



VIRGIN AUSTRALIA INTERNATIONAL AIRLINES PTY LTD
PO Box 1034
Spring Hill QLD
Australia 4004
T +61 7 3295 3000
www.virginaustralia.com

26 September 2022

Ms Jasmina Ackar
Director
International Air Services Commission
PO Box 630
CANBERRA ACT 2601

Via email: Jasmina.Ackar@infrastructure.gov.au

Dear Ms Ackar

Application for allocation of capacity – Indonesia route

I write in response to correspondence of 9 September 2022 from the International Air Services Commission (the Commission) in relation to an application from Virgin Australia International Airlines Pty Ltd (Virgin Australia) for passenger capacity (172 seats per week) on the Indonesia route.

Virgin Australia notes that the Commission received more than one application requesting capacity on the Indonesia route, and that there is insufficient capacity available for the Commission to make the determinations sought in all of the applications.

As a result, Virgin Australia is pleased to provide the Commission with further information pertaining to the section 8 'reasonable capability criterion' and the section 9 'additional criteria' of the Commission's Policy Statement.

Background on current services on the Indonesia route

Virgin Australia first commenced services to Indonesia in 2009. In March 2020, Virgin Australia was forced to suspend its short-haul international operations due to border closures as a result of the COVID-19 pandemic. Virgin Australia recommenced services to Indonesia in June 2022 through a daily service to Denpasar (DPS) from Melbourne (MEL), Sydney (SYD) and Brisbane (BNE).

Demand from Australians to return to Bali has been strong and has continued to build steadily since June, with Virgin Australia planning to utilise its full capacity of 4752 seats per week from the Christmas holidays during the Northern Winter 2022 (NW22) season. This will include a daily service, and an additional service six days per week between MEL and DPS (13 flights per week in total).

Virgin Australia's plan to introduce this additional service, seven days per week between MEL



and DPS, providing a double daily service, is contingent on approval of the sought capacity.

Critically, once Virgin Australia commences the additional MEL-DPS service, it will be fully utilising its capacity for the remainder of the NW22 season as well as the entire Northern Summer 2023 (NS23) season, rather than being focused on peak periods and upgauging capacity when demand suits.

Competition on the Indonesia route

For Virgin Australia to continue to provide a competitive alternative for travellers to Bali it requires a bigger share of the market. As it stands, Virgin Australia's share of capacity on the Indonesia route is significantly disproportionate to that held by the Qantas Group, operating Qantas and Jetstar services.

In this regard, the Virgin Group currently holds 4752 seats per week on the Indonesian route (approximately 19 per cent) versus 20,076 seats per week held by the Qantas Group (approximately 80 per cent). This enables the QF Group to operate a triple daily MEL-DPS service, while the Virgin Group is not quite operating a double daily MEL-DPS service, with 13 flights per week.

Australia's international carriers have been able to apply for the available capacity on the Indonesia route (172 seats per week) for a considerable amount of time, but Virgin Australia was the first to apply.

Allocating the remaining 172 seats per week in available capacity on the Indonesia route, would enable Virgin Australia to introduce an additional B737-800 service per week between MEL and DPS, providing a double daily service, whilst also supporting greater efficiency through the operation of 28 flights per week.

In this regard, Virgin Australia's proposal for the remaining capacity on the Indonesia route is superior in terms of both capacity (172 seats versus 165 seats) and frequency (an additional service every week versus an upgauge on existing frequency during peak periods).

This in-turn provides significant benefits to consumers in terms of choice of both day of week and time of day, compared with the Qantas Group's proposal, which will only see an upgauge during peak periods on its existing daily SYD-DPS service. This means that there will only be a three per cent increase in overall capacity across the week, and no additional benefit in cost or schedule for consumers.

While the remaining capacity on the Indonesia route is a minor percentage of the overall capacity, the table below demonstrates that by allocating the capacity sought to Virgin Australia, it will increase its share of the market by one point to 20 per cent, with no detrimental impact to the market share of the Qantas Group, which remains at 80 per cent.



It will also see all capacity available on the Indonesia route fully utilised and support any efforts by the Federal Government to open discussions with Indonesia on increasing capacity.

	Current Allocation	Future State (If VA allocated)	Future State (If QF allocated)
Virgin Australia	4752 19%	4924 20%	4752 19%
Qantas Group	20,076 80%	20,076 80%	20,241 81%
Shelf Capacity	172 1%	0 0%	7 0%
Total AU Allocation	25,000	25,000	25,000

Other growth on the Indonesia route

Whilst capacity on the Indonesia route from Sydney, Melbourne (including Avalon), Brisbane and Perth is restricted, as part of its recovery from the COVID-19 pandemic and following voluntary administration, Virgin Australia has been planning to launch more services into Indonesia from ports where capacity is unrestricted, such as the Gold Coast and Adelaide. This is not new from Virgin Australia which has a long history of stimulating international markets, particularly the Pacific Islands.

