

2 September 2011

Dr Richard Chadwick  
General Manager  
Adjudication Branch  
Australian Competition and Consumer Commission  
GPO Box 3131  
CANBERRA ACT 2601

By Email

Dear Dr Chadwick

**SUBMISSION IN SUPPORT PROPOSED VIRGIN AUSTRALIA – SINGAPORE AIRLINES ALLIANCE**

Thank you for the opportunity to comment on the Application for Authorisation for the Virgin Australia – Singapore Airlines Alliance.

It has been amply demonstrated in Australian domestic and international air travel markets that medium and long term consumer and public benefits are maximised when there is credible and sustained competition between financially sound carriers.

Another long standing feature of Australian airline industry economics is the importance of international feed to domestic airlines. This is a product of Australia being at the 'end of the line' on international routes, the number of international gateways and the size of the domestic airline task.

The ACCC would also be aware that a developing phenomenon worldwide has been industry consolidation through merger or entering into alliances such as the one proposed between Virgin Australia and Singapore Airlines. In overview terms this is driven by the industry necessity to both offer better service to international and domestic travellers and reduce costs through the generation of economies of scale and scope.

There are significant public and consumer benefits (outlined below) likely arising from the Alliance comprising:

- code share agreements;
- special prorate agreement;
- reciprocal frequent flyer and lounge agreements;
- joint pricing, scheduling and marketing; and
- potential metal neutral approach to any routes they both operate on.

**Strengthened Domestic Competitor – No International Downside**

As noted above, international feed to the domestic network has always been important for Australian domestic carriers. The Alliance will give Virgin Australia access to a

comprehensive international network which will strengthen it as a domestic competitor, particularly in the corporate market.

An additional aspect is that this Alliance complements the existing authorised Virgin Australia alliances with Air New Zealand, Etihad and Delta as it provides solid network coverage of the fast developing Asian market, further strengthening its domestic competition.

The large number of carriers operating between Australia and Asia means that there is little risk of the Alliance impeding effective competition between Australia and Asia. The proposed Alliance is also a complementary industry development to the 'open skies' Bilateral Air Service Agreement between Singapore and Australia.

### **Tourism Boost**

The Alliance provides Singapore Airlines considerable incentive to further promote and market Australian destinations beyond their Australian gateways in every State and Territory.

For the Northern Territory, with no Singapore Airlines services to Darwin, this will facilitate selling Darwin as a destination.

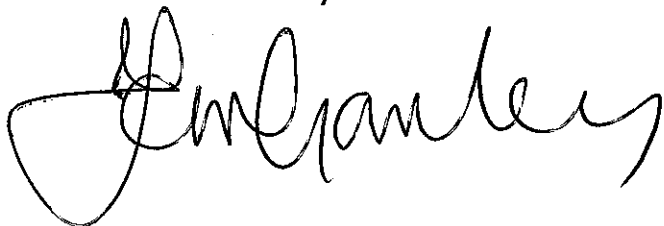
### **Federal Policy Consistency**

At the broader policy level, the proposed Alliance is also likely to generate outcomes that are broadly in line with the Federal Government aviation and tourism policies. These include greater air access to regional and secondary gateways, improved dispersal of international tourists and additional employment opportunities for regions highly reliant on tourism.

### **Conclusion**

Northern Territory Airports supports the ACCC authorisation of the Virgin Australia – Singapore Airlines Alliance.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tom Ganley', written in a cursive style.

**TOM GANLEY**  
Acting Chief Executive Officer