



Australian  
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# NEWS RELEASE

## ACCC PROPOSES TO RE-AUTHORISE VIRGIN/DELTA TRANS-PACIFIC ALLIANCE

The Australian Competition and Consumer Commission is proposing to grant authorisation for Virgin Australia (ASX: VAH) and Delta Air Lines to coordinate their operations between Australia and the United States of America for a further five years in its draft decision.

The ACCC has granted interim authorisation to take effect from the expiry of the existing authorisation.

The alliance allows Virgin and Delta to offer a single integrated network comprising their services between Australia and the US and respective domestic Australian and US networks.

“The ACCC accepts that this combined network is likely to be valued by travellers between Australia and the US, since the majority of such passengers connect from and/or to destinations behind and beyond the key gateway points. This is reflected in the growing number of passengers utilising such connecting services,” ACCC Commissioner Dr Jill Walker said.

“The ACCC has reached the view that the alliance is likely to result in public benefit that would outweigh the detriment to the public through any lessening of competition.”

“The ACCC considers that the alliance has resulted in enhanced products and services including increased and better online connections, access to each other’s frequencies, better schedule spread, loyalty program benefits, and improved lounge access.”

The enhanced products and services and single integrated network enabled by the alliance allows Virgin and Delta to compete more effectively with the incumbents on routes between Australia and the US.

The ACCC notes that the combined market share of Virgin and Delta on the key overlap route of Sydney to Los Angeles is around 35 per cent.

“This combined market share increases the risk that some passengers may pay higher prices with the alliance, particularly on this direct overlap route. However, this is also the route with the greatest demand and the largest number of competitors,” Dr Walker said.

The applicants sought re-authorisation for a period of 10 years. The ACCC proposes to grant authorisation for five years.

The ACCC is seeking submissions from interested parties in relation to its draft determination, before making a final decision. Submissions are due by 26 June 2015.

Authorisation provides immunity 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.

The ACCC previously granted authorisation to Virgin and Delta on 10 December 2009

Further information will be available on the [public register](#).

**Media inquiries**

**ACCC Media 1300 138 917**

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