Foreign Governments through their national airlines. **It is unbelievable that the direction of unrestrained predatory commercialism and market dissolution is considered the way forward, by the political system, to develop the Australian aviation industry considering policies of national interest.** (See Page 4 Table)

A substantial number of the Foreign Airlines operating in our markets are **predatory** and escape scrutiny because they each individually maintain a negligible market controlling influence.

Formal investigation would no doubt reveal that strategic players, mainly from the **Middle-East, Asia and China**, exploit their labour markets, plus receive fuel and government subsidies from their foreign governments. Thus, extremely disadvantaging, indeed denying, SAM Airlines from the ability to supply fair competition in the market.

The collective market power of these carriers erects **barriers** against potential resident new entrant carriers (Including Jumpjet Airlines) from entering the market in Australia or New Zealand. Plus, their operations destroy the profitability of our major carriers and attack the distribution of wealth in our aviation industry.

The overall effect of predatory trading activity, in the market, that has now been in operation for a number of years is to prevent resident SAM airlines from trading cost-effectively. This has contributed, extensively, to the plummeting fortunes of both Qantas and Virgin Australia.

### **THE ANSETT AIRLINES COMPARISON**

Both the Flag Carrier, Qantas and Virgin Australia are experiencing operating losses per annum that are over **twice (x2)** the amounts that forced Ansett into bankruptcy. The resultant failure of Ansett created immense reverse compound economic effects that shut down a multitude of supporting companies and directly placed 15,000 employees in unemployment. The indirect multiplier effect was up to 40,000. Not to mention the destructive effect on GDP at State and Federal level.

Unless both companies can reverse their rolling downward spiral the possibility of failure looms around the corner. **An increase in market share would assist their ability to improve profitability in a fair market.**

### **FAIR MARKET VERSUS FREE MARKET**

Forced Globalisation has fostered the rise of Elitism that has enabled Airlines with unlimited monetary power to gain greater market control. Indifferent air travellers and vested interest politics has blinkered the adverse economic effects of predatory and unsustainable low air fares.

In analogy, **26 Foreign** airlines with **61.0%** of the Australian/SAM international market share transport the greater part of aviation **Capital** and ticket **Revenue** away from Australian shores. *(See Page 4 Table)*

It is feasible to connect the destructive effects of the **"FREE"** market to the changing fortunes of the Australian economy. As genuine production **GDP** growth shrinks so does Taxation Income.

The industry must demand a transformation to a **"FAIR"** market through the intelligent and defensive regulation of the industry. Otherwise the erosion of international market share for native carriers will continue to destroy the viability of the aviation industry from a sovereign and national interest perspective.

Part of the fair market concept is to constrain the monopoly powers of the international airports through effective regulation. Such regulation should incorporate the availability of **SLOTS** in order to prevent high profile control of the industry by foreign owned Airlines. Slot availability is an increasing barrier to entry for new entrant carriers, including Jumpjet Airlines.

Progressive politics could achieve such policy change in a short time, thus removing the necessity of any Board formation amongst hostile competitors in an increasingly **predatory** market.

### **FUTURE OF SOVEREIGN AVIATION COMMERCE**

There is a vital need for the incorporation of **Fair** market powers into existing authorities to defend the future development of the sovereign aviation industry in

the SAM and internationally to and from Australia. That is, in the area of commerce, competition and airport operations.

**JUMPJET STATUS**

The historic situation of Jumpjet Airlines is to have been engaged in preliminary negotiations with Airport companies as an Early Expansion Entrant entity and the company has received benchmark support.

**Thus we see no immediate benefit for the entity, or its future progression, that would be advantaged by the continuation of the Board of Airline Representatives Inc in its present form.**

In relation to **public detriment** versus **public benefit** we revert to the content of this document. The consideration of public benefit must rise to a higher level than simply the perceived value of offering low airfare regimes at any cost. Foreign carriers have excessive power in the market and are a barrier to resident aviation development.

There must be change from the present-day, fashionable, politically correct direction to arrest the demise of the resident aviation industry.

This can only be achieved by facing the reality that forced globalisation is dissolving our sovereignty and with it our economic health and well being. The aviation industry is one of many industries that are in downfall because of unrestrained **free-for-all** economics.

Permitting more Foreign Equity ownership, Alliances or airline Entrances will not change the dynamics of the industry as the problems are **operational** and **regulatory**.

The regulatory backing of resident airline companies operating in the aviation industry would result in a far more extensive contribution to national compound economic development than any foreign owned airline system.

That is, in terms of real GDP growth (*based on production*), company development, capital and profit development, employment and opportunity, taxation income and contribution to the Australian and New Zealand economies.

Thank you for the opportunity to comment on this matter.

Cordially,



Nick Kile  
Managing Director

*(Note: Jumpjet Airlines Limited is an independent Early Expansion, Australian/New Zealand, airline company developing to enter the Trans Tasman market and operate between Australia and New Zealand. <http://www.jumpjet.net> )*

A 2015 Economic Punch Line: "If oil falls to 60 usd/bbl head for the hills !!!"

## TOTAL SEATS OPERATED on INTERNATIONAL SCHEDULED SERVICES - 2014

Airport	Airlines	No: of Seats	% Share of Market
Adelaide	SAM	264,359	19.6%
	Foreign Airlines	1,079,073	80.4%
Brisbane	SAM	3,080,692	45.4%
	Foreign Airlines	3,705,887	54.6%
Cairns	SAM	520,634	63.8%
	Foreign Airlines	296,656	36.2%
Darwin	SAM	335,823	59.0%
	Foreign Airlines	233,336	41.0%
Gold Coast	SAM	718,021	62.2%
	Foreign Airlines	434,919	37.8%
Melbourne	SAM	3,905,271	37.4%
	Foreign Airlines	6,571,831	62.5%
Norfolk Island	SAM	17,530	100.0%
	Foreign Airlines	0	0.0%
Perth	SAM	1,050,634	18.5%
	Foreign Airlines	4,651,862	81.5%
Sunshine Coast	SAM	10,737	100.0%
	Foreign Airlines	0	0.0%
Sydney	SAM	7,589,246	42.3%
	Foreign Airlines	10,330,532	57.7%
<b>Totals:</b>		<b><u>44,797,043</u></b>	<b><u>100.0%</u></b>
# The Percentage of Market Share for SAM and Foreign Airlines appears below: -			
		<b>Market Share Foreign Airlines</b>	61.0%
		<b>Market Share SAM Airlines</b>	<b>39.0%</b>
			<u>100.0%</u>
# Totals include foreign airline multi-airport freedoms and this identifies sector passengers against sector revenue.			

SAM = Single Aviation Market Airline (Australia/New Zealand)  
Foreign Airlines

	3
	<u>26</u>
Total Airlines	<u>29</u>