



**ACCC**  
AUSTRALIAN COMPETITION  
& CONSUMER COMMISSION

# Domestic airline competition in Australia

February 2025



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The ACCC acknowledges the traditional owners and custodians of Country throughout Australia and recognises their continuing connection to the land, sea and community. We pay our respects to them and their cultures; and to their Elders past, present and future.

Australian Competition and Consumer Commission  
Land of the Ngunnawal people  
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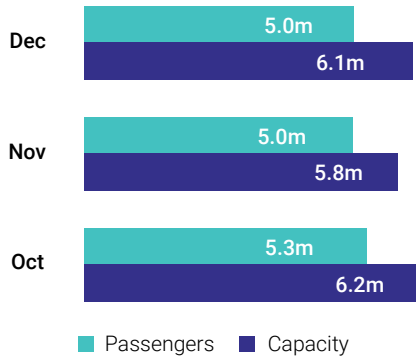
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# Glossary

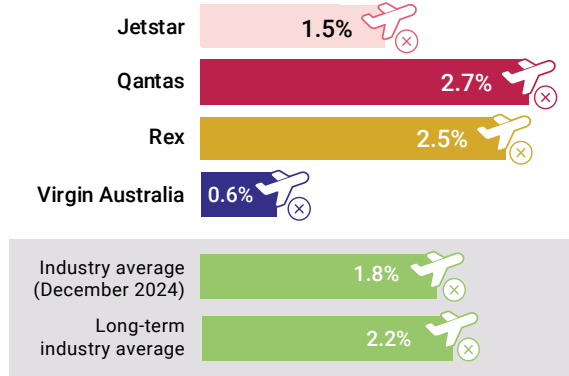
ABS	Australian Bureau of Statistics
BITRE	Bureau of Infrastructure and Transport Research Economics
CCA	<i>Competition and Consumer Act 2010</i> (Cth)
Golden Triangle routes	Flights between Sydney, Melbourne and Brisbane airports.
Load factor	The total number of passengers as a proportion of the total number of seats flown.
Low-cost carrier (LCC)	Airlines that specialise in keeping operating costs low and without some of the more traditional amenities such as in-flight meals included in the fare, meaning they can potentially offer lower airfares.
Major City routes	Classified using the ABS Australian Statistical Geography Standard Edition 3 (ABS 2021 version). Routes where both airports are in Major Cities of Australia. Refer to Appendix for a list of routes by route type.
Qantas	Qantas domestic passenger airlines that include Qantas Domestic and QantasLink airlines.
Qantas Group	Qantas domestic passenger airlines that include Qantas Domestic, Qantas Link and Jetstar Domestic airlines.
Regional routes	Classified using the ABS Australian Statistical Geography Standard Edition 3 (ABS 2021 version). Routes where at least one airport is in Inner Regional Australia or Outer Regional Australia, but not in Remote or Very Remote Australia. Refer to Appendix for a list of routes by route type.
Remote routes	Classified using the ABS Australian Statistical Geography Standard Edition 3 (ABS 2021 version). Routes where at least one airport is in Remote or Very Remote Australia. Refer to Appendix for a list of routes by route type.
Virgin Australia	Virgin Australia domestic passenger airlines that included Virgin Australia and Virgin Australia Regional Airlines (VARA). Virgin Australia also operated Tigerair until March 2020.
Wet lease	A lease arrangement whereby a lessor provides an aircraft including crew, maintenance and insurance to the lessee.

# Key results

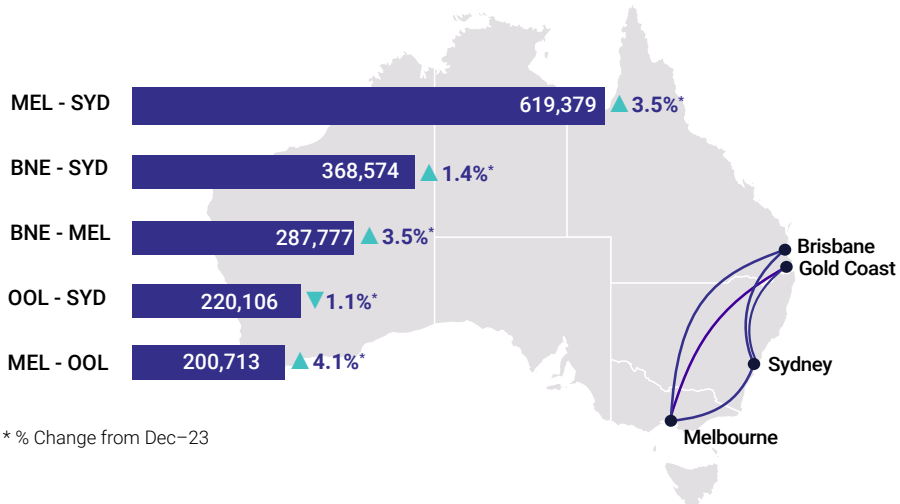
## Passenger levels and seat capacity - December 2024



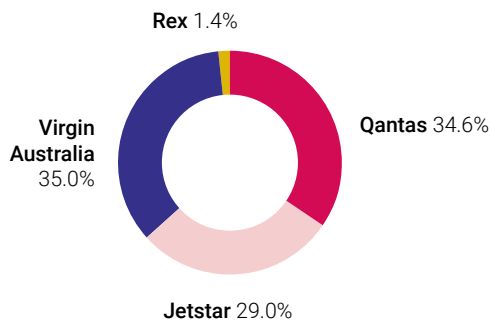
## Flights cancelled - December 2024



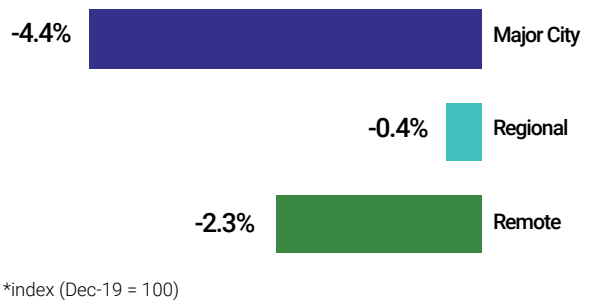
## Busiest domestic routes by passenger levels - December 2024



## Passenger market share as at December 2024



## Change in real average revenue per passenger index by route type - December 2023 to December 2024\*



# Key industry insights and developments

## Government to work with administrators to keep Rex flying



In February 2025, the government announced it will work with Rex's administrators as part of the sale process to ensure continuation of the airline's regional aviation services. In the event no buyer emerges, the government will consider options, including potential Commonwealth acquisition. This follows the government's acquisition in January 2025 of \$50 million in debt from Rex Airline's largest secured creditor.



## Domestic load factors reach peak levels on Major City routes

Domestic load factors on Major City flights reached 90.4% in November 2024, the highest level recorded since at least January 2019, the earliest month for which the ACCC has data. It compares to an average load factor of 82.9% during 2024.



## Fewer flight cancellations due to improved performance by Virgin Australia

December 2024 represented an improvement in cancellation rates at 1.8% compared to the industry long-term average of 2.2%. This result was driven primarily by Virgin Australia, which cancelled just 0.6% of flights. Meanwhile, 74.7% of flights arrived on time in December 2024, remaining below the industry long-term average of 80.7%.



## Airfares stabilise leading into the 2024 Christmas period

Following a period of relatively higher airfares in October and November 2024, airfares stabilised at the end of the calendar year. Average fare revenue per passenger was 3.0% lower in December 2024 compared to 2023. The fall in average revenue per passenger over the year was more pronounced on Major City routes (-4.4%) than Regional (-0.4%) and Remote (-2.3%) routes.



## Virgin Australia has increased its share of passengers since Rex exited Major City routes

While its share of passengers had steadily been growing in the months preceding July, Virgin Australia appears to have benefited from Rex's exit from Major City routes in the latter half of 2024.

Since July, Virgin Australia's share of passengers increased by 3.1 percentage points to 35.0% in December 2024.

# Executive Summary

Both Qantas Group and Virgin Australia experienced strong demand growth throughout most of 2024 which continued into the Christmas period. Passenger numbers increased across the industry in the 12 months to December 2024, with the most significant increases noted for Virgin Australia (by 15.8%) and Jetstar (by 11.2%). Passenger numbers for Qantas increased by 3.2% over the same period.

Seat capacity increased in the 12 months to December 2024, mostly through increases from Virgin Australia (13.1%) and Jetstar (9.0%). However, load factors increased because of the rate of increase of passengers. Load factors on Major City routes were particularly high in November 2024, at 90.4%. This compares to the 12-month average of 82.9%. The highest load factors were experienced by Virgin Australia, at 93.4%. While high load factors indicate strong demand and are generally considered positive with respect to an airline's profit margins, they can limit an airline's ability to respond flexibly to flight disruptions, reducing its network resilience.

Airlines have cited further delays in the delivery of new aircraft from Boeing and Airbus as one of the reasons for the stagnation in capacity growth. In response to the delays, airlines have continued to operate older aircraft or have extended existing wet lease arrangements. Older aircraft are generally more expensive to operate due to lower fuel efficiency and higher maintenance costs.

Operational costs have been further exacerbated by high levels of inflation and a lower AUD–USD exchange rate. For consumers, the inflationary environment has added to cost-of-living pressures. Consumers also lost the improved domestic connections offered by new low-cost carrier Bonza in April, and the competitive pressure added by Rex to Major City services from late July 2024.

Passengers did get some relief from the high airfares when they began to reduce in December. On average, airfares had been particularly high between October and November due in part to school holidays and Coldplay concerts that were held exclusively in Sydney and Melbourne, while the exit of Rex from intercity routes also meant there was less competition than previously. By December 2024, average fare revenue per passenger was 3.0% less than what it had been in December 2023. The fall in average revenue per passenger over that 12-month period was more pronounced on Major City routes (-4.4%) than Remote (-2.3%) and Regional (-0.4%) routes.

Despite the easing of average fare revenue in December, the price of best discounted tickets spiked, reflecting the additional demand for leisure travel over the Christmas period.

Since July 2024, the real average fare revenue per passenger on Major City routes to December 2024 increased by 13.6%, which was higher compared to growth over the same 6-month period in 2023 (10.7%) and 2019 (10.1%). While many factors can influence the change in fares including supply chain issues, the loss of competition from Rex's exit on these routes in July 2024 is likely to have contributed to this trend.

Airline service reliability was mixed towards the end of 2024. The industry cancellation rate improved substantially in December to 1.8%, which represented the third time in 4 months in which the cancellation rate was better than the long-term average (2.2%). This improvement is primarily associated with Virgin Australia, which cancelled just 0.6% flights in December. On the other hand, passengers continued to experience flight delays. The on-time arrival rate was 74.7% in December, remaining below the long-term industry average of 80.7%.

The government has taken further steps to ensure the continuation of regional aviation services operated by Rex. On 12 February 2025, the government announced it would work with Rex's administrators as part of the sale process. In the event no buyer emerges, the government will work on contingency options, including preparations necessary for potential Commonwealth acquisition.

This follows the government's announcement in January 2025 that it would acquire \$50 million of Rex's debt to PAG, their largest capital investor. Without this move, PAG could have sought liquidation and the cessation of Rex's regional operations. The government has also committed financing of up to \$80 million and guaranteed regional flight bookings for Rex customers during the extended administration process.

