



RICK WILSON MP

Federal Member for O'Connor

Australian Competition and Consumer Commission
23 Marcus Clarke Street
Canberra ACT 2601

Re: Virgin Australia & Qatar Airways - Application for authorisation AA1000679

As the Federal Member for O'Connor, and Shadow Assistant Minister for Trade, I have an interest in ensuring Western Australian exporters can get as much of their high-quality produce into international markets in a timely, cost-effective manner as possible.

I make this submission at a time when Australian farmers – particularly Western Australian farmers – are soon to be denied the opportunity of exporting live sheep by sea.

While the Virgin Australia & Qatar Airways application to the Australian Competition and Consumer Commission can stand on its own merits, there are aspects of it I would like to emphasise to the commission.

Should Qatar Airways' bid to purchase a minority stake in Virgin Australia proceed and any other relevant regulatory approvals be obtained, the additional flights it will allow will more than double the air freight capacity available between Doha and Perth. Not only will it add an extra flight each day, but the planes planned to be used – B777s – will have more than twice the cargo holding capacity than the A380s currently flying on that route.

This is important because air freight is the preferred means through which chilled meat exporters access markets overseas. In a [submission to the Select Committee on Commonwealth Bilateral Air Service Agreements](#), Patrick Hutchison of the Australian Meat Industry Council noted that:

... chilled meat products are transported overseas exclusively via air freight as sea freight logistics do not provide fast enough travel times for chilled product with time-sensitive shelf-life. Meaning, access to additional freight capacity would assist industry in delivering its highest value produce to our international markets.

Trevor Whittington, in [WAFarmers' submission to the same Select Committee](#), argued that only passenger flights can provide a cost-effective offshore freight solution as dedicated air cargo planes are cost prohibitive.

More air freight capacity on passenger flights will enable exporters to get more high-value products into overseas markets. This is important to Western Australia because Western Australia has sent a higher proportion of sheep meat exports by air than the national average over the past eight yearsⁱ.

Brett Dancer, General Manager of V&V Walsh – one of Western Australia’s biggest meat processors and exporters – also stresses the importance of increased air freight capacity to Western Australia’s chilled sheep meat tradeⁱⁱ.

He argues that without more international flights into and out of Perth, Western Australian producers will continue to face higher air freight costs into the Middle East compared to producers on the eastern seaboard, effectively negating what should be one of the state’s competitive advantages, that of proximity to market.

With respect to air freight costs from Perth into the Middle East, he noted:

At the last count, and in comparison to Melbourne, it was costing us almost \$2/kg carcass weight more to export chilled sheep meat. We are four hours closer, but we are \$20-25 per head behind our competitors before we start.

In the context of the Albanese Labor Government’s decision to end live sheep exports by sea, more air freight capacity assumes even greater importance as total air freight capacity out of Perth needs to increase three-fold to accommodate the turnoff currently channelled through the live tradeⁱⁱⁱ.

Doha is an important export destination for two reasons. First, Qatar is the third largest market in the Middle East and North Africa for chilled beef and boxed sheep meat. It is a big market, and it is a growing market.

Second, as a hub, Doha provides extensive transshipment opportunities into other markets, especially those in the Middle East and North Africa – markets that are critical for diversification. More daily flights into the region are important to trading partners and customers. Understandably, Middle Eastern buyers of high-end chilled lamb are looking for continuity of supply through regular daily shipments in order to keep shelves stocked.

Any additional air freight capacity puts downward pressure on costs, in circumstances where low freight costs are integral to the competitiveness of Australia’s exports^{iv}. Improving access to cost-effective air freight and consistent flights to valuable export destinations is key to expanding the chilled sheep meat trade out of Western Australia.

The Government must do more to encourage access for additional airlines to operate into and out of Australia. Doing so will result in greater competition, deliver increased passenger and freight capacity, and provide more options for exporters of time-sensitive chilled meat and at a lower cost than currently is the case.

In sum, should this application be authorised and the purchase approved, the Virgin Australia-Qatar Airways tie-in will double the number of flights between Perth and Doha, and more than double the air freight capacity between the two destinations. It will drive down costs and open up access to more markets with favourable transshipment arrangements. It stands to be of immense value to Western Australian agricultural exporters.

I thank the Australian Competition and Consumer Commission for the opportunity to make a submission in respect to this important matter.

Rick Wilson MP

Federal Member for O'Connor, Shadow Assistant Minister for Trade

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- ⁱ [Australian Bureau of Resource Economics and Science, and as reported in the Independent Panel Report: Phase Out of Live Sheep Export by Sea – page 84.](#)
 - ⁱⁱ Farm Weekly, 14 November 2024, p.14
 - ⁱⁱⁱ [WA Farmers' Submission to the Select Committee on Commonwealth Bilateral Service Agreements {#4}](#)
 - ^{iv} [Australian Financial Review, 17 May 2024, Qatar Airways returns with new push for more flights](#)