

6 January 2012

Dr Richard Chadwick
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Australian Competition and Consumer Commission
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Dear Dr Chadwick

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

I am writing in relation to the corporate alliance proposed by Virgin Australia and Skywest 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 key priority is to see improved alignment, over time, between flights provided primarily for community and mining sector with those provided for tourism and business, providing options and choice for consumers while at the same time ensuring a solid base level of market demand for the airline companies.

Currently, Virgin Australia operates daily flights to Darwin from Brisbane, Melbourne and Perth, as well as daily flights to Uluru (Ayers Rock) from Sydney. Skywest Airlines operates flights to Darwin from Perth (via Broome and Kununurra) on a seasonal basis. Qantas Group and partner airlines, including Qantas, Qantaslink, Jetstar and Airnorth, operate a wide network of flights to, from and within the Northern Territory. Air Asia operates four flights per week to Darwin from Denpasar (Bali) and Timor Air operates charter flights to Dili. A number of other smaller airlines operate charter and regular public transport (RPT) flights to remote communities and mines.

The proposed alliance would potentially allow Virgin Australia and Skywest Airlines to expand their RPT network to take advantage of new opportunities in Darwin, Alice Springs and other regional centres across the Northern Territory, and the rest of Australia. An expanded network would benefit tourism, business, trade and investment to those regional centres as a result of the increased competition.

Recent positive decisions by the Australian Competition and Consumer Commission (ACCC) for other alliance applications made by Virgin Australia have already resulted in benefits accruing to the Northern Territory, such as code-share arrangements with Air New Zealand and Etihad Airways and the new services by Silk Air from Singapore to Darwin and Virgin Australia from Sydney to Darwin commencing on 26 March and 2 April 2012 respectively.

I hope this information assists you with 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

A handwritten signature in black ink, appearing to read 'Justin Vaughan'.

JUSTIN VAUGHAN

Chair, Northern Territory Government Aviation Working Group
A/ Executive Director, Destination Planning and Management
and Director Aviation, Tourism NT

