

31 May 2016

Ms Marlene Tucker
Executive Director
International Air Services Commission
PO Box 630
CANBERRA ACT 2601Dear Ms Tucker **Application for capacity allocation
China and Hong Kong routes**

As part of a proposed alliance with the HNA Aviation Group Co. Ltd¹, Virgin Australia International Airlines Pty Ltd (Virgin Australia) intends to commence a daily service between an Australian major gateway airport and both Beijing and Hong Kong. These flights will be operated with Airbus 330-200 aircraft configured with 275 seats from 1 June 2017.

Allocation sought on the China route

Virgin Australia is seeking an allocation of 1,925 seats per week on the China route on the basis that:

- the capacity will be utilised by Virgin Australia;
- the allocation is granted for a period of five years from the date of the determination; and
- the allocation will be fully utilised by 1 June 2017.

Allocation sought on the Hong Kong route

Virgin Australia is seeking an allocation of seven frequencies per week on the Hong Kong route on the basis that:

- the capacity will be utilised by Virgin Australia;
- the allocation is granted for a period of five years from the date of the determination; and
- the allocation will be fully utilised by 1 June 2017.

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.

¹ Virgin Australia Holdings Limited Announces Strategic Alliance with HNA and New Equity Investment, <<http://www.asx.com.au/asxpdf/20160531/pdf/43719nmtr05fl.pdf>>.



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 me on (02) 8093 7114.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Lee-Anne Tomkins".

Lee-Anne Tomkins
Head of Government and International Relations