The government also continues to progress initiatives coming out of last year's Aviation White Paper. There were several steps taken with respect to improving the oversight of take-off and landing slots at Sydney Airport, which included the passing of the legislative reforms to the Sydney Demand Management Scheme Slot Bill in November. Separately, it has been reported that the competitive tender for appointing a new Slot Manager at Sydney Airport has been finalised, with UK-based Airport Coordination Limited due to replace Airport Coordination Australia. The government is also conducting a consultation in relation to the Aviation Customer Rights Charter.

The domestic airline industry has changed significantly since it was de-regulated in 1990. There have been periods of strong growth in capacity and falling airfares, but there have also been periods of declining capacity and rising airfares. Over time, reliability has generally worsened with respect to flight cancellations and delays. Airlines have also come and gone over the years; and while some have experienced some success in challenging the long-standing duopolistic market structure, this competitive pressure has unfortunately not been sustained. The ACCC is supportive of greater competition in the airline industry, such that customers can enjoy lower airfares and more choice.



# 1. Introduction

## 1.1 Government direction to monitor domestic airline services

The Australian Competition and Consumer Commission (ACCC) is an independent Commonwealth statutory agency that promotes competition, fair trading and product safety for the benefit of consumers, businesses, and the Australian community. The primary responsibilities of the ACCC are to enforce compliance with the competition, consumer protection, fair trading and product safety provisions of the *Competition and Consumer Act 2010* (Cth) (CCA), regulate national infrastructure and undertake market studies.

On 6 November 2023 the Treasurer directed the ACCC to recommence domestic air passenger transport monitoring under subsection 95ZE(1) of the CCA. This follows the direction issued to the ACCC by the former Treasurer, which expired in June 2023.

Under the direction the ACCC is to monitor prices, costs and profits relating to the supply of domestic air passenger transport services for 3 years and to report on its monitoring at least once every quarter. The direction applies until December 2026.

In announcing the direction, the Treasurer stated that ACCC market scrutiny will help ensure airlines compete on their merits and bring to light any inappropriate market conduct should it occur. The Treasurer also said that the direction will assist in providing continued transparency at a time when new and expanding airlines are still trying to establish themselves.<sup>1</sup>

The ACCC's monitoring and reporting on the domestic airline industry is separate but related to its enforcement of competition law under Part IV of the CCA. We will prioritise investigations about anti-competitive agreements and practises, and the misuse of market power. We will consider enforcement action where we form the view that conduct is likely to breach the CCA. Should the ACCC find that the level of competition within the industry is insufficient to meet the needs of consumers or identify anti-competitive behaviour that falls short of thresholds for enforcement action we will recommend potential policy options to government to improve competition.

Under section 95ZK of the CCA, the ACCC can compel airlines to give information and produce documents to the ACCC relevant to that airline's supply of domestic air passenger transport services. We have established arrangements for the Qantas Group (including Jetstar), Rex and Virgin Australia to voluntarily provide their monthly and quarterly data to the ACCC.<sup>2</sup> These airline groups supply close to all regular domestic air passenger services in Australia. On occasion we also seek qualitative information from the airlines, such as Board papers about company strategy. The ACCC has legislative obligations in relation to its management and disclosure of confidential information.<sup>3</sup> In accordance with these obligations the public monitoring reports will present only some of the information collected from the airlines.

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1 The Hon Dr Jim Chalmers (Treasurer), [ACCC directed to monitor domestic air passenger services](#), [media release], 18 October 2023, accessed 6 February 2025.

2 Arrangements were also made to collect data from Bonza between February 2023 and March 2024 inclusive.

3 ACCC, [ACCC/AER information policy](#), 4 June 2014.

## 2. Industry Developments

### 2.1 Virgin Australia and Jetstar benefit from strong growth in passenger demand

December 2024 was a record month for Virgin Australia, with passenger numbers across its domestic and international network exceeding any December in its 24-year history.<sup>4</sup> Jetstar also reported one of its highest numbers of monthly domestic passengers in 2024. December is generally driven by strong leisure demand and as such, there has been strong growth by Virgin Australia and Jetstar during this time. Qantas, which is relatively more focused on business travel, did not experience the same increase.

To address the increase in leisure demand, extra flights were added by Virgin Australia to locations such as Gold Coast, Sunshine Coast, Cairns, Tasmania, and the Whitsundays.<sup>5</sup> Meanwhile, Jetstar launched a new service from Cairns to the Sunshine Coast, which added 5,346 seats in December 2024 and going forward, is expected to add more than 71,000 seats each year.<sup>6</sup>

Despite this, seat capacity remained consistent across the industry in December 2024 compared to 12 months prior (+0.5%) and was 5.0% lower than in December 2019. Seat capacity has reduced for Qantas by 4.7% when compared to December 2019, while seat capacity for Virgin Australia and Jetstar grew (by 4.3% and 13.3% respectively). Airlines have cited delays in the delivery of new aircraft as one of the key reasons for the limitations in seat capacity growth.<sup>7</sup> These delays are likely to pose challenges for the airlines throughout 2025.<sup>8</sup>

A number of factors, including strong demand and stagnating capacity contributed to flights being fuller than normal. The domestic network load factor in November 2024 was 86.2%, which was the highest level since at least January 2019, the earliest month for which the ACCC has data. The strong load factors were driven by Virgin Australia and Jetstar, which recorded load factors of 90.8% and 90.6% respectively.

The loss of Bonza and Rex on Major City routes in 2024 has reduced connectivity and competition, however Jetstar and Virgin Australia have since added extra capacity on specific routes such as Adelaide – Melbourne. Jetstar has also announced it is set to add an additional 34,000 seats between Sunshine Coast and Melbourne from March until June 2025.<sup>9</sup>

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4 Virgin Australia, [Virgin Australia tops reliability podium as passenger numbers soar](#), [media release], January 2025, accessed 6 February 2025.

5 Virgin Australia, [Virgin Australia prepares for record breaking summer](#), [media release], 11 December 2024, accessed 6 February 2025.

6 Jetstar, [Jetstar takes off between Cairns and the Sunshine Coast](#), [media release], 4 December 2024, accessed 6 February 2025.

7 A de Kretser, [Qantas pips Virgin on on-time flights in otherwise lacklustre year](#), *Australian Financial Review*, 22 January 2025, accessed 6 February 2025.

8 OAG, [2025 Airline industry predictions](#), 12 December 2024, accessed 7 February 2025.

9 Sunshine Coast Airport, [Sunshine Coast Airport celebrates 34,000 new Jetstar seats in 2025](#) [media release], 13 January 2025, accessed 6 February 2025.

## 2.2 Government to continue supporting Rex's regional aviation services

On 12 February 2025 the government announced that it would continue to work with the administrators of Rex throughout the upcoming sale process to ensure the airline's regional aviation services continue beyond 30 June 2025, the end of the extended convening period for the administration process. The government said it would not participate in the sale process as a bidder and that it would like to see a market-led outcome. However, if no sale agreement is reached the government will consider contingency options, including a potential Commonwealth acquisition.

Earlier in January 2025, the government acquired \$50 million worth of debt from Rex's largest creditor, investment company PAG. The move avoids the risk that PAG could have sought liquidation and the cessation of Rex's remaining operations.<sup>10</sup>

In 2020, Rex signed an agreement with PAG for an investment that would be used exclusively to support the launch of Rex's domestic jet operations in 2021.<sup>11</sup> Since ceasing domestic jet operations and entering voluntary administration on 31 July 2024, Rex's administrators EY (Ernst & Young) have undertaken a significant sale process for the business in an attempt to provide a chance of a better return for Rex's creditors.

In November 2024, the government committed financing of up to \$80 million and guaranteed regional flight bookings for Rex customers during the extended administration process.<sup>12</sup>

## 2.3 International market trends and capacity

Demand for international travel has steadily increased over the last year. Analysis from the ABS showed that total arrivals and departures to and from Australia increased by 6.8% and 11.6% respectively in the 12 months to November 2024. Short-term arrivals into Australia increased by 2.3% over this period.<sup>13</sup> Western Australia in particular experienced significant growth in international travel. International passenger numbers at Perth Airport were 23% higher in 2024 than in 2023.<sup>14</sup>

International airlines continue to add capacity on routes connecting to Australia in response to growing demand:

- South African Airways has increased the number of services between Perth and Johannesburg from 3 services per week in January 2024, to 5 services per week in January 2025.<sup>15</sup>
- China Southern Airlines reconnected with Western Australia returning its Perth to Guangzhou service in November 2024. The service operates 3 times a week and adds an additional 780 inbound seats to Western Australia each week.<sup>16</sup>

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10 The Hon Anthony Albanese MP, [Albanese Government supporting and securing regional aviation](#), [media release], 12 February 2025.

11 PAG, [REX signs binding agreement with PAG on funding for domestic jet operations](#), 19 November 2020, accessed 29 January 2025.

12 The Hon Catherine King MP, [Government welcomes extension of Rex administration until 30 June 2025](#), [media release], 21 November 2024.

13 ABS, [Overseas Arrivals and Departures, Australia](#), 16 January 2025, accessed 4 February 2025.

14 Perth Airport, [Aviation surges as Perth Airport posts record passenger numbers](#), [media release], 17 January 2025, accessed 29 January 2025.

15 Perth Airport, [South African Airways increases its connectivity between Perth and Johannesburg](#), [media release], 17 December 2024, accessed 6 February 2025.

16 Perth Airport, [WA tourism industry to benefit with the return of China Southern Airlines](#), [media release], 28 November 2024, accessed 6 February 2025.

- American Airlines began operating flights between Dallas and Brisbane in October 2024. The service will fly daily until the end of March 2025.<sup>17</sup>
- Delta Air Lines began operating seasonal flights between Los Angeles and Brisbane in December 2024, increasing capacity on the route by 56%.<sup>18</sup>
- Delta Air Lines will also begin operating seasonal flights between Melbourne and Los Angeles from 3 December 2025. The carrier will compete with Qantas International and United Airlines as the third service provider on the route, offering 3 services per week.<sup>19</sup>

## 2.4 ACCC grants interim authorisation to Virgin Australia and Qatar Airways

On 29 November 2024, the ACCC granted interim authorisation to Virgin Australia and Qatar Airways, allowing them to engage in cooperative conduct under an integrated alliance. The ACCC has also accepted a court enforceable undertaking from Virgin Australia and Qatar Airways in relation to the conduct.<sup>20</sup>

Under the interim authorisation, Virgin Australia and Qatar Airways can commence marketing and selling 28 weekly scheduled return flights between Doha and Brisbane, Melbourne, Perth and Sydney. The new services will be in addition to the international services already operated by Qatar Airways.

On 12 December 2024, Virgin Australia started selling tickets on routes flying directly from Sydney, Brisbane, and Perth to Doha for travel from June 2025, with Melbourne set to join later in the year.<sup>21</sup>

The new services will be offered subject to final regulatory approval by the ACCC and other government bodies. The undertaking accepted by the ACCC ensures that if final regulatory approval is ultimately not granted, then customers who have booked these proposed new services would be protected.

The ACCC is expected to release a draft determination in February 2025.

In October 2024, it was announced that Qatar Airways Group intends to acquire a minority 25% equity stake in Virgin Australia from Bain Capital. Virgin Australia said that the proposed ownership, which was still subject to regulatory approval, would provide access to the critical scale and expertise of a global airline. Virgin Australia also said that it would serve as a cornerstone investment ahead of an anticipated return of Virgin Australia into public ownership.

