



8 October, 2010

Mr Darrell Channing
Director, Adjudication Branch
Australian Competition and Consumer Commission
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Canberra
ACT 2601

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Dear Mr Channing,

**Melbourne Airport submission to ACCC draft determination:
Virgin Blue Airlines Ltd & Ors applications for authorisation
A91227 & A91228**

Melbourne Airport appreciates the opportunity to provide a submission in response to the draft determination issued by the ACCC on 10 September 2010 in relation to the application for authorisation lodged by Virgin Blue Pty Ltd and Air New Zealand Limited in May this year (the Applicants).

Melbourne Airport is supportive of Virgin Blue and Air New Zealand's application as it has the potential to provide more travel time, price and destination options for consumers.

This view differs slightly from that presented by Melbourne Airport in 2003 in response to the application by Qantas and Air New Zealand as this 2010 application discloses a different fact situation and market operating environment than that of seven years ago.

The Trans-Tasman market is now a very competitive one with four strong Australasian airlines servicing the route plus numerous fifth freedom carriers at a range of price points and service offerings.

In their original submission the Applicants state they will, in the event that such an undertaking is given, not reduce the combined frequency of weekly services. This would ensure consumers are not impacted negatively from price increases due to a reduction in capacity. Additionally, the decrease of wingtip to wingtip services from such an alliance has the potential to evolve into increased choice of travel times, with increased potential for market growth and consumer utility.

If you have any questions or would like more information please do not hesitate to contact me on (03) 9297 1348.

Sincerely,

Nathan Agnew
**Executive General Manager Strategy, Asset and Planning
Melbourne Airport**