

LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY

WRITTEN QUESTION

Ms J Carney

to Minister for Tourism

Airline Subsidies Effect on Tourism

1. Was the \$4 million subsidy to Virgin airlines a good investment?
2. Are you planning any more good investments?
3. Has your government provided any subsidies to private charter flights to the Northern Territory?
4. Did your government provide any financial assistance to the two charter flights from Japan to Alice Springs earlier this year?

ANSWER

1. Based on a 70% load factor and assuming that 60% of traffic is incremental interstate and international business, Virgin Blue services have provided an estimated return to the Northern Territory economy of over \$30 million annually since commencement in December 2001.

Investment in Virgin Blue services was driven by a need to introduce lower fares and a greater number of flights into the Territory and provided the Northern Territory with further competition in the domestic airline market. The signing of a Heads of Agreement document with Virgin Blue came two weeks prior to the collapse of Ansett and the commencement of services came in a time when Qantas was the only significant provider of interstate air services into the Northern Territory.

2. The Northern Territory Government continues to work with various domestic and international airlines in an effort to boost air capacity and visitation into the Northern Territory.

Cooperative marketing funds and in kind support may be provided initially to an airline to assist the Northern Territory's competitiveness in attracting airlines. Ongoing cooperative funds are available to airline partners and are usually tied to packages highlighting ground product in the Northern Territory.

3. The Northern Territory Government has not provided subsidies to private charter flights.

To attract private charter flights, Government works with wholesalers in market and may provide cooperative marketing funds to advertise in relevant markets to drive consumer bookings.

4. For the two charter flights in April/ May 2005, the Northern Territory Tourist Commission provided cooperative marketing funds of \$104 200 to Nippon Travel Agency (NTA) and Japan Airlines for assistance in advertising in the Japanese market.

Both charters in April/ May this year were fully booked with a total of 720 passengers spending three days in the Centre.

Two further charters from Japan arrived in August 2005. For the August charters, a total amount of \$67 500 was paid to Kintetsu and NTA in cooperative marketing funds. The two charters brought an extra 640 visitors to the Centre in August 2005.