Virgin Australia Advises of Surcharges in Response to Carbon Pricing Schemes

28/02/2012

Virgin Australia today announced details of surcharges that it will implement in response to the Australian and European Union (EU) carbon pricing schemes.

**Australia**

As of 1 July 2012, the Australian carbon pricing system comes into effect with a starting price of AUD$23 per tonne of carbon.

Therefore from 1 March 2012, the following surcharges will apply to domestic Australian flights on/after 1 July 2012. These surcharges are consistent with the initial modelling Virgin Australia announced in July 2011, estimating that the average increase per sector would be AUD$3.00.

<table>
<thead>
<tr>
<th>Zone</th>
<th>Distance (kms)</th>
<th>Surcharge</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1 – 900</td>
<td>AUD$1.50</td>
</tr>
<tr>
<td>2</td>
<td>901 – 2000</td>
<td>AUD$3.00</td>
</tr>
<tr>
<td>3</td>
<td>2001+</td>
<td>AUD$6.00</td>
</tr>
</tbody>
</table>

**European Union**

As of 1 January 2012, under the EU Emissions Trading Scheme (ETS), airlines must pay a carbon price by purchasing “carbon credits” to cover a proportion of the carbon dioxide emissions generated by flights to and from EU airports.

Virgin Australia sells codeshare flights with Etihad Airways from Abu Dhabi to a range of destinations that are included in the EU ETS.

Therefore from 1 March 2012, there will be a surcharge of USD$3.00 per passenger for all Virgin Australia codeshare flights into and out of Europe, which will apply to flights on/after 1 March 2012. The surcharge is applicable on flights into and out of EU countries only.

EU codeshare destinations with Etihad Airways currently include Athens, Brussels, Dublin, Dusseldorf, Frankfurt, London, Manchester, Munich and Paris.

The charges are calculated based on the additional cost to Etihad for the carbon credits the airline will be required to purchase for 2012 in order to comply with the EU ETS. As carbon prices fluctuate, this cost may need to be adjusted from time to time.