



Tasmania

DEPARTMENT of
PREMIER and CABINET

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The General Manager
Adjudication Branch
Australian Competition and Consumer Commission
PO Box 1199
DICKSON ACT 2602

Dear Sir

**Application for authorisation lodged by
Qantas Airways Limited, Air New Zealand and Air Pacific**

I am responding on behalf of the Tasmanian Government to your invitation to provide a submission in relation to the above application. The Tasmanian Government is in broad support of the application, subject to the 'enforceable undertakings' provided to the Commission, in particular, that neither Air New Zealand nor Qantas use its ensuing market power to prevent other operators entering the Tasman, or New Zealand or Australian domestic markets.

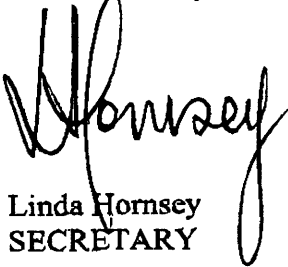
It is the Tasmanian Government's view that:

1. The Alliance provides the opportunity for greater efficiencies and more flexible scheduling in the provision of full service airline operations in the Australasian region at a time when increasing capacity and falling yield are placing even strongly branded airlines at risk. With the current turmoil in international aviation, Qantas has proved to be one of the better full service airline performers and the strategic positioning of Qantas and Air New Zealand on a more efficient platform should deliver advantages to trans-Tasman travellers.
2. The advent of direct flights across the Tasman, in particular, the proposed Auckland-Hobart route, will provide new opportunities for the development of tourism, freight and other strategic partnerships. The tourism appeal of Tasmania and New Zealand has natural synergy and the opportunity for a 'triangulating' route network with joint promotion of the dual Australia-New Zealand market is a real expansion opportunity resulting in new business rather than an accrual of market share. The net effect of increased tourist numbers to local economies is well documented in the research literature, and it is anticipated that Tasmania would receive a portion of the expected increase.

3. The spare capacity likely to become available for freight, particularly in 'back-of-the-clock' flying using B767 aircraft currently over-nighting in Melbourne, and as a result of the new Hobart-Auckland direct service (although weekly) will provide opportunities for local producers, especially those with time-critical produce for delivery to market. The growth in Tasmanian food production, which is expected to double by 2008, will need to be supported by increased capacity to export this production to national and international markets. The Alliance, with increased freight opportunities out of Melbourne in particular, will assist in this market development and access.
4. The analysis by Network Economics Consulting Group, resulting in the expectation that there will be a value based entrant onto the trans-Tasman route in the first year, and into the New Zealand domestic market by the third year will, if realised, be a welcome addition to the options available to travellers in the Australasian region.

Thank you for the opportunity to provide comment on the Alliance.

Yours sincerely



Linda Hornsey
SECRETARY

12 February 2003