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Dear Dr Chadwick

**RE: VIRGIN AUSTRALIA AND SINGAPORE AIRLINES ALLIANCE – APPLICATION FOR AUTHORISATION**

I am writing in relation to the alliance proposed by Virgin Australia Group and Singapore Airlines (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 provide for “sustainable competition” in the sector. A major focus under the strategy is for a full service airline to commence international flights to Darwin, from a major Asian hub such as Singapore. Currently, Darwin is served by low cost airlines Jetstar, operating flights to Singapore, Bali, Manila and Ho Chi Minh City, and Indonesia Air Asia, operating flights to Bali. There is local Territory airline, Airnorth, and a new East Timorese airline, Timor Air, operating flights to Dili under charter arrangements.

Darwin is experiencing considerable growth in its local economy, supported by the Northern Territory Government through its major project and investment attraction activities. Japanese company Inpex intends to develop a US\$20 billion liquid natural gas (LNG) processing plant and pipeline to Darwin from Ichthys gas field. This is in addition to the many resources projects and mines that already exist in the Northern Territory. A marine supply base is also being developed in Darwin catering to the offshore oil and gas industry.

Previously, Tiger Airways Pte Ltd (Singapore) operated services between Singapore and Darwin but ceased those flights citing Australian Government foreign ownership laws as a key reason for the cessation. There is now no competition on the Singapore sector and limited options for potential travellers to and from the Northern Territory. This is a barrier to future tourism, business, trade and investment growth considering a very large proportion of international travel to and from Darwin is via Singapore, especially from the United Kingdom, Europe and North Asia.

Another key priority of the *Aviation Futures 2015* strategy is expanding the “regional international aviation hub” at Darwin Airport. The Northern Territory Government is investing considerably through its tourism marketing, airline route development and business support programs to help grow the hub, and tourism activity generally. In conjunction with this, Darwin Airport is investing \$100 million into aviation-related projects in the next six years, including over \$40 million for passenger terminal and apron extensions. There are many other exciting developments in the tourism industry as well with a new convention centre, cruise ship terminal, waterfront tourism precinct, several new hotels and other tourism infrastructure providing a platform for attracting new market segments, such as corporate and business events, and new markets, such as China.

The Northern Territory's world class tourism attractions, national parks and cultural tourism assets are major drawcards for visitors to Australia, not just the specific region in which they are located. Therefore, the benefits of improved air access to the Northern Territory are far reaching.

The proposed alliance would potentially allow Virgin Australia and Singapore Airlines to expand their network coverage to take advantage of new international opportunities, such as direct flights to Darwin, rather than continuing to focus on the limited number of existing routes between Singapore and east coast Australia. The proposed alliance would also allow Singapore Airlines to provide “open-jaw” itineraries, connectivity to new Australian tourism destinations for Singapore Airlines such as Uluru and Kakadu, and feeder traffic to support growth in domestic air links by Virgin Australia to and within the Northern Territory. If those outcomes are achieved then the proposed alliance will, in effect, be enhancing airline competition and consumer choice in regional Australia and contributing to aviation developments that are important to the Northern Territory.

I hope this information assists you in your deliberations. Please feel free to contact me if you have questions or require any further information on the relevance of the proposed alliance to the Northern Territory.

Yours sincerely



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Chair, Northern Territory Government Aviation Working Group  
A/ Executive Director Strategic Services  
and Director Aviation, Tourism NT