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15 July 2011

Ms Sue McIntosh  
Executive Director  
International Air Services Commission  
PO Box 630  
Canberra ACT 2601

Via Fax: (02) 6267 1111

Dear Ms McIntosh

#### **Application for capacity allocation – India route**

Virgin Australia and Singapore Airlines have recently signed an agreement to form a long-term strategic alliance. In a joint application to the Australian Competition and Consumer Commission (ACCC), Virgin Australia and Singapore Airlines have sought authorisation to cooperate across a broad range of commercial functions in order to build an integrated alliance capable of delivering significant benefits to the travelling public. We anticipate that the ACCC will issue its determination on this matter before the end of 2011.

This alliance incorporates a freesale code share arrangement in respect of selected routes within each other's network. As part of this arrangement, Virgin Australia plans to offer code share services as a marketing carrier on selected routes operated by Singapore Airlines and/or its wholly owned subsidiary SilkAir between points in Australia and points in India via Singapore, in accordance with the Australia-India air services arrangements. If the ACCC approves the alliance, the proposed code share arrangements would be implemented as soon as possible thereafter.

#### **Allocation sought**

We are currently attending to the relevant regulatory requirements that will see all of our domestic and international services operated by Virgin Australia by the end of 2011. In the interim, Virgin Australia International Airlines Pty Ltd, trading as V Australia is seeking an allocation of 1,625 seats of third country carrier code share capacity in respect of services operated by Singapore Airlines and/or SilkAir to Mumbai, New Delhi, Kolkata, Chennai, Bangalore and Hyderabad, which will be utilised on the following basis:

- the allocation is requested for a period of five years from the date of the Determination; and
- the allocation will be fully used by 31 January 2012.

Following its execution and prior to the commencement of the code share arrangement, we will provide the Commission with a copy of the code share agreement between Virgin Australia and Singapore Airlines.



**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.

The Paragraph 4 criteria provide 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.

Should you require any further information, please do not hesitate to contact Lee-Anne Tomkins on (02) 8093 7114.

Yours sincerely

*Jane McKeon*

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Group Executive  
Government Relations