17 Brisbane Airport, [Howdy Queensland! American Airlines touches down in Brisbane](#), [media release], 28 October 2024, accessed 6 February 2025.

18 Brisbane Airport, [Delta Air Lines touches down in Queensland](#), [media release], 6 December 2024, accessed 6 February 2025.

19 D Flynn, [Delta Air Lines launches Melbourne–Los Angeles flights](#), *Executive Traveller*, 3 February 2025, accessed 6 February 2025.

20 ACCC, [ACCC grants interim authorisation to Virgin Australia and Qatar Airways](#), [media release], 29 November 2024, accessed 6 February 2025.

21 Virgin Australia, [Virgin Australia flights to Doha on sale now](#), [media release], 12 December 2024, accessed 6 February 2025.

## 2.5 Both Qantas Group and Virgin Australia revise loyalty programs

Passengers will need to spend more frequent flyer points to book flights following a range of recently announced changes to Qantas' loyalty scheme.<sup>22</sup> The move comes after Virgin Australia announced similarly mixed changes to its loyalty program in October 2024.<sup>23</sup>

Qantas Group is increasing the number of Classic Flight Reward and Classic Upgrade Reward points required to book a Qantas domestic and international, Jetstar international and long-haul domestic, and partner airline network flight, by up to 20%, starting 5 August 2025. It is also increasing carrier charges, part of the cash component of booking a reward seat, for Business Cabin and First Classic Reward seats, to match charges for Classic Plus Reward seats.<sup>24</sup>

On the upside, there will be an 11% decrease in the number of Classic Flight Reward points required to book Jetstar short haul domestic flights in Australia and New Zealand, starting 5 August 2025. Members will earn up to 25% more Qantas Points on their base earn for Qantas domestic flights starting 22 July 2025 and can use Qantas Points to upgrade to Business on Jetstar international flights starting 2026.

Virgin Australia has reduced the lead-in price for its domestic economy reward seats by about 5% but increased the price ceiling. It has also increased the number of Velocity points required to book international partner reward seats, varying by airline partner. For redemptions with Singapore Airlines, carrier charges will increase by about 33%. Furthermore, members will earn fewer Velocity Points per dollar spent for new bookings from 2 April 2025.<sup>25</sup>

Virgin Australia has introduced new tiers, Forever Gold and Platinum Plus, which will be active from 1 October 2025. Members with Forever Gold status will receive life-time benefits such as lounge access and priority airport benefits. Platinum Plus members will receive benefits such as increased baggage allowances, the ability to use complimentary upgrades on Choice fares, and access to 'Fly Later' that same day. In addition, Virgin Australia loyalty program members may be able to earn more status points on higher fare purchases.

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22 Qantas, [Qantas announces new benefits and changes to frequent flyers program](#), [media release], 22 January 2025, accessed 6 February 2025.

23 Virgin Australia, [Velocity Frequent Flyer announces program changes with new Status Tiers and a one million Domestic Reward Seat sale](#), [media release], 17 October 2024, accessed 6 February 2025.

24 Qantas, [New benefits and program changes coming](#), 22 January 2025, accessed 6 February 2025.

25 B Loo, ['Velocity's sweeping changes: new status tiers and points reshuffles'](#), *Point Hacks*, 20 January 2025, accessed 6 February 2025.

## 2.6 Government takes a key step to improve oversight of slots at Sydney Airport

There have been several recent developments in relation to the demand management scheme at Sydney Airport, after the government announced its intention to implement various reforms in February 2024. A key objective of the reform is to improve transparency about both the allocation and use of take-off and landing slots at Sydney Airport.

On 9 October 2024, the government introduced the Sydney Airport Demand Management Amendment Bill 2024 to implement some of the reforms, which was passed by both houses of parliament on 28 November 2024. Some of the key measures enacted by the bill include:

- introducing 6 'slot misuse' offences, with each offence attracting a penalty of up to \$99,000
- making the Minister rather than the Slot Manager responsible for designing the scheme
- enabling the Minister to compel airlines to produce information.

The reform measures, if implemented effectively, should help support greater airline competition, and therefore, improved consumer outcomes. More technical aspects of the reforms will be enacted through delegated (subordinate) legislation that is yet to be released.

Separately, on 27 November 2024, the government released the first audit report into how airlines used their allocated take-off and landing slots at Sydney Airport for the period 30 October 2022 to 30 March 2024. The audit found that:

- slot utilisation ('utilised' slots are those which are held by an airline and operated) improved for most airlines from October 2022 to March 2024
- higher frequency routes had higher non-utilisation rates
- airlines with large slot holdings can tactically spread non-utilisation across numerous series during peak periods
- airlines do not always accrue historic rights for slot series yet are able to reacquire the same series.<sup>26</sup>

Further, it has been reported that the competitive tender for appointing a new Slot Manager at Sydney Airport has been finalised, with UK-based Airport Coordination Limited due to replace Airport Coordination Australia.<sup>27</sup>

## 2.7 Government consults on the draft Aviation Customer Rights Charter

As part of the Aviation White Paper, the Australian Government committed to introducing a new Aviation Industry Ombuds Scheme and Airline Customer Rights Charter.

On 22 December 2024, the government released the draft Aviation Customer Rights Charter for public consultation, with submissions due by 28 February 2025. The government has indicated that the 'rights within the Charter will inform the Aviation Industry Ombudsperson's complaints resolution process, and underpin any determination the Ombudsperson may give to resolve a complaint in a

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26 Department of Infrastructure, Transport, Regional Development, Communications and the Arts, [Sydney Airport Domestic Slot Audit – Slot Report](#), 7 November 2024, pp 6–7.

27 J Nelson, '[Sydney slot manager hits back after losing contract](#)', *Australian Aviation*, 18 December 2024, accessed 6 February 2025.

particular way.’ The government also noted that the Charter will complement, not replace, consumers’ existing rights under Australian Consumer Law (ACL) and does not seek to interpret the ACL.<sup>28</sup>

The Charter proposes that customers have the right to:

- be treated with dignity and respect, in an accessible and inclusive environment
- accurate, timely and accessible information and customer service
- prompt and fair remedies and support during and after cancellations, delays and disruptions
- safe and timely baggage handling and fair remedies for damage and delays
- the protection of their information
- provide feedback, make complaints and exercise their rights without retribution.

The draft Charter does not contain specific compensation amounts for certain events, such as delayed or cancelled flights. In our submission to the consultation on the design of the proposed aviation ombuds scheme, the ACCC advocated for the Charter to contain specific compensation amounts, and guidance on factors to consider where it would be fair<sup>29</sup> and reasonable to provide amounts higher than the set amounts. We consider this would assist airlines and airports to pro-actively provide reasonable remedies and resolutions to consumers and would reduce the number of complaints escalated to the Aviation Industry Ombuds Scheme.

The government has indicated the final Charter will be released by the Aviation Industry Ombudsperson (once the Aviation Ombuds Scheme commences).

## 2.8 Airservices Australia withdraws its proposal to increase prices

In November 2024, Airservices Australia withdrew its notice to the Minister in which it proposed to increase prices for its air traffic control and aviation rescue and firefighting services by 6%. Accordingly, Airservices’ prices will remain at existing levels.

In a letter to its airline customers on 21 November 2024, Airservices stated it believes that increasing its prices at this time would not serve the best interests of the aviation sector. Airservices noted that international air traffic is below pre-COVID levels, and the domestic market is still recovering.

Airservices stated it will further consult with stakeholders when considering future pricing arrangements, with consideration of the status of the broader aviation sector. It is likely to seek approval to increase prices by 6% in mid-2025.

Separately, Airservices previously indicated it would develop a long-term pricing arrangement for its subsequent price notification covering a 5-year period starting 2026–27. The next notification is expected to include a significant capital expenditure component, including investments related to the OneSKY air traffic management system, Western Sydney International Airport, and new runway developments. The ACCC has indicated to Airservices that such a proposal will require Airservices to undertake a comprehensive consultation process with its stakeholders.

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28 Department of Infrastructure, Transport, Regional Development, Communications and the Arts, [Aviation Customer Rights Charter](#), accessed 6 February 2025.

29 Department of Infrastructure, Transport, Regional Development, Communications and the Arts, [‘ACCC submission to the Aviation Ombuds Scheme’](#), accessed 11 February 2025.



## 2.9 ACCC commences proceedings against Webjet

On 28 November 2024, the ACCC commenced proceedings in the Federal Court of Australia against online travel booking site Webjet Marketing Pty Ltd for allegedly making false and misleading representations to consumers about flight prices and bookings.<sup>30</sup>

Webjet's app and website offer travel-related products and services to consumers, including from different airlines. Consumers can compare and book flights, hotels, car rental and travel insurance through the Webjet website and app.

The ACCC alleges Webjet breached the Australian Consumer Law when it made statements on its app, in marketing emails, on social media and on its website about the minimum price of airfares which omitted compulsory fees charged by Webjet. These statements were made for various periods of up to 5 years between November 2018 to November 2023.

The ACCC also alleges Webjet breached the Australian Consumer Law by displaying a confirmation page online and sending a confirmation email after taking payment for a completed flight booking when in fact, it had not booked the flight with the airline. The ACCC alleges Webjet made these misleading representations in respect of 382 bookings over more than 5 years, between at least 1 November 2018 and 25 June 2024.

In relation to these bookings, Webjet later allegedly sought additional payment from the customer to complete the booking, or offered the customer a refund for the flight, despite having earlier confirmed the booking. Some customers may have made and paid for other travel arrangements on the basis of the confirmation, so may have had to choose between paying more money or cancelling other arrangements at a potential loss.

The ACCC is seeking pecuniary penalties, declarations, injunctions, consumer redress, costs and other orders.

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<sup>30</sup> ACCC, [Webjet alleged to have made misleading claims about airfare prices and flight bookings](#), [media release], 29 November 2024, accessed 6 February 2025.



# 3. Industry activity and reliability of performance

This chapter analyses domestic airline passenger numbers, seat capacity and rates of flight cancellations and delays.

The Qantas Group (comprising Qantas and Jetstar), Rex, Virgin Australia (including Tigerair until June 2020) and Bonza (until March 2024) supplied the ACCC monthly passenger and seat capacity data up to December 2024 to inform our analysis in section 3.1.

