

<b>Matter name:</b>	Virgin Australia & Alliance Airlines – Application for authorisation
<b>Date and Time:</b>	1:00pm -1:40 pm AEDT Tuesday 29 November
<b>External attendees:</b>	Regis Resources – Andy Thomson (Commercial Manager) and Elena Macrides (Company Secretary).
<b>ACCC participants</b>	Andrew Ng and Anna Pound

Information provided by Regis in relation to the application for authorisation is summarised below:

### **Background**

- Regis operates predominantly in Western Australia (WA).
- Regis sends FIFO workers to its Duketon mine site in the Goldfields, approximately 80 km North East from Laverton, WA. Regis sends 7 planes per week, with approximately 80 seats per flight.
- Regis has its own airport at the Duketon mine site and prefer to use Fokker 100s. The air strip has capacity for aircraft with a maximum of 110 seats.
- Scheduled charter flights are currently provided by Skippers.
- Outside of scheduled flights, shutdowns require a 40-50 seat aircraft which are also provided by Skippers.
- Regis may consider another airline for one off charter services.
- Regis has no need for Regular Passenger Transport (RPT) services – FIFO employees from outside of Perth must fly into Perth on their own accord, on any commercial flight.

### **Regis' tender processes**

- Regis had undertaken an informal pricing check a couple of months ago, at a point in Regis' current aviation contract where it was to roll over for another year.
- Regis decided to remain with Skippers.

#### *2019 process (Perth-Duketon)*

- Skippers was awarded the contract.
- Skippers operates from the General Aviation area of Perth Airport, which has its own carpark and frequent taxis, which provides for easy movement of FIFO workers. Regis prefer to land at the General Aviation area (rather than at the Terminals) because you generally experience better luggage handling (on account of fewer airlines operating), and all travellers are FIFO workers, so there are no delays relating to other travellers or tourists.

### **Factors important to Regis when awarding contracts**

- The main requirements when conducting a tender process are safety of the airline and the ability of the airline to ensure capacity to fly 100 passengers to the mine site and back.
- Regis prefers their contracts to be serviced by jet aircraft because of its speed.
- Flexibility in aircraft sizes – Regis requires smaller planes at times (generally a 10-seater with 2 pilots).

- Time slot availability to suit FIFO demands – Regis requires flights on Mondays to Fridays, leaving early morning and returning that afternoon. Tuesday and Friday are the busiest days, and airlines would be disadvantaged if they can't meet these business requirements.
- Surplus fleet as opposed to single aircraft – having to subcontract additional aircraft means the risk profile increases and is not looked at favourably by Regis.
- Access to frequent flyer points and airport lounges are not important factors for Regis when awarding a contract.
- Regis prefers to contract with a single aviation provider, to reduce further complexities and risk. Contracting with multiple airlines (based at different Terminals) will be more confusing for the workforce if arrangements changed periodically. Even if there were pricing advantages, Regis' priority will consider the interests of its FIFO workers in any decision.

### **Effect on competition**

- Regis considers that 3 bidders in a tender process for charter services is sufficient to get a reasonable outcome.
- Regis is not concerned whether Virgin and Alliance submit a joint bid or independent bids in response to tender processes – there is a benefit to having a broader solution and economies of scale from a joint offering and discounts on repeat flights.
- Regis considers itself as having mid-tier requirements – aircraft of 100 seats and below, and so has some leverage when conducting tender process, but not the same leverage as companies with tier one requirements (such as Rio Tinto). Regis also has a forward 3-5 year looking approach, and so provides confidence to its aviation partner.
- Regis is uncertain as to whether AirNorth and Hevilift can compete for Regis' work.
- Barriers to entry include gaining real estate at airports and limited access points, including at Perth Airport.

### **General**

- Regis do not have any preliminary concerns with the clauses of the Charter Alliance Agreement under which VARA and Alliance would agree not to compete for each other's specified pre-existing customers and to jointly bid for new charter opportunities (with individual bids only permitted if a joint bid is not made).