

Matter name:	Virgin Australia & Alliance Airlines – Application for authorisation
Date and Time:	4:00pm-4:47pm AEDT Thursday 15 December 2022
External attendees:	Voanne Rosenbauer (Head of Commercial, Roy Hill), Hayden McGrath (Legal Counsel, Roy Hill)
ACCC participants	Tanya Hobbs, David Hatfield, Andrew Ng, Elizabeth Elias, Laura Wotherspoon, Kade Sheely (DLA Piper)

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

Aviation needs

- Roy Hill has ongoing needs for charter and Regular Passenger Transport (RPT) services. Most services are regional (WA) in scope, but occasionally some RPT services are interstate or overseas. From time to time, Roy Hill also requires ad-hoc services for VIP charters utilising smaller planes.
- Roy Hill’s main service routes are from Perth-Ginbata and Perth-Port Hedland, using A320 or Boeing 737 aircraft.
- Qantas is the contracted service provider for all of Roy Hill’s charter and RPT flights. However, Roy Hill may secure services from other airlines on an ad-hoc basis where Qantas is unable to provide the service. Apart from ad-hoc procurements with other airlines, Roy Hill does not currently have any contract with any other airline for the provision of regular charter or RPT flights.

- [REDACTED]

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

Recent procurement process

2019 procurement processes for charter and RPT services

- Qantas (as incumbent) and Virgin were invited to tender for charter and RPT services. Alliance was not invited to tender due to the lack of appropriate aircraft type (specifically, aircraft with 160+ seat capacity).
- The Virgin tender bid documentation made a high-level reference to Alliance Airlines as a “strategic partner”; however, there was no specific co-ordination of Virgin and Alliance aircraft in the tender bid (due to aircraft type).
- Qantas was successful for the 2019 tender process for charter services. [REDACTED]
- [REDACTED]

- [REDACTED]
- Qantas was also successful for the 2019 tender process for RPT services.

2021 extension

- Roy Hill extended its contracts with Qantas for charter and RPT services in 2021 for a further 5 years. [REDACTED]
- After this contract with Qantas ends, Roy Hill is open to inviting other providers to bid for its services, so long as they are able to offer the overall package of services that Roy Hill requires from a provider.

Factors that Roy Hill considers when awarding a contract

- [REDACTED]
- Roy Hill is willing to split out charter and RPT services between different airlines if that would provide the best price across each service, but also recognises there are synergies that can be achieved by contracting with a single airline for both charter and RPT in terms of administrative costs, commonality of service, and volume-based discounts/rebates.
- [REDACTED]
- Roy Hill recognises the value of having additional fleet capacity under the Charter Alliance Agreement, which may be particularly useful during shutdown work which is when most ad-hoc services are required.
- However, Roy Hill is unable to confirm whether Virgin has previously utilised Alliance's fleet to provide ad-hoc services to Roy Hill – all flights chartered with Virgin had "VA" flight numbers and were invoiced by Virgin.

Constraint on the Charter Alliance and bargaining power

- Roy Hill's aviation needs are substantial, so most operators (other than Qantas and Virgin) do not have the fleet capacity and composition (of larger planes) to provide an overall package that can effectively compete for its tenders. However, Roy Hill is open to any operator that can offer an overall package that can meet its needs.
- The bargaining power Roy Hill possesses will depend on the contract and the extent of services required. [REDACTED]

