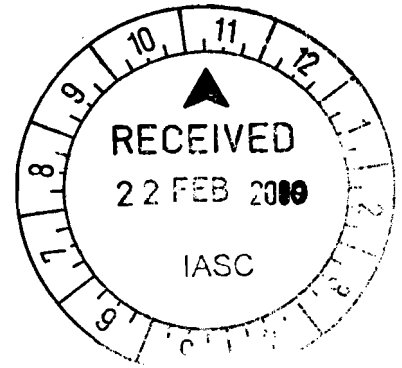


22 February 2010

Mr Michael Bird *MB 22/2*
Executive Director
International Air Services Commission
GPO Box 630
Canberra ACT 2601



Dear Mr Bird *MB*

Application for a Variation to Determination [2008] IASC 117 - Fiji

The Commission in Decision [2009] IASC 215 varied Determination [2008] IASC 117 at the request of Pacific Blue Australia (PBA) by transferring from PBA to V Australia the allocation of 360 seats of capacity per week made to PBA under that determination. V Australia now seeks the agreement of the Commission for the 360 seats transferred to V Australia to be re-allocated to PBA for use in the Australia – Fiji market. The proposal will ensure the efficient use of capacity on the Fiji route and will enable the Virgin Blue Group to achieve a more efficient distribution of capacity across its international networks.

In its Determination [2009] IASC 131 the Commission awarded V Australia capacity sufficient to operate six services per week in the Fiji market. To achieve the daily services proposed at the time by V Australia the Virgin Blue Group transferred 360 seats per week allocated to PBA but unused on the Fiji route to V Australia.

V Australia seeks the proposed variation following its experience in this market and in response to market circumstances, including the anticipated entry to the market of a new competitor, and to ensure more efficient use of the Group's network and operational capacity. The proposal does not in any manner affect capacity allocated by the Commission to V Australia by Determination [2009] IASC 131. Under the revised network structure V Australia will now operate six weekly B777-300ER services to Fiji. Using the re-allocated capacity PBA will operate one B737-800 weekly service between Sydney and Nadi, thus maintaining daily services by the Group in that market. PBA will also introduce a third Melbourne – Nadi service. The Commission will recall PBA's intention to use part of its then unused capacity entitlement to expand services between Melbourne and Nadi.

Both PBA and V Australia are wholly owned subsidiaries of Virgin Blue Holdings Limited. The proposed transfer of capacity would therefore occur exclusively within an established airline Group.

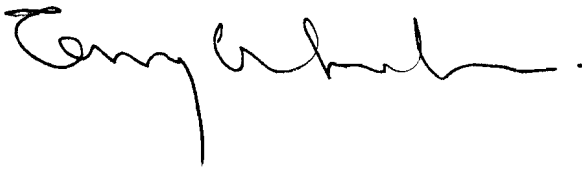
Virgin Blue Group of Airlines
PO Box 3034 Spring Hill QLD Australia 4004
P [+61 7 3295 4000]
virginblue.com.au



IASC Act and Policy Statement Considerations

We request the Commission consider this application against the general criteria for assessing the benefit to the public in Paragraph 4 of the Minister's Policy Statement. Paragraph 4 criteria provides that the use of entitlements by an Australian carrier under a bilateral air services agreement is of benefit to the public, provided that the carrier is reasonably capable of obtaining the necessary approvals and implementing the proposal. We would be pleased to provide any further information the Commission may require in support of this application.

Yours sincerely



Tony Wheelens
General Manager Government Affairs
Virgin Blue Group
22 February 2010

Virgin Blue Group of Airlines

PO Box 1034 Spring Hill QLD Australia 4034

P [+61 7 5295 3000]

virginblue.com.au

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