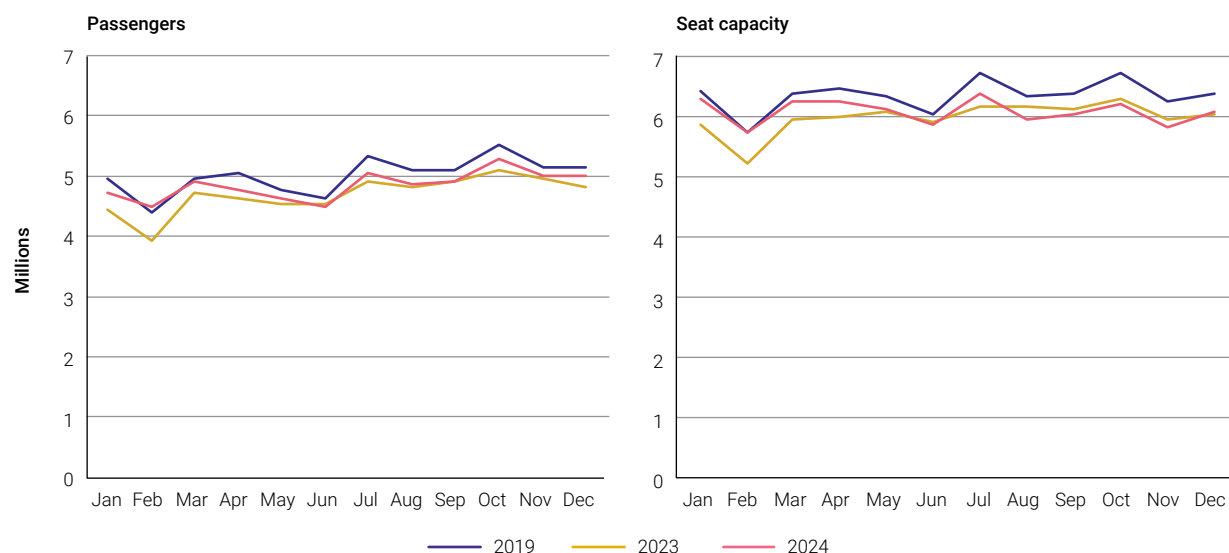
Additionally, section 3.2 includes analysis of cancellation rates and on-time performance using Bureau of Infrastructure and Transport Research Economics (BITRE) data up to December 2024.

## 3.1 Strong demand for travel in the 2024 holiday period

Despite the loss of capacity following Rex’s termination of its Major City route services in July 2024, passenger volumes were higher between October and December 2024 compared to the same period in 2023. Some airlines increased seat capacity in December to keep up with the increased demand for leisure travel over the Christmas period which brought capacity levels in line with December 2023.

Figure 1 shows monthly passenger levels and seat capacity for 2019, 2023 and 2024.

**Figure 1: Monthly passenger levels and seat capacity – 2019, 2023 and 2024**



Source: Data collected by the ACCC from Bonza (up to March 2024), Jetstar, Qantas, Rex and Virgin Australia.

Domestic airlines carried 5.0 million domestic passengers in December 2024. This was 3.5% higher than December 2023 levels and 3.0% below December 2019 levels. While the Christmas and new year period is typically characterised by strong demand for leisure travel, this is offset by reduced business travel over the month of December.

Over the 12 months up to December 2024, the most significant increases in passenger volumes were noted for Virgin Australia (+15.8%) and Jetstar (+11.2%). Passenger volumes for Qantas increased by 3.2% in the same period. Contributing to these increases was the rebooking of Rex passengers on other services at no charge since Rex suspended its jet operations in July.5

The airlines flew 6.1 million seats in December 2024, representing an increase of around 33,000 seats (or 0.5%) from December 2023 and 323,000 seats less (5.0%) than December 2019.

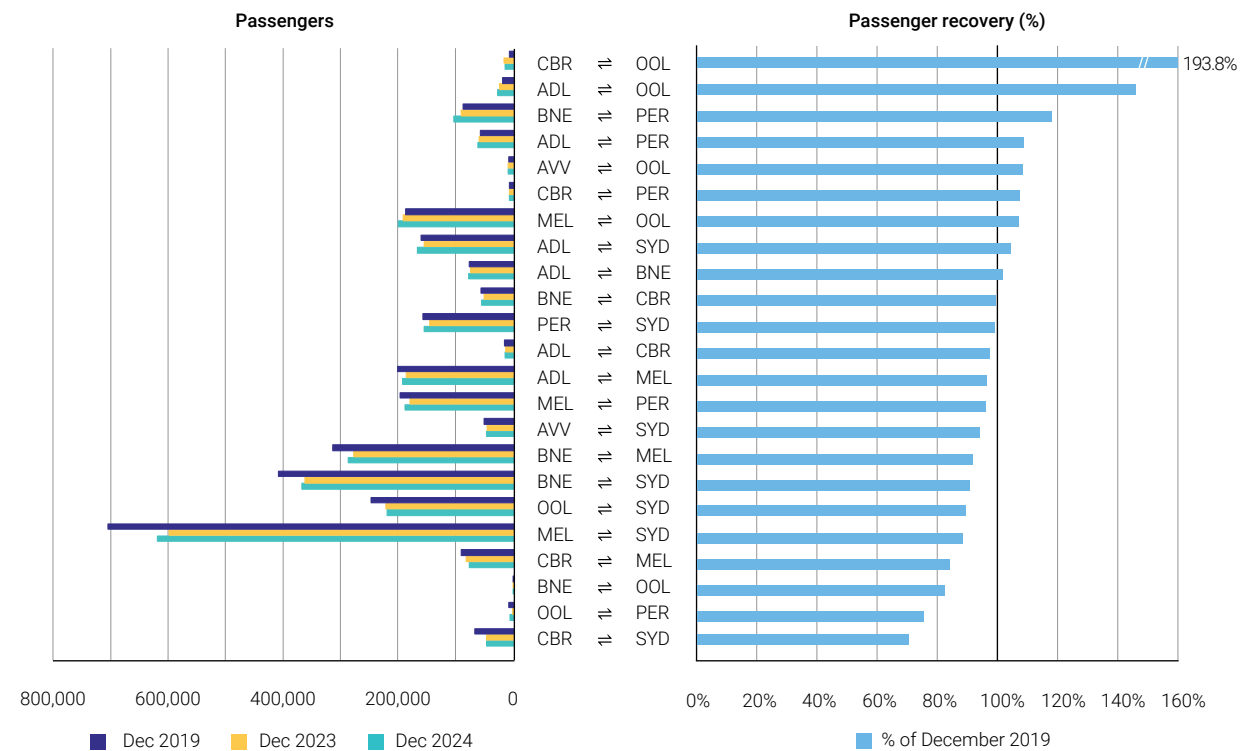
Virgin Australia and Jetstar increased seat capacity over the 12-month period to December 2024, by 13.1% and 9.0% respectively. Seat capacity for Qantas remained stable with the airline adding 7,900 seats (0.4%) over the same period.

The industry-wide average load factor, measured by the percentage of available seats filled by passengers, increased in December 2024 to 82.7%. This was 2.5 percentage points higher than in December 2023 and 1.6 percentage points higher than in December 2019. While load factors for Virgin Australia and Jetstar were higher in December 2024 when compared to December 2019 (by 5.1 and 2.3 percentage points respectively), the load factor for Qantas was 1.4% lower than it was in December 2019.

While high load factors indicate strong demand and are considered favourably from an airline perspective, they can pose operational challenges that impact passengers. For example, service reliability can be compromised as airlines can lose their ability to respond flexibly to disruptions. If a flight is cancelled, it will be more difficult for an airline to reassign customers to similar existing flights when there are fewer available seats on those flights. Further, higher load factors mean boarding and deplaning takes longer and may contribute to worse on-time performance.

Figure 2 ranks routes connecting larger cities by comparing passenger levels to December 2023 and December 2019. Routes that have a significant proportion of leisure travellers will typically get relatively busier in December than those that are more dependent on travel for business purposes.

**Figure 2: Passenger levels on routes connecting larger cities – December 2019, 2023 and 2024**



Source: Data collected by the ACCC from Bonza (up to March 2024), Jetstar, Qantas, Rex and Virgin Australia.

In December 2024, 9 routes exceeded 2019 passenger levels, including 7 routes to and from the Gold Coast and Perth.

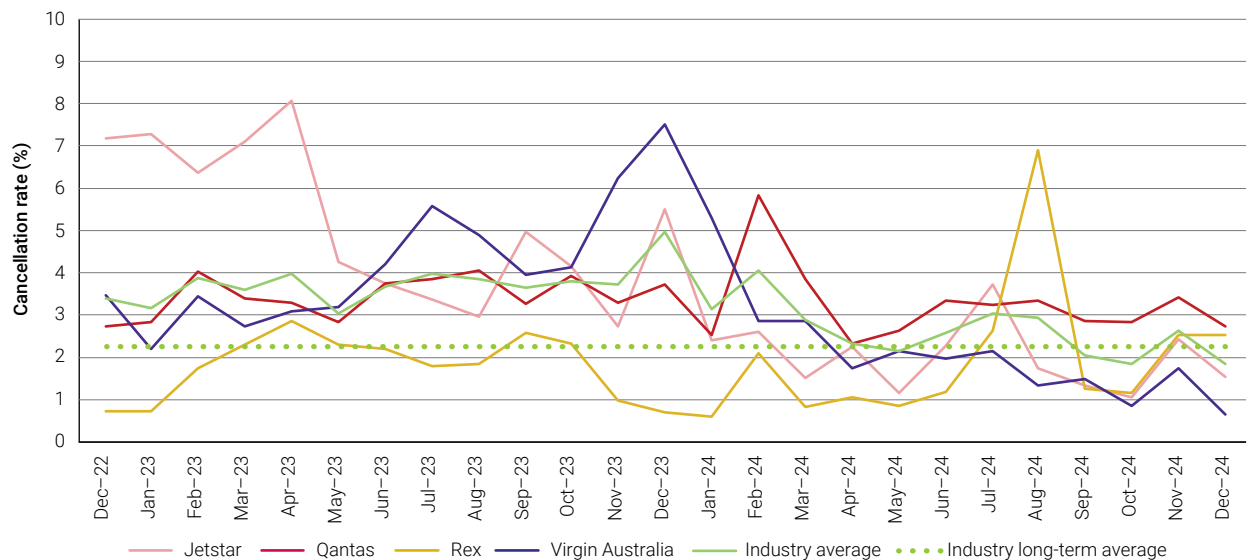
Passenger volumes in December 2024 improved on the 'Golden Triangle' routes connecting Brisbane, Melbourne, and Sydney with all 3 routes exceeding December 2023 levels. Melbourne – Sydney continues to be the busiest route with over 619,000 passengers, representing 12.4% of all domestic passengers. However, when comparing December 2024 to December 2019, only 9 routes exceeded pre-pandemic passenger levels of which none were from the Golden Triangle.

## 3.2 Cancellation rates improve while flight delays continue

Airline service reliability improved in December 2024 after a particularly challenging November, during which airlines had to contend with unstable weather and fleet constraints. Most notably, the industry cancellation rates improved to their lowest levels since 2020.

Figure 3 shows the monthly cancellation rates, that is flights cancelled within 7 days before the departure date, for each of the monitored airlines compared to the industry average.

**Figure 3: Airline cancellation rates – December 2022 to December 2024**



Source: BITRE, On-time performance time series – December 2024. Qantas figures include QantasLink and Virgin Australia figures include VARA.

Note: A flight is regarded as a cancellation if it is cancelled or rescheduled less than 7 days prior to its scheduled departure time.

