



**Australian
Competition &
Consumer
Commission**

Our Ref: C2009/1316
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2 November 2009

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Dear <<salutation>>

**Virgin Blue Airlines Pty Ltd & Ors applications for authorisation A91151-52 and
A91172-73
- draft determination**

The Australian Competition and Consumer Commission (the ACCC) has issued a draft determination in respect of the applications for authorisation lodged by the Virgin Blue Group and Delta Air Lines on 9 July 2009 and 24 July 2009. Attached is a summary of the authorisation process including how to make a submission to the ACCC.

Virgin Blue and Delta are seeking authorisation for an arrangement that will establish a Cooperation Agreement, a Coordination Agreement and a Joint Venture Agreement. Together, these agreements will form the Virgin Blue / Delta Joint Venture.

The Joint Venture contemplates coordination and agreement between the applicants in respect of trans-Pacific routes in relation to:

- schedules, capacity and routes flown
passenger sales and marketing activities
pricing and revenue management
- enhancement of frequent flyer and lounge program offerings
purchasing and procurement.

A copy of the ACCC's draft determination is attached. For the reasons set out in its draft determination, the ACCC proposes to grant authorisation to the arrangements for a period of three years. The ACCC's assessment is set out in Chapter 5.

Next steps

Once the ACCC issues a draft determination, the Applicants or any interested party may request that the ACCC convene a 'pre-decision conference'. A pre-decision conference provides the opportunity for interested parties to make oral submissions in relation to the draft determination. Conferences are conducted informally and while legal or professional advisers are able to attend they are not entitled to participate in the discussion.

If you wish the ACCC to hold a pre-decision conference in relation to the draft determination, you must notify the ACCC in writing by **16 November 2009**.

Should a pre-decision conference be called it will be held on **Tuesday 24 November 2009** at the ACCC's Sydney Office. If a conference is called, the ACCC will write to you again to confirm details.

Alternatively, you are invited to make a written submission in response to the ACCC's draft determination. Submissions should be lodged by **17 November 2009**.

The ACCC will consider any submissions it receives, including any oral submissions made should a pre-decision conference be called, and will then release a final determination in relation to these applications.

Submissions will be placed on the ACCC's public register subject to any request for exclusion (guidelines are attached).

Timetable

The ACCC will continue to progress its assessment of the applications in a timely manner. An updated indicative timetable is set out below for your information.

18 June 2009	Applications for authorisation A91151 & A91152 lodged with the ACCC.
16 July 2009	Public consultation process begins.
24 July 2009	Applications for authorisation A91171 & A91172 lodged with the ACCC.
5 August 2009	Closing date for submissions from interested parties.
2 November 2009	Draft determination issued.
November 2009	Public consultation on draft determination including any conference if called.
December 2009	Final determination.

This letter has been placed on the ACCC's public register. If you wish to discuss any aspect of this matter please do not hesitate to contact Clare McGinness on (02) 6243 1049.

Yours sincerely



Darrell Channing
Director
Adjudication Branch