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Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport
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Parliament House
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RE: ALLIANCE AVIATION SUBMISSION

Alliance Aviation Services Limited (ASX: AQZ) welcomes the opportunity to make a submission to the Senate Rural and Regional Affairs and Transport Reference Committee's Inquiry into the state of Australia's aviation sector and its ability to deliver reliable and affordable services to rural, regional and remote communities.

Alliance welcomes the attention from the Committee on the commercial realities of regional aviation and the vital contribution of these services to the national economy.

ABOUT ALLIANCE AIRLINES

Alliance Aviation Services is an Australian-owned, ASX-listed aviation company (ASX: AQZ) headquartered in Brisbane, Queensland. Established in 2002, Alliance has grown from a two-aircraft operation to one of Australia's most significant regional 'wet lease' and charter aviation operators, operating a fleet of approximately 81 jet aircraft and employing approximately 1,439 people across Australia.

Alliance is proudly 98 per cent Australian and New Zealand owned.

Alliance holds the Flight Safety Foundation BARS Gold accreditation and IATAs IOSA certification, the highest internationally recognised safety standard in the aviation sector. Alliance's monthly engineering dispatch reliability consistently exceeds 98.8 per cent, and on-time performance across FIFO operations typically exceeds 95 per cent.

Fleet

Alliance operates the world's largest fleet of Fokker 100 and Fokker 70LR aircraft and, as at the end of 2025, is the largest operator of Embraer E190 aircraft globally. The E190

fleet expansion, comprising 45 aircraft acquired progressively since 2021, represents a capital investment of more than \$576 million. Alliance owns rather than leases its fleet, providing operational resilience and flexibility that underpins its reliability record.

Alliance holds approximately \$117 million in engineering spares, tooling and parts inventory — a deliberate strategic investment to insulate operations against global supply chain disruptions and to ensure aircraft availability for customers in remote and regional locations.

Operations and Workforce

Alliance operates 24 hours a day, seven days a week, from bases across the country. The company's Operations Control Centre, located at its Brisbane headquarters, manages the entire Alliance schedule in real time using Lufthansa Systems' Operations and Crew Management platform. Alliance's workforce is distributed across the following operational bases:

State	Base	Base	Percentage of workforce
NSW	NTL	Williamstown	0.2
NT	ASP	Alice Springs	0.1
NT	DRW	Darwin	3.6
QLD	BNE	Brisbane	58.2
QLD	CNS	Cairns	3.7
QLD	ROK	Rockhampton	4.9
QLD	TSV	Townsville	4.3
SA	ADL	Adelaide	12.7
SA	OLP	Olympic Dam	0.5
VIC	MEL	Melbourne	0.2
WA	CPW	Cape Preston	0.3
WA	PER	Perth	11.4

Alliance's crew comprises 463 pilots and 415 cabin crew. Minimum experience requirements for Captains are 4,000 total flight hours; minimum experience for First Officers is 1,500 total flight hours. All crew are employed and trained directly by Alliance Airlines.

Routes and Service Lines

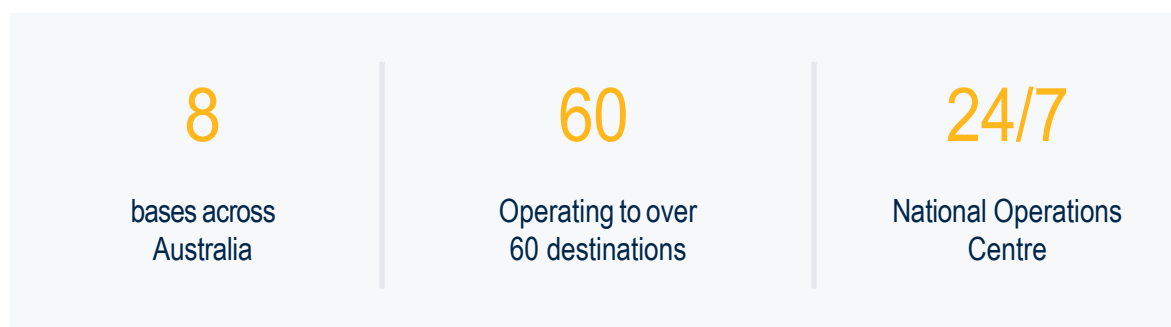
Alliance's operations span two major service lines:

