

# MEDIA RELEASE



Australian  
Competition &  
Consumer  
Commission

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## ACCC GRANTS AUTHORISATION TO FLY-IN FLY-OUT AIRLINE ALLIANCE

The Australian Competition and Consumer Commission has granted authorisation to a Charter Alliance Agreement between Virgin Australia Airlines (ASX:VAH), Virgin Australia Regional Airlines (VARA), and Alliance Aviation Services (Alliance Airlines; ASX: AQZ).

Under the proposed Charter Alliance, VARA and Alliance Airlines propose to jointly bid for and contract with corporate charter customers in relation to the provision of fly-in fly-out (FIFO) services. The only significant operational overlap between VARA and Alliance Airlines is in the provision of charter services in Western Australia.

“The ACCC considers that there are public benefits that outweigh any detriment arising from the loss of competition between VARA and Alliance Airlines in providing FIFO services to corporate customers in Western Australia,” ACCC Commissioner Roger Featherston said.

“The Charter Alliance is likely to realise significant public benefits such as efficiencies from integrating VARA and Alliance Airlines’ Perth operating bases, increased flexibility and optimal use of aircraft through combining their fleets, and enhanced product and service offerings through combining Virgin Australia’s national regular passenger network with Alliance Airlines’ national charter network.”

The parties also propose to cooperate on various aspects of their FIFO operations including aircraft maintenance, airport handling, check-in, frequent flyer programs, lounge access, scheduling, pricing, and sales and marketing.

The ACCC had expressed concerns about the effect of the Charter Alliance on competition when it released its draft determination in December 2016. However, following further market inquiries, the ACCC has concluded that there are a number of factors that mitigate the risk to competition. As a result, the ACCC is now satisfied that the likely public benefits of the alliance outweigh the likely public detriments.

“The operational synergies which are likely to result from the Charter Alliance and bringing together VARA and Alliance Airlines’ complementary networks should reduce their costs and allow them to make more competitive offers to customers,” Mr Featherston said.

“Further, many of the larger FIFO customers are sophisticated and well-resourced companies with procurement expertise who have strong bargaining power in their negotiations with FIFO operators.”

“These customers will continue to have viable alternatives, in particular Qantas and Cobham. Market conditions in Western Australia suggest that these airlines will continue to compete strongly with the Charter Alliance,” Mr Featherston said.

Further information, including a copy of the decision, is available from the ACCC’s public register: [Virgin Australia Regional Airlines Pty Ltd & Ors - Authorisation - A91552 & A91553](#)

### Background

VARA operates from a base at Perth airport, primarily providing charter flights throughout Western Australia. VARA also has access to Virgin Australia’s national network of regular

passenger services. Alliance Airlines has a national network of charter services but only offers limited regular passenger services.

The ACCC initially proposed to [deny authorisation and sought public comment](#) in December 2016.

Authorisation provides statutory protection from court action for conduct that might otherwise raise concerns under the competition provisions of the *Competition and Consumer Act 2010*. Broadly, the ACCC may grant an authorisation when it is satisfied that the public benefit resulting from the conduct outweighs any public detriment.

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