



29 September 2010

Richard Chadwick
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Dear Mr Chadwick

RE: VIRGIN BLUE / AIR NEW ZEALAND ALLIANCE PROPOSAL

I am writing in relation to the alliance proposed by Virgin Blue and Air New Zealand on flights between Australia and New Zealand (the "proposed alliance").

In April 2010, the Northern Territory Government released the *Aviation Futures 2015* strategy to encourage growth in airline services to the Northern Territory and improve airline access from tourism markets including New Zealand. While New Zealand is the largest single international tourism market for Australia, the Northern Territory currently only receives a small proportion of these visitors (approximately 15,000 per year).

A key barrier for growth from this market has been the lack of direct airline services and the relatively high airfares for travellers transiting through Australian east coast hubs to the Northern Territory - travellers need to purchase two airfares. Tourism NT, in partnership with Darwin Airport, has presented proposals to a number of airlines for direct, non-stop flights between Darwin and Auckland in an effort to correct this situation.

The proposed alliance could potentially allow Virgin Blue and Air New Zealand to expand their network coverage to take advantage of new opportunities (such as Darwin) rather than continue to focus on the limited number of existing routes between New Zealand and east coast Australia.

I hope this information assists you in your deliberations on this matter.

Yours sincerely

JUSTIN VAUGHAN
Director Aviation