- Fly-in fly-out (FIFO) charter services – providing dedicated aviation access for resource and energy sector workers across remote Queensland, Western Australia, South Australia and the Northern Territory, servicing major clients including BHP, Rio Tinto, Goldfields, Newmont Mining, South32 and Santos, among others; and

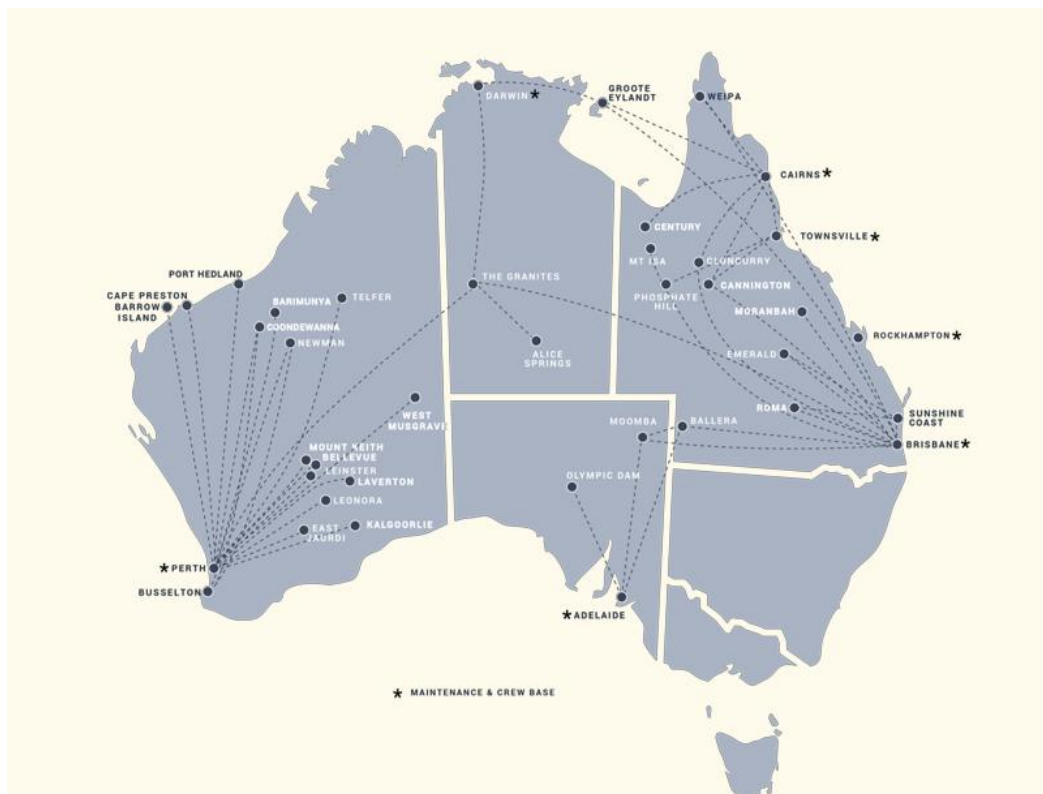
- Aircraft, Crew, Maintenance and Insurance (ACMI) services (known as 'wet leases') – providing contracted capacity to Australia's major domestic carriers, enabling services on regional routes that would otherwise be commercially unviable to operate independently.

Alliance was recently appointed to the standing panel arrangement for Commonwealth Government and the Department of Defence to support air charter requirements. Alliance has provided services to Defence for many years, including election campaign charter services and operational defence support, as well as historical deployments to the Solomon Islands and East Timor in support of police and defence personnel.

Alliance's current route maps are shown below, the first showing Charter/FIFO routes for resource and energy sector workers and the second illustrating the extent of Alliance's Wet Lease services providing connectivity for communities throughout Queensland, NSW, South Australia, Northern Territory and Victoria and into the Pacific/East Timor.



Contract charter route map



Wet lease route map



Maintenance Infrastructure

Alliance's \$60 million heavy maintenance facility at Rockhampton Airport, opened in 2023 and supported through the Northern Australia Infrastructure Facility (NAIF) in

partnership with the Queensland Government and Rockhampton Regional Council, provides base-check heavy maintenance capability onshore for the Alliance fleet.

This facility directly supports over 67 local jobs in regional Queensland and includes commitments to local and Indigenous employment pathways. Our facility reduces Alliance's reliance on overseas maintenance hubs, with a line of heavy maintenance previously undertaken offshore now performed in-country. Alliance also operates dedicated line engineering facilities in Adelaide, Brisbane, Darwin, Perth and Townsville airports.

