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1 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~~ ^{Sue}

Application for Capacity Allocation – Indonesia Route

Virgin Australia Airlines (Virgin Australia) plans to introduce additional services between Australia and Denpasar, Indonesia from April 2012, subject to the receipt of all necessary regulatory approvals.

The additional services will be operated with Boeing 737-800 aircraft configured with two classes.

While Virgin Australia's Air Operator's Certificate has been updated to reflect our new name, a request to amend Virgin Blue's International Airline Licence is currently pending. We expect that all regulatory matters regarding the transition from Virgin Blue to Virgin Australia will be have been addressed by the end of 2011.

Allocation sought

Virgin Australia seeks an allocation of 2,800 seats per week on the Indonesia route which will be used on the following basis:

- The capacity will be utilised by Virgin Australia;
- The allocation is requested for five years from the date of the Determination; and
- The allocation will be fully utilised by March 2014.

The allocation will provide Virgin Australia with certainty to support the progressive expansion of services on the route over the next three years. Based on our current expansion plans, we expect that 900 seats will be utilised by April 2012, a further 900 seats will be utilised by April 2013 and the remaining 1,000 seats will be utilised by April 2014.

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 the Commission require any further information regarding this application, please do not hesitate to contact Lee-Anne Tomkins on (02) 8093 7114.

Yours sincerely

Jane McKeon

Jane McKeon
Group Executive
Government Relations