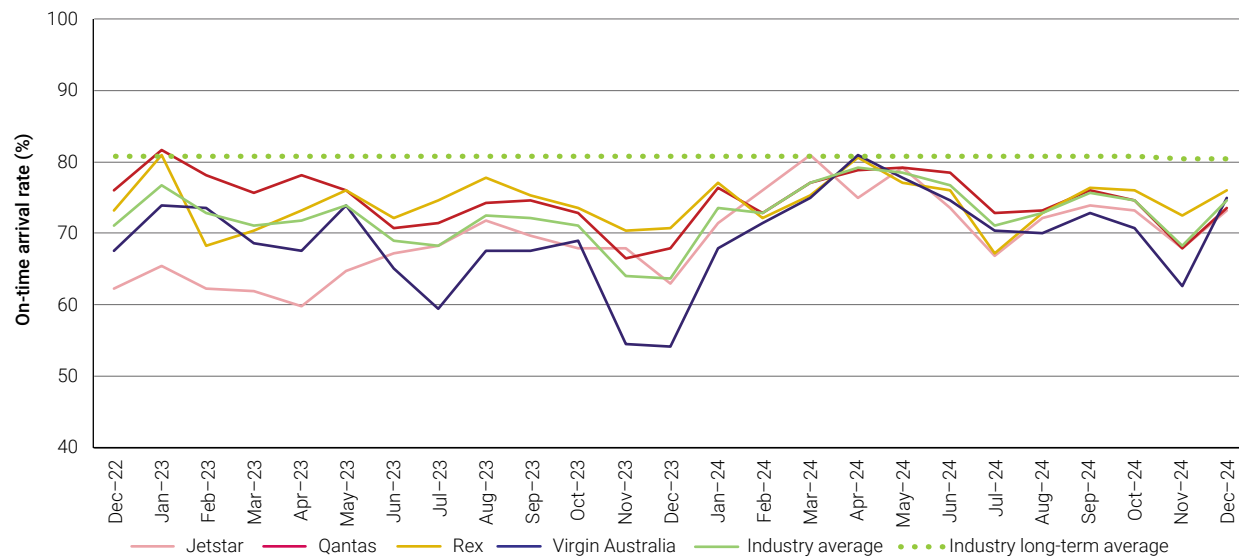
Despite increasing to 2.6% in November 2024, industry cancellation rates returned below the long-term industry average (2.2%), improving to 1.8% in December 2024. This is a significant improvement from 5.0% recorded in December 2023 and is the third time since August 2024 that the monthly industry cancellation rate was below the long-term industry average.

Of the monitored airlines, Virgin Australia recorded the lowest cancellation rates in December 2024 at 0.6%, a significant improvement from 7.5% in December 2023. This is the lowest recorded cancellation rate for any airline in 2024. Jetstar's cancellation rate also improved from 5.5% in December 2023 to 1.5% in December 2024. Qantas recorded the worst cancellation rate for December (2.7%), followed by Rex at 2.5%; both remained above the long-term industry average of 2.2%.

Despite improvements at the industry-wide level, some Major City routes have continued to record cancellation rates that significantly exceed the industry average. In December cancellation rates were relatively high on Melbourne – Canberra (3.9%), Sydney – Melbourne (3.1%) and Melbourne – Brisbane (2.8%).

While the average industry cancellation rate has improved in recent months, due primarily to Virgin Australia’s strong performance, passengers continue to contend with flight delays. Figure 4 shows that the rate of flights that arrived on time in December (74.7%) remained below the long-term average of 80.7% and represented more than 10,000 flights arriving more than 15 minutes late.

**Figure 4: Airline on-time performance rates (arrivals) – December 2022 to December 2024**



Source: BITRE, On-time performance time series – December 2024. Qantas figures include QantasLink and Virgin Australia figures include VARA.

Note: A flight is considered on-time if it arrives within 15 minutes of the scheduled arrival time shown on the airline’s schedule.

Rex reported the highest on-time performance amongst the monitored airlines in December 2024 at 75.9%, followed by Virgin Australia (75.1%) and Qantas (73.7%). Jetstar reported the lowest on-time performance at 73.3%. Virgin Australia was the worst performing airline over the second half of 2024. Airlines will often need to decide whether to continue to operate a flight that has been delayed. Virgin Australia’s performance suggests that the airline is placing an emphasis on continuing to operate flights even when there are disruptions.

The continuation of poor on-time performance in the industry can be partially attributed to capacity constraints as airlines continue to experience delays in delivery of new aircraft. As noted in section 3.1, very high load factors and peak demand can create challenges for airlines with respect to an airline’s network resilience, contributing to delays across the network.

Of the capital cities Perth Airport recorded the worst on time performance (65.4%).<sup>31</sup> This may be attributable to strong growth in passenger numbers, impacting on congestion particularly during peak periods. Perth Airport will build a third runway which aims to alleviate congestion, by improving capacity and efficiency.<sup>32</sup>

31 H Thompson, ‘Perth Airport records highest arrival delays of Australia’s capitals’, *The Sydney Morning Herald*, 27 January 2025, accessed 6 February 2025.

32 Perth Airport, *Aviation surges as Perth Airport posts record passenger numbers*, [media release], 17 January 2025, accessed 6 February 2025.

Airservices reported that air traffic control was responsible for 2.1% of total flight delays in December. This continues the trend of Airservices' improved network performance in 2024. The main factors that Airservices highlighted as contributing to these delays included weather interruptions (1.8%), strategic overdemand (0.2%) and staff availability (0.1%). Airservices reported that 33% of the flight delays could be categorised as reactionary delays. These occur when a delayed flight causes subsequent delays to other flights due to dependency on the same aircraft.

# 4. Competition and connectivity

This chapter examines domestic airline competition, including the number of routes operated by the monitored airline groups, as well as domestic passenger market share by airline.

As with chapter 3, the Qantas Group, Rex and Virgin Australia have supplied the ACCC with monthly data up to December 2024 to inform this analysis. The ACCC only has data from Bonza for up to March 2024 even though it operated services until the end of April 2024.

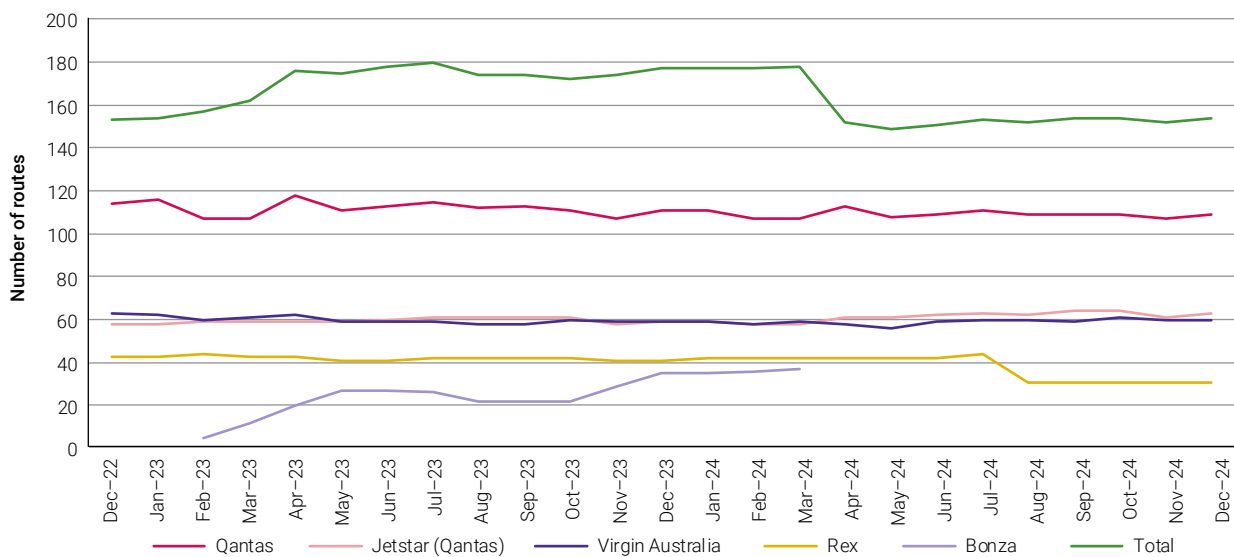
The 2 airlines within the Qantas Group (Qantas and Jetstar) are not considered to be in competition with each other.

## 4.1 Connections reduce throughout 2024

The exit of Bonza has contributed to reduced connectivity for domestic passengers throughout 2024, particularly to and from regional Australia.

Figure 5 shows that the number of routes operated in the Australian domestic aviation market decreased significantly after April 2024.

**Figure 5: Number of domestic routes operated by airlines – December 2022 to December 2024**



Source: Data collected by the ACCC from Bonza (up to March 2024), Jetstar, Qantas, Rex and Virgin Australia.

Note: Routes with less than 7 monthly flights are excluded from the total number of routes.

As of December 2024 there were a total of 154 routes operated in Australia, down from 177 routes in December 2023. Bonza discontinued all 37 routes it operated when it entered voluntary administration in April 2024. Meanwhile, Rex operated 44 routes prior to entering voluntary administration in July 2024. It has continued to operate 31 regional routes since then.

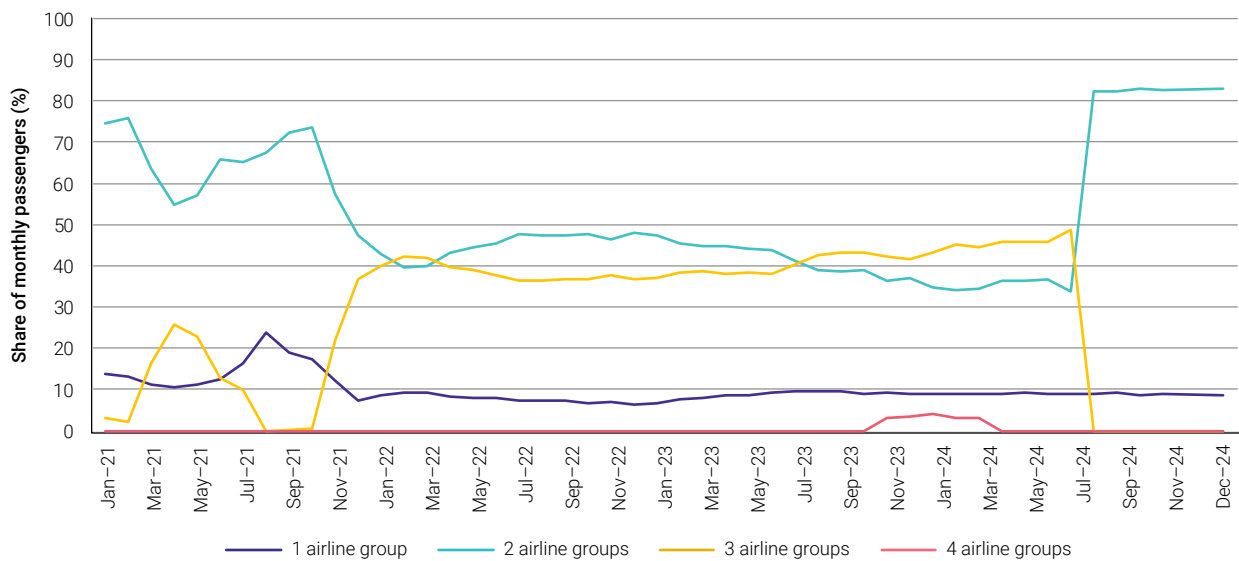
Since December 2022 the number of routes operated by each of Qantas, Jetstar, Virgin Australia remained relatively stable. As of December 2024, Qantas operated 109 routes, followed by Jetstar (Qantas) with 63 and Virgin Australia with 60 routes each.

## 4.2 Domestic airline sector maintains duopoly market

Since Rex’s withdrawal from Major City routes at the end of July 2024, there has been no domestic route operated by more than 2 major competing airline groups.

Figure 6 shows the proportions of passengers that travelled on routes serviced by 1, 2, 3 or 4 different airline groups up until December 2024. The relative shares of monthly passengers flown have been steady since August 2024, with 90% of passengers flown on routes serviced by 2 airline groups. The remaining 10% of passengers have flown on routes serviced by 1 airline group.

