

3 May 2022

Ms Connie Wu
Australian Competition and Consumer Commission
GPO Box 3131
CANBERRA ACT 2601

By email: exemptions@acc.gov.au

Re: AA1000608 –Virgin Australia – submission

Dear Ms Wu

The Northern Territory Government (NTG) notes ACCC's invitation of 26 April 2022 to make a submission on the application for authorisation pertaining to this subject.

NT's vast and expansive geography mean that its residents are highly reliant on aviation access, which include intra-Territory, domestic within Australia and international air connectivity. This infrastructure is essential to meet healthcare, education, social welfare and economic development requirements. As such, NTG takes an active role in ensuring the sufficient availability and affordability of air services.

Background

Virgin Australia (VA) is a long-term air service provider for the NT. Currently, it operates flights from key Australian cities to two airports in the NT; Darwin and Alice Springs.

Before the cessation of VA's long-haul international route network, it had the ability to carry passengers between the United States of America (USA) and NT via an eastern Australian gateway, either on its own aircraft or through a strategic airline partner. This is a commercially important link as USA is one of NT's major goods trading partners, and a key source market for inbound tourism.

VA's application is for authorisation to work with a Partner Carrier, United Airlines (UA) being the relevant partner to this request, on a codeshare agreement.

Potential impact to the NT

Granting authorisation to this application could benefit consumers with choice and affordability for travel between USA and NT through a number of gateway hubs in the east coast of Australia, more specifically seamless connectivity between UA's Transpacific sector with VA's domestic NT routes.

1. **Competitive fares:** An authorisation will allow VA more flexibility to market fares between the NT and USA competitively, including the offer of tactical fares, which would not be available without authorisation.

2. **Consistent customer journey:** The ability for travellers to book a single marketing carrier on a through-itinerary between NT and USA will provide consumers with an improved seamless experience from the point of ticket purchase, to travel, to customer servicing.
3. **International network:** VA's post COVID-19 route network does not include long-haul international flights. Providing authorisation to this application will allow travellers to and from the NT access to more international destinations on a single marketing carrier at a competitive price.
4. **Loyalty benefits:** Authorising this application will mean VA customers travelling between NT and USA will receive recognition on the VA-marketed, UA-operated flights.
5. **Long-term growth:** NT is highly dependent on aviation services due to its geographical location. Permitting this application has the potential to support VA's domestic NT routes with passenger feed from UA's international carriage. This could lead to more domestic NT flights and routes, where commercially and operationally feasible.

Summary

The applicant's proposal for a codeshare agreement between VA and UA is seen to be beneficial to consumers, including those travelling to and from the NT. It is the view of the NT this has the potential to create a healthy and competitive landscape.

Please contact Ms Valerie Smith, Acting Executive Director Industry Development, on telephone [REDACTED] or email [REDACTED] should you wish to discuss this submission.

Yours sincerely

[REDACTED]
Shaun Drabsch
Chief Executive Officer