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Ms Jasmina Ackar
Director
International Air Services Commission
PO Box 630
CANBERRA ACT 2601

Via email: Jasmina.Ackar@infrastructure.gov.au

Dear Ms Ackar

Application for renewal and variation– Fiji and Vanuatu route

I refer to your letter of 25 July 2022, inviting the Virgin Australia Group (Virgin Australia) to renew determinations which allocate capacity to the airline and are due to expire between July and December 2023.

Background on Fiji and Vanuatu services

As the Commission has previously been advised, Virgin Australia suspended its international services in March 2020 as a result of international border closures and restrictions due to the COVID-19 pandemic. However, it has always maintained a commitment to recommencing its short-haul international services to Indonesia, New Zealand and the Pacific. Since June 2022, Virgin Australia has steadily been building load factors from Brisbane, Sydney and Melbourne, through a range of activities including sales and marketing, and later this year will be operating at full capacity.

Throughout the height of the pandemic, Virgin Australia maintained its commitment to recommence services to Fiji as early as practical. Following advice that the Australian border would re-open to international travellers in November 2021, and the Fijian border would re-open to select countries in December 2021, Virgin Australia announced that it would recommence services (see media release [attached](#)). Unfortunately, commencement of these services was impacted by the arrival of the Omicron variant which significantly impacted demand for international travel from late 2021. More recently, demand has strengthened and Virgin Australia is planning on ramping up services to utilise the majority of its bilateral capacity allocation by the end of this year.

The recommencement of services to Vanuatu has not been straightforward, with a lack of certainty throughout 2021 on the easing of border restrictions preventing firm plans being put in place. Following advice that the Australian border would re-open to international travellers in November 2021, Virgin Australia has continued to closely monitor the re-opening plans of a range of Pacific islands.



After confirmation was received in late-April 2022 that the Vanuatu border would re-open to international travellers in July 2022, Virgin Australia announced plans to re-commence services (see media release [attached](#)) through the operation of up to five flights a week, equivalent to 880 of the 900 seats allocated to it on a weekly basis, from March 2023. Virgin Australia is also seeking to expand its code share services for Vanuatu.

While Virgin Australia has established a long lead-time for the recommencement of Vanuatu services, this is primarily due to the lessons learnt in the recommencement of Fiji services, where demand was significantly impacted by COVID-19 pandemic related events shortly after the border re-opened. This time also enables Virgin Australia to appropriately resource and complete an Airport Induction Program for Port Vila (VLI) Airport.

Fiji route – [2017] IASC 115 and [2017] IASC 116

In relation to Determinations [2017] IASC 115 and [2017] IASC 116, which allocate a total of 1620 seats per week in each direction on the Fiji route, Virgin Australia advises that it is seeking to renew both determinations for a period of five years.

Subject to the revision of dates in the current determinations, Virgin Australia does not propose any other changes to the conditions which were set out by the Commission.

Vanuatu route – [2017] IASC 117 and [2017] IASC 121

In relation to Determinations [2017] IASC 117 and [2017] IASC 121, which allocate 900 seats of capacity in each direction on the Vanuatu route and permits the use of the capacity for code share services with Singapore Airlines and Etihad Airways, Virgin Australia is seeking to vary both determinations to recognise its strategic alliances with Qatar Airways (Qatar) and United Airlines (United) and renew both for a period of five years.

Specifically, Virgin Australia is proposing that the Determinations be varied to permit the utilisation of capacity for code share services with Qatar and United on flights operated by Virgin Australia on the Vanuatu route. Virgin Australia will continue to offer code share services with its alliance partners Singapore Airlines and Etihad Airways on flights operated by Virgin Australia on the Vanuatu route.

Subject to the variation, which will permit the utilisation of capacity for code share services with Qatar and United, Virgin Australia does not propose any other changes to the conditions which were set out by the Commission.

To support this request, Virgin Australia has separately provided the Commission confidential copies of its code share agreements with Qatar and United.

The variations are requested for the duration of the determination.



Virgin Australia would be pleased to provide further information if required and thanks the Commission for its consideration of these matters.

Yours sincerely

Chris Daffey
Head of Government Affairs