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17 March 2023

Mr Jason Dymowski  
Assistant Secretary  
Department of Infrastructure, Transport, Regional Development,  
Communications and the Arts  
111 Alinga Street  
CANBERRA ACT 2601

Via email: [Jason.Dymowski@infrastructure.gov.au](mailto:Jason.Dymowski@infrastructure.gov.au)

Dear Mr Dymowski

### **Aviation White Paper – Terms of Reference**

Thank you for the opportunity to comment on the proposed Terms of Reference developed as part of the Australian Government's Aviation White Paper.

Virgin Australia welcomes the commencement of the White Paper process and the government's commitment to consider potential changes in the aviation industry over the next 30 years in addition to what policy settings may be required to maintain safety, security, competition, and growth over this period.

Virgin Australia's role in the Australian and international aviation industry is well-known.

Launched in August 2000 (as Virgin Blue) with a dedicated team of just 200 people, the business has grown despite significant challenges to now consist of a team of more than 7,000 people and a fleet of nearly 90 Boeing 737 aircraft which fly to destinations around Australia and internationally.

The COVID-19 pandemic had a devastating impact on airlines around the globe and Virgin Australia was no exception, entering voluntary administration in April 2020, before emerging from this process in November 2020 with a new owner, Bain Capital.

In the just over two years since, there have been significant changes at Virgin Australia to ensure a sustainable business model into the future. Most notably, right sizing the operation, restructuring supplier contracts, streamlining fleet type, and exiting long-haul international operations.



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However, these changes have not affected Virgin Australia's commitment to customers by providing value, choice and exceptional service when connecting families and loved ones across the country.

Looking ahead, Virgin Australia is focused on a range of key areas including continuing to improve safety, security, and the customer experience; further growth and competition; building workforce and skills capacity; new technologies and fleet; and the global aviation industry's journey to decarbonise and realise Net Zero by 2050.

These areas are mostly covered by the scope of the White Paper's proposed Terms of Reference, and Virgin Australia has already had substantial discussions with the Department and government more broadly on many of these areas.

Virgin Australia looks forward to further engaging with the Department on each of these areas in more detail.

We note that industry associations of which Virgin Australia is a member, Board of Airline Representatives of Australia (BARA) and Airlines for Australia and New Zealand (A4ANZ) have provided detailed submissions in response to the proposed Terms of Reference. Virgin Australia confirms that it supports these submissions.

Attached you will find a table which provides Virgin Australia's position on certain aspects of the proposed Terms of Reference.

In addition, Virgin Australia would like to highlight its disappointment that '*competition between airports and airlines*' which formed part of the scope of the White Paper election commitment made by the government, has been removed from scope.

The commercial relationship between airports and airlines is key to the level of services which are provided to airport users, most significantly the travelling public, as well the potential for growth within the industry.

Owing to its importance, this issue was considered through the previous Aviation White Paper and is subject to regular inquiries by the Productivity Commission.

Its omission from the current scope has the potential to undermine the purpose of the White Paper to '*promote an efficient, safe, sustainable and competitive Australian aviation sector*'.

Virgin Australia believes that the importance of this issue has only been heightened by the COVID-19 pandemic and the recovery that the entire aviation industry is now undertaking.



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Virgin Australia does not believe that inclusion of this issue in the White Paper's Terms of Reference impacts or replaces in any way the Productivity Commission inquiry process which is understood to be taking place at some point in 2024 or thereafter.

Furthermore, its inclusion in the White Paper's Terms of Reference would not be duplicating any work for government, or industry stakeholders, at this time.

Virgin Australia would be pleased to provide further information if required and thanks the Department for its consideration of these matters.

Yours sincerely

A handwritten signature in black ink, appearing to read "Todd Reynolds".

Todd Reynolds  
**General Manager, Government Relations and Industry Affairs**

Terms of Reference	Virgin Australia position
<p>Aviation's role in economic development, trade and the visitor economy – general, domestic, regional and international aviation.</p>	<ul style="list-style-type: none"> <li>Virgin Australia supports this being in scope but proposes that it be strengthened by revising to: <i>Aviation's role and required action from government to remove barriers and support in economic development, trade and the visitor economy – general, domestic, regional and international aviation.</i></li> </ul> <p><u>Rationale:</u> For aviation to maximise its role in providing a benefit to trade and the visitor economy, the required support from government and the role it plays to incentivise industry or simply remove impediments towards agreed objectives cannot be overlooked. For example, the government can play a direct role in facilitating the further liberalisation of air traffic rights and removing outdated restrictions from bilateral agreements which weaken Australia's ability to maximise the direct economic benefit of the visitor economy.</p>
<p>Airport development planning processes and consultation mechanisms that consider the impact and changing nature of aircraft noise and related expectations on the role of noise sharing and noise mitigation.</p>	<ul style="list-style-type: none"> <li>Virgin Australia supports this being in scope but proposes that it be strengthened by revising to: <i>Airport development planning processes and consultation mechanisms that consider fitness for purpose of infrastructure, efficient access to infrastructure for airport users and the impact and changing nature of aircraft noise and related expectations on the role of noise sharing and noise mitigation.</i></li> </ul> <p><u>Rationale:</u> Airlines have limited power or ability to challenge the ambition of an increasing number of airports seeking to establish new or redevelop existing infrastructure targeted at operations many years in advance despite being the key part in how an airport recovers cost from its investment. Government has a specific role to play in approving airport master plans and a strengthened consultation process on future airport needs is likely to result in improved outcomes for airlines as well as all other airport users, and communities. 'Infrastructure' also includes the requirements of external bodies (but related parties) such as Airservices Australia to update their capabilities and operating procedures through additional investment that will have a direct bearing on issues such as aircraft noise.</p>

<p>Maintaining fit-for-purpose aviation safety, air navigation and aviation security systems and service delivery agencies.</p>	<ul style="list-style-type: none"><li>• Virgin Australia supports this being in scope but proposes that it be strengthened by revising to: Maintaining fit-for-purpose aviation safety, air navigation and aviation security systems and service delivery agencies, <i>including future resourcing and skills requirements.</i></li></ul> <p><u>Rationale:</u> The COVID-19 pandemic had a significant impact on the available workforce and skills needs for the aviation industry from airlines and airports, through to government agencies. While airlines and airports have worked through many of the challenges to date and are putting plans in place to best address shortages in the future, there is a lack of a clear plan from key government agencies such as Airservices Australia which in recent weeks has had significant staffing issues at Australia's biggest airport (SYD) which has disrupted users significantly resulting in hundreds of delays, thousands of cancellations, and tens of thousands of frustrated passengers. Ensuring that there is adequate resourcing at key government agencies now and into the future, along with a demonstrated training pipeline to replace an ageing workforce will be critical to maximising the efficiency and safety of air travel in Australia into the future.</p>
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