



Our ref: AA1000533
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27/10/2020

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Dear Sir/Madam

Virgin Australia and Alliance Airlines application for authorisation AA1000533 – interested party consultation

On 23 October 2020, the Australian Competition and Consumer Commission (the **ACCC**) received an application for authorisation from Virgin Australia and Alliance Airlines (together, **the Applicants**). This letter is to invite you to comment. You are welcome to pass this letter on to others who may wish to make submissions.

The Applicants are seeking authorisation¹ under the *Competition and Consumer Act 2010* (Cth). Authorisation would give the Applicants legal protection to cooperate in relation to the provision of services on around 40 regional routes and two short-haul international routes (**Relevant Routes**). Details of the routes are provided in the application. The Applicants submit that they are seeking authorisation in order to efficiently manage capacity and quickly respond to changes in demand due to the COVID-19 pandemic, including by:

- Sharing information, including in relation to costs, willingness to operate, capacity, utilisation, anticipated demand and pricing about the Relevant Routes.
- Agreeing capacity, flight schedules, and aircraft type, including whether a carrier will suspend or continue operations, which carrier will operate the Relevant Routes and under what commercial arrangements (e.g. wet lease or codeshare, or a revenue – sharing model).
- Putting in place temporary commercial arrangements that are most suitable for the Relevant Route considering demand and risk profile in the exceptional current market conditions.
- Potentially, entering risk and revenue sharing mechanisms and agreements as to price.

The Applicants are seeking authorisation for two years. A full copy of the application for authorisation is available on the ACCC's [authorisations public register](#).

Interim authorisation

The Applicants have also requested interim authorisation to facilitate the immediate planning and coordination of services on the Relevant Routes prior to the ACCC's final determination in relation to the substantive application for authorisation. In support of interim authorisation, the Applicants submit that:

¹ For information about Authorisations, please see <https://www.accc.gov.au/business/exemptions/authorisation>

- Given the uncertainty in the market, the Applicants must forward plan so that they can be ready to respond to changes like the opening of state borders, to meet and stimulate demand.
- The Applicants intend to recommence or expand regional flying early in the Northern Winter scheduling season (25 October 2020), to coincide with the relaunch of Virgin Australia under its new owners, and must immediately commence planning to do so.
- The urgency of the application is as a result of the unprecedented and ongoing market conditions associated with the COVID-19 pandemic and the voluntary administration and subsequent sale of Virgin Australia Holdings, the parent company of Virgin Australia, to Bain Capital, which is expected to be concluded in November 2020.

Making a submission

The ACCC invites you to make a submission on the application for authorisation. In making your submission, please provide information, evidence and views about the likely public benefits, effects on competition and any other public detriment that you consider will result from the proposed conduct.

If you intend to provide a submission, please do so by **20 November 2020**. If you wish to request an extension, please contact us on the details below as early as possible. Submissions after the due date (or after any extension granted) may not be taken into account. Submissions in relation to interim authorisation should be provided by **10 November 2020**. Extensions are not normally granted for submissions on interim authorisation.

Please use the coversheet that accompanied this letter and email your submission to exemptions@acc.gov.au, with the subject 'AA1000533 – Virgin Australia and Alliance Airlines – submission'. Alternatively, if you would like to provide comments orally, please contact Andrew Mahony via the details at the end of this letter.

Your submission **will** be placed on the ACCC's [authorisations public register on the internet](#) unless you have made a request (with reasons) for us to exclude part or all of the submission from the public register (see [Guidelines for Excluding Information from the Public Register for more information on how to make a request and how we assess requests](#)).

Timetable

The ACCC will progress its assessment of the application in a timely manner. An indicative timetable is set out below for your information, and an up to date version (including any changes) will be posted on the public register.

Indicative date	Stage in assessment process
23 October 2020	Lodgement of application and supporting submission.
27 October 2020	Public consultation process begins.
10 November 2020	Closing date for submissions on interim authorisation.
Week of 16 November	ACCC decision regarding interim authorisation.
20 November 2020	Closing date for submissions from interested parties.

Indicative date	Stage in assessment process
December 2020	Applicant responds to issues raised in the public consultation process.
January/February 2021	Draft determination.
February/March 2021	Public consultation on draft determination including any conference if called.
March 2021	Final determination.

This letter has been placed on the ACCC's public register. If you have any questions or wish to discuss any aspect of this matter, please do not hesitate to contact Andrew Mahony on (03) 9290 1983 or exemptions@acc.gov.au.

Yours sincerely



Gavin Jones
Director
Competition Exemptions