



Australian
Competition &
Consumer
Commission

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NEWS RELEASE

ACCC CALLS FOR COMMENT ON VIRGIN'S PROPOSED ACQUISITION OF 60% OF TIGER

The Australian Competition and Consumer Commission today released a Statement of Issues on the proposed acquisition by Virgin Australia Holdings Limited (Virgin Australia) of 60% of Tiger Airways Australia Pty Ltd (Tiger Australia).

The Statement of Issues sets out the ACCC's preliminary views and seeks further information on certain competition issues which have arisen from the ACCC's review to date.

Virgin Australia is the second largest airline operator in Australia behind Qantas Group.

Tiger Australia is a domestic airline that commenced operations in November 2007 and currently services 11 domestic routes with 11 aircraft. Tiger Australia operates under a low cost carrier model which primarily focuses on price sensitive domestic leisure travellers.

"The ACCC's preliminary view is that the proposed acquisition may raise competition concerns in the market for Australian domestic air passenger transport services," ACCC Chairman Rod Sims said.

"The ACCC's concerns relate to the risk of muted competition following the reduction in the number of airline groups within Australia from three to two (excluding regional airlines), and the loss of Tiger Australia as an independently owned discount competitor."

"This potential reduction in competition arises as a result of the increased ability on the part of Qantas/Jetstar and Virgin Australia/Tiger Australia to coordinate their activities once Tiger Australia is no longer operating as an independent low cost carrier."

In expressing this preliminary view, the ACCC has also outlined certain factors that may affect the ACCC's final decision, including Tiger Australia's financial position and the likely size and strength of Tiger Australia post-acquisition.

"If the ACCC were to conclude that Tiger Australia would exit the market in the absence of the proposed acquisition, this would be highly relevant to our assessment," Mr Sims said.

"Another relevant factor is that the merger parties have publicly announced an intention to expand Tiger Australia's fleet from its current 11 aircraft to 35 aircraft by 2018. If the ACCC was satisfied that a significant increase in capacity would take place, this would also diminish the prospect of any increase in coordinated conduct in the market."

The ACCC invites further submissions from the market in response to the Statement of Issues by 22 February 2013. As a result, the expected date for the ACCC's final decision is now 14 March 2013.

The Statement of Issues will be available at www.accc.gov.au/MergersRegister.

Submissions can be sent by email to the ACCC at mergers@acc.gov.au.

Media inquiries

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NR 18/13

7 February 2013