



AUSTRALIAN  
AIRPORTS  
ASSOCIATION

20 May 2020

Ms Isabelle Mauleon-Wells  
Merger and Authorisation Division  
Australian Competition and Consumer Commission  
E: [adjudication@acc.gov.au](mailto:adjudication@acc.gov.au)

### **Regional Express Application for Authorisation to Coordinate Schedules with Other Airlines**

Dear Ms Mauleon-Wells,

I am writing to you in relation to the Australian Competition and Consumer Commission (ACCC) consultation process on the Australian Regional Express (Rex) application for authorisation to coordinate schedules with other airlines.

By way of background, the Australian Airports Association (AAA) is the national industry voice for airports in Australia. The AAA represents the interests of more than 300 airports and aerodromes Australia wide - from local country community landing strips to major international gateway airports. The Charter of the AAA is to facilitate co-operation among all member airports and their many and varied partners in Australian aviation, whilst maintaining an air transport system that is safe, secure, environmentally responsible and efficient for the benefit of all Australians.

The AAA notes that the ACCC granted Rex an interim authorisation on 26 March 2020 to reduce capacity on ten regional routes and enter into agreements to share revenue on those routes because of the impacts of the COVID-19 pandemic on the industry.

Given the extraordinary circumstances the industry finds itself in, the AAA supports this proposed conduct as a temporary measure to ensure Rex and other airlines can efficiently match supply with significantly reduced demand. This will allow the maximisation of seat factors (subject to any social distancing requirements) enabling airlines to defray operating costs across passengers to minimise the average cost. The AAA believes that this coordination, in concert with the financial support by the Commonwealth Government to support a limited service network, will likely deliver the nation its necessary aviation services until domestic travel restrictions are removed.

However, the AAA believes that granting authorisation for this conduct until 30 June 2021 is inappropriate. The purpose of this authorisation was to assist with the short-term disruption associated with COVID-19. Given the rapidly evolving nature of Federal and State Government restrictions there is little justification for this conduct to be authorised for over 12 months.

In the short time since Rex originally lodged this application, we have already seen substantial positive developments within Australia in relation to a significant suppression of the COVID-19 infection rate. This has also led to the Government recently releasing a three-step framework for a COVIDSafe Australia, which includes a pathway to allowing regular inter/intrastate travel to resume in consultation with State Governments.

While the AAA acknowledges that the resumption of aviation activity in Australia will be a gradual process, we expect this recovery process to start in a meaningful way within the next two months (assuming that we maintain a positive health trajectory). There is already detailed recovery planning underway in consultation with Government agencies, including the establishment of a new industry coalition group between the AAA and Airlines for Australia and New Zealand (A4ANZ) of which Rex is a member.

Taking these factors into account the AAA recommends that authorisation for this conduct not be granted until 30 June 2021. Consideration must be given to a much shorter timeframe, with the option for an extension request to be considered based on the best available evidence at the time. Given the uncertainty of how COVID-19 will continue to impact the aviation industry moving forward, it would be pragmatic to avoid longer term authorisations that may result in detrimental consumer outcomes if market conditions evolve.

The AAA believes that a strong, competitive, and viable regional aviation market will play a critical role in Australia's economic recovery. It is essential that any conduct that is authorised to assist airlines manage the unprecedented impacts of this pandemic be temporary and reviewed in line with market conditions and the best available evidence.

Yours sincerely,



Simon Bourke  
Acting Chief Executive Officer