

<b>Matter name:</b>	Virgin Australia & Alliance Airlines – Application for authorisation
<b>Date &amp; Time:</b>	11:15am-12:00pm Tuesday 27 September 2022
<b>External attendees:</b>	Scott Adams (Contract Advisor), Edwina Cheong (Legal Counsel)
<b>ACCC participants:</b>	David Wang, Matthew Cumberworth, Andrew Ng

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

#### Agnew/Leinster and Gruyere contract (2019)

- VARA and Alliance Airlines split their bid between the two projects citing their ACCC partnership (Alliance Airlines would run services between Perth and Leinster where they were already flying for BHP, and VARA would run services between Perth and Gruyere).
- While other charter suppliers also made bids for these two projects [REDACTED] these bids were not as compelling to Gold Fields as the joint bid under the Charter Alliance (CA), so Gold Fields decided to award the contract to VARA and Alliance Airlines.
- In relation to the Gruyere portion of the contract (2019), the key reason for Gold Fields motivating towards tender were concerns over Skippers' ability to provide services to the mine as it moved from construction phase to operational phase.

#### Granny Smith contract (2020)

- VARA and Alliance Airlines provided a successful 'joint bid' (where both providers would provide charter services under the contract), but more recently only Alliance Airlines has been providing charter services for this contract [REDACTED]
- In relation to the Granny Smith contract (2020), the key reason for Gold Fields switching suppliers (from Cobham to Alliance Airlines pursuant to the CA) was the desire to have aircraft with larger seating capacity, which Gold Fields believed Alliance Airlines were more capable of providing.

#### Competitive impact of the Charter Alliance

- VARA and Alliance Airlines refused to tender independently (and compete with each other) in relation to Gold Fields' Agnew/Leinster and Gruyere (2019) and Granny Smith (2020) tender processes, instead deciding to submit a joint bid for each contract under the CA. This initially raised concerns for Gold Fields, however, the practical effect of this decision on Gold Fields was negligible given the ability to still secure a comparative price relative to previous contracts with incumbent suppliers from VARA and Alliance Airlines under the CA, for each particular route subject to the tenders. It is difficult for Gold Fields to compare the impact of the CA as Gold Fields does not know what the pricing would have been absent the CA.

#### Public benefits

- In terms of access to increased fleet capacity, the pandemic has resulted in an increase in the demand for ad-hoc charter services. In this respect, the CA (with its combined fleet capacity) has worked well for Gold Fields. In the alternative scenario, without the CA, Gold Fields would rely on its individual supplier to enter into a cross hire arrangement to acquire additional aircraft to meet the increase in demand.
- It is difficult for Gold Fields to comment on whether the CA has provided a better outcome in this regard as Gold Fields has not experienced any additional capacity needs in this alternative scenario.

- The significance of having a single operator provide an integrated service across different projects depends largely on the cyclical nature of each contract. [REDACTED]
- Access to the Virgin Frequent Flyer program and lounge access (at a competitive price point) was an important factor which influenced Gold Fields' decision to award the contracts to VARA and Alliance under the CA. Frequent flyer programs are something that Gold Fields' employees value and the business would otherwise purchase or pay for it under a different arrangement if there was an independent bidder that didn't have an in-house frequent flyer program. Having a consistent aviation partner across all our projects allows for these services to be provided consistently across the Gold Fields group. However, absent the CA, Gold Fields would not consider switching to Qantas just for this integrated service.
- Gold Fields did not experience any real benefit from the CA through improved connections between terminals at Perth airport. However, staff appreciate the ability to go through the nicer terminals to board their flights, compared to the alternative with Skippers or Cobham (who are not located at the terminals). Only a small (but not insignificant) number of staff board regular passenger transport flights following a company scheduled charter flight.