



Australian Government

International Air Services Commission

RENEWAL DETERMINATION

Determination:	[2008] IASC 125
Renewal of:	[2004] IASC 103
The Route:	Hong Kong
The Applicant:	Qantas Airways Limited (ACN 009 661 901) (Qantas)
Public Register File:	IASC/APP/200820

1 The application for renewal

1.1 On 30 July 2004, the Commission issued Determination [2004] IASC 103 allocating seven services of capacity per week in each direction beyond Hong Kong under the Australia-Hong Kong air services arrangements.

1.2 Under the *International Air Services Commission Act 1992* (the Act), the Commission must start its consideration of the renewal of a determination at least 12 months before the expiry of the Determination. The Determination expires on 29 July 2009.

1.3 Qantas applied to the Commission on 25 August 2008 for a renewal of the Determination. Qantas is fully utilising the capacity on its daily services on the Hong Kong-London sector. The Commission published a notice on 18 September 2008 inviting other applications for an allocation of the capacity subject to renewal. No other applications were received.

1.4 All material supplied by the applicant is filed on the Register of Public Documents.

2 Commission's consideration

2.1 Under the Minister's Policy Statement (No. 5) of 19 May 2004, there is a rebuttable presumption in favour of the carrier seeking the renewal. The Commission notes that:

- Qantas has been fully utilising the relevant capacity;
- According to the Register of Available Capacity, there are fifteen round trip frequencies per week of capacity available beyond Hong

Kong to one point in the United Kingdom, one point in Europe and points in Thailand, Singapore, Japan and Republic of Korea.

- there are no other applicants seeking capacity on the route; and
- there is no evidence that Qantas has failed to service the route effectively.

2.2 In these circumstances, the Commission concludes that the renewal of Determination [2004] IASC 103 would be of benefit to the public.

2.3 The wording of the fresh determination below reflects the view of the Commission that determinations which renew original determinations should contain updated terms and conditions consistent with the Commission's current practice and current air services arrangements. Under the Act, the Commission may make changes to the terms and conditions included in the original determination where warranted by changes in circumstances since the original determination was made.

3 Determination for renewal of Determination [2004] IASC 103 allocating capacity on the Hong Kong route to Qantas ([2008] IASC 125)

3.1 The Commission makes a determination in favour of Qantas, allocating seven services per week of capacity in each direction beyond Hong Kong under the Australia – Hong Kong air services arrangements.

3.2 The determination is for five years from 30 July 2009.

3.3 The determination is subject to the following conditions:

- Qantas, or another Australian carrier which is a wholly owned subsidiary of Qantas, is required to fully utilise the capacity;
- only Qantas, or another Australian carrier which is a wholly owned subsidiary of Qantas, is permitted to utilise the capacity;
- the capacity may be used by Qantas to provide services jointly with British Airways in accordance with:
 - the code share agreement dated 5 October 1997; or
 - any new code share agreement, whether or not it replaces the existing agreement, with the prior approval of the Commission;
- under the arrangements with British Airways, Qantas may only price and market its services, or share or pool revenues/profits on the route, jointly with British Airways as long as such practices are authorised under the

Trade Practices Act 1974 or otherwise authorised by the Australian Competition Tribunal, in the event of review by that Tribunal;

- to the extent that the capacity is used to provide joint services on the route, Qantas must take all reasonable steps to ensure that passengers are informed of the carrier actually operating the flight at the time of booking;
- changes in relation to the ownership and control of Qantas are permitted except to the extent that any change:
 - results in the designation of Qantas as an Australian carrier under the Australia – Hong Kong 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 – Hong Kong air services arrangements.

Dated: 8 October 2008

John Martin
Chairman

Philippa Stone
Member

Ian Smith
Member