



30 September 2010

Mr Michael Bird
Executive Director
International Air Services Commission
PO Box 630
Canberra ACT 2601
Via Fax: 02 62 67 1111

Dear Mr Bird

Application for approval of code share arrangements between V Australia Pty Ltd and Etihad Airways and for capacity allocations on various routes

Virgin Blue Holdings and Etihad Airways recently signed an agreement to establish a commercial partnership which will enable V Australia to operate direct services to Abu Dhabi commencing in February 2011 and for the two airlines to offer joint services across more than 100 destinations. The joint services will offer a combination of own-aircraft, code share and interline services.

Under the new arrangements V Australia will access Etihad's network of 65 destinations across North America, Europe, Asia, the Middle East and the Subcontinent. All Virgin Blue Group services will be available to Etihad customers, opening up 45 destinations in Australia, New Zealand and the Pacific Islands, and to Asia and Los Angeles.

Etihad and V Australia will move towards a total of 27 weekly services between Abu Dhabi and Australia – including double-daily services between Abu Dhabi and Sydney, daily Melbourne-Abu Dhabi flights and six frequencies per week between Abu Dhabi and Brisbane. V Australia will operate three weekly Sydney-Abu Dhabi services from February 2011 and three weekly Brisbane-Abu Dhabi services by February 2012.

We have written to the Department of Infrastructure and Transport seeking regulatory approval to support our operational plans which I have outlined for your information in Confidential Attachment 1 to this submission.

The Application

V Australia seeks the authority of the Commission to enter into a code share arrangement as a marketing carrier on services operated by Etihad Airways and authority for Etihad to place its code on services operated by V Australia between points in Australia and Abu Dhabi. V Australia seeks permission for the proposed code share arrangements and for the approval to apply for the duration of the Commission's Determination. A copy of the proposed code share arrangements is at Attachment 2.

For many of the proposed code share services V Australia will operate as a marketing carrier under air services agreements which do not require a specific allocation of capacity

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from the Commission. However, an allocation will be required for code share services operated between Australia and Thailand; France; Greece and Bangladesh by V Australia as a marketing carrier on flights operated by Etihad. We seek the agreement of the Commission for the allocation of the following code share capacity entitlements:

- Thailand - an allocation of daily frequencies between points in Australia and Bangkok
- France - an allocation of 150 seats daily between points in Australia and Paris
- Greece - an allocation of 800 seats weekly between points in Australia and Athens; and
- Bangladesh – an allocation of 5 weekly frequencies

For own aircraft operations V Australia initially will operate three weekly Sydney-Abu Dhabi services from February 2011. To support these services V Australia seeks the agreement of the Commission for an allocation of capacity for three services weekly on the UAE route. V Australia will introduce a further three weekly services between Brisbane-Abu Dhabi by February 2012. These services will be the subject of a separate application to the Commission.

Allocation Sought

V Australia requests an allocation of capacity for each of the identified routes to enable it to operate codes share services as the marketing carrier on services operated by Etihad Airways on the following basis:

- The capacity will be utilised by V Australia
- The allocation is requested for the duration of the Commission's determination
- The capacity will be fully utilised from 1 April 2011.

V Australia also seeks an allocation of capacity as outlined above to enable it to operate scheduled services on the UAE route on the following basis:

- The capacity will be utilised by V Australia
- The allocation is requested for the duration of the Commission's determination
- The capacity will be fully utilised from 1 April 2011.

IASC Act and Policy Statement Considerations

We request that the Commission consider this application against the general criteria for assessing the benefit to the public in Paragraph 4 of the Minister's Policy Statement.

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The Paragraph 4 criteria provides that the use of entitlements by an Australian carrier under a bilateral air services agreement is of benefit to the public, provided that the carrier 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



Tony Wheelens
General Manager Government Affairs

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