



Procedures for making an application for capacity – New Entrants

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Purpose

These procedures are intended for new Australian international carriers wishing to apply for available capacity to operate scheduled air services on an international route. For avoidance of doubt, nothing in this document overrides the requirements of the *International Air Services Commission Act 1992* (the Act), the International Air Services Commission Regulations 2018 (the Regulations), and the International Air Services Commission Policy Statement 2018 (the Policy Statement).

It is recommended that these procedures are read in conjunction with the Act, the Regulations and the Policy Statement. For further details, refer to the Commission's [website](#).

Making an application

1. Interested parties may apply for available capacity at any time.
2. Applications for capacity must be made in writing and must be delivered to the Commission by email to contact@iasc.gov.au or by post - GPO Box 630, Canberra ACT 2601.

Application requirements

3. To assist the Commission in making an informed decision, applicants are advised to provide the following information as part of their application:
 - the route to be served;
 - amount and type of capacity requested (e.g. passenger, freight, beyond, code share);
 - proposed timing of introduction of the capacity and when the capacity is expected to be fully utilised by;
 - the duration of the determination sought;
 - the proposed timetable for the relevant International Air Transport Association (IATA) scheduling season including: frequencies, aircraft type(s) and seat configuration or freight capacity per service and total per week for all carriers (including the identity of any wholly-owned subsidiary), demonstrating the distribution of capacity by city pair;
 - for applications to utilise the capacity for wet lease operations: a copy of the proposed commercial agreement between airlines;
 - for applications to utilise the capacity for joint international air services with another carrier (including code sharing): a copy of the proposed commercial arrangement between the carriers and a statement of the anticipated public benefits associated with the arrangement; and
 - statement of claims as to why the carrier(s) proposed to operate the capacity meet the section 8 reasonable capability public benefit criterion in the Policy Statement.

Additional requirements for new entrants (business plan)

4. For a prospective new Australian international carrier (new entrant), the Commission requires substantially more information to support an application than it would from an established operator. Detailed information underpinning the applicant's proposal is used by the Commission to assess an intending new carrier's application against the requirements of the criteria set out in section 8 of the Policy Statement. Section 8 relates to the ability of the applicant and all Australian carriers permitted to use the capacity allocated to obtain the approvals necessary to operate and service the route and to use the capacity sought. Generally, these approvals will relate only to approvals by Australian authorities.

5. The Commission will pay particular attention to the financial accounts and forecasts relating to the proposed operations, as these are critical to an assessment of the likely viability of services.
6. As part of its application, the new carrier is requested to provide a copy of its business plan as it relates to the route(s) proposed to be operated. The business plan should include:
- (a) detailed company information including:
 - I. registered company name, Australian Company Number (ACN) and Australian Business Number (ABN);
 - II. registered company name, ACN and ABN of any parent or subsidiary companies of the applicant company;
 - III. for each director of the applicant company:
 - a. full name,
 - b. residential address,
 - c. citizenship,
 - d. country of permanent residency, and
 - e. a profile of relevant experience and expertise;
 - IV. details of ownership structure sufficient to demonstrate substantial ownership and effective control are vested in the hands of Australian nationals;
 - V. key financial and operational office holders including a profile of relevant experience and expertise; - an organisational chart for the company;
 - VI. Memorandum and articles of association; and
 - VII. a description of any current or past aviation activities of the applicant company, or any associated company.
 - (b) details of the aircraft to be utilised, ownership of the aircraft, the arrangements for the aircraft to be available, and the operational basis, i.e. wet lease (in which case details of the operator would be required), dry lease, or owned-aircraft operations.
 - (c) balance sheets, profit and loss statements and cash flow statements for the period up to commencement and projected for two years from the commencement of services.
 - I. the cash flow statements should set out details about operating revenue (from passenger, freight and mail etc as appropriate) and all associated expenses (such as employee costs, fuel and oil, maintenance and repair costs, aeronautical charges, insurance, sales and marketing, leasing costs etc).
 - (d) information about funding sources.
7. Prospective new entrants should discuss information requirements with the Commission's Secretariat, preferably prior to making their initial application for an allocation of capacity.

Other relevant government approvals

8. Intending new carriers will need to seek and obtain various approvals from the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts (the Department) and from the Civil Aviation Safety Authority (CASA), prior to being able to operate international air services.

9. Prospective operators are advised to contact both the Department and CASA promptly, if they have not already done so prior to applying to the Commission.

Guidelines for approval of applications on a subject-to-finance basis

10. The Commission has decided that in limited circumstances, it will consider applications from prospective new carriers where the applicant seeks an allocation of capacity on a subject-to finance basis. Further guidance is provided at **Attachment A**.

Invitation for other applications

11. On receipt of a valid application, and in accordance with section 12 of the Act, the Commission must publish details of the application on its website and issue a notice inviting other applications. This is usually within 2-3 business days from receipt.

12. Parties wishing to make an application for capacity in response to an advertisement of another application, must do so within the timeframe specified by the Commission in its published notice. The Commission's standard practice is to allow a total of 10 business days within which another party may submit an application.¹

13. The Commission also notifies, by email, a list of interested parties who have requested to receive updates on applications and submissions to the Commission.

