



Australian Government

International Air Services Commission

RESOLUTION

Resolution: [2023] IASC R01
Determination: [2019] IASC 119
The Route: Japan
The Applicant: Virgin Australia International Airlines Pty Ltd (Virgin Australia)
(ABN 63 125 580 823)
Public register file: IASC/APP/202251

On 28 October 2019, the International Air Services Commission (the Commission) issued Determination [2019] IASC 119 (the Determination) allocating one frequency per day in each direction to Virgin Australia to service the Tokyo-Haneda route. The Determination includes several conditions including the requirement for the capacity to be utilised from no later than 29 March 2020 or from such other date approved by the Commission.

Due to the COVID-19 pandemic impacts, including travel restrictions put in place by the Australian Government in March 2020, Virgin Australia was not able to commence the new services to and from Tokyo-Haneda as originally planned. In light of this, upon the request of Virgin Australia, the Commission issued Resolutions [2020] IASC R02 (17 April 2020); [2020] IASC R04 (19 June 2020); [2020] IASC R09 (7 December 2020), [2021] IASC R03 (06 April 2021), [2021] IASC R06 (4 November 2021) and [2022] IASC R02 (5 July 2022) extending the date of commencement of use of the capacity. The Commission granted these extensions recognising that the COVID-19 pandemic and associated travel restrictions imposed by various countries had seriously disrupted the international operations of airlines worldwide. The Japanese Government continued to impose measures such as passenger movement caps, bans on individual travel and suspension of visa waiver programs until mid-October 2022, creating highly restricted market conditions for airlines to utilise their capacity allocations.

On 19 October 2022, Virgin Australia wrote to the Commission seeking a further extension of the date for utilisation of the capacity from 26 March 2023 until 30 June 2023. In its letter, Virgin Australia outlined its planned operations between Australia and Japan (Tokyo-Haneda) in the Northern Summer 2023 scheduling period, including its firm plans to utilise the allocated capacity to operate a daily service between Cairns and Tokyo-Haneda from late June 2023, using Boeing 737-8 MAX aircraft expected to be delivered in the first half of 2023.

As part of its application, Virgin Australia indicated that global supply chain disruptions brought about by the COVID-19 pandemic have caused delays to aircraft manufacturers' production schedules and accordingly, aircraft delivery timeframes. As a consequence of the

delay in delivery of its B737-8 MAX aircraft, the airline requires additional time to commence the services, including to undertake aircraft induction and associated regulatory approvals.

On 31 October 2022, the Commission wrote to Virgin Australia seeking further information on the airline's firm plans to market the services. On 9 November 2022, Virgin Australia provided additional information to demonstrate its commercial plans to announce the launch and commence marketing of the services on 14 December 2022¹.

Following the commencement of sale of services on the Cairns-Tokyo Haneda route on 14 December 2022, the Commission wrote to Virgin Australia on 16 December 2022 seeking further information concerning the airline's plans to operate the services by 30 June 2023. On 21 December 2022, Virgin Australia provided the Commission with the requested information, on a confidential basis, demonstrating the airline has adequate plans in place to fully utilise the allocated capacity by 30 June 2023.

On 20 January 2023 the Commission requested further clarification to previous correspondence. On 25 January 2023, Virgin Australia provided the Commission with the requested information on a confidential basis. The Commission requested further information from the airline on 27 January 2023 which was provided on 14 February 2023.

In light of these circumstances, the Commission issues Resolution [2023] IASC R01 to provide that the capacity issued under Determination [2019] IASC 119 is to be utilised from no later than 30 June 2023, or such other date approved by the Commission. The Commission will continue to monitor the airline's ability to fully utilise the capacity issued under the Determination.

Dated: 24 February 2023


GENEVIEVE BUTLER
Chairperson


JANE MCKEON
Commissioner

¹ <https://newsroom.virginaustralia.com/release/hello-tokyo-virgin-australia-launches-first-ever-cairns-haneda-japan-service-massive-699>