

6 November 2024

Mr Tony Hilton  
Director, Competition Exemptions  
Australian Competition & Consumer Commission  
GPO Box 3131, Canberra ACT 2601  
Sent via email to [exemptions@acc.gov.au](mailto:exemptions@acc.gov.au)

## **Submission to the ACCC on the Virgin Australia and Qatar Airways Application for Authorisation AA1000679**

Dear Mr Hilton,

The Australian Airports Association (AAA) appreciates the opportunity to provide a submission in support of the proposed Virgin Australia-Qatar Airways Integrated Alliance. Representing over 340 airports and 150 corporate members, the AAA is the leading advocate for appropriate national policy relating to airport activities and operates to ensure regular transport passengers, freight, and the community enjoy the full benefits of a progressive and sustainable airport industry.

The alliance proposed by Virgin Australia and Qatar Airways presents a rare and valuable opportunity to enhance airline competition in Australia Subject to the ACCC reviewing and assessing the restrictions on Virgin Australia's exclusive interline, codeshare, and loyalty arrangements with Qatar Airways, the AAA is supportive.

The ACCC's May 2024 report on Domestic Airline Competition in Australia highlighted that 'Increases in airline seat capacity have contributed to a decrease in airfares in recent months across both international and domestic markets.<sup>1</sup> This is especially significant for Australians dealing with a cost-of-living crisis, as fares, particularly on Europe, Middle East and Africa (EMEA) routes have surged by over 40% compared to pre-pandemic levels.<sup>2</sup>

### **Enhancing Competition and Reducing Market Concentration**

The Virgin Australia-Qatar Airways alliance offers the chance to introduce further capacity and greater choice for Australian travellers, international inbound tourist and increased airfreight capacity. The partnership is expected to yield immediate and tangible benefits, particularly on key routes between Australia and the Middle East, UK, and Europe. By adding 28 new weekly flights between Australia and Doha, the Virgin and Qatar partnership will directly benefit consumers through lower fares, as pricing data historically indicates that fare levels on routes with higher carrier competition are more accessible and competitive.

The AAA supports the removal of capacity restrictions and an increase in traffic rights for international airlines at Australia's major airports such as Brisbane, Melbourne, Perth, and Sydney, as well as for secondary airports like Avalon and the upcoming Western Sydney Airport. The Productivity Commission's International Tourism Report (2015) highlights that while current aviation policy has largely served Australia well, further liberalisation could enhance international tourism and benefit the broader Australian community. Restrictions

---

<sup>1</sup> Australian Competition & Consumer Commission (ACCC), [Domestic Airline Competition in Australia](#) (May 2024) p. 1

<sup>2</sup> Virgin Australia and Qatar Airways, [Application for authorisation by Virgin Australia and Qatar Airways Group Q.C.S.C.](#), p 39.

hinder international carriers from responding to growing demand and such constraints not only limit operational flexibility but also impede tourism growth by reducing available options for travellers. Expanding access would foster a more competitive and responsive Australian international aviation market.<sup>3</sup>

### **Expanded Connectivity and Consumer Benefits**

Beyond potential improvement of airfares, the alliance stands to benefit consumers with seamless, end-to-end travel experiences. The proposed cooperation on network planning, pricing, sales, and loyalty programs will allow for additional connectivity and service provisions. Under the alliance, 107 new one-stop itineraries with reduced layover times of under four hours will be added, connecting Australian travellers to destinations across Europe, the Middle East, and Africa.<sup>4</sup> Notably, reciprocal access to Virgin's Velocity and Qatar's Privilege Club loyalty programs will further enhance the value proposition for frequent flyers, allowing for greater earning and redemption opportunities across the combined networks.

### **Supporting Regional Airports**

The AAA places high value on regional connectivity, given its essential role in supporting regional economies and ensuring equitable access to travel options for all Australians.

The Virgin-Qatar alliance offers regional airports new opportunities for integration into an expanded international network, boosting both passenger and freight traffic through Qatar Airways' extensive reach in the Middle East and beyond. Virgin Australia's domestic network will allow passengers to connect into major hubs and onto international destinations in a more seamless manner, breaking down barriers to travel for people across Australia.

Not only will Australians living in regional centres benefit from increased capacity and improved connectivity, but the alliance will also provide improved inbound tourism connections and sales and marketing visibility to regional tourism destinations across Australia, which are often impacted due to lack of connectivity and seamless itineraries for international tourists. Historically, most inbound tourists have between two and three domestic sectors on their itinerary when holidaying in Australia.

### **Recommendation on Restriction of Interline Arrangements**

While the AAA supports the proposed alliance, there is concern about the restrictions placed on Virgin Australia. Under the application, Qatar Airways would become Virgin Australia's exclusive interline, codeshare, and loyalty partner headquartered in the Middle East or Türkiye, effectively preventing Virgin Australia from code sharing on international flights with other airlines to, from, or within the Middle East, Europe, and Africa.

This restriction could limit Virgin Australia's ability to partner with European (including Turkish) and African based carriers, potentially reducing competition and choice for passengers travelling to these regions. With Virgin being one of only two Australian-based airline groups for overseas carriers to partner with, limiting Virgin's options could be detrimental in future. This is particularly the case where the other major Australian-

---

<sup>3</sup> Australian Government Productivity Commission [Australia's international tourism Industry Commission research paper](#), 2015, pages 2, 13 & 14.

<sup>4</sup> Gilbert + Tobin, *Virgin Australia and Qatar Airways Integrated Alliance*, p. 5. Accessed 28 October 2024.

domiciled airline, the Qantas Group, may have a limited incentive to partner with other airlines due to its existing alliance with Emirates. The AAA would support a narrowing of those restrictions, to only apply to airlines based in the Middle East.

We welcome further discussion with the ACCC on this matter and look forward to the alliance's potential to transform the Australian aviation market for the better. Should you require further information or clarification, please do not hesitate to contact Sybilla Grady, Senior Manager Policy and Research, via email [REDACTED] or phone [REDACTED].

Yours sincerely,



Simon Westaway

**Chief Executive Officer**