

NEWCASTLE AIRPORT

Industry Commission
International Air Services Inquiry
Locked Bag 2
Collins Street East Post Office
MELBOURNE VIC 8003

27 February 1998

Dear Sir,

I refer to the Treasurer's Terms of Reference and recent Issues Paper regarding International Air Services.

Newcastle Airport receives minimal numbers of international aircraft and is not currently affected directly by the subject of the Inquiry. However some matters, largely concerning competition, which impact on international traffic also impact on domestic and regional traffic. Thus any comments or conclusions which the Inquiry makes regarding international traffic may also apply to local traffic.

Viewed from a regional airlines perspective, the ability to compete is restricted by the activities of the in situ major airlines. In particular the control of access to terminal facilities and services and to the Computer Reservations System ensures that the two major airlines effectively control competition in Australia. Without these services, airlines would be unable to operate or sell tickets. Clearly should a dominant airline feel competitive pressure from a tenant or client airline, the temptation to limit competition by refusing these essential services would be great.

Newcastle Airport and others made representations in 1997 on these issues to the NSW Independent Pricing and Regulation Tribunal (IPART) Inquiry into intrastate aviation deregulation. IPART concluded that ability to access these services could have a greater bearing on airline growth than Government control.

It is not Newcastle Airport's intention to make a formal submission or request permission to address the Commission. However, should you require further comment or assistance, please contact me.

Yours faithfully,

Sandy White