

MEDIA RELEASE



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Qantas stake in Alliance Airlines raises concerns

The ACCC has expressed preliminary competition concerns about Qantas' (ASX: QAN) acquisition of a 19.9% interest in Alliance Airlines (ASX: AQZ), which took place on 1 February 2019.

Brisbane-based Alliance supplies charter air services to corporate customers in Queensland, the Northern Territory and Western Australia; mainly mining and resources companies requiring services for their fly-in-fly-out workforces. Alliance competes strongly with Qantas for this business, either in its own right or in cooperation with Virgin under the Charter Alliance Agreement.

Alliance is also Qantas' only competitor on regular passenger transport routes between Brisbane and the important regional centres of Bundaberg and Gladstone.

As part of its continuing investigation into Qantas' acquisition of its stake in Alliance, the ACCC has today released a statement of issues setting out its preliminary concerns, and is seeking comments from customers and competitors about the effects of this acquisition.

"Alliance Airlines is a close, important and growing competitor to Qantas, including through its partnership with Virgin. It provides consumers and companies with a crucial alternative to Qantas in markets that are already highly concentrated," ACCC Chair Rod Sims said.

"Qantas did not seek informal merger clearance from us before it acquired this stake in Alliance, which made Qantas Alliance's biggest single shareholder."

"We consider this shareholding has the potential to impact Alliance's future growth and its ability to be a strong competitor. It may impact Alliance's ability to grow through raising funds from investors, or to consider rival takeover approaches. It may also impact whether Alliance's customers perceive it to be an independent rival to Qantas."

"In our view, any move by one company to acquire and build on a significant stake in a close competitor is likely to raise competition issues, due to the potential for the two businesses to compete less vigorously, or to influence each others' strategies or outcomes," Mr Sims said.

The ACCC is continuing to investigate whether this acquisition is likely to have the effect of substantially lessening competition. Qantas has provided an undertaking not to acquire any further interest in Alliance until the investigation is completed.

The statement of issues is available at [Qantas Airways Ltd - acquisition of 19.9% interest in Alliance Aviation Services Ltd](#)

Note for editors

Section 50 of the Competition and Consumer Act (the Act) prohibits corporations from acquiring shares or assets if the acquisition would have, or be likely to have, the effect of substantially lessening competition in any market.

If after the completion of its investigation the ACCC considers that there is evidence that Qantas' acquisition has had or is likely to have the effect of substantially lessening

competition in breach of section 50, the ACCC may decide to institute proceedings in the Federal Court.

If a Court determines that a corporation has contravened section 50 of the Act, it may make divestiture orders or declare the transaction to be void, and may impose a pecuniary penalty.

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