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Our ref: AA1000615  
Contact officer: David Wang  
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15 September 2022

Louise Klamka  
Partner  
Gilbert and Tobin

By email: [REDACTED]

Dear Ms Klamka

**Re: Application for Authorisation AA1000615 - Virgin Australia & Alliance Airlines – Information Request**

I refer to the abovementioned application for authorisation lodged with the Australian Competition and Consumer Commission (the **ACCC**) on 27 May 2022 by Virgin Australia Regional Airlines Pty Ltd, Virgin Australia Airlines Pty Ltd (together **Virgin Australia**), Alliance Airlines Pty Ltd and Alliance Aviation Services Ltd (together **Alliance Airlines**) (altogether, the **Applicants**).

To assist with its assessment of this application, the ACCC is seeking further information. The information the ACCC requires is set out in **Attachment A** to this letter.

Please provide this information as soon as possible and in any case by no later than **12pm on 26 September 2022**. The information may be provided by email to [exemptions@accc.gov.au](mailto:exemptions@accc.gov.au).

Under section 89 of the *Competition and Consumer Act 2010*, the ACCC is able to exclude documents (or parts of documents) from its public register because they are confidential. If you wish to request exclusion from the public register for any documents (or parts of documents) provided in response to the ACCC's request, please clearly indicate this when providing the documents.

Subject to our consideration of any request for exclusion from the public register, a public version of your response to this letter with confidential information redacted will be placed on the ACCC's public register.

A copy of this letter, including **Attachment A**, will also be placed on the public register.

If you wish to discuss any aspect of this matter, please do not hesitate to contact David Wang on (03) 9658 6587 or at [david.wang@accg.gov.au](mailto:david.wang@accg.gov.au).

Yours sincerely

A handwritten signature in blue ink, appearing to read 'BM', with a long horizontal stroke extending to the right.

Bruce Mikkelsen  
Acting General Manager  
Competition Exemptions

## Attachment A: ACCC request for further information

### *Charter opportunities*

1. Please identify all charter opportunities that have arisen since 9 June 2017, which fall within the scope of the Charter Alliance Agreement (CAA), which were jointly bid for by the Applicants (successful or otherwise) where the customer specifically requested (in order for a bid for the full scope of work under the contract to be compliant) any of the following:
  - (a) an integrated charter and RPT service (which may include connectivity to RPT flights, jointly scheduled services etc.)
  - (b) access to the Velocity Frequent Flyer program,
  - (c) availability of additional aircraft capacity (to be provided by either Virgin Australia or Alliance Airlines) in the event of additional flights or disruption.
2. Please identify any charter opportunities for which Virgin Australia believes it would not have been able to submit a compliant response without the CAA in the period from 9 June 2017 to the date of this request for information.
3. With reference to each of the charter opportunities successfully won pursuant to the CAA, please explain (with reference to any known competitors for those contracts) the significance of the CAA in successfully obtaining and/or servicing that contract.

### *Public benefits*

4. In relation to the public benefits under CAA as claimed in the Application<sup>1</sup>, please explain (and provide quantification where available) how the CAA has allowed, in the period from 9 June 2017 to the date of this request for information:
  - (a) VARA and Alliance Airlines to align their airport and ground handling procedures at Perth Airport for Charter Alliance customers (and identify all instances where this has occurred)
  - (b) VARA and Alliance Airlines to have greater access to complementary fleets compared with a counterfactual where VARA and Alliance Airlines can utilise lease arrangements for the provision of complementary fleet capacity
  - (c) VARA and Alliance Airlines to avoid the costs of expanding their fleets (and identify all instances where this has occurred in relation to a specific charter opportunity)
  - (d) VARA to avoid the costs of replacing its F100 engines, and whether and to what extent any likely future public benefits claimed to be deriving from this claimed benefit is likely to change as Virgin Australia's Fokker fleet ages and is replaced by alternative aircraft
  - (e) VARA to achieve ACMI cost savings (over and above what could otherwise be achieved without the CAA in the counterfactual) from its competitive tender process for the maintenance of its F100 aircrafts (where Austrian Airlines Technik Bratislava were successful)
  - (f) VARA to improve its negotiating position at Perth Airport through higher passenger movement numbers, and how this compares to a counterfactual without the CAA, where VARA and Alliance would have also negotiated independently with Perth Airport

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<sup>1</sup> See pages 21-24 of the Application for Authorisation AA1000615 dated 27 May 2022.

- (g) Virgin Australia and Alliance Airlines to provide better scheduling and less flight delays (and identify any examples of responding to last minute flight disruptions that would not have been achievable without the CAA),
  - (h) Alliance Airlines to provide value-added services such as the Velocity Frequent Flyer program or access to Virgin RPT agreements (and identify any specific feedback from customers regarding the value of these services).
5. In Virgin Australia's supplementary submission to the ACCC relating to the Application, dated 3 June 2022, Virgin Australia submits that: "While the Applicants have not yet successfully won any contracts from Qantas under the Charter Alliance, they have developed compelling and competitive offers, which have forced Qantas to respond, including to maintain its position as incumbent supplier in some cases." Please provide the specific examples where this has arisen.

*Anticipated charter opportunities*

6. Please identify any anticipated tender or other supply opportunity for which Virgin Australia believes it would not be able to submit a compliant response without the CAA.