



**Australian  
Competition &  
Consumer  
Commission**

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Our Ref: C2011/1020  
Contact Officer: Imogen Hartcher-O'Brien  
Contact Phone: (02) 6249 1049

22 March 2012

Dear Sir/Madam

**Virgin Australia and Skywest Airlines applications for authorisation A91287 and A91288 - 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 and Skywest Airlines on 8 December 2011.

Virgin Australia and Skywest Airlines are seeking authorisation to make, and give effect to, their Corporate Alliance Framework Agreement, Frequent Flyer and Lounge Agreement and Joint Sales Agreement (together the 'Corporate Alliance'). The Corporate Alliance will enable the applicants to jointly offer and supply an integrated air travel offer to corporate customers, comprising charter services, domestic (i.e. intra-state and inter-state) regular public transport (RPT) services, international RPT services, the use of Virgin Australia's airport lounges and the ability to accrue Virgin Velocity status credits on Skywest flights. The Corporate Alliance does not extend to air cargo services.

The applicants propose to coordinate tendering, contracting, pricing and flight scheduling to the extent they form part of the integrated service offering to corporate customers.

**Draft determination**

A copy of the ACCC's draft determination is attached, including a summary of its reasons. For the reasons set out in its draft determination, the ACCC proposes to grant authorisation for five years. The ACCC's assessment is set out in Chapter 4.

**Next steps**

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

If you wish to make a written submission in response to the ACCC's draft determination please lodge your submission by **5 April 2012**.

A pre-decision conference provides the opportunity for interested parties to 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 **5 April 2012**.

The ACCC will consider any submissions it receives, including any oral submissions made should a pre-decision conference be called, and will then release a final determination in relation to these applications.

Submissions will be placed on the ACCC's public register subject to any request for exclusion (guidelines are attached).

### **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.

<b>8 December 2011</b>	Lodgement of application and supporting submission.
<b>16 December 2011</b>	Public consultation process begins.
<b>25 January 2012</b>	ACCC grants interim authorisation.
<b>22 March 2012</b>	Draft determination.
<b>March/April 2012</b>	Public consultation on draft determination including any conference if called.
<b>May 2012</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 Imogen Hartcher-O'Brien on (02) 6249 1049

Yours sincerely



David Jones  
Director  
Adjudication Branch