On 14 June 2022, Virgin Australia announced that it would be the first Australian carrier ever to offer direct flights between the Gold Coast (OOL) and DPS with services commencing in March 2023. The commencement of this service will see 1232 seats per week available through the operation of a daily service. Further details on the commencement of Virgin Australia's OOL-DPS services can be found in the [attached](#) media release.

On 21 September 2022, Virgin Australia announced that it recommence direct flights between Adelaide (ADL) and DPS for the first time in more than five years with services commencing in December 2023. This service will commence on a daily basis (1232 seats per week) initially, before reducing to three times per week (528 seats per week) during the off-peak period. Further detail on the recommencement of Virgin Australia's ADL-DPS services can be found in the [attached](#) media release.

Virgin Australia is also utilising its own assets including the Velocity Frequent Flyer program, to promote and market these services, and will do the same if granted additional capacity by the Commission to introduce a double daily MEL-DPS service.



Benefits for the tourism and trade industry

Virgin Australia's proposal to ensure a double daily MEL-DPS service will help meet the significant demand from Victorians who wish to travel to Bali. By state and territory, Victoria has the largest domestic market in terms of total visitor and resident returns from Indonesia. Meeting this demand is critical and only Virgin Australia's proposal provides that choice with an increase in scheduled flights.

Indonesia is also Victoria's seventh largest export partner and exports continued to grow significantly through the COVID-19 pandemic period at 12 per cent. While not currently operating international freight services, Virgin Australia is considering its options for when its MAX aircraft are inducted into the fleet.

Conclusion

Virgin Australia believes the public interest would be best served by allocating the capacity on the Indonesia route which it has sought.

Lastly, Virgin Australia would be pleased to provide further information if required and thanks the Commission for its consideration of these matters.

Yours sincerely

Chris Daffey
Head of Government Affairs

VIRGIN AUSTRALIA RELAUNCHES ADELAIDE – BALI IN TIME FOR SUMMER HOLIDAYS WITH SALE FARES FROM \$399 RETURN

- Virgin Australia is relaunching services between Adelaide and Bali, on sale from today for travel commencing 14 December 2022.
- This year-round service will initially operate daily with a competitive and convenient schedule offering up to an additional 2,464 seats between the two sought-after destinations every week.
- Virgin Australia is set to operate up to 41 return flights per week to Bali, when the first-ever direct services between the Gold Coast and Denpasar commence in March 2023.
- Including our recently launched Gold Coast to Denpasar route, demand for our services to Bali are up 190 per cent on the comparable period in 2019.*

EMBARGOED 11am ACST Wednesday, 21 September 2022: Virgin Australia has relaunched services between Adelaide and Denpasar, adding to its growing list of short-haul international destinations and creating even more opportunities for South Australians to get travelling this summer.

Taking off on 14 December 2022, the route will offer up to an additional 2,464 seats per week to Bali when operating daily and more than 70,000 extra seats to Bali each year.

To celebrate the route going on sale today, Virgin Australia has dropped Economy Lite sale fares between Adelaide and Denpasar from \$399 return** with tickets available to book now until 25 September 2022 at virginaustralia.com.

Virgin Australia Group Chief Strategy & Transformation Officer, Alistair Hartley said the airline was pleased to be welcoming another short-haul international route to its network just in time for the summer holidays.

“The return of our direct services between Adelaide and Denpasar is a reflection of the growing demand we continue to see for Bali since relaunching from Sydney, Brisbane and Melbourne earlier this year and announcing our first-ever direct Gold Coast services commencing in March 2023,” Mr Hartley said.

“Adelaide is incredibly important to Virgin Australia, it’s our sixth largest port by scheduled flights, so we know this will be welcome news for South Australians and the perfect opportunity to get back to the skies with our great value fares and award-winning crew,” he said.

Adelaide Airport Managing Director, Brenton Cox said the airport was delighted to welcome Virgin Australia flights to Bali.

“There is significant pent-up demand for South Australians wanting to head out and see the world, some for the first time in three years. It’s exciting to see more international capacity deployed to fulfill this demand and we thank Virgin Australia for their investment and the vote of confidence this service provides to our Adelaide market,” Mr Cox said.

South Australian Minister for Tourism, Zoe Bettison said it was terrific to see services to Adelaide from international carriers increase, providing more options for consumers.



