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7 February 2003

Mr Tim Grimwade
General Manager
Adjudication Branch
Australian Competition and Consumer Commission
PO Box 1199
DICKSON ACT 2602



By facsimile: 02 6243 1211

RE: Application for authorisation lodged by Qantas and Air New Zealand (A30200, A30221, A30222)

Dear Mr Grimwade

I write to provide comment on the application by the above parties with respect to the Equity Proposal and the Strategic Alliance Proposal.

Overall, the Northern Territory is supportive, in principle, of both proposals. It is our view that they will provide greater competitive certainty for an Australian carrier in the long-term, in an increasingly turbulent global aviation industry. There also appear opportunities for scheduling efficiencies, positively impacting on both tourism and freight. Potential for code-share arrangements and greater marketing ability are likely to result in increased visitation for Australia.

The undertakings to be provided to the ACCC appear reasonable. However, it is the Northern Territory's view that given recent reductions in international air capacity to Darwin, these undertakings provide a valuable opportunity for the Federal Government to demonstrate a real commitment to regional Australia. As such, it is our view that the Alliance should undertake to operate an additional new route, with four weekly flights (two return services) on the Auckland to Darwin sector added to their current list of new services.

Given recent restructuring within United Airlines and the resultant rationalisation of Australian routes, New Zealand will be a critical gateway to Australia for American travellers. The Northern Territory believes it is important the Alliance provides direct services to Darwin in order to facilitate passenger movements from this core source market of tourists. There is also

potential for the Northern Territory to increase its share of New Zealand visitors.

The Northern Territory is likely to be competitively disadvantaged compared to other parts of Australia if Qantas increases direct services to East Coast destinations without introducing direct services to Darwin. I would contend that the Northern Territory is more reliant on air services than other parts of Australia given its distance from other major population centres. This makes our destination particularly vulnerable to impacts resulting from route network decisions by the airlines. As such, it is important that the ACCC and the Federal Government protect the interest of regional areas, such as the Northern Territory.

To reiterate, in order to protect the Territory's position as a tourism destination, the Alliance should undertake to operate four weekly flights (two return services) on the Auckland to Darwin sector.

I am happy to discuss these comments with you further, if required. I can be contacted on telephone 08 8999 3925.

Yours sincerely



Maree Tetlow
Managing Director and Chair, NT Aviation Committee