

16 April 2020

Tessa Cramond  
Senior Analyst | Adjudication | Merger and Authorisation Review Division  
Australian Competition & Consumer Commission  
Level 17/2 Lonsdale Street Melbourne 3000

Dear Ms Cramond

**Application for interim authorisation for Virgin Australia to jointly negotiate with airports  
[SEC=OFFICIAL] [ACCC-ACCCANDAER.FID2544837]**

Thank you for reaching out in relation to the ACCC application received from Virgin Australia. We broadly support the Australian Airport Association's submission on this topic and offer some additional points of local context.

The success of Virgin Australia and Virgin Australia's ability to contribute to Australia's recovery from the COVID-19 disruption is vital to Adelaide Airport.

Adelaide Airport, like virtually all in the Australian aviation industry, is currently experiencing an unprecedented shock to our operations. Adelaide Airport currently has no international flights, limited domestic services (none on some days) and minimal regional services. All airports have very high levels of immovable invested capital, unavoidable costs to keep the airfield serviceable for essential services but very little revenue to contribute towards paying for these costs and recovering this significant invested capital.

In this unprecedented backdrop, we support a limited period of ability for airline coordination on Regular Passenger Transport and cargo routes to ensure the market's ability to efficiently service demand for essential travel and cargo services. While coordination may impact consumer choice, we believe the ability of airlines to sustainably service the limited demand that currently exists is likely to be an overall positive outcome for consumers. We would suggest this is able to occur for a limited defined period – for example until September 2020 with a review period in advance of this date.

We are working through existing support packages with our customers in a way that we can jointly carry ourselves and customers through this crisis. We do see some benefit in co-ordination in relation to the application of the Commonwealth Government's support to airlines in covering airport's Government Mandated Security Charges. However, given the well-established arrangements in place at most airports for the reconciliation of security charges, we do not see that the proposed authorisation is required for this information sharing.

More generally, we are uncomfortable with the idea of airlines having full transparency on the bespoke deals of each other airline. For major airlines the deals are unique and reflect their business models, product, priorities and growth strategies at our port. Competitor airlines would likely have more to lose than airports on their disclosure – the cost to airports of the disclosure of commercial in confidence information would like be limited to the need to invest significant resources and time explaining comparisons and differences to commercial packages – time that could be better spent jointly navigating the road to recovery. Therefore, the application for airline collective negotiation is rejected.

Thank you again for this opportunity to comment. Industry collaboration is particularly important in this time. We appreciate the above analysis in the timeframe is limited and would be happy to elaborate further if that would be valuable.

Yours sincerely  
**ADELAIDE AIRPORT**



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