

ACCC report shows competition vacuum in domestic airline market

Rex and Bonza's injection of competition into Australia's domestic aviation market ultimately led to lower airfares for passengers, a new report from the Australian Competition & Consumer Commission (ACCC) has proven.

The Australian Airports Association (AAA) has consistently highlighted the need for new entrants in the domestic airline sector to drive down prices.

In its quarterly [Domestic airline competition in Australia](#) report released today, the ACCC found when Rex entered several intercity routes, the average airfare paid per passenger in those markets fell by around 25%.

The competition regulator also revealed the average revenue per passenger on routes with added competition had been lower compared to 2019 levels, demonstrating a drop in airfares over that period.

The ACCC findings support the AAA's own analysis of routes where airfares improved after the entry of a competing airline.

For example, after Bonza entered the Melbourne to Gold Coast route, airfares decreased by 54.4%. The ACCC found this route has since faced the highest airfare increase since Bonza's exit, with prices up 38%.

"More competition means lower airfares, it's as simple as that. The ACCC's latest report provides solid evidence to support this and when an airline exits, passengers pay the price," the AAA's Head of Policy and Advocacy Natalie Heazlewood said.

"Unfortunately as we've seen with Rex and Bonza, there are a number of difficult obstacles facing challengers to Australia's airline duopoly.

"While Rex's move into the golden triangle was ambitious, administrators have highlighted supply chain issues and pilot shortages were also key factors in the airline's significant debt.

"Incentivising and removing barriers to new entrants, addressing workforce shortages and the reforms to Sydney Airport's complex slot scheme, will help new and expanding airlines.

"Airports provided millions of dollars' worth of support to Bonza and have taken on significant debts to help Rex's regional operations continue, to give them every possible chance of success and to improve connectivity.

"Sadly, the options for Australian travellers have again shrunk and no domestic intercity route is now operating with more than two competing airline groups.

"The ACCC says it will be paying close attention to any behaviour that may be anti-competitive and we also look forward to seeing strong recommendations in the Aviation White Paper that help invigorate the market."

AAA Media: 0429 650 552