



Australian Government

International Air Services Commission

DECISION

The Route:	Vanuatu
The Applicant:	Virgin Australia International Airlines Pty Ltd (ABN 63 125 580 823)
Decision:	[2026] IASC 202
Variation Of:	[2023] IASC 109, [2023] IASC 110, [2024] IASC 111
Public Register File:	IASC/APP/202603

The Commission varies Determinations [2023] IASC 109, [2023] IASC 110 and [2024] IASC 111 to permit the use of the capacity on the Vanuatu route for code sharing between Virgin Australia International Airlines Pty Ltd and China Southern Airlines Co. Ltd., subject to certain conditions. The permissions are valid for the duration of the determinations commencing from the date of issue of this decision.

1 The application

1.1 On 22 January 2026, Virgin Australia International Airlines Pty Ltd (Virgin Australia) applied to the International Air Services Commission (the Commission) seeking to vary Determinations [2023] IASC 109, [2023] IASC 110 and [2024] IASC 111 to permit China Southern Airlines to code share on all Virgin Australia operated services on the Vanuatu route, on a free sale basis. As part of its application, Virgin Australia provided the Commission, on a confidential basis, with a copy of its code share agreement with China Southern Airlines.

1.2 The proposed code share flights would operate between Brisbane and Port Vila.

1.3 Virgin Australia has also applied to vary its determination on the New Zealand route to permit China Southern Airlines to code share, as marketing carrier, on Virgin Australia operated services. This aspect of the application will be considered separately by the Commission.

1.4 In its application, Virgin Australia submits that the proposed code share arrangement would enhance connectivity between China, Australia, New Zealand and the South Pacific, improve access to regional and leisure destinations such as Port Vila, support inbound tourism and regional economic activity, and increase consumer choice through more seamless one-stop travel options.

1.5 In accordance with section 22 of the *International Air Services Commission Act 1992* (the Act), the Commission published a notice on 23 January 2026 inviting submissions about the proposed variation. No submissions were received.

1.6 All non-confidential material provided by the applicant is available on the Commission's website (www.iasc.gov.au).

2 Air services arrangements

2.1 Paragraph 7(2)(aa) of the Act provides that the Commission must not allocate available capacity contrary to any restrictions on capacity contained in a bilateral arrangement(s). Any variation made to an existing allocation of capacity should also not be contrary to any restrictions on capacity contained in a bilateral arrangement(s).

2.2 Under the Australia-Vanuatu air services arrangements, Australian designated airlines may enter into code share, blocked space, or other cooperative marketing arrangements, as the marketing and/or operating carrier, with other Australian designated airline(s), with a designated airline(s) of Vanuatu, or with airline(s) of a third country.

3 The Commission's consideration

3.1 Virgin Australia seeks to vary Determinations [2023] IASC 109, [2023] IASC 110 and [2024] IASC 111 which allocate 2,184 seats of passenger capacity on the Vanuatu route. Determination [2023] IASC 109 and [2023] IASC 110 permit Virgin Australia to offer code share services on the route with Singapore Airlines and Qatar Airways.

3.2 Virgin Australia's application seeks to vary the determinations to include a condition of a kind referred to in paragraph 15(2)(e) of the Act. Accordingly, the application is a transfer application as defined in subsection 4(1) of the Act. The Commission has assessed the application under section 25 of the Act.

3.3 Subsection 25(1) of the Act provides that the Commission must make a decision varying the determination in a way that gives effect to the variation requested, subject to subsection 25(2). Subsection 25(2) states that the Commission must not make a decision varying the determination in a way that varies, or has the effect of varying an allocation of capacity if the Commission is satisfied that the allocation, as so varied, would not be of benefit to the public.

3.4 Under section 26 of the Act, in assessing the benefit to the public of a variation of an allocation of capacity, the Commission is required to apply the criteria set out in any policy statement issued by the Minister under section 11 of the Act.

3.5 Under section 11 of the Act, the Minister made the International Air Services Commission Policy Statement 2018 (the Policy Statement) which came into effect on 28 March 2018. The Policy Statement sets out the criteria which the Commission is required to apply in assessing the benefit to the public of allocations of capacity.

3.6 Section 18 of the Policy Statement specifically deals with 'transfer applications' such as this one. It provides that, in assessing whether the variation requested would not be of benefit to the public for the purpose of subsection 25(2) of the Act, the Commission is to have regard to the *reasonable capability criterion* set out in section 8 of the Policy

Statement and may have regard to any of the additional criteria set out in section 9 that the Commission considers to be relevant. The Commission is also to have regard to the matters specified in paragraph 18(2)(b) of the Policy Statement to the extent that they are relevant to the variation under consideration.

