Australian Government

International Air Services Commission

DECISION

The Route:	**Chile**
The Applicant:	**Qantas Airways Limited (ABN 16 009 661 901)**
Decision:	**[2026] IASC 209**
Variation Of:	**[2024] IASC 125**
Public Register File:	**IASC/APP/202626**

The Commission varies Determination [2024] IASC 125 to permit the use of the capacity on the Chile route for code sharing between Qantas and Cathay Pacific, subject to certain conditions. The permission is valid for the duration of the Determination commencing from the date of issue of this decision.

1 The application

1.1 On 30 September 2026, Qantas Airways Limited (Qantas) applied to the International Air Services Commission (the Commission) seeking to vary Determination [2024] IASC 125 (the Determination) on the Chile route, to permit Cathay Pacific Airways Limited (Cathay Pacific) to code share on Qantas operated services between Sydney and Santiago (vv.), on a free sale basis. As part of its application, Qantas provided the Commission with a copy of its code share agreement with Cathay Pacific, on a confidential basis.

1.2 Determination [2024] IASC 125 allocates 1,847 seats of capacity on the Chile route to Qantas, including permission for Jetstar to utilise the allocation. On 17 January 2025, the Determination was varied by Decision [2024] IASC 211 to convert the capacity from 1,847 seats per week to 7 frequencies per week.

1.3 In its application, Qantas submits that the expanded code share arrangements will enable Cathay Pacific to expand its selling proposition by independently marketing and pricing services between Hong Kong and Chile via Australia, enhancing the range of choices and benefits for consumers.

1.4 In accordance with section 22 of the *International Air Services Commission Act 1992* (the Act), the Commission published, on 19 October 2026, a notice inviting submissions about the application for variation. No submissions were received.

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

2 Air services arrangements

2.1 According to the Register of Available Capacity, there are 28 services each way each week available for allocation to Australian designated airlines to operate services to/from Chile.

2.2 Under the Australia-Chile air services arrangements, Australian designated airlines may be able to perform services to/from Chile via code sharing, blocked space or other cooperative

service arrangements with other airlines.

2.3 Under the Australia-Hong Kong air services arrangements, a designated airline of Australia may, subject to conditions, enter into code share arrangements, whether as the operating or marketing airline, in respect of passenger and freighter air services with: a designated airline(s) of Australia; an airline(s) of Hong Kong; and an airline(s) of a third country or countries.

3 The Commission's consideration

3.1 Qantas' application seeks to vary Determination [2024] IASC 125 to include a condition of a kind referred to in paragraph 15(2)(e) of the Act. In view of this, the application is a transfer application as so defined in subsection 4(1) of the Act. The Commission has assessed the application in accordance with section 25 of the Act.

3.2 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.

3.3 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.

3.4 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.

3.5 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.

3.6 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 notes that Qantas is an established Australian international carrier that operates up to 7 services per week on the Chile route, and therefore finds that the airline is reasonably capable of obtaining the necessary regulatory approvals and of using the capacity allocated under Determination [2024] IASC 125.

3.9 The Commission notes that it has received no submissions opposing the variation sought in Qantas' transfer application.

3.10 The proposed arrangement would permit Cathay Pacific, as marketing carrier, to code share on Qantas-operated Sydney-Santiago (vv.) services on a free-sale basis.

3.11 The Australia-Chile route is served by Qantas and LATAM, who also code share on each other's services. Qantas is the only Australian designated airline operating services between Australia and Chile, having been allocated 7 frequencies per week.

3.12 The Commission notes that Cathay Pacific does not operate its own services between Hong Kong and Chile. It offers code share services on LATAM-operated services between Australia (Melbourne and Sydney) and Chile (Santiago); and Hong Kong and Australia (Melbourne and Sydney).

