

11 May 2018

Ms Marlene Tucker
Executive Director
International Air Services Commission
GPO Box 630
Canberra ACT 2601

Dear Ms Tucker,

IASC Draft Decisions [2018] IASC 210d and [2018] IASC 211d

This letter is to request the Commission consider the Townsville-Port Moresby sector as wholly different in structure and potential for competition from the other Australia-Papua New Guinea sectors.

Air Niugini entered the Townsville-Port Moresby market in March 2017, with a twice per week service on 80-seat Fokker 70 aircraft. This service has increased the already close links between PNG and Townsville; focused on defence, police, social welfare, education and sport, however the full potential of growth in tourism and trade is yet to be realised.

For example, 'Youth with a Mission' is based in Townsville and the Air Niugini service is essential in enabling them to efficiently operate their medical ships in Papua New Guinea.

For these reasons all levels of government in both Australia and in Papua New Guinea are supportive of this sector's success.

The Air Niugini service is still in its introductory phase and as such, load factors have averaged 50% over the first twelve-month period. With performance such as this, the notion of a free-sale codeshare being anti-competitive and blocking new entrants is questionable.

Rather free-sale codeshare is deemed necessary and appropriate to support this fledgling sector's sustainability.

The ACCC noted in their submission of 14 March 2018 that the "...likelihood of a new entrant providing services between Townsville and Port Moresby is less clear given the relatively low volume of traffic on that route", supporting our assertion that the Townsville-Port Moresby market be considered differently to either Brisbane or Cairns.

Townsville Airport Pty Ltd (TAPL) does not consider Qantas or Virgin Australia to be in a position to offer services on the Townsville-Port Moresby route for the foreseeable future, if ever. This is particularly true for Virgin Australia, which has withdrawn from service the jet aircraft type best

suited to a Townsville-Port Moresby sector, and has also closed their Queensland turboprop operation, with their available Queensland-based fleet not suited to a low patronage market such as Townsville-Port Moresby.¹

TAPL is of the firm view that a free-sale Qantas codeshare on the existing Air Niugini Townsville-Port Moresby service will ensure that the services are sustainable, will stimulate growth in tourism and trade, and provide the platform from which to grow patronage on this market, strengthening the links between these two cities and their surrounding regions.

If you wish to discuss this submission further, please do not hesitate to contact us.

Yours sincerely,



Kevin Gill
Chief Operating Officer

¹ <http://australianaviation.com.au/2018/02/virgin-australias-embraer-era-comes-to-an-end/>, 3 February 2018; and <http://australianaviation.com.au/2017/04/virgin-to-end-turboprop-operations-in-queensland-as-atr-fleet-reduced/>, 28 April 2017