

Ms Sue McIntosh
Executive Director
International Air Services Commission
GPO 630
Canberra
ACT
2601

19 October 2011

Dear Ms McIntosh,

Review of determination [2011] IASC 114

Further to my e-mail regarding the Review of determination [2011] IASC 114. I provide my submission objecting the proposed variation to permit Qantas and LAN Airlines to offer code share services on the Australia – Chile route.

My objection to this application is based on the probability that it will lead to reduced capacity on this route in the future. There has been a recent trend for both Qantas and Virgin Australia to enter in code-share arrangements with foreign airlines that already operate routes into Australia. Effectively these arrangements result in a duplication of services by the foreign carrier who will then be more likely to withdraw or reduce their own services to Australia and rely on the code share service offered by the Australian airline. This would lead to an actual reduction of the number of seats offered on these services without a corresponding drop in demand and so prices would rise which I maintain is the underlying objective of these arrangements

There have been many of these arrangements entered into in the past year. Examples are Qantas – South African Airways, Virgin Australia - Ethihad, Virgin Australia – Air New Zealand, Virgin Australia – Delta. There are also other similar proposed arrangements such as the arrangement where Qantas will cease services to London via Bangkok and Hong Kong in favour of British Airways carrying Qantas passengers to London from these destinations which could lead to British Airways terminating their services to Australia.

I am not opposed to code share arrangements in principle but I believe that the IASC should only allow these arrangements where the partner to the Australian airline does not and does not intend service the Australian market other than through code share arrangements. I find it curious that there not more applications to code share with airlines that do not service the Australian market that would actually benefit the Australian public.

I also find the timing of the application for the variation cynical being made little over one month after the original application by Qantas for permission to service this route and less than one month after the permission was granted. If it was their intention to code share this service with LAN Airlines why was this fact not included in their original application?

As this submission is made in strict confidence I request that my name, address and contact details be redacted in should this submission be published.

Yours sincerely,