VIRGIN, ALLIANCE ANNOUNCE “STRATEGIC PARTNERSHIP” FOR FIFO CHARTER

News / Airlines



Alliance Aviation Services and Virgin Australia have announced a partnership agreement that will see them cooperate in the fly-in/fly-out (FIFO) resource charter market.

“Both airlines will benefit from the ability to leverage each other’s strengths, particularly in terms of network, brand, product and service offering, and technical expertise,” the two companies said in a joint statement to the ASX on Monday.

“This will allow Alliance and Virgin Australia to develop a compelling customer proposition and to more effectively compete in the Australian FIFO market.”

The “long-term strategic partnership” will see Virgin and Alliance form a “charter partnership” to “jointly grow” their charter businesses. The two companies say existing FIFO contracts will remain with their current operators, “with all new contracts to be operated under the Charter Partnership”.

Further, “Alliance and Virgin Australia Regional Airlines [VARA] will enter into agreements to provide and procure services for each other on a preferential basis. This includes, but is not limited to, aircraft procurement, spare parts pooling, maintenance and ground handling services” the statement reads.

On face value the partnership appears to make a lot of sense. FIFO flying has declined following

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the end of the so-called mining boom, leaving the FIFO market – where other major players include QantasLink (Network), Cobham Aviation Services and Skippers – considerably more competitive.

Further, Alliance and VARA also operate the same fleet types, the Fokker 100 jet and Fokker 50 turboprop (VARA also operates A320s). With its recent acquisition of Austrian Airlines' entire Fokker 70 and Fokker 100 fleet, Alliance has moved into aircraft and spare parts brokerage and leasing. Virgin Australia, meanwhile, has announced the retirement of all its Fokker 50s by the end of the current financial year – aircraft that perhaps could either join the Alliance fleet, or be brokered for sale by Alliance.

"We look forward to collaborating with Alliance to further build a competitive, efficient and sustainable charter business," Virgin Australia CEO John Borghetti said in the statement.

Alliance managing director Scott McMillan said: "We look forward to partnering with Virgin Australia to leverage the operational and commercial expertise of our respective businesses. With our combined services and expertise we see a great deal of logic in working together."

The two airlines note the deal is subject to ACCC approval.



Virgin Australia Regional Airlines operates the Fokker 100, Fokker 50 and A320. (Chris Frame)

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