**Figure 6:** Share of passengers on routes serviced by 1, 2, 3 and 4 airline groups – January 2021 to December 2024

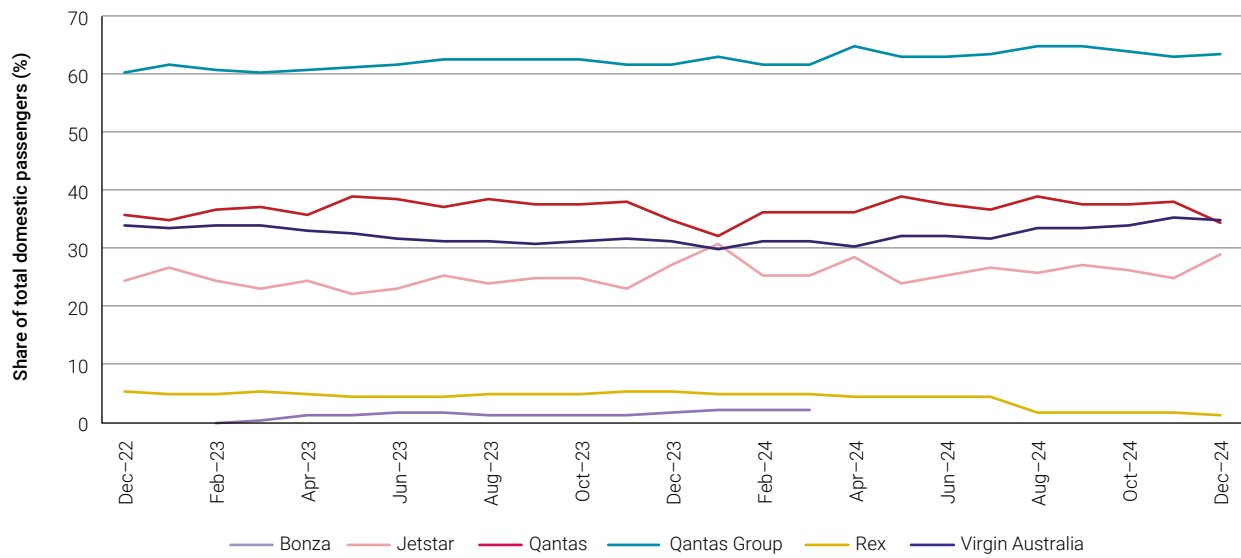


Source: Data collected by the ACCC from Bonza (up to March 2024), Jetstar, Qantas, Rex and Virgin Australia.  
 Note: Airline groups comprise Qantas Group (including Jetstar), Virgin Australia, Rex and Bonza (up to March 2024).

Figure 7 shows domestic air passenger market shares by airline. In particular, the proportion of passengers serviced by Virgin Australia increased in the latter half of 2024. Virgin Australia’s share of passengers increased marginally in the first half of 2024. From July, its share increased by 3.1 percentage points to 35.0% in December 2024; this was likely assisted by Rex’s exit from Major City routes in July and Virgin Australia’s subsequent acquisition of 3 of Rex’s Boeing 737 aircraft.<sup>33</sup>

33 A Thorn, ‘[Virgin swoops for Rex 737s in remarkable turnaround](#)’, *Australian Aviation*, 30 July 2024, accessed 6 February 2025.

**Figure 7: Share of passengers serviced by airline group across all domestic routes – December 2022 to December 2024**



Source: Data collected by the ACCC from Bonza (up to March 2024), Jetstar, Qantas, Rex and Virgin Australia.

Jetstar’s share of passengers also increased over this period, by 2.3 percentage points to 29.0%. Meanwhile, the proportion of passengers serviced by Qantas decreased by 2.1 percentage points to 34.6%. These trends reflect the relative increase in leisure travel demand and decrease in corporate travel demand in December. Rex serviced 1.4% of total domestic passengers in December 2024, reflecting its reduced operations.



# 5. Airfares and jet fuel prices

This chapter discusses trends in domestic airfares and the price of jet fuel. The cost of jet fuel is a major contributor to ticket prices.

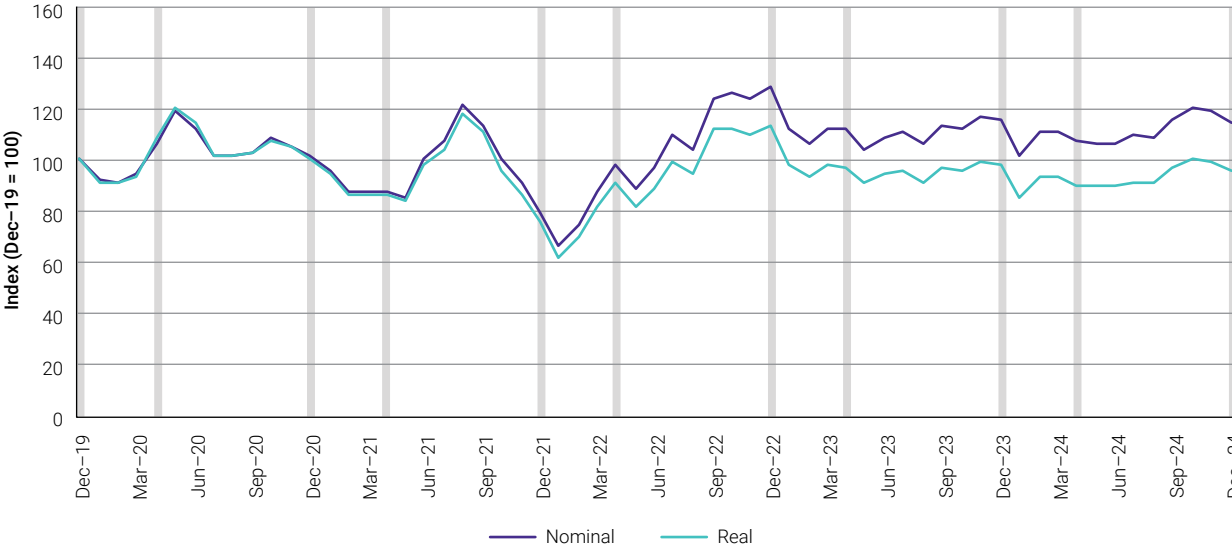
The Qantas Group (comprising Qantas and Jetstar), Rex and Virgin Australia have supplied the ACCC with monthly data up to December 2024 to inform our analysis of average revenue per passenger in section 5.1. This section also draws on BITRE airfare data up to December 2024.

The jet fuel data in section 5.2 is current to December 2024.

## 5.1 Domestic airfares stabilise at the end of 2024

Figure 8 shows average revenue per passenger to December 2024, represented as an index to show changes relative to December 2019. Average revenue per passenger reflects movements in airfares across all types of domestic tickets and fare classes.

**Figure 8:** Index of average fare revenue per passenger – December 2019 to December 2024



Source: ACCC calculations using data from the ABS and data collected by the ACCC from Bonza (up to March 2024), Jetstar, Qantas, Rex and Virgin Australia.

Note: (1) Average revenue per passenger includes both economy and business fare revenue. It excludes data associated with ancillaries, such as baggage fees, fees for seat selection and food and drink sold on board. (2) Data has been adjusted for inflation using ABS CPI quarterly data up to December 2024. (3) Grey bars indicate December and Easter holiday periods.

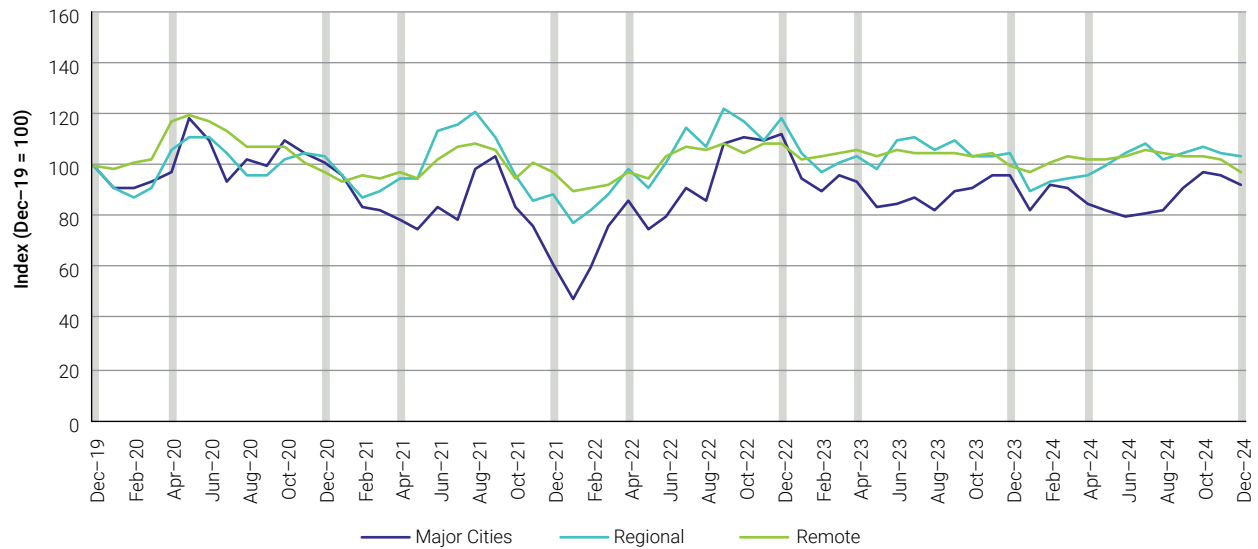
Average revenue per passenger spiked in October and November 2024, reflecting increased demand due to the October school holidays, major events exclusive to Melbourne and Sydney such as the Coldplay concerts, and the increase in corporate travel over the period. Corporate customers generally require greater flexibility and are therefore willing to pay higher fares.

On average, domestic airfares stabilised at the end of 2024. The average revenue per passenger index in December 2024 was slightly lower than the 2 months prior, which may be explained by the typical drop in demand for corporate travel over the Christmas period. Average domestic airfares were also lower compared to December 2023 in both nominal terms (-0.7%) and real (-3.0%) terms. When compared to pre-COVID (December 2019) levels, the average fare revenue per passenger index

was 4.4% lower in real terms, and 14.7% higher in nominal terms reflecting the growth in inflation in recent years.

Figure 9 shows the trend in average monthly airline revenue per passenger since December 2019 by route type (Major Cities, Regional, and Remote). Compared to 12 months prior, real average revenue per passenger fell in December 2024 by 4.4% on Major City routes and by 2.3% on Remote routes. It remained relatively stable on Regional routes, decreasing by only 0.4%.

