



**Australian
Competition &
Consumer
Commission**

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Our Ref: A91227 & A91228
Contact Officer: Imogen Hartcher-O'Brien
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20 June 2011

Dear Sir/Madam

Virgin Australia & Air New Zealand - application for variation to conditions of authorisations A91227 & A91228 - interested party consultation

The Australian Competition and Consumer Commission (the ACCC) has received an application to vary the conditions of authorisations A91227 and A91228 granted to Virgin Australia & Air New Zealand.

The ACCC would like to invite you to comment on the application. Attached is a summary of the authorisation process including how to make a submission to the ACCC.

Conditional authorisation was granted by the ACCC on 16 December 2010 for an alliance between Virgin Australia and Air New Zealand in relation to trans-Tasman services until 31 December 2013.

Proposed variation to conditions of authorisation

The variation to the conditions of authorisation sought by Virgin Australia and Air New Zealand involves a request to vary the minimum seat capacity conditions on the basis of Exceptional Circumstances constituted by the 22 February 2011 Christchurch earthquake. Specifically, the application seeks consent to decrease the seating capacity obligation set out in Condition 1(b) for the September and October of Northern Spring 2011 and Northern Winter 2011 seasons. The applicants seek the proposed decrease to reflect reduced demand on services to and from Christchurch following the earthquake, on the basis that they are unlikely to be able to comply with the relevant condition of authorisation.

A full copy of the application for variation to conditions of authorisation is available on the ACCC's website: www.accc.gov.au/content/index.phtml/itemId/927433/fromItemId/401858.

Request for submissions

The ACCC invites you to make a submission on the likely public benefits and the likely effect on competition, or any other public detriment, from the proposed variation.

In particular, the ACCC would appreciate your views on the following issues:

- whether the proposed variation to the Conditions is necessary, having regard to the impact of the Christchurch earthquake on demand;
- the impact that the variation is likely to have on competition on the services to and from Christchurch; and
- whether the proposed variation would change the balance between the public benefit and detriment (as set out in Chapter 5 of the ACCC's Determination dated 16 December 2010).

If you intend to provide a submission, please do so by **4 July 2011**. Alternatively, if you would like to provide comments orally, please contact Imogen Hartcher-O'Brien on (02) 6243 1049 to organise a suitable time.

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

Timetable

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

03 June 2011	Lodgement of application and supporting submission.
15 June 2011	Revised public version of application received.
20 June 2011	Public consultation process begins.
4 July 2011	Closing date for submissions from interested parties.
11 July 2011	Applicant responds to issues raised in the public consultation process.
Late July 2011	Determination.

You can also forward this letter to any other party who may wish to make a submission to the ACCC regarding this application for variation to the conditions of authorisation.

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 Imogen Hartcher-O'Brien on (02) 6243 1049 or Darrell Channing on (02) 6243 4925.

Yours sincerely

Dr Richard Chadwick
General Manager
Adjudication Branch

List of Interested Parties Consulted
Virgin Australia and Air New Zealand - application to vary authorisations
A91227 & A91228

Auckland International Airport Limited
Cairns Airport Pty Ltd
Canberra Airport
David Maclure
Department of Economic Development, Tourism and the Arts Tasmania
Dept of Infrastructure, Transport, Regional Development & Local Government
Emirates Airline
Gold Coast Airport Pty Ltd
Grant Edelsten
Greater Wellington Regional Council
Hamilton International Airport
International Air Services Commission
Jump Jet Airlines Limited
K.I.S.S. Travel International
Key Wellington Stakeholders
Mark Konemann
Melbourne Airport
New Zealand Airports Association
Peter Wakeman
Qantas Airways Limited
Skywest
Sydney Airport Corporation Limited
Tiger Airways Australia Pty Limited
Tourism Australia
Tourism New South Wales
Tourism NT
VIPA
Wellington International Airport
Wellington Regional Chamber of Commerce