Competitive impact of the Charter Alliance

- Roy Hill's representatives were not aware of the existence of the Charter Alliance until the release of the ACCC's draft determination in September 2022.
- Whether the Charter Alliance is authorised by the ACCC (or not) is unlikely to have a significant impact on Roy Hill (based on the 2019 tender process which did not attract a bid from the Charter Alliance). However, Roy Hill anticipates that some smaller resource companies may find the Charter Alliance useful for its expanded fleet capacity.
- To date, Roy Hill has seen no firsthand evidence of benefits from Virgin and Alliance combining their fleets – but the concept is potentially valuable if it provides greater flexibility/more options from having access to a larger fleet of aircraft.
- [REDACTED]
- Roy Hill recognises that smaller operators with different tender or operational requirements may prefer to have Virgin and Alliance compete against each other.
- To date, Roy Hill has not experienced any direct competitive benefit from the joint provision of services by Virgin and Alliance under the Charter Alliance. Roy Hill does not share pricing information between competitor airlines, so there has been no benefit in the nature of price matching or additional discounts.
- Roy Hill understands there to be significant barriers to entry by new airline service providers, particularly of the scale of operation that it requires. It has received preliminary approaches from some smaller operators, proposing to combine with other smaller players, but they have not gone anywhere.



Port & Rail Flight Schedule effective 06.09.2022

Please note that only the below flights are serviced with bus transport. Any other flight requests need to be approved and transfers arranged separated

TO SITE		Flight #	FLIGHT DEPART	FLIGHT ARRIVE	BUS DEPARTURE TIME	BUS PICK UP/ DROP POINT
	MONDAY	QF1204	0630	0830	0900	PHE Airport to Rail admin and Port admin
MONDAY	QF1206	0650	0850	0900	PHE Airport to Rail admin and Port admin	
MONDAY	QF2748	1455	1700	1710	PHE Airport to Gateway Village	
TUESDAY	QF1206	0650	0850	0900	PHE Airport to Rail admin and Port admin	
WEDNESDAY	QF1206	0650	0850	0900	PHE Airport to Rail admin and Port admin	
THURSDAY	QF1206	0650	0850	0900	PHE Airport to Rail admin and Port admin	

FROM SITE		Flight #	FLIGHT DEPART	FLIGHT ARRIVE	BUS DEPARTURE TIME	BUS PICK UP/ DROP OFF POINT
	MONDAY	QF2749	1740	1935	1555	Port admin car park to Rail admin car park – Rail admin car park to PHE Airport
TUESDAY	QF1203	0825	1025	0710	Gateway village to PHE Airport	
TUESDAY	QF1647	1700	1900	1515	Port admin car park to Rail admin car park – 1530 Rail admin car park to PHE Airport	
	QF1649	1800	2000			
WEDNESDAY	QF1647	1700	1900	1515	Port admin car park to Rail admin car park – 1530 Rail admin car park to PHE Airport	
THURSDAY	QF1647	1700	1900	1515	Port admin car park to Rail admin car park – 1530 Rail admin car park to PHE Airport	
		1800	2000			

	These are Roy Hill operated Charter Flights
	These are Qantas operated Commercial Flights

SCHEDULE: ROY HILL GINBATA CHARTER SERVICE



Effective 12.12.2022

Flights to site Perth (PER) - Ginbata (GBW)

	Flight #	DEPART	ARRIVE	AIRCRAFT TYPE
MONDAY	QF1350	0630	0825	737
	QF2754	1600	1755	A320
	QF1356	1645	1840	737
TUESDAY	Night Layover			
	QF2750	0700	0855	A320
	QF1354	1420	1615	737
WEDNESDAY	QF1358	0630	0825	737
THURSDAY	QF1350	0630	0825	737
	QF2754	1635	1830	F100
	QF1356	1715	1910	737
FRIDAY	Night Layover			
	QF2750	0700	850	A320

Flights off site Ginbata (GBW) - Perth (PER)

Flight #	DEPART	ARRIVE	AIRCRAFT TYPE
No AM flights off site			
QF1351	1630	1825	737
QF2755	1835	2030	A320
QF1357	0830	1025	737
QF1661	0940	1135	A320
QF1355	1655	1850	737
QF1359	0905	1100	737
No AM flights off site			
QF1351	1630	1825	737
QF2755	1905	2100	F100
QF1357	0830	1025	737
QF2751	0940	1130	A320