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5 October 2023

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 variations to Determination– Japan route

I write on behalf of Virgin Australia International Airlines Pty Ltd (Virgin Australia) to apply for a variation to allow Virgin Australia to code share with its partner airlines, Qatar Airways, and Air Canada on the Japan route.

Virgin Australia intends to commence free sale code share services, as operating carrier with Qatar Airways and Air Canada on its services between Cairns and Japan (Haneda) on 29 October 2023.

Virgin Australia will also continue to offer code share services on the Japan route with its alliance partners, All Nippon Airways. Copies of the confidential code share agreements between Virgin Australia and each of these alliance partners have been provided separately.

Variations sought to Determination [2019] IASC 119

That Determination [2019] IASC 119 be varied to permit Virgin Australia to utilise the capacity allocated on the Japan route to provide services with Qatar Airways and Air Canada.

Virgin Australia requests that all other conditions be retained and that all variations sought be granted for the remaining term of the determination.

Consumer benefits

The proposed code share routing allows Qatar Airways and Air Canada to place their marketing code on Virgin Australia operated services on the Cairns-Tokyo Haneda route, enabling increased customer choice for international travel to/from Australia and improving Virgin Australia's competitiveness.

Enabling Air Canada to market Virgin Australia services between Australia and Japan provides increased customer choice and alternative routings for consumers for trips between Australia and North America (v.v.).



- Air Canada will be able to market itineraries between Australia and North America (v.v.) via Japan.
- Capacity between Australia and North America is currently 29% below 2019 levels (Sep-23 vs Sep-19, non-stop services).
- Air Canada operates 28 weekly services between Canada and Tokyo (v.v.).

Enabling Qatar Airways to market Virgin Australia services between Australia and Japan provides increased customer choice and alternative routings for consumers for trips between Australia and the Middle East, Africa and Europe (v.v.)

- QR will be able to market itineraries between Australia and Middle East, Africa and Europe (v.v.) via Japan.
- Capacity between Australia and the Middle East is currently 15% below 2019 levels (Sep-23 vs Sep-19, non-stop services).
- QR operates 14 weekly services between Doha and Tokyo (v.v.).

Virgin Australia operations currently account for only 37% capacity share on the Cairns-Tokyo route and only 8% capacity share on the Australia-Japan market (Sep-23). Given Virgin Australia's capacity share on this market, we contend that the proposal to allow Virgin Australia to code share with its partner airlines, Qatar Airways, and Air Canada on the Japan route would provide stronger competition to the benefit of consumers.

IASC Act and Policy Statement Considerations

Virgin Australia requests that the Commission consider this application pursuant to section 25 (1) of the *International Air Services Commission Act 1992* and the 'reasonable capability criterion' as defined in section 8 of the Minister's Policy Statement.

Virgin Australia would be pleased to provide any further information or background on its services and codeshare arrangements to Japan if required, and thanks the Commission for its consideration of these matters.

Please let me know if you would like to discuss this further.

Yours sincerely

A handwritten signature in black ink, appearing to read "Todd Reynolds".

Todd Reynolds
General Manager Government Relations and Industry Services