**Figure 9: Index of average real fare revenue per passenger by route type: December 2019 to December 2024**

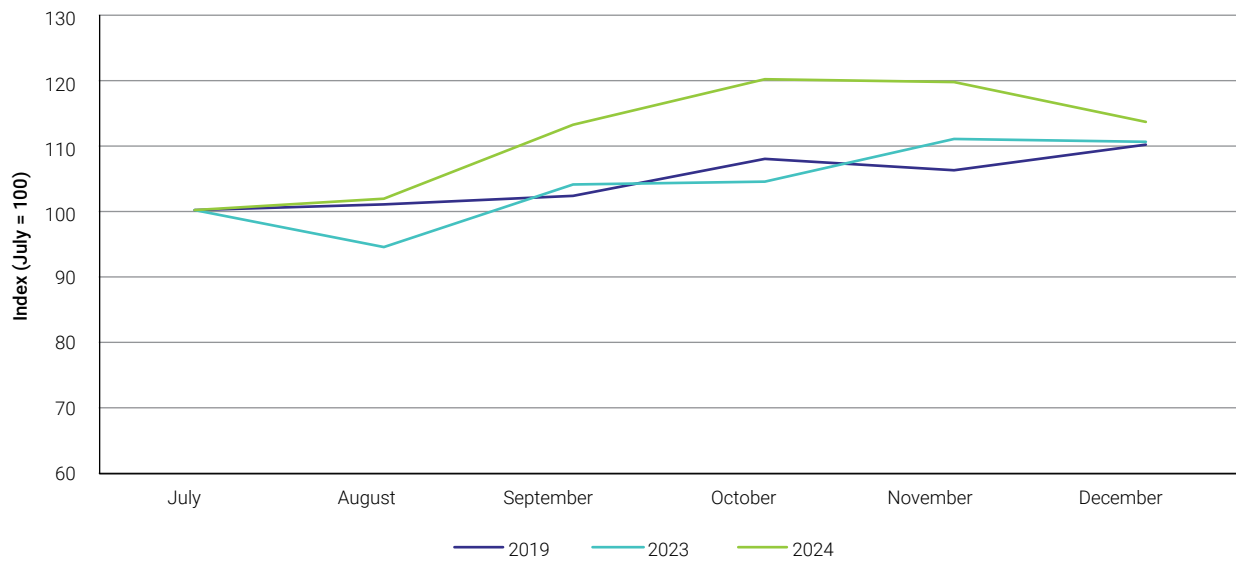


Source: ACCC calculations using data from the ABS and data collected by the ACCC from Bonza (up to March 2024), Jetstar, Qantas, Rex and Virgin Australia.

Note: (1) Average revenue per passenger includes both economy and business fare revenue. It excludes data associated with ancillaries, such as baggage fees, fees for seat selection and food and drink sold on board. (2) Data has been adjusted for inflation using ABS CPI quarterly data up to December 2024. (3) Grey bars indicate December and Easter holiday periods.

Figure 10 shows the change in real revenue per passenger on Major City routes from July to December, for 2019, 2023 and 2024, indexed at July (that is, July = 100).

**Figure 10: Index of change in real revenue per passenger on Major City routes: July – December 2019, 2023 and 2024**



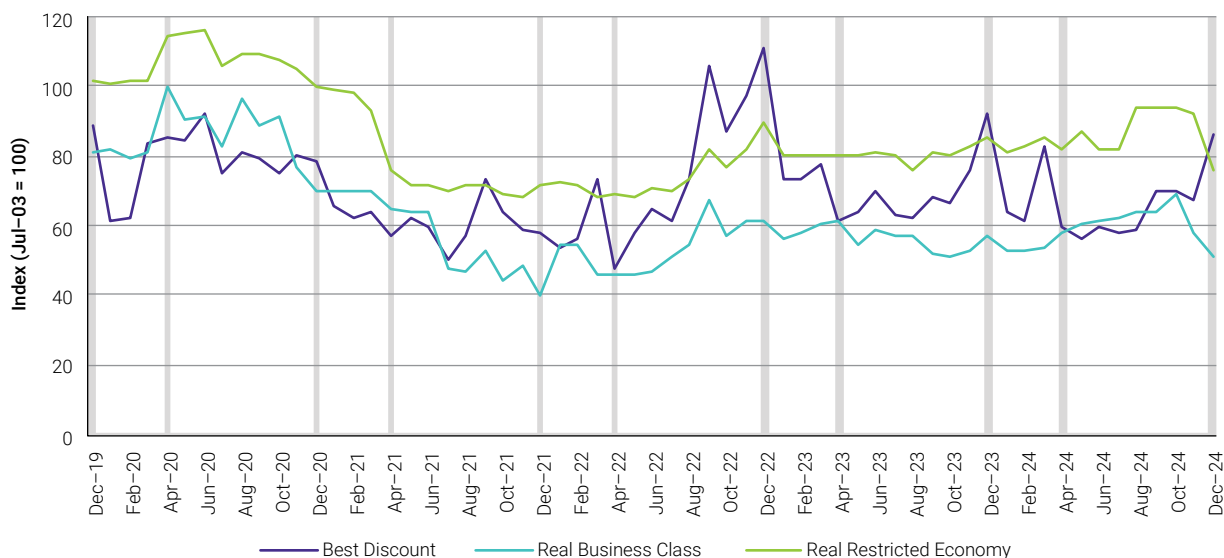
Source: ACCC calculations using data from the ABS and data collected by the ACCC from Bonza (up to March 2024), Jetstar, Qantas, Rex and Virgin Australia.

Note: (1) Average revenue per passenger includes both economy and business fare revenue. It excludes data associated with ancillaries, such as baggage fees, fees for seat selection and food and drink sold on board. (2) Data has been adjusted for inflation using ABS CPI quarterly data up to December 2024. (3) Years impacted by the pandemic (2020–22 inclusive) have been omitted.

Average fares between July and December typically increase due to relative differences in seasonal demand. However, there was a notable increase in the growth of real average fare revenue per passenger on Major City routes in 2024 (+13.6%) when compared to the same 6-month period in 2023 (+10.7%) and 2019 (+10.1%). While many factors can influence the change in fares including supply chain issues, the loss of competition associated with Rex’s exit on these routes in July 2024 has likely contributed to this trend. As shown in Figure 10, growth in real average revenue per passenger in 2024 closely followed 2019 trends until August. From August to November, the index increased significantly compared to the same month in the comparator years before narrowing in December.

Figure 11 shows alternative airfare data reported by BITRE. BITRE produces different price indices for best discount fares, restricted economy fares and business fares. BITRE calculates the price indices by looking for the cheapest available airfare of that type on a route, across any airline, for the last Thursday of the month.

**Figure 11: BITRE real air fare index, by type (best discount, business, restricted economy) – December 2019 to December 2024**



Source: BITRE Domestic Air Fares index. The price index is weighted across the 70 busiest domestic routes.

Note: Grey bars indicate December and Easter holiday periods. Airfares recorded between April 2021–February 2022 may be impacted by the government’s half-price ticket program (TANS).

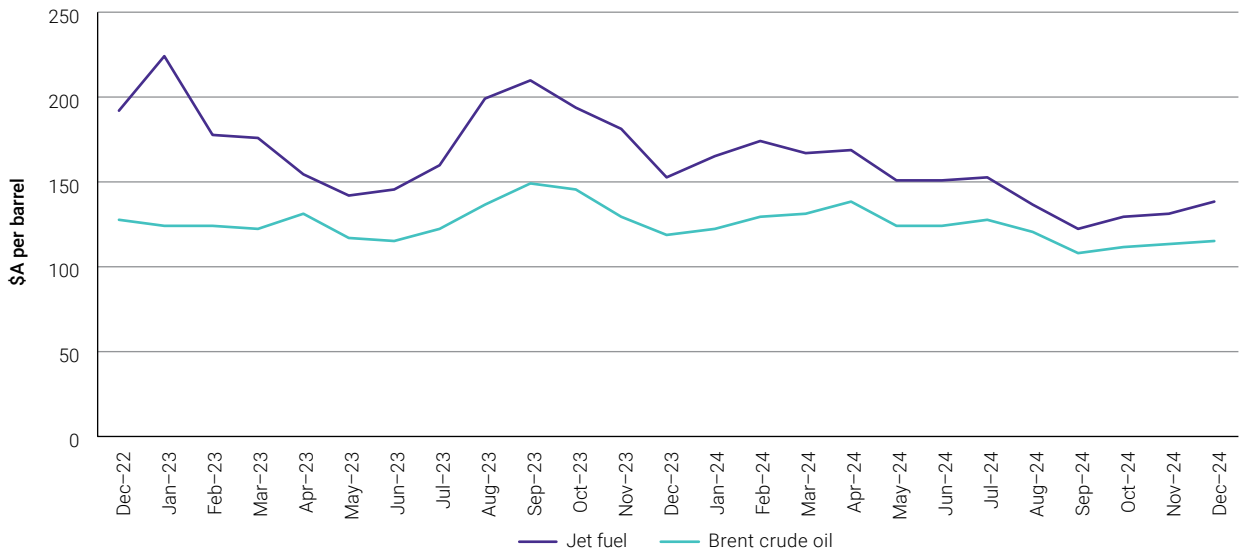
While on average, domestic airfares moderated in December 2024 (see Figure 8), this chart shows that BITRE’s real best discount airfare index spiked in December 2024. At the same time, there was a steep decline in BITRE’s restricted economy and business fare indices. These trends are typically observed during the Christmas holiday season. Compared to 12 months prior, BITRE’s restricted economy and business fare index decreased by 11.5% and 9.7% respectively in real terms. BITRE’s best discount airfare index also decreased by 6.1% compared to December 2023, and by 2.4% compared to December 2019.

## 5.2 Jet fuel prices trend upwards over the last quarter

Jet fuel is a significant contributor to an airline’s operating costs. It will typically account for between 15% and 25% of an airline’s operating costs, but this can vary depending on factors such as the price of jet fuel, the type of aircraft and the route. Some airlines will shield themselves from the volatility of jet fuel prices through hedging, which is essentially buying an amount of fuel at a fixed price for later delivery.

Figure 12 shows the jet fuel prices in real terms between December 2022 and December 2024. The price of jet fuel has generally declined since September 2023, although it has increased in recent months. The price of jet fuel was A\$138.8 in December 2024, up 12.7% since September 2024. A lower exchange rate with respect to the United States dollar has contributed to the increase in the price of jet fuel in Australian dollars in recent months.

**Figure 12: Real jet fuel and Brent crude oil prices – December 2022 to December 2024**



Source: ACCC calculations using ABS, RBA and US Energy Information Administration data.

Note: US Gulf Coast Jet Fuel prices converted into current Australian dollar terms. The price an airline pays for jet fuel will also vary depending on the ports to which its aircraft operate and the respective region-specific jet fuel benchmarks.

Brent crude oil was A\$116.4 per barrel in December 2024. This represented a 2.1% decrease from December 2023.

## 6. Domestic aviation in Australia– then and now

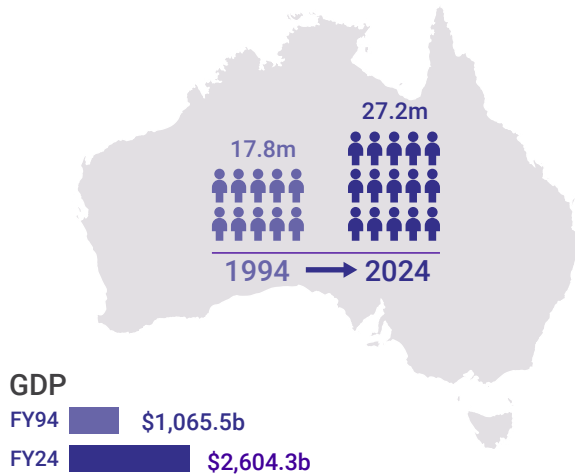
The domestic airline industry has undergone numerous changes over the past few decades. There have been periods of strong growth in capacity and falling airfares, but there have also been periods of declining capacity and rising airfares. Over time, reliability has generally worsened with respect to flight cancellations and delays. Despite the emergence of meaningful challengers to the duopoly market structure over various periods following deregulation of the industry in 1990, this increased competition unfortunately was not sustained. The ACCC is supportive of greater competition in the market, which will allow for lower prices, and more choice for consumers.

