



# INTERNATIONAL AIR SERVICES COMMISSION

## DETERMINATION

<b>DETERMINATION:</b>	<b>[2003] IASC 117</b>
<b>THE ROUTE:</b>	<b>CHINA</b>
<b>THE APPLICANT:</b>	<b>QANTAS AIRWAYS LIMITED (QANTAS) (ACN 009 661 901)</b>
<b>PUBLIC REGISTER FILE:</b>	<b>IASC/APP/200320</b>

### 1 The application

1.1 On 1 October 2003, Qantas applied for an allocation of unlimited capacity and frequency for all-cargo services on the China route. Qantas plans to introduce a twice weekly B747-400F freighter service between Australia and the United States via Singapore and Shanghai. In its application, Qantas indicated that it intends to commence services on 1 November 2003. However, the airline has since advised informally that services are now unlikely to start until later in November.

1.2 The Commission published a notice on 10 October 2003 inviting applications for capacity on the route or submissions about the Qantas application. No applications or submissions were received. All material supplied by the applicant is filed on the Register of Public Documents.

### 2 Provisions of relevant air services arrangements

2.1 Under the Australia – China air services arrangements there is unlimited capacity in operating all-cargo services because the designated airlines of Australia may determine the frequency, capacity and aircraft type to be operated on the routes specified under the arrangements and may exercise traffic rights on these routes. The air services arrangements between Australia and Singapore and between Australia and the United States also grant Australian carriers traffic rights for the services proposed by Qantas. Qantas holds a determination from the Commission on the Singapore route ([2002] IASC 118) appropriate to the operation of the proposed services. Qantas is applying separately for an allocation of unlimited freight-only capacity on the US route in order to facilitate the services beyond China to the US.

### 3 Commission's assessment

3.1 Under paragraph 6.2 of the Minister's policy statement, in the absence of submissions about or opposing an application, the Commission is required only to apply the criteria in paragraph 4 of the policy statement. Under paragraph 4 the use of Australian entitlements by a carrier that is reasonably capable of obtaining the necessary approvals and of implementing its proposals 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 the entitlements. Therefore, the Commission concludes that an allocation to Qantas of unlimited freight capacity and frequency in each direction on the China route would be of benefit to the public. The Commission notes that Qantas is applying separately for unlimited freight capacity on the United States route which, if approved by the Commission, will provide the basis for the extension of the China services to the United States.

#### **4 Determination allocating capacity on the China route to Qantas ([2003] IASC 117)**

4.1 The Commission makes a determination in favour of Qantas, allocating unlimited freight capacity and frequency in each direction on the China route under the Australia - China air services arrangements.

4.2 The determination is for five years from the date of the determination.

4.3 The determination is subject to the following conditions:

- Qantas is required to utilise the capacity;
- only Qantas is permitted to utilise the capacity;
- changes in relation to the ownership and control of Qantas are permitted except to the extent that any change:
  - results in the designation of the airline as an Australian carrier under the Australia - China air services arrangements being withdrawn; or
  - has the effect that another Australian carrier, or a person (or group of persons) having substantial ownership or effective control of another Australian carrier, would take substantial ownership of Qantas or be in a position to exercise effective control of Qantas, without the prior consent of the Commission; and
- changes in relation to the management, status or location of operations and Head Office of Qantas are permitted except to the extent that any change would result in the airline ceasing to be an airline designated by the Australian Government for the purposes of the Australia - China air services arrangements.

Dated: 24 October 2003

Stephen Lonergan  
Member Presiding

Michael Lawriwsky  
Member