



INTERNATIONAL AIR SERVICES COMMISSION

DECISION

DECISION:	[2001] IASC 206
VARIATION OF:	IASC/DET/9615, IASC/DET/9618, IASC/DET/9810 AND [2000] IASC 107
THE ROUTE:	SOUTH AFRICA
THE APPLICANT:	QANTAS AIRWAYS LIMITED (QANTAS) (ACN 009 661 991)
PUBLIC REGISTER	IASC/APP/200109

1 The application

1.1 On 8 February 2001 Qantas applied for a variation to determinations 9615, 9618, 9810 and [2000] IASC 107 which allocate capacity on the South Africa route. Qantas is seeking the Commission's approval for South African Airlines (SAA) to sell freight capacity on its operated flights from Johannesburg to Sydney.

1.2 Qantas and SAA propose to enter into a reciprocal freight code share arrangement, whereby the two carriers exchange freight capacity. Qantas claims that the proposal will introduce competition between Qantas and SAA on freight services or rates. Qantas proposes to commence code sharing arrangements as soon as a finalised code share arrangement is concluded and approved by the Commission.

1.3 The Commission published a notice on 15 February 2001 inviting submissions from interested parties about the Qantas application. No submissions were received.

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

2 Provisions of relevant air services arrangements

2.1 The Australia-South Africa air services arrangements allow designated airlines of the two countries to code share on each other, but not on the services of an airline of a third country. Qantas does not require the Commission's approval to code share on SAA's services as the marketing carrier's seats or freight capacity does not involve the use of Australia's capacity entitlements.

3 Commission's assessment

3.1 In October 2000 Qantas applied to enter into a passenger code share arrangement with SAA. In approving Qantas' application, the Commission noted in [2000] IASC 217 that there would no longer be competition between Qantas and SAA on freight services or rates.

3.2 In approving Qantas' earlier application the Commission included a condition that Qantas and SAA withdraw from all IATA tariff coordination activities in relation to air fare levels between Australia and South Africa. In its application Qantas stated that the airlines were prepared to withdraw from IATA freight tariff coordination activities on the route.

3.3 Under paragraph 6.3 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.

4 Decision [2001] IASC 206

4.1 In accordance with section 24(1) of the Act, the Commission varies Determinations 9615, 9618, 9810, and [2000] IASC 107 to permit SAA to freight code share on Qantas flights operated to and from South Africa until 30 June 2002.

4.2

adding the following

- Qantas and SAA withdraw from all IATA freight coordination activities in relation to air freight rates between Australia and South Africa whilst a freight code agreement is in effect;

Dated: 5 March 2001

Ross Jones
Chairman

Michael Lawriwsky
Member

Stephen Lonergan
Member