

11 November 2024

Tony Hilton
Director | Competition Exemptions
Australian Competition and Consumer Commission

Virgin Australia Airlines Pty Ltd and Others – application for authorisation AA1000679

Dear Mr Hilton,

Thank you for the opportunity to provide comment on the application from Virgin Australia and Qatar Airways to undertake cooperative conduct over the next five years.

Destination NSW is the lead agency, champion and voice of the visitor economy within the NSW Government. The visitor economy plays a critical role in fostering sustainable economic growth across the state and is the fifth largest export earner in NSW, contributing about 6 per cent of Gross State Product.

On 8 October 2024, the NSW Government released a series of recommendations from a Government-appointed steering committee review relating to the NSW Visitor Economy Strategy 2030. The recommendations include a commitment to an ambitious new visitor expenditure stretch goal of \$91 billion by 2035. Destination NSW is now preparing a refreshed Visitor Economy Strategy based on the recommendations in the steering committee's report.

The report recognises the opportunity and need to boost aviation capacity to further grow the NSW visitor economy. It is projected NSW will require 8.5 million extra inbound airline seats – including 3.7 million of which will be from international visitor source markets – to achieve the target of \$91 billion in visitor expenditure.

Infrastructure developments such as Newcastle airport runway upgrades and the opening of Western Sydney International Airport in 2026 are expected to increase arrivals into NSW. Sydney Kingsford Smith Airport will remain a vital airport, and regional airports will continue to play a crucial role in visitor dispersal and destination development.

Destination NSW encourages industry initiatives that increase aviation capacity into NSW, especially from key international and domestic markets. In line with the Visitor Economy Strategy review recommendations, Destination NSW also advocates for a sustainable, future-ready sector and supports the development of Sustainable Aviation Fuel supply and usage.

Destination NSW acknowledges the expected benefits arising from the proposal including greater consumer choice from increased frequencies and potential new routes, lower airfares due to increased capacity, and convenience due to improved connectivity.



Destination NSW supports the aviation industry through its work with airports and airlines, conducting airline partner-related marketing to drive demand and through the Aviation Attraction Fund. The Fund, which closed to new applications on 30 June 2023, was designed to facilitate NSW's recovery after COVID by building aviation capacity through securing routes that drive significant economic and social benefits to the state from visitor expenditure and job creation. It is estimated that contracts finalised to date will generate up to \$1 billion in incremental visitor economy expenditure for the NSW visitor economy, with a potential of up to 2.6 million incremental inbound seats to be made available.

Destination NSW welcomes cooperation between Virgin and Qatar as it has the potential to deliver positive visitor economy outcomes for the State.

If you have any further questions, please do not hesitate to contact me.

Yours sincerely,



Steve Cox
Chief Executive Officer