14. An important operating principle for the Commission is to make its decision-making processes as open and transparent as possible. As part of this approach, applications for, and submissions about, an allocation are published on the Commission's website as soon as an application, which meets the legislative requirements, or submission, is received.

Process after application period has closed

Criteria to be applied to application

15. The Commission is required by sections 11 and 12 of the Policy Statement to have regard to the reasonable capability criterion, set out in section 8, and it need not have regard to any other matter in circumstances where:

- available capacity is unlimited on a route under the relevant bilateral arrangement (section 11(1); or
- there is more than one applicant, but there is sufficient available capacity to satisfy all applications (12(1); and the Commission has not received a submission opposing the allocation or requesting or opposing the inclusion of a specific condition (12(2)).

16. While sections 11 and 12 of the Policy Statement prescribe that the Commission need not have regard to any other matter in these circumstances, to satisfy itself that the new entrant meets the reasonable capability criterion (section 8 of the Policy Statement), the Commission will write to the Department to seek its advice whether the carrier is likely to be reasonably capable of

- a) obtaining any licences, permits or other approvals required to operate on and service the route,
- b) using the capacity allocated under the determination; and to confirm that the proposed operations are not contrary to any restrictions on capacity contained in a bilateral arrangement(s) (section 7 of the Act).

¹ To give effect to the full 10-business-day period, the Commission will accept applications up until 11:59 pm on the 10th business day of the consultation period.

17. The criteria in section 9 will be applied, in addition to section 8, in the following situations:
- where there is more than one applicant and the amount of available capacity is less than the total amount applied for; or
 - where a submission is received opposing the application(s); or
 - where the Commission considers that an application raises competition concerns, including where there is only one applicant – for example, where a carrier is seeking to use the capacity in joint services with another airline; or
 - in all other cases (including two or more applicants and insufficient capacity), where the Commission proposes to make a determination allocating capacity under section 7 of the Act and where sections 11 and 12 of Policy Statement do not apply; or
 - in any other circumstance where the Commission considers it to be relevant, including applications from new entrants.

Financial viability test

18. The financial viability test normally applies only to a carrier which is not operating services as a designated Australian international airline. The Commission will retain the discretion, however, to apply the test to operating carriers in respect of new routes involving a significant change in the scale of operations.

19. The Commission will assess whether the applicant's business plan has been accepted by the external capital markets as a basis for sophisticated equity or debt funding. The Commission's primary focus in the first instance will be to examine the nature and quality of the funding arrangements and the profile of the relevant capital market participants. Documentation to be reviewed by the Commission will be determined after discussion with the applicant, but it would be expected to include loan/subscription/underwriting documentation, the applicant's business plan and profiles of relevant funding parties/underwriters. If the Commission's view is that the external capital markets accept the applicant's proposal, then the Commission will regard the applicant as being reasonably capable of implementing its proposals. No further test will be applied.

20. If the Commission is not satisfied about the quality of the applicant's financing arrangements, it will apply a 3-month zero revenue test. The Commission will ask the applicant to provide evidence that it has sufficient funding to cover start-up and all subsequent costs for a period of 3 months from the commencement of operations, assuming no revenue is earned during that period.

21. The applicant will need to provide details adequate to enable the Commission to make a confident assessment of the applicant's claims. Generally, the Commission would expect that an applicant would have already prepared the necessary information as part of the development of its business plan.

Competing applications

22. If one or more competing applications are received in response to the Commission's notice, the Commission is required to invite submissions from interested parties about the applications as per regulation 7(a) of the Regulations. A further period of 10 business days will be provided within which to make a submission. As part of this process, each applicant will also have the opportunity to make a submission about the application of the other(s).

23. Further details on how to make a submission are provided through the ['Procedures for making a submission to the Commission'](#) available on the Commission's website.

24. The Commission may ask any or all applicants for additional information, particularly to address the criteria in section 9 of the Policy Statement. Applicants are given the opportunity to respond to submissions by other applicants and/or submitters. Generally, the initial proponent for services will have the final right of reply to applications and submissions from others. However, the Commission's guiding principle will be to ensure that all applicants have provided all information that the Commission considers relevant to its decision making.

25. Should the total amount of capacity sought by the competing application(s) be greater than the amount of capacity available for allocation, the Commission would normally require all applicants to address in their submissions the additional public benefit criteria set out in section 9 of the Policy Statement.

Advice from other government departments

26. The Commission will write to the Department seeking its advice as to whether the prospective operator is likely to satisfy the section 8 reasonably capable criterion.

27. The Department's advice assists the Commission to assess whether a prospective operator meets all of the section 8 requirements. While the Department cannot grant an international airline licence to an operator until it holds an allocation of capacity from the Commission, applicants can work towards satisfying the requirements of the Department (and CASA) in parallel with dealing with the Commission.

28. Once a new carrier has satisfied the Commission in relation to section 8 for one route, and has operated allocated capacity successfully for a period, the Commission is generally likely to accept that the operator will satisfy the section 8 requirements for operations on other routes, without again requiring such detailed information about the carrier's capabilities. Exceptions to this may be for example in circumstances where entry to a new route involves a substantial expansion to the carrier's existing level of operations or introduction of a new aircraft type.

Draft determination

29. The Commission may decide to issue a draft determination to give applicants and submitters an opportunity to comment before a final determination is issued. This is likely to occur where there are competing or opposed applications, and possibly where conditions to be attached to a