



INTERNATIONAL AIR SERVICES COMMISSION

DECISION

DECISION: [2001] IASC 218
VARIATION OF: IASC/DET/9909
THE ROUTE: CHINA
THE APPLICANT: QANTAS AIRWAYS LIMITED
(ACN 009 661 991)
(QANTAS)
PUBLIC REGISTER: IASC/APP/200119

1 The application

1.1 On 4 June 2001, Qantas applied to the Commission to vary Determination IASC/DET/9909 which allocates capacity on the China route. Qantas is seeking to hand back capacity and have changes made to the code share conditions in the determination.

1.2 Qantas withdrew from operations on the China route on 19 May 2001. Prior to this time it had operated two services per week to Shanghai. Qantas also code shared on two China Eastern services through a blocked space/capacity exchange arrangement. Qantas submits that the code share arrangements proposed will enable it to offer its customers direct services between Australia and Beijing/Shanghai. Without the code share, Qantas would be restricted to serving the Australia – China market over the Hong Kong gateway.

1.3 Qantas is now seeking approval to code share on up to 150 seats per week on China Eastern Services under an amended code share arrangement from 1 July 2001. Qantas is also seeking to have the capacity allocated by IASC/DET/9909 reduced from 2.165 units to 0.75 units. At the same time Qantas is seeking to have determination IASC/DET/9616 revoked, this is dealt with in a separate decision.

1.4 The Commission published a notice on 8 June 2001 inviting submissions from interested parties about the Qantas application. No submissions were received.

1.5 All non-confidential material supplied by the applicant is filed on the Register of Public Documents. Any confidential material supplied by the applicant is filed on the Commission's confidential register.

2 Commission's assessment

2.1 When considering applications to vary determinations the Commission must determine whether the determination, as varied, would be of benefit to the public. Under paragraph 4 of the Minister's Policy Statement the use of Australian entitlements is of benefit to the public. For an established international carrier such as Qantas this means that there is public benefit arising from the use of capacity.

2.2 From 1 July 2001 Qantas proposes to block/purchase 15 seats on three services per week, this is significantly less than the 150 seats per week requested. There is provision in the agreement with China Eastern for Qantas to purchase additional seats on an ad hoc basis.

2.3 There is a significant amount of capacity available for allocation on the China route. Furthermore the Commission recognises that Qantas is entering into new arrangements on the route and will therefore allocate 150 seats per week requested in order to provide operational flexibility.

3 Decision [2001] IASC 218

3.1 In accordance with section 24 of the Act, the Commission varies Determination IASC/DET/9909 as requested by Qantas by:

reducing the capacity allocated from the equivalent of 2.165 units to 0.75 units per week in each direction;

deleting the following:

- “• the capacity may be used by Qantas to provide services jointly with China Eastern in accordance with:
 - the code share agreement dated 6 May 1999, subject to the following conditions:
 - : the maximum number of seats exchanged with China Eastern over all Qantas services on the China route shall not exceed 180 per week each way; and
 - : any other variations to the number of code share seats or services require the prior approval of the Commission;
 - : any new joint service agreement between Qantas and China Eastern for operations on the China route, whether or not it replaces the existing agreement, with the prior approval of the Commission;”

adding the following:

- “• the capacity may be used by Qantas to provide services jointly with China Eastern in accordance with:
 - the code share agreement dated 6 May 1999, as amended, with the prior approval of the Commission; or
 - : any new joint service agreement between Qantas and China Eastern for operations on the China route, whether or not it

replaces the existing agreement, with the prior approval of the Commission;”

Dated: 19 June 2001

Ross Jones
Chairman

Michael Lawriwsky
Member

Stephen Lonergan
Member