## Strict industry regulation pre-1990

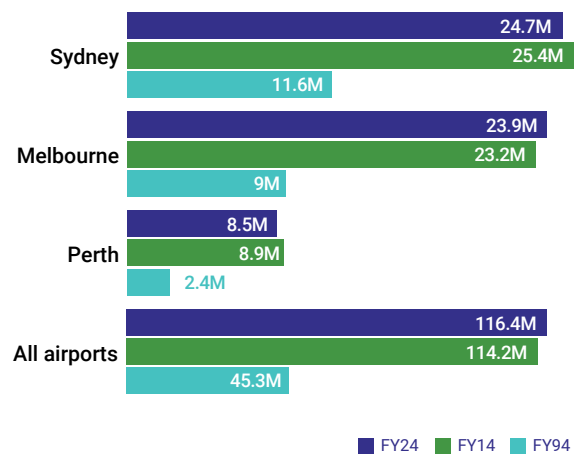
Prior to 1990, the sector was heavily regulated. Under the ‘Two Airline’ policy, only 2 airlines could operate flights on key domestic routes, which for most of the period of the policy were government-owned Trans Australia Airlines (later Australian Airlines) and privately owned Ansett Airlines. Qantas was the only domestic airline allowed to operate international flights.<sup>34</sup>

Back then, the operating environment looked quite different, and flying was a relatively less common mode of transport. In 1994, Australia’s population was 17.8 million compared to 27.2 million in 2024, representing an increase of 52.8%.<sup>35</sup> Gross domestic product has increased by 144.4% to \$2,604.3 billion between 1993–94 and 2023–24.<sup>36</sup> Domestic seat capacity and passenger movements at airports were also lower, as was the average industry load factor.<sup>37</sup>

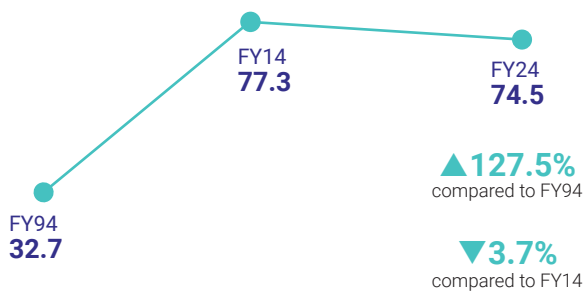
### Australia’s population and real gross domestic product



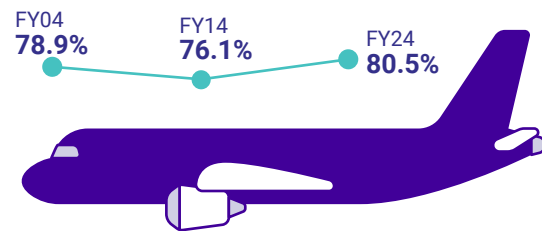
### Domestic passenger movements at Australian airports



### Domestic seat capacity (million)



### Average domestic load factor



<sup>34</sup> BITRE, [Deregulation of Domestic Aviation – the First Year](#), November 1991, accessed 6 February 2025, pp 3, 4, 29.

<sup>35</sup> Based on data from the ABS ([3101.0, National, state and territory population, Population and components of change – national](#), estimated resident population at June), accessed 12 February 2025.

<sup>36</sup> Based on data from the ABS, ([5206.0 Australian National Accounts: National Income, Expenditure and Product](#), Gross domestic product, chain volume measures, seasonally adjusted), accessed 12 February 2025.

<sup>37</sup> Based on data from BITRE ([Airport traffic data](#), Airport Traffic Data 1985–86, to 2023–24; [Australian Domestic Airline Activity – time series](#), Domestic airline industry annual summaries 1984 to 2023 and 1984–85 to 2023–24), accessed 28 January 2025.

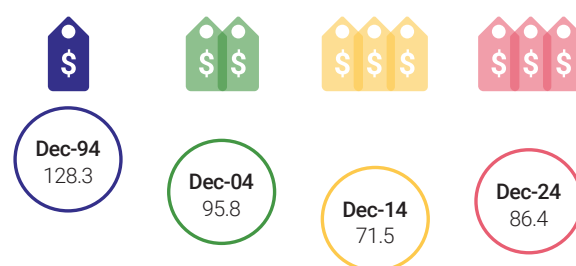
## Industry de-regulation post-1990

Several new airlines entered the market after the industry was de-regulated. Virgin Blue, a low-cost carrier, launched in 2000, followed by Rex on regional routes in 2002. Qantas launched low-cost carrier Jetstar in 2004 to compete with Virgin Blue. And in 2007, Singapore-owned carrier Tiger Airways entered the Australian market, providing another low-cost flight option.

The new era of low-cost carriers resulted in a new tier structure for airfares and made air travel more accessible to some. In December 2024, BITRE's best discount fare index was 32.7% less than what it was in December 1994 after adjusting for inflation.<sup>38</sup> However, much of this fall occurred earlier in the period, as average airfares have generally increased since 2010.<sup>39</sup>

After de-regulation, there was a consolidation of domestic routes in Australia. BITRE has advised the ACCC that the number of routes with at least one flight per week declined from 431 in December 1994 to 295 in December 2004. Since then, there has been more stability in terms of the offering of domestic routes, with a count of 302 in November 2024.<sup>40</sup>

### Real best discount airfare index\*



\*index (July-03 = 100)

38 Based on data from BITRE ([Domestic Airfares](#), Air fares time series from October 1992 to January 2025), accessed 12 February 2025.

39 Australian Treasury, [How competition impacts prices: the Australian Aviation sector](#), 26 August 2024, accessed 28 January 2025.

40 Data provided to the ACCC by BITRE.



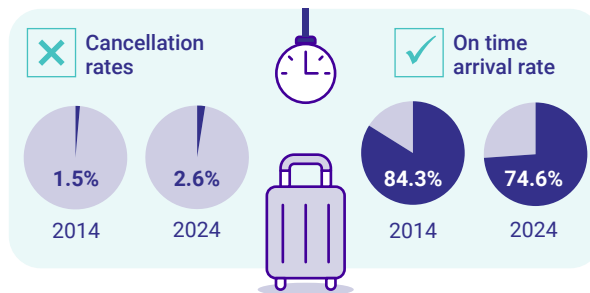
## Fierce airline competition in the early 2010s

In the early 2010s, Virgin Blue rebranded to full-service carrier Virgin Australia in order to better compete with Qantas for high yield corporate customers. Both airlines competed vigorously for market share by raising capacity and reducing airfares. And Tiger Airways continued to provide competition to Jetstar in the budget leisure customer segment of the market.

Competitive rivalry between the airlines however declined in the mid-2010s. Qantas and Virgin Australia abandoned their capacity and price war, after both airlines incurred significant financial losses. Separately, Tiger Airways became a less effective competitor to Jetstar over time due to developing a poor safety reputation, and then was acquired by Virgin Australia (and renamed Tigerair) across transactions occurring in 2013 and 2015.

At around the same time, service reliability began to worsen. The average industry cancellation rate was above 2.0% for just 1 out of the 12 months in 2014, compared to 9 out of 12 months in 2024. The average industry on time arrival rate was consistently above 80% in 2014. In contrast, the arrival rate was consistently below 80% in 2024.<sup>41</sup>

### Average industry cancellation rate and on-time arrival rate



## Subdued competition starting from the mid-2010s

In the subsequent period to 2019, Qantas Group and Virgin Australia did not face any notable competition from another independent airline on Major City routes, and neither vigorously competed for market share. Qantas began reducing domestic seat capacity, which as the dominant market player contributed to a plateau in total domestic seat capacity.

Despite a growing population and economy, there has been little growth in total domestic seat capacity and passengers over the last decade, a departure from the rapid growth occurring between 1994 and 2014.

## COVID-era from 2020

The COVID-19 pandemic and associated border closures throughout 2020 and after had a significant impact on the airline industry. International and domestic services declined by about 95%, and despite substantial financial support from the government, airlines made substantial losses. During this time, Virgin Australia temporarily entered voluntary administration, and closed Tigerair. Virgin Australia emerged from administration under the new ownership of Bain Capital and changed its strategy to target 'value-conscious' consumers as a mid-market carrier.

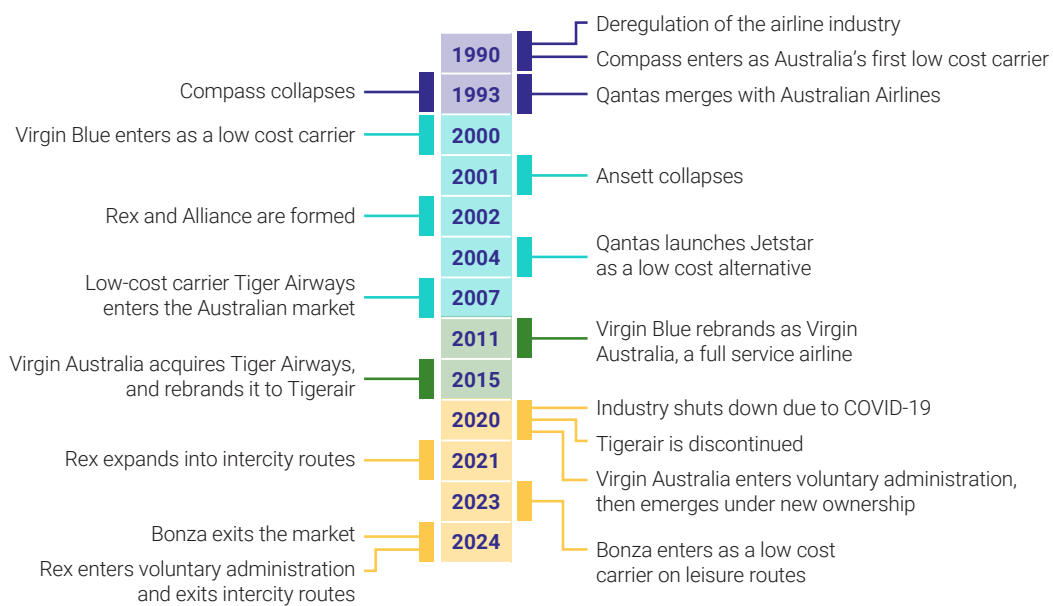
<sup>41</sup> Based on data from BITRE ([Airline On Time Performance Monthly Reports](#)), accessed 12 February 2025.

Regional airline Rex took advantage of Virgin Australia’s financial difficulties, as well as access to cheaper aircraft and airport slots, to begin offering jet-based services on Major City routes in 2021. And Bonza entered the domestic market in early 2023, offering low-cost services on predominately unserved routes that directly connect regional centres to holiday destinations.<sup>42</sup> The new entry and expansion by Bonza and Rex provided benefits to the economy both by creating incentives for airlines to provide lower fares, as well as through offering capacity on existing and new routes.

## Post-COVID era

The loss of Bonza and the exit of Rex from Major City routes, both in 2024, unfortunately meant once again a return to the duopoly of Qantas Group and Virgin Australia, and tempered aspirations of a more competitive domestic industry in the post-pandemic period.

**Figure 13: Timeline of domestic aviation in Australia since 1990**



42 ACCC, [Submission in response to the Aviation Green Paper](#), 30 November 2023, accessed 28 January 2025, p 5.

