

# DECISION

<b>DECISION:</b>	<b>IASC/DEC/9831</b>
<b>VARIATION OF:</b>	<b>IASC/DET/9623 AND IASC/DET/9405</b>
<b>THE ROUTE:</b>	<b>SOLOMON ISLANDS</b>
<b>THE APPLICANT:</b>	<b>QANTAS AIRWAYS LIMITED (ACN 009 661 901)</b>
<b>PUBLIC REGISTER FILE:</b>	<b>IASC/APP/98034</b>

## 1 The application

1.1 On 1 December 1998, Qantas Airways Limited (Qantas) applied to the Commission to vary Determinations IASC/DET/9623 and IASC/DET/9405. Qantas is seeking:

- a change in the capacity allocated to reflect recent changes in the method of describing capacity under the Australia–Solomon Islands air services arrangements; and
- a minor increase in capacity from 1.5 B737 equivalent units or about 162 seats per week to 220 seats per week.

1.2 The Commission published a notice inviting submissions from interested parties about the Qantas application. No submissions were received.

## 2 Provisions of relevant Air Services Agreements

2.1 The April 1998 MOU provides for the operation of international air services and designation of multiple Australian carriers. The air services arrangements also provide for the operation of joint services between designated airlines.

2.2 Under the arrangements in place at the time of issuing the relevant determinations to Qantas, capacity entitlements were expressed in terms of B737 equivalent units per week.

2.3 Under the arrangements effective from 1 April 1998, passenger capacity entitlements are now expressed in terms of seats per week. There is separate capacity available for freight-only operations.

2.4 The April 1998 MOU does not contain a conversion formula which would permit the Commission to easily calculate the conversion of B737 equivalent units to seats. Accordingly, the Commission has decided to apply 108 seats per aircraft, this being the number of seats available on the B737 aircraft used on the route at present.

### 3 Commission's consideration

3.1 Variations to determinations are made by the Commission in accordance with the *International Air Services Commission Act 1992* (the Act) and the Minister's Policy Statement (no 3 of 23 April 1997) which was issued under section 11 of the Act.

3.2 Under section 24 of the Act, the Commission must either make a decision confirming the determination or varying the determination in a way that gives effect to the variation requested in the application.

3.3 Qantas has sought the approval of the Commission for its determination IASC/DET/9623 to be amended to reflect a total capacity allocation of 220 seats per week in each direction.

3.4 Qantas has two determinations on the Solomon Islands route IASC/DET/9405 allocating 0.14 B737 equivalent units and IASC/DET/9623 allocating 1.36 B737 equivalent units. In combination Qantas has an allocation of 1.5 B737 equivalent units or 162 seats per week. Qantas has requested that the IASC/DET/9405 be reduce to nil and IASC/DET/9623 be amended to 220 seats per week. Qantas' request would have the effect of simplifying determinations on the route.

3.5 The Minister's Policy Statement of 23 April 1997 makes it clear that where an applicant already operating services on a route seeks a minor increase in capacity, the Commission may deal with the application as a variation rather than a new allocation. The Commission notes that the Explanatory Statement to the Policy Statement suggests that up to the equivalent of one B747 unit can be considered a minor adjustment.

3.6 The Register of Available Capacity indicates that the following passenger capacity is available:

*Shelf capacity*

- 54 seats per week with immediate effect.

*New capacity*

- 284 seats per week with immediate effect; and
- an additional 350 seats per week with effect from April 1999.

3.7 There is sufficient capacity available and in prospect to allow the entry of a new carrier onto the route.

3.8 The Commission therefore concludes that it would be appropriate for Determination IASC/DET/9623 to be varied to reflect the manner in which capacity is now expressed under the current Australia – Solomon Islands air services arrangements and to reflect the minor increase in capacity sought by Qantas.

## **4 Decision (IASC/DEC/9831)**

4.1 In accordance with section 24 of the Act, the Commission varies Determination IASC/DET/9405 reducing the capacity allocated from 0.14 equivalent units per week to nil.

4.2 In accordance with section 24 of the Act, the Commission varies Determination IASC/DET/9623 to give effect to the request by Qantas by:

*replacing* paragraph 8.2 with the following:

“8.2The Commission makes a fresh determination in favour of Qantas, allocating 220 seats per week in each direction between Australia and the Solomon Islands under the Australia - Solomon Islands Memorandum of Understanding.”;

4.3 The text of Determination IASC/DET/9623 (as varied by Decision IASC/DEC/9719) as amended by this Decision is set out in Attachment C.

Dated: 21 December 1998

Russell V Miller  
Chairman

Michael L Lawriwsky  
Member

Stephen Lonergan  
Member