Safety Recognition

In 2025, Alliance was presented with a Safety Award by BHP recognising the safe carriage of over 6 million BHP workers over 20 years of continuous FIFO operations, one of the most significant aviation safety achievements in BHP's global market.

THE ROLE OF REGIONAL AVIATION IN AUSTRALIA'S ECONOMY

Alliance's operations are critical to the Australian economy.

The resource and energy sector's FIFO workforce model depends substantially on the reliable, scheduled and safe movement of workers to and from remote sites. This model underpins tens of thousands of direct and indirect jobs in resources communities across Queensland, Western Australia, South Australia and the Northern Territory. Airports such as Cloncurry, Emerald, Leonora, Weipa, Kalgoorlie, Olympic Dam and Moranbah are essential connection points to industry sites that generate significant export revenue for Australia.

Alliance has serviced the Australian resources sector since 2002 and operates services to some of the most remote mine sites in the country. Some routes serviced by Alliance involve airports at which operations are contractually mandated to carry Regular Passenger Transport (RPT) passengers, providing de facto scheduled services to communities that would otherwise be unserved by commercial aviation.

Alliance Airlines – Wet Lease Services

Alliance Airlines is a significant provider of wet lease aircraft and associated operational services to Australia's major domestic airlines. Under these arrangements, Alliance supplies aircraft, flight crew, maintenance and insurance, with services operated on behalf of, and for one major customer, branded as the customer airline. Alliance currently provides wet lease services to both major carriers, with aircraft operating under each brand, respectively.

Wet lease services form an important part of Australia's regional aviation network, supporting connectivity between capital cities and regional and remote communities.

These services enable major airlines to maintain regional schedules and capacity without directly owning or operating aircraft types that may be better suited to Alliance's fleet and operating model. Alliance's wet lease operations are integrated into the customer airline's network planning and scheduling and are subject to the customer's commercial, safety and regulatory frameworks.

Alliance operated wet lease aircraft fly a substantial number of scheduled services to and from regional destinations on behalf of Australia's major domestic airlines, transporting a significant number of passengers across those networks. Alliance's wet lease activity represents a material proportion of regional services operated under the major carriers' brands covering all states and territories within Australia.

Importantly, under wet lease arrangements Alliance does not bear exposure to passenger demand risk or fuel price volatility, as these commercial risks sit with the contracting airline. This structure provides stability and predictability for Alliance while enabling customer airlines to flex capacity.

The withdrawal or failure of a regional aviation operator – as the industry and government witnessed with the administration of Rex Airlines – not only reduces consumer choice. It removes essential connectivity for communities and industries with no practical or affordable substitute. The consequences are felt by workers, families and regional economies, as well as airports and metropolitan markets.

Alliance is proud of its longstanding community partnerships in the regions it serves, including the Ernest Henry Mine Community Fund (established 2012, now exceeding \$200,000 in contributions to the Cloncurry region), support for Breast Cancer Network Australia since 2015, FoodBank Queensland and Variety Club in South Australia and Western Australia. Alliance is also a 2025 advocate for the Community of Aviation Peer Support (CAPS) Program, supporting mental health and resilience across the Australian aviation industry.

CHALLENGES FACING ALLIANCE AND THE REGIONAL AVIATION SECTOR

Alliance is a member of the Regional Aviation Association of Australia (RAAA) and is broadly supportive of its submission to this Inquiry, particularly the picture it paints of the highly challenging operating environment for regional aviation. Some further observations are made by Alliance, below, with reference to the Inquiry's Terms of Reference.

Additionally, as stated to the market in its financial results for the first half of the 2026 financial year (released 19 February 2026), Alliance is facing a significant challenge from a commercially unviable arrangement with one of our major wet leasing customers. This is currently the subject of negotiation between Alliance and its customer.

Airport charges, fees, levies and taxes

Alliance has observed significant escalation in airport charges at a number of regional and non-metropolitan airports. Specific examples include:

- Landing and related charges at Darwin Airport have increased by 114% since landing fees were introduced in July 2025. Alliance understands this trajectory is in part linked to capital investment associated with Defence-related airport infrastructure upgrades. While such investment serves legitimate national interests, the cost is being passed through to commercial operators and ultimately to passengers and resource companies in a manner that disproportionately impacts regional routes with thinner margins and lower passenger volumes than major city airports.
- Aircraft parking fees at Darwin Airport now exceeds \$1,095 for stays of more than two hours. Alliance has responded by redeploying one aircraft away from Darwin, with affected services transitioned to a partner operator. This is not an isolated commercial decision — it illustrates how fee structures can reshape network economics in ways that reduce competition and service resilience at regional airports.