3.7 *Reasonable capability criterion* is defined in section 8 of the Policy Statement to mean the extent to which Australian carriers are reasonably capable of: a) obtaining the necessary approvals to operate on and service the route, and b) using the capacity allocated under the determination. The ‘additional criteria’ to which the Commission may have regard are set out in section 9 of the Policy Statement.

3.8 The Commission considered the application of the reasonable capability criterion to the circumstances of this application. The Commission notes that Virgin Australia currently operates up to 12 services per week on the Vanuatu route¹. The Commission therefore finds that Virgin Australia is reasonably capable of obtaining the necessary regulatory approvals and of utilising the capacity allocated under Determinations [2023] IASC 109, [2023] IASC 110 and [2024] IASC 111.

3.9 The Commission notes that no submissions opposing the variations sought in Virgin Australia’s transfer application were received.

3.10 Virgin Australia has advised that China Southern Airlines intends to code share, as marketing carrier, on Virgin Australia operated services between Brisbane and Port Vila. The Commission notes that in the Northern Winter 2025-26 IATA scheduling season, Virgin Australia operates up to 12 services per week.

3.11 The Commission notes that China Southern Airlines operates up to 14 weekly services on the Brisbane-Guangzhou (vv.) route, expanding to twice daily, year-round from 30 March 2026².

3.12 The Commission considers that the proposed arrangement between Virgin Australia and China Southern Airlines will provide options and choice for consumers and tourists travelling between China and Vanuatu over Australia, marketed through China Southern Airlines’ distribution channels.

3.13 The Commission considers that there is unlikely to be any lessening of public benefit through authorising the code sharing arrangement between Virgin Australia and China Southern Airlines.

3.14 The Commission finds that the matters specified in subsection 18(2)(b) of the Policy Statement are not relevant to the variation under consideration. The Commission does not have information to suggest that Virgin Australia’s transfer application involves speculative activity. Virgin Australia is an established international carrier that currently hold multiple determinations and other regulatory approvals enabling the carrier to

¹ See Vanuatu entry, Virgin Australia: [Northern Winter 2025-26 timetable summary](#)

² [China Southern doubles flights to Brisbane year-round – Brisbane Airport](#)

operate scheduled international air services on various routes, including for the Australia-Vanuatu route.

3.15 Having considered the criteria set out in section 18 of the Policy Statement, the Commission is satisfied that the allocation as proposed to be varied, permitting China Southern Airlines to code share, as marketing carrier, on flights operated by Virgin Australia on the Australia-Vanuatu route, would be of benefit to the public. Therefore, in accordance with section 25 of the Act, the Commission must make a decision varying Determinations [2023] IASC 109, [2023] IASC 110 and [2024] IASC 111 in a way that gives effect to the variation as requested in Virgin Australia's transfer application.

3.16 Nothing in this decision should be taken as indicating either approval or disapproval by the Australian Competition and Consumer Commission (ACCC). This decision is made without prejudicing, in any way, potential future consideration of code share operations by the ACCC.

4 Decision varying Determinations [2023] IASC 109, [2023] IASC 110 and [2024] IASC 111 which allocate capacity to Virgin Australia International Airlines Pty Ltd on the Vanuatu route ([2026] IASC 202)

4.1 In accordance with section 25 of the Act, the Commission varies Determinations [2023] IASC 109, [2023] IASC 110 and [2024] IASC 111 which allocate capacity to Virgin Australia International Airlines Pty Ltd on the Vanuatu route, by:

adding the following conditions to each Determination:

- The capacity may be used by Virgin Australia International Airlines Pty Ltd to provide code share services with China Southern Airlines Co. Ltd., in accordance with the code share agreement between the airlines, made effective as of 8 December 2025.
- Virgin Australia International Airlines Pty Ltd must obtain the Commission's written approval before implementing any variation to the code share agreement between Virgin Australia International Airlines Pty Ltd and China Southern Airlines Co. Ltd., which would change: the code share services on the route, the relevant commercial aspects of the structure of the agreement from a free sale code share arrangement to a blocked space, or if the airlines propose to add third country routes on which the airlines will code share where Australian capacity will be used for services on that route.
- To the extent that the capacity is used to provide code share services on the route, the airlines must take all reasonable steps to ensure that passengers are informed, at the time of booking, of the carrier actually operating the flight.
- Nothing in this Determination exempts the airlines from complying with Australian Consumer Law.

- This decision comes into effect from the date of issue and is valid for the duration of Determinations [2023] IASC 109, [2023] IASC 110 and [2024] IASC 111.

Dated: 04 March 2026


GENEVIEVE BUTLER
Chairperson


JANE MCKEON
Commissioner