“This is another positive step in the return to international travel and a strong show of confidence from Virgin Australia. The State Government is working with Adelaide Airport and airlines to grow capacity and provide greater connections globally, as we aim to recover our once \$8.1 billion visitor economy,” Ms Bettison said.

Virgin Australia celebrated the announcement today with a tropical juice bar pop-up in its Adelaide Lounge.

The Adelaide service will be the fifth direct route operated by Virgin Australia connecting Australians to Bali, as Virgin Australia continues to expand its short-haul international footprint with the launch of services to Indonesia (Denpasar), Fiji (Nadi) and New Zealand (Queenstown) this year and Samoa (Apia), and Vanuatu (Port Vila) in March next year.

For more information and to book fares, visit virginaustralia.com.

ENDS

[Link](#) to VNR here available 2pm ACST time Wednesday, 21 September.

NOTES TO THE EDITOR

Route	Commencement date	Frequency	Seats per month
Adelaide – Denpasar	14 December	Daily until late January 2022 and three times per week thereafter (subject to change)	Up to 9,856

Return Economy fares on sale until midnight 25 September 2022 include:

- Adelaide – Denpasar from \$399 (Lite fare)
- Adelaide – Denpasar from \$479 (Choice fare)

*Period applies to the 1st of May 2022 to 12th September 2022 and for the comparable period in 2019. At this time Virgin Australia operated flights to Denpasar from Brisbane, Sydney and Port Hedland.

TERMS AND CONDITIONS

**Economy Lite fares: Departing Adelaide to Denpasar. On sale from 12:01am AEST 21 September 2022 until 11:59pm AEST 25 September 2022 unless sold out prior. For travel from 30 January 2023 until 10 March 2023 and from 2 May 2023 until 20 June 2023. Price is based on a return Economy Lite fare booked on virginaustralia.com. Economy Choice fares: Departing Adelaide to Denpasar. On sale from 12:01am AEST 21 September 2022 until 11:59pm AEST 25 September 2022 unless sold out prior. For travel from 30 January 2023 until 10 March 2023 and from 2 May 2023 until 20 June 2023. Price is based on a return Economy Choice fare booked on virginaustralia.com. Seats are limited and may not be available at peak times or on all flights. Payment surcharge may apply. Seat selection and checked baggage are not included in Economy Lite fares. Economy Lite fares are not recommended if you require flexibility with your travel as cancellations are not permitted and you may need to pay a fee and any fare difference to make a change. For other fare types, a fee and fare difference may be payable for changing or cancelling your booking. See Virgin Australia's international Fees page (<https://www.virginaustralia.com/au/en/travel-info/flying-with-us/fare-types/international-fares/>) for details. Refunds are not permitted for Economy Lite and Choice fares if you



cancel your booking. Refunds are permitted for Economy Flex fares on payment of a fee. You may also request a refund for other reasons, including under the Australian Consumer Law. Check your fare rules for more information. Some flights may be operated by a partner airline. Full T&Cs at www.virginaustralia.com

MEDIA CONTACT:

Virgin Australia Group Corporate Affairs: corporateaffairs@virginaustralia.com or 1800 142 467
Karlicca Culalic, karlicca.culalic@virginaustralia.com, 0468 926 704



VIRGIN AUSTRALIA ‘SURF’S UP’ DIRECT GOLD COAST - BALI FLIGHTS, ADDS SAMOA AND VANUATU TO DESTINATION LIST, DROPS O/S SALE

Embargoed until Tuesday, 14 June 2022 5:30am AEST: Virgin Australia will become the first Australian carrier ever to offer direct flights between the Gold Coast and Bali, connecting two of the world’s premier surfing destinations from next year.

Commencing on 29 March 2023 and available to book from today, services between the Gold Coast Airport’s new International Terminal and Bali will operate daily, with more than 2,200 seats available each week.

The announcement comes as Virgin Australia prepares to recommence flights to Bali from Sydney from tomorrow and Melbourne and Brisbane from Friday 17 June.

Virgin Australia Group CEO Jayne Hrdlicka said the addition of the new Bali service reflected the growth in demand for services in and out of the Gold Coast Airport as well as the airline’s expanding presence there, with the new route set to further enhance Virgin Australia’s network from the Gold Coast.

“We are currently seeing continued growth in travel demand for Gold Coast services and are operating up to 180 domestic flights outbound each week,” Ms Hrdlicka said.

“In May alone our Gold Coast bookings were up 55 per cent compared to 2019, with bookings on our existing Bali flights up 48 per cent for the same period and growing every week.

“With the addition of the new International Terminal to the Gold Coast Airport and demand for Bali rising, the time is right to connect these two famous holiday destinations as well as the surf breaks, wellness activities and nightlife that comes with them.”