3.13 The Commission notes that Cathay Pacific services the Australia-Hong Kong route by operating up to 77 direct services per week between Hong Kong and Brisbane, Melbourne, Perth and Sydney[1]. The Commission considers that the public benefits associated with Qantas' application relate to travel between Hong Kong and Chile (vv).

3.14 While the benefits to the Australian public of the proposed variation are likely to be minimal, the Commission considers that the proposed expanded arrangement between Qantas and Cathay Pacific is likely to increase connectivity and choice for passengers travelling between Hong Kong and Chile via Australia. The arrangement will allow Cathay Pacific to market Qantas-operated services between Sydney and Santiago through its distribution channels, and increase the range of travel options available. Passengers may also benefit from the convenience of booking a single itinerary and, where available, through-checked baggage and coordinated travel arrangements.

3.15 The Commission notes that there remain 28 services available for allocation to Australian designated airlines on the Australia-Chile route under the bilateral air services arrangements. Those arrangements also permit Australian designated airlines to be able to perform services to/from Chile via code sharing, blocked space or other cooperative service arrangements with other airlines.

3.16 The Commission notes that the proposed arrangement involves cooperation between Qantas and Cathay Pacific. Having regard to the nature of the proposed variation, the absence of any submissions raising competition concerns, and the fact that the variation merely permits Cathay Pacific to market Qantas-operated services, the Commission has not identified any matters that warrant further examination under section 9 of the Policy Statement.

3.17 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 Qantas' transfer application involves speculative activity. Qantas is an established international carrier that currently holds multiple determinations and other regulatory approvals enabling the carrier to operate scheduled international air services on various routes, including the Australia-Chile route.

3.18 Having considered the criteria set out in section 18 of the Policy Statement, the information provided by Qantas, and the requirements of subsection 25(2) of the Act, the Commission is not satisfied that the allocation of capacity under Determination [2024] IASC 125, as proposed to be varied would not be of benefit to the public.

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[1] See Hong Kong entry: Northern Summer 2026 Timetable Summary

3.19 Therefore, in accordance with subsection 25(1) of the Act, the Commission must make a decision varying the Determination in a way that gives effect to the variation requested in Qantas' transfer application.

3.20 Subsection 15(1) of the Act empowers the Commission to include such terms and conditions in a determination as it thinks fit. Paragraph 15(2)(e) requires the inclusion of a condition stating the extent to which the carrier may use capacity allocated under a determination in joint services with another carrier.

3.21 The Commission has decided to vary the Determination by adding conditions permitting Qantas Airways Limited to use the allocated capacity for code share services with Cathay Pacific Airways Limited on the Chile route. As required by section 23 of the Policy Statement, the Commission has included a condition requiring the airlines to take all reasonable steps to ensure that passengers are informed of the carrier that is actually operating the flights.

3.22 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, possible future consideration of code share operations by the ACCC.

4 Decision varying Determination [2024] IASC 125 which allocates capacity to Qantas Airways Limited on the Chile route ([2026] IASC 209)

4.1 In accordance with section 25 of the Act , the Commission varies Determination [2024] IASC 125 which allocates capacity to Qantas Airways Limited on the Chile route, by:

adding the following conditions to the Determination:

- The capacity may be used by Qantas Airways Limited to provide code share services with Cathay Pacific Airways Limited in accordance with the code share agreement between the two carriers, dated 29 August 2018, as amended.

- Qantas Airways Limited must obtain the Commission's written approval before implementing any changes to the code share agreement that: (a) would change the code share services on the route; (b) would change the relevant commercial aspects of the structure of the agreement from a free-sale code share arrangement to a blocked space; or (c) 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.

- Qantas Airways Limited must notify the Commission in writing, no later than 30 days after the end of the relevant IATA scheduling season, if its code share services with Cathay Pacific Airways Limited on the Chile route are suspended or cease operating for any period of time.

- 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 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 Determination [2024] IASC 125.

Dated: 6 November 2026





Jane McKeon
Chairperson

Timothy Grimwade
Commissioner