



MEDIA RELEASE

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Virgin Australia and Alliance Airlines authorised to cooperate to support regional airline services

The ACCC has today granted interim authorisation to Virgin Australia and Alliance Airlines allowing them to cooperate on 41 regional routes and two short-haul international routes.

The ACCC's preliminary view is that these arrangements are likely to result in a public benefit by assisting in the re-establishment of Virgin Australia's national network of routes, thereby promoting competition in airline services.

"The COVID-19 pandemic has significantly disrupted the aviation industry in Australia. This interim authorisation will help facilitate a more competitive aviation landscape as Australian consumers resume travelling and demand for flights increases," ACCC Commissioner Stephen Ridgeway said.

The cooperation will allow Virgin Australia and Alliance Airlines to share information, and to agree on service capacity, schedules and potentially revenue sharing on the routes on which they operate, including for new routes not currently serviced by either airline.

"Cooperating to provide services on these regional routes will assist Virgin Australia and Alliance Airlines to efficiently manage capacity and quickly respond to increases in demand as travel restrictions ease," Mr Ridgeway said.

"We acknowledge there is some urgency to this matter. A delay in Virgin Australia fully re-establishing its network, while other airlines are increasing services in response to greater demand as travel restrictions ease, is likely to result in less competitive markets."

"This is why we have given this arrangement interim authorisation while we consider the substantive application," Mr Ridgeway said.

The cooperation will mean that Virgin Australia and Alliance Airlines will not compete with each other on the routes covered by the agreement.

"Our preliminary view is that any public detriment resulting from reduced competition between Alliance Airlines and Virgin Australia is likely to be limited, given Alliance Airlines' limited number of scheduled regular passenger services. We will consider this issue further in the course of our review of the substantive application," Mr Ridgeway said.

"We consider that other airlines, including Qantas Airways and Qantas-owned Jetstar, are likely to compete strongly with Alliance Airlines and Virgin Australia on many of the routes covered by the agreement."

Having granted interim authorisation, the ACCC is seeking feedback on the substantive application for authorisation. More information, including the list of routes covered by the authorisation, the ACCC's statement of reasons, and details on how to make a submission are available at [Virgin Australia & Alliance Airlines](#).

Background

Virgin Australia commenced operations in Australia in 2000 and currently operates services on 37 domestic routes from 28 ports.

Alliance Airlines is an Australian airline that provides contract, charter and regular public transport services, and is listed on the ASX.

Airline Competition Taskforce

On 19 June 2020, the ACCC was directed by the Treasurer, The Hon Josh Frydenberg MP to monitor the prices, costs and profits of Australia's domestic airline industry and provide quarterly reports to inform Government policy.

The direction under Part VIIA of the Competition and Consumer Act will enable the ACCC to require information from relevant companies. The direction is for three years.

Qantas's shareholding in Alliance Airlines

On 1 February 2019, Qantas acquired 19.9 per cent of Alliance Airlines. The ACCC has an ongoing investigation into the acquisition.

The ACCC considered the impact of the Qantas's minority shareholding in Alliance Airlines as part of its assessment of Virgin Australia and Alliance Airlines' request for interim authorisation.

Notes to editors

ACCC authorisation provides statutory protection from court action for conduct that might otherwise raise concerns under the competition provisions of the Competition and Consumer Act 2010.

Section 91 of the Act allows the ACCC to grant interim authorisation when it considers it is appropriate. This allows the parties to engage in the proposed conduct while the ACCC is considering the merits of the substantive application.

The ACCC may review a decision on interim authorisation at any time, including in response to feedback raised following interim authorisation.

Broadly, the ACCC may grant an authorisation when it is satisfied that the public benefit from the conduct outweighs any public detriment.