

18 March 2009

Mr Michael ~~Bird~~ *Bird*
Executive Director
International Air Services Commission
GPO Box 630
Canberra ACT 2601

Dear Mr ~~Bird~~ *Mike*

Application for Capacity Allocation – Indonesia Route

In mid-2009, Qantas' wholly-owned subsidiary company, Jetstar Airways (Jetstar) plans to extend its current four-weekly Perth-Denpasar and three-weekly Perth-Jakarta return services to Singapore.

These services will be operated using one-class A320 aircraft configured with 177 seats.

It is intended that Qantas will code share on these services.

A schedule of the planned services will be provided to the Commission once it is finalised.

Under IASC Determinations 109/2007 and 218/2004, Qantas holds an allocation totalling 850 seats per week and three services per week of beyond capacity on the Indonesia route. A further 5,790 seats per week on 20 services per week (with a maximum of four per week able to be operated via Denpasar) remain as available capacity.

Qantas withdrew its Perth-Denpasar-Singapore services at the commencement of the Northern Winter 2008 scheduling season, so this capacity allocation is currently unutilised. As Jetstar's new services will require a total of 1,239 seats of beyond capacity on seven frequencies on the Indonesia route, we are required to apply for an additional capacity allocation for the balance of required capacity for Jetstar's planned operations.



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Allocation Sought

Qantas seeks an allocation of 389 seats per week and four frequencies of beyond Indonesia capacity on the following basis:

- the allocation is requested for a period of five years from the date of the determination;
- the capacity will be fully used by 31 July 2009;
- the capacity may be utilised by Qantas or another Australian carrier which is a wholly-owned subsidiary of Qantas; and
- the capacity may be used to provide joint services with Qantas or any wholly-owned subsidiary of the Qantas Group.

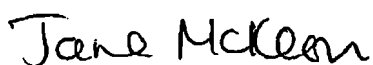
IASC Act and Policy Statement Considerations

This application should be considered against the general criteria for assessing the benefit to the public in paragraph 4 of the Minister's Policy Statement.

These state that the use of entitlements by an Australian carrier under a bilateral arrangement is of benefit to the public, provided that it is reasonably capable of obtaining the necessary approvals and implementing the proposal.

We would be pleased to provide any further information the Commission may require in support of this application.

Yours sincerely



Jane McKeon
General Manager
Government and International Relations