

8 March 2023

Ms Gina Cass-Gottlieb
Chair
Australian Competition and Consumer Commission
GPO Box 3131
CANBERRA ACT 2601

Dear Ms Cass-Gottlieb,

AA1000615 Virgin Australia & Alliance Airlines - Submission

Information provided by ConsMin below is in relation to the application for authorisation **AA1000615 Virgin Australia & Alliance Airlines Charter Alliance Agreement and is summarised below.**

Aviation Services

- ConsMin operates the Woodie Woodie manganese mine in the Pilbara region of Western Australia, approximately 1,500km north-east of Perth (**Woodie**).
- ConsMin requires charter aviation services on an ongoing basis. ConsMin's aircraft service route currently operates three times per week between Woodie and Perth.
- Virgin Australia is our contracted provider of Aviation Services for all our charter service flights between Woodie and Perth.
- ConsMin's contracted and preferred aircraft is the Fokker 100 (100 seat configuration) which has proven to be very reliable, with an excellent safety track record.
- Consmin recognises that the ability to source alternative aircraft under the Charter Alliance Agreement is attractive, however ConsMin has not required the use of the "cross hire" service during the past 5 years.
- ConsMin's current agreement for charter aircraft services expires in June 2023.


Request for Proposal for Aviation Services

- ConsMin is open to inviting other service providers to participate in a competitive tender process to supply us with charter aviation services and is seeking competitive proposals for the provision of long term charter aircraft services which operate the Fokker 100 aircraft type. We note that the use of alternative aircraft available in the Western Australian market would require ConsMin to upgrade its airstrip at significant financial and operational cost.
- Virgin Australia & Alliance Airlines operate a charter Fokker 100 fleet.
- ConsMin considers the best opportunity to secure long-term, low-cost aviation services is when the two main proponents of the Fokker 100 aircraft are able to compete with one another in the same market in terms of rates, prices and service levels.

- ConsMin considers that if Virgin Australia and Alliance Airlines remain unable or unwilling to compete with one another, ConsMin will not derive the benefits of participating in a competitive market environment by having limited, or no access to these lower cost aircraft and further, may have to accept suboptimal outcomes such as being forced to utilise higher cost aircraft as well as incurring increased capital costs to accommodate the alternative aircraft available to service the Woodie airstrip.

It is important that the ACCC ensures that the factors influencing prices and competition in the Western Australian charter aviation services market are transparent to ensure that the market for charter aviation services operates for the benefit of all Western Australians.

We would further expect the ACCC, as the independent regulator enforcing Australia's competition and consumer laws, to investigate any concerns that may arise regarding anti-competitive conduct within the Western Australian charter aviation services market and take appropriate action.

Yours sincerely, 



Ricardo Jose
Chief Operating Officer

Pilbara Manganese Pty Ltd