Alliance is concerned that airport charging frameworks at non-major airports do not adequately account for the market structure of regional aviation, where price elasticity is low, operator margins are thin and the consequences of service withdrawal fall on communities rather than airports. Government policy should aim to ensure that airport charges and aviation security pricing are both transparent as well as reasonable and affordable.

Capital investment and maintenance costs

Aviation is among the most capital-intensive industries in the Australian economy. Alliance has invested since 2020 more than \$576 million in its fleet and maintains approximately \$117 million in onshore spare parts and tooling — a deliberate response to supply chain disruptions experienced during and after the COVID-19 pandemic.

Notwithstanding this investment, cost pressures on maintenance are intensifying:

- Original equipment manufacturer (OEM) component prices have increased substantially. Costs for internationally sourced components have increased on average between 15-30% due to ongoing global supply chain pressures and Australia's position at the end of the supply chain.
- By way of example, costs of piece parts in hydraulic pumps increased 47% from 2024 to 2025. Additionally, as a result of new tariffs in the United States, one OEM introduced a flat 12.5% tariff across all orders.
- Alliance's fleet, like all regional operators, sits at the end of the global aviation supply chain. Maintaining the inventory buffer necessary to sustain safe

operational continuity has a material and growing cost that is not reflected in current policy support frameworks for regional aviation.

Alliance's Rockhampton maintenance facility partially addresses this by enabling heavy maintenance to be performed domestically, reducing dependence on offshore providers. Alliance commends the NAIF and state and local government investment that made this facility possible and notes it as an example of practical, targeted public investment that delivers both operational resilience and regional employment outcomes. Alliance notes, however, that staffing regional maintenance facilities — including Rockhampton — is constrained by housing supply in regional centres, an issue that extends beyond aviation and warrants whole-of-government consideration.

Competitiveness and service continuity

Alliance's operational model of owning rather than leasing its fleet, maintaining significant onshore spare parts inventory, and basing engineering staff across major operating locations, is designed to deliver the reliability that remote and regional operations demand. This model requires sustained capital investment and is not assisted by fee escalation at the airports those operations depend upon.

Alliance notes that several regional routes rely heavily on wet-leasing arrangements, such as Brisbane to Gladstone and Emerald. The interdependence between independent regional operators and major carriers in sustaining regional connectivity is a material consideration for any policy framework aimed at improving aviation services to rural, regional and remote communities.

As indicated above, Alliance is facing a significant challenge from a commercially unviable arrangement with one of our major wet leasing customers, which is currently the subject of negotiation. Further financial pressure comes as a result of increased costs across workforce, OEM equipment, supply chain pressures, fuel and utilities and additional regulatory compliance and complexity in areas such as cyber security.

POLICY CONSIDERATIONS

Alliance broadly supports policy measures that:

- Provide transparent and proportionate frameworks for airport charging at non-major airports (i.e. strengthen ACCC monitoring of airport charges and extend to the top 20 airports), with appropriate regulatory oversight of fee escalation at airports where commercial aviation has limited ability to re-route or absorb cost increases;
- Support continued investment in domestic maintenance capability — including through NAIF and analogous mechanisms — to reduce Australia's dependence on overseas heavy maintenance hubs and to grow skilled regional employment;

- Examine the design of any Regional Aviation Fund with attention to practical accessibility for operators of varying scale, including those not primarily dependent on RPT subsidies, and ensure the fund addresses both RPT and charter aviation given the latter's significance to the resources sector and remote communities; and
- Recognise FIFO charter aviation as a distinct and economically significant service category within regional aviation policy, distinct from RPT services but equally dependent on the health of regional airport infrastructure, regulatory settings and workforce availability.

CONCLUSION

Alliance Airlines is a significant, Australian-owned operator providing critical connectivity to regional, rural and remote Australia. The commercial and structural challenges facing the sector – including escalating airport charges, rising maintenance and OEM costs, supply chain pressures, and workforce and housing availability in regional areas – are genuine, material and deserve the Committee's attention.

Alliance welcomes continued engagement with the Committee and is available to provide additional information, including in person, should the Committee consider that useful.

For further information regarding this submission, please contact:

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