



AUSTRALIAN
AIRPORTS
ASSOCIATION

MEDIA RELEASE

13 February 2024

ACCC report papers over the cracks in the airline sector

The Australian Airports Association (AAA) has welcomed the latest report from the Australian Competition and Consumer Commission (ACCC) on domestic airline competition.

The report shows that while some parts of the airline sector have improved, it still performs poorly across key metrics of airfares, delays, and cancellations.

“It is concerning the ‘best discount’ economy airfares have not yet fallen to pre-pandemic levels at a time when the cost of living pressures are hurting families with the report showing real price index of discount airfares still 4.5% higher in January 2024 than it was in January 2020,” AAA Chief Executive James Goodwin said.

“The report unfortunately papers over the underlying cracks in the airline sector, with rates of cancellations and delays continuing to exceed long-term averages, and the recovery of the aviation industry has plateaued.

“It is important Australia considers ways to unlock greater competition with the domestic airline industry one of the most concentrated markets in Australia, with 93% market share split between two airlines: Qantas/Jetstar and Virgin Australia”, Mr James Goodwin said.

The ACCC report highlights that *‘consumers are most likely to benefit through better services and more attractive pricing on routes where there are more competing airline groups’*.

The AAA also monitors airfares across key domestic routes to analyse trends and competition in the market with our analysis showing that since the addition of an independent ultra low-cost carrier, Bonza, to the Melbourne – Gold Coast route, there has been a 54.4% decrease in airfares offered by competing low-cost carriers, like Virgin Australia.

“The overwhelming evidence shows that when other airlines enter the market, the consumer wins, more people travel and the economy grows,” Mr Goodwin said.

The AAA is the national voice for airports, representing the interests of more than 340 airports and aerodromes across Australia. It also represents more than 150 corporate members supplying products and services to airports and the wider aviation industry.

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Contact the AAA for media enquiries on 02 6230 1110.