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21 October 2022

Dear Interested Party

## **Virgin Australia & Alliance Airlines application for authorisation AA1000615 – draft determination**

The Australian Competition and Consumer Commission (the **ACCC**) has issued a draft determination in respect of the application for authorisation lodged by Virgin Australia Regional Airlines Pty Ltd, Virgin Australia Airlines Pty Ltd, Alliance Airlines Pty Limited and Alliance Aviation Services Limited (together, the **Applicants**).

For the reasons set out in its draft determination, the ACCC proposes to deny authorisation.

A copy of the ACCC's draft determination is attached and also available on the ACCC's [authorisation public register](#).

### **Next steps**

Once the ACCC issues a draft determination, the Applicants or any interested party may make a written submission and/or request that the ACCC convene a 'pre-decision conference' to make an oral submission.

To assist with its assessment of this application, the ACCC is seeking further information from interested parties on a number of issues raised in the draft determination. The information the ACCC requires is set out in **Attachment A** to this letter.

### **Making a submission**

If you wish to make a submission in response to the ACCC's draft determination, please lodge your submission by **4 November 2022**. Submissions should be emailed to [exemptions@acc.gov.au](mailto:exemptions@acc.gov.au) with the subject 'AA1000615 – Virgin Australia & Alliance Airlines – submission'. If you prefer to make an oral submission, please contact Andrew Ng via the details at the end of this letter.

The ACCC will consider any submissions it receives, including any oral submissions made at a pre-decision conference (should one be called - see below), and will then release a final determination in relation to this application.

Submissions will be placed on the ACCC's public register subject to any request for exclusion. Please see the ACCC's publication [Guidelines for excluding information from the public register](#).

### **Optional pre-decision conference**

In some cases the applicants or an interested party requests that the ACCC convene a pre-decision conference in relation to its draft determination. If a conference is called it will be

open to the Applicants and interested parties to attend and make oral submissions in relation to the draft determination. Conferences are conducted informally and while legal or professional advisers are able to attend they are not entitled to participate in the discussion.

If you wish the ACCC to hold a pre-decision conference in relation to the draft determination you must notify the ACCC in writing by **4 November 2022** by email to [exemptions@acc.gov.au](mailto:exemptions@acc.gov.au).

## Timetable

The ACCC will continue to progress its assessment of the application in a timely manner. An updated indicative timetable is set out below for your information.

Indicative date	Stage in assessment process
<b>27 May 2022</b>	Lodgement of application and supporting submission.
<b>8 June 2022</b>	Interim Authorisation Decision.
<b>21 October 2022</b>	Draft determination.
<b>October/November 2022</b>	Public consultation on draft determination including any conference if called.
<b>4 November 2022</b>	Closing date for submissions from interested parties on the draft determination.
<b>November 2022</b>	Final determination.

This letter has been placed on the ACCC's public register. If you wish to discuss any aspect of this matter, please do not hesitate to contact Andrew Ng on (03) 9290 1414 or [exemptions@acc.gov.au](mailto:exemptions@acc.gov.au).

Yours sincerely



David Wang  
Acting Director  
Competition Exemptions

## Attachment A

### General:

Broadly, the ACCC is seeking submissions from interested parties on the following issues:

- The current state of competition in the supply of FIFO services nationally, including whether and the extent to which:
  - the Charter Alliance has promoted and is likely to promote competition by imposing an additional competitive constraint on Qantas by providing an integrated service offering, particularly on the East Coast and in Central Australia,
  - other FIFO operators such as Qantas and the smaller FIFO operators are able to impose an effective competitive constraint on the Charter Alliance for opportunities in Western Australia.
- The likelihood of new entry or expansion of smaller FIFO operators on the scale necessary to compete with FIFO operators such as the Charter Alliance and Qantas.
- The extent to which the loss of competition between the Applicants is likely to materially enhance the ability and incentive of the Applicants to unilaterally raise prices or reduce services, and therefore also impact the likelihood of pass through of any efficiencies or cost savings realised from the Proposed Conduct.
- Any other issues you consider relevant to the ACCC's assessment of this matter.

### FIFO customers:

The ACCC is also seeking submissions from FIFO customers on the following issues:

- The main factors that customers consider when awarding a tender contract.
- The significance of each of the following public benefit claims made by the Applicants in deciding whether to award a contract for the provision of FIFO services:
  - the availability for an integrated offering of charter and/or RPT services with a single provider (or alliance)
  - improved connections between Terminal 1 and Terminal 2 at Perth Airport, reducing connection time for FIFO passengers
  - access to the Velocity Frequent Flyer program and Virgin Australia's airport lounges on Alliance services,
  - access to a complementary fleet of aircraft, with diverse seating capacity, and national footprint.