



**Australian
Competition &
Consumer
Commission**

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Our Ref: A91227 & A91228
Contact Officer: Imogen Hartcher-O'Brien
Contact Phone: (02) 6243 1049

30 March 2012

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 further 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 further vary the minimum seat capacity conditions on the basis that the continuing effects of the 22 February 2011 Christchurch earthquake have affected the need for, and the parties' ability to meet, these conditions in their present form. Specifically, the application seeks consent to decrease the seating capacity obligation set out in Condition 1(b) for the Northern Summer 2012¹ (NS12) and Northern Winter 2012² (NW12) seasons.

The applicants seek a 20.8 percent reduction on the required minimum capacity of services to and from Christchurch for NS12 and a 19.2 percent reduction on those routes for NW12. This equates to a total reduction of 4.2 percent for each scheduling season for total trans-Tasman services. The applicants request the variation to reflect reduced demand on services to and from Christchurch. The applicants submit that without the variation 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.

¹ 1 April - 31 October 2012

² 1 November 2012 - 31 March 2013

Invitation 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 and subsequent seismic activity 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) for the overall alliance between Virgin Australia and Air New Zealand.

If you intend to provide a submission, please do so by **12 April 2012**. 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.

21 March 2012	Lodgement of application and supporting submission.
27 March 2012	Revised public version of application received.
30 March 2012	Public consultation process begins.
12 April 2012	Closing date for submissions from interested parties.
19 April 2012	Applicant responds to issues raised in the public consultation process.
May 2012	Decision.

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 David Jones on (02) 6243 1393.

Yours sincerely



Dr Richard Chadwick
General Manager
Adjudication Branch

A91227 & A91228 – Virgin Australia & Air New Zealand – authorisations – further request to vary conditions – Interested Parties consulted

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

Sydney Airport Corporation Limited

Skywest

Tiger Airways Australia Pty Limited

Tourism Australia

Tourism New South Wales

Tourism NT

VIPA

Wellington International Airport

Wellington Regional Chamber of Commerce