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Labour airline policy: Consumer NZ says Air New Zealand dominance a problem but questions airport cost control plans

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Labour's new airline passenger and aviation policy recognises some real problems but also proposes some pointless solutions, a consumer group has said.

Today, Labour said it would enforce clearer prices, stronger passenger rights, and more choice for travellers.

Consumer NZ chief executive Jon Duffy said the lack of competition on many domestic routes was a major issue.

But he said more clarity was needed on Labour's call for automatic refunds when flights were cancelled or significantly changed.

Duffy also said some passengers would prefer to get the next available flight rather than a refund and no flight.

"It really should be the consumer's choice in most scenarios."

Labour said it would require airlines to show “all-in, real-time airfares”.

“The law already requires airlines to be upfront about what airfares cost,” Duffy said.

He said it was unclear if Labour’s policy would include an obligation for refunds even for cancellations due to factors beyond airline control, such as cyclones or pandemics.

Duffy said Air New Zealand’s dominance on many routes “makes passengers extremely vulnerable” to price-setting practices.

“There is a lack of competition in our domestic aviation market.”

Duffy said the promotion of more competition would be largely welcomed.

“There are often no other alternatives other than driving a car.”

Labour said it would “open the skies to more competition” and require fair access to essential airport infrastructure so smaller airlines could succeed.

Duffy said the existing Government had already tried opening the supermarket sector to more competition and had not been able to lure a third big player in.

“You can pave the way, but you can’t force the entrant to come in.”

He said a Government wanting to offer people more transport options could also consider rail, especially given how much KiwiRail infrastructure it already owned.

Airport money

In one part of the policy likely to please most or all airlines, Labour said it would keep airport costs “under control” so airports could raise capital and borrow cheaply.

Airlines repeatedly complain about the costs major airports impose on them.

Labour said this aspect of its policy would mean essential infrastructure investment did not unnecessarily push up airfares.

But Duffy said it was unlikely more regulation was needed in this area.

“The Commerce Commission already runs a ruler over all of the development plans that regulated airports put through.”

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Those are the big three monopoly airports – Auckland, Wellington and Christchurch.

“I’m not sure what Labour’s policy would add here,” Duffy said.

He said Auckland Airport was currently developing infrastructure which “the country has been crying out for for a very long time” even though airlines objected to the cost of some of those projects.

“The process seems to be okay. I don’t know if we want to be changing that too much.”

Labour also said it would require airlines to publicly report delays, cancellations and baggage performance, alongside greater scrutiny of fares, costs and profits.

Air New Zealand in recent months has been disclosing its on-time performance measures.

In mid-September it published the previous month’s punctuality ratings.

It said 85.3% of its August flights arrived within 15 minutes of schedule, up from 83.1% the previous month.

The airline last month also disclosed preliminary data for mishandled baggage.

It told the *Herald* the rate showed 2.77 mishandled bags per 1000 for the year ended June 30.

On regional airlines, Labour said when essential air service was at risk, Labour would “bring the industry together to find long-term solutions to keep communities connected”.

Associate Transport Minister James Meager of National last year announced the creation of a permanent Aviation Council, comprising people from across the sector.

The Government on Monday announced a series of new grants for regional airlines, the largest being Air Chathams.

Regional Development Minister Shane Jones of New Zealand First and Associate Transport Minister James Meager of National made the announcement.

“National’s answer has been to hand smaller airlines a bit of extra cash to help them get by, while leaving the barriers to competition in place,” Labour commerce

and consumer affairs spokesperson Arena Williams said today.

Williams said the extra funding given to regional airlines “won’t help smaller airlines grow or give passengers more choice”.

Aviation Industry Association (AIANZ) chief executive Simon Wallace said Labour’s call for stronger passenger rights was already being addressed through a voluntary charter.

He said Air NZ, regional airlines, and the wider industry were being consulted on that matter.

The association welcomed Labour’s announcement of keeping airport costs under control.

“However, the policy does not go far enough and there needs to be greater scrutiny on increasing airport charges,” Wallace said.

Landing fees made up a huge part of the cost base for airlines, Wallace said.

He also said any call for more accountability on airline profits was nonsensical.

“In the current operating environment, NZ-based airlines are not making any money”.

John Weekes is a business journalist covering aviation. He also has experience covering consumer affairs, crime, politics and courts.

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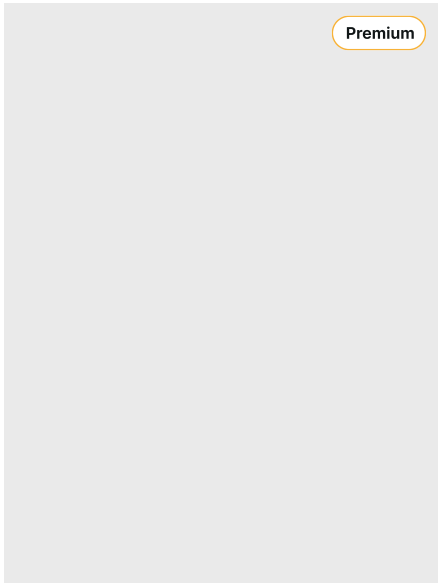

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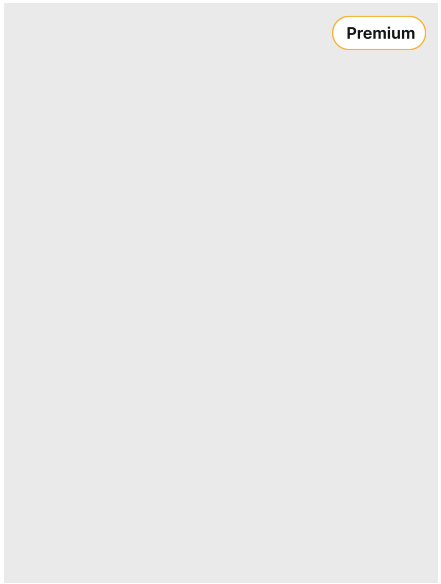

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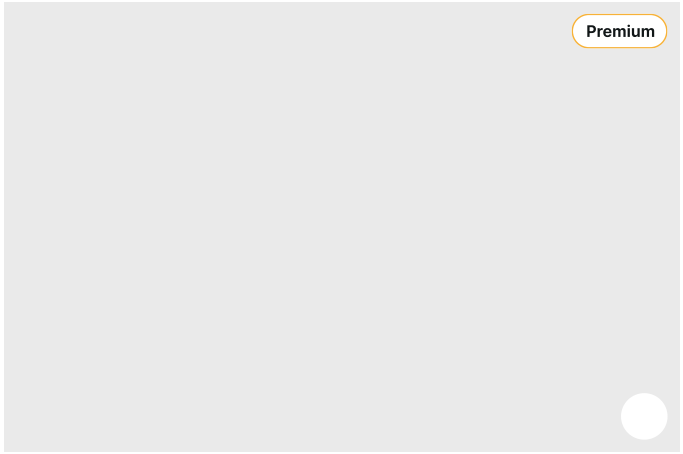

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