

MEDIA RELEASE



30 July 2020

ACCC proposes to continue to allow airlines to cooperate on regional routes

Regional Express Pty Ltd (Rex) will be allowed to continue to coordinate flight schedules with Qantas and Virgin Australia on 10 regional routes (the relevant routes) in response to the COVID-19 pandemic, under an ACCC proposed authorisation released today.

The draft determination proposes the grant of authorisation on broadly the same terms as the [interim authorisation](#) granted in March. The authorisation will extend until 30 June 2021.

“The ACCC recognises that airlines are still facing significant challenges, including exceptionally low demand, due to the ongoing impacts of the COVID-19 pandemic,” ACCC Deputy Chair Mick Keogh said.

“Allowing the airlines to coordinate in this way will contribute to the ongoing provision of services for passengers flying on these 10 regional routes.”

The coordination may involve arrangements such as each carrier on a route operating one daily service, with revenue shared between carriers, or an operator suspending operation on a route to allow another carrier to maintain a viable service.

“We acknowledge that such coordination between airline competitors in this way would normally raise competition concerns. However, the extraordinary circumstances mean that coordination is in the public interest given the relatively short period for which it will be authorised, and the conditions of the proposed authorisation,” Mr Keogh said.

Importantly, the proposed authorisation is conditional on airlines charging fares no higher than those in place on 1 February 2020. This will address the risk that the reduction in flights on those routes will lead to airfares above competitive levels. The proposed authorisation is also subject to reporting conditions which will allow the ACCC to closely monitor the proposed conduct.

“We anticipate that the arrangements will help support the continuity of essential air services for regional communities on the relevant routes while the pandemic is significantly affecting air travel,” Mr Keogh said.

The ACCC will now seek submissions on the draft determination. Details on how to make a submission, including a statement of reasons, are available on the ACCC’s public register at [Regional Express Pty Ltd](#).

Notes to editors

ACCC 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 from the conduct outweighs any public detriment.

Background

The relevant routes and the current operators on these routes are:

New South Wales

- Sydney – Wagga (Rex and Qantas)
- Sydney – Dubbo (Rex and Qantas)
- Sydney – Albury (Rex, Qantas and Virgin Australia, noting Virgin Australia has suspended services on this route)
- Sydney – Armidale (Rex and Qantas, noting Rex has suspended services on this route)

Victoria

- Melbourne – Mildura (Rex, Qantas and Virgin Australia, noting Virgin Australia has suspended services on this route)

South Australia

- Adelaide – Port Lincoln (Rex and Qantas)
- Adelaide – Whyalla (Rex and Qantas)
- Adelaide – Kangaroo Island (Rex and Qantas, Rex had announced an exit from this route in July 2020, but is currently still servicing it)

Queensland

- Cairns –Townsville (Rex and Qantas)
- Townsville – Mount Isa (Rex and Qantas).

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