



31 October 2024

Mr Tony Hilton  
Director – Competition Exemptions  
Mergers, Exemptions and Digital  
Australian Competition and Consumer Commission  
GPO BOX 3131  
Canberra ACT 2601

**By Email:** [exemptions@accc.gov.au](mailto:exemptions@accc.gov.au)

Dear Mr Hilton

**Virgin Australia and Qatar Airways Application AA1000679-1**

Thank you for the opportunity to comment on the above Application.

The Qantas Group welcomes competition, and internationally we compete with more than 50 carriers, which drives us to innovate, invest and ultimately deliver a better experience for our customers.

The Qantas Group doesn't object to the investment in Virgin Australia by Qatar Airways, however there are some aspects of the partnership that may result in a public detriment that deserve further scrutiny. In particular, given the Proposed Conduct is going to occur through a wet lease, its potential to impact competition in the sector over the long term should be assessed.

Wet leases are common in aviation and can deliver benefits for consumers and help carriers meet short-term demand. Indeed, Qantas has its own, including with Finnair. However, without some limits, they can be used to side-step domestic laws and regulation.

As already raised in public statements by various union officials<sup>1</sup>, the proposed wet lease enables Virgin Australia to schedule services crewed entirely with Qatari pilots and crew, whose pay and conditions are substantially less than Australian-based crew.

On face value, that means Virgin Australia will have no incentive to develop its own international services using Australian crew on these routes if it can effectively bypass Australia's laws and regulations. Without a time limit, it will be able to permanently use Qatari labour at the expense of Australian jobs.

Left unchecked, the Proposed Conduct will signal to the wider aviation industry that bilateral air service agreements, which have been the bedrock of the sector since the end of World War II, can be readily circumvented through wet leasing.

Other jurisdictions have already recognised this loophole and recommend conditions be put on wet leases to ensure they're not misused. This includes setting time limits, ensuring they represent only a small proportion of the lessee's fleet and are not being used to avoid local policy or regulations.<sup>2</sup>

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<sup>1</sup> <https://www.theaustralian.com.au/business/aviation/qantas-pilots-union-says-qatarvirgin-deal-a-sham-arrangement-which-wont-benefit-australians/news-story/bdf8cc883c7549e350a85a719ce702b3>

<sup>2</sup> RECOMMENDATION ECAC/21-1: [https://www.ecac-ceac.org/images/documents/ECAC-Recommandation\\_21-1\\_1997.pdf](https://www.ecac-ceac.org/images/documents/ECAC-Recommandation_21-1_1997.pdf)



The Qantas Group acknowledges the benefit to consumers and the local aviation industry that would be delivered by Virgin Australia re-establishing its own long-haul capacity but encourages Australian regulators to consider conditions that would ensure that it does so in a way that benefits Australia.

If you have any questions about the matters referred to above, please contact me.

Yours sincerely



**Cam Wallace**  
Chief Executive Officer Qantas International & Freight