Surfboards enclosed in a protective hardcase bag, with fins removed, that weigh less than 23kg and are shorter than 3m incur no excess baggage fees and are considered part of your checked baggage allowance when you book a Choice or Flex fare with Virgin Australia.

Queensland Airports Limited CEO Chris Mills welcomed the launch of Gold Coast-Bali flights, which he said further cemented the Gold Coast Airport and Virgin Australia connection.

“This service, linking two of the world’s top surf and lifestyle destinations, will be extremely popular with locals,” Mr Mills said.

“We have seen significant growth in Virgin Australia services in and out of Gold Coast Airport through the travel recovery, and this is a clear demonstration of what can happen with a strong partnership.”

Virgin Australia’s Short Haul International operations continue to grow, with Virgin Australia also soon planning to resume services to both Vanuatu and Samoa alongside its services to Fiji, Bali and Queenstown, New Zealand.

Direct services from Brisbane to Port Vila, Vanuatu will commence on 10 March 2023 with up to five flights a week. Services to Apia, Samoa will commence from Sydney on 21 March 2023 with up to three flights per week and from Brisbane on 23 March 2023 with up to two flights per week.

The addition of Samoa and Vanuatu to Virgin Australia's network will give holiday makers a greater choice of Pacific Island destinations as well as provide those wanting to reconnect with friends and family the opportunity to do so as both destinations open to international travel post COVID-19.

To celebrate, Virgin Australia has dropped a Set Your Sights Overseas sale, with discounts of up to 30 percent on offer for over 70,000 seats on all the airline's Short Haul International routes*, including those announced today.

Return Economy Lite fares on sale until midnight 20 June 2022 include:

- Gold Coast – Bali from \$399*
- Brisbane – Bali from \$469*
- Melbourne – Bali from \$479*
- Sydney – Bali from \$489*
- Brisbane – Vanuatu from \$469*
- Sydney – Samoa from \$549*
- Brisbane – Samoa from \$549*
- Brisbane – Fiji from \$449*
- Sydney – Fiji from \$459*
- Melbourne – Fiji from \$535*

In addition, from 15 to 24 June 2022, Velocity Frequent Flyer members will get a mega bonus of 2,000 Velocity Points when they book Virgin Australia flights between Bali, Fiji, New Zealand, Vanuatu, Samoa, and Australia, for travel until 11 May 2023.**

For more information and to book now, visit virginaustralia.com.

ENDS

MEDIA CONTACT

Virgin Australia Group Corporate Affairs, corporateaffairs@virginaustralia.com or 1800 142 467.

TERMS AND CONDITIONS

*Fares are on sale from 12.01am Tuesday 14 June 2022 to 11.59pm Monday 20 June 2022, unless sold out prior. Travel periods and conditions apply. Price points based on return Economy Lite fares booked at virginaustralia.com. Subject to availability. Payment surcharge may apply. See Virgin Australia's Fees and Surcharges page for more information. Economy Lite fares are not recommended if you require flexibility with your travel as cancellations are not permitted and you may need to pay a fee and any fare difference to make a change. Seat selection and checked baggage are not included in Economy Lite fares. Refunds are not permitted for Economy Lite fares if you cancel your booking. You may request a refund for other

reasons, including under the Australian Consumer Law. Check your fare rules for more information. Full T&Cs at www.virginaustralia.com

**To be eligible for the 2,000 Bonus Points promotion you must be a Velocity member (1) Activate the offer received from Velocity via email; (2) book an Eligible Flight between 12.01am 15 June 2022 and 11.59pm 24 June 2022 inclusive (Promotion Period); (3) enter a valid Velocity membership number at the time of booking and ticketing and (4) travel by 11 May 2023. An Eligible Flight is a short haul international flight marketed and operated by Virgin Australia (excludes charter flights and flights operated by Alliance Airlines or Link Airways on behalf of Virgin Australia), which are flights on which Points can be earned and booked and ticketed in a fare class that normally accrues Points. Points cannot be earned on Velocity Reward Seat bookings. Codeshare services marketed or operated by partner airlines are not eligible for this offer. Bonus Points are earned at a flat rate of 1,000 Points per one way journey. A flight booking with a connection would be considered a one-way journey and 1,000 Bonus Points would be allocated for this flight. Bonus Points are earned in addition to the standard Points earn for a flight. This offer is only available to the intended recipient of the offer email, it cannot be transferred and does not apply to other passengers travelling on the same ticket. This Velocity Points offer cannot be used in conjunction with any other Velocity offer or promotion. You should allow up to 4 weeks after the travel period for the bonus Velocity Points to be allocated.