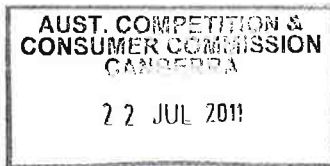


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Queensland
Government

Aviation Committee

Dr Richard Chadwick
General Manager
Adjudication Branch
Australian Competition and Consumer Commission
23 Marcus Clarke Street
CANBERRA ACT 2601

15 July 2011

**Virgin Australia and Singapore Airlines Alliance
Application for Authorisation**

Dear Mr Chadwick

Thank you for the opportunity to comment on the proposed alliance between Singapore Airlines and Virgin Australia.

Tourism is a vital industry to the Queensland economy. The Tourism Research Australia report "Tourism Satellite Accounts 2008-09: Summary Spreadsheets" found the Queensland tourism industry directly and indirectly employs 220,300 people. This equates to nearly 10% of the Queensland workforce. The report also found tourism directly and indirectly generates \$17.0 billion in gross state product for Queensland.

The proposed alliance will allow Singapore Airlines to sell and promote destinations beyond their current entry point into Australia. This will allow Singapore Airlines to offer for sale regional Queensland destinations such as Gold Coast, Cairns, Hamilton Island, Mackay, Rockhampton and Townsville.

The alliance will enable the airlines to offer these destinations at a special prorate fare and the alliance has also indicated that they will develop an Air Pass product for international tourists. This product offering is particularly important in markets such as China that are multi-destination markets and require the ability to easily access tickets for domestic travel around Australia as part of the total itinerary.

The Air Pass product combined with the improved ability of international visitors to access domestic airfares will improve the saleability of Queensland destinations in key Asian international markets, particularly China.

Aviation Secretariat DEEDI OAM
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BRISBANE QLD 4002

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The International Visitor Survey for the year ending March 2011 showed the international visitor expenditure in Queensland from Asian source markets as:

- China - \$388 million
- Japan - \$356 million
- Korea - \$200 million
- Taiwan - \$113 million
- Singapore - \$97 million
- Malaysia - \$87 million
- Hong Kong - \$78 million
- India - \$56 million
- Indonesia - \$20 million
- Thailand - \$26 million
- Other Asia - \$59 million

For the year ending March 2011 the total combined Asian visitor markets to Queensland spent \$1.480 billion in international visitor expenditure. This is 40.5% of the total international expenditure of \$3.656 billion in Queensland. The alliance will provide improved access into Queensland and Australia for some of Queensland's major source markets.

The ability for Singapore Airlines Frequent Flyer members to utilise their frequent flyer points through Virgin Australia is a benefit for the Queensland tourism industry. This will enable the points that could be earned by non Australian residents using Singapore Airlines services to then be redeemed on travel into and around Australia. This could have a large benefit for Queensland's extremely popular regional Queensland destinations such as Gold Coast and Cairns.

Overall the proposed alliance between Singapore Airlines and Virgin Australia could have a significant benefit to the Queensland tourism industry. This alliance can help to grow and maintain employment in the Queensland tourism industry.

Yours Sincerely



Mark Bermingham

Chair, Queensland Government Aviation Committee

Associate Director-General, Employment and Economic Development
Department of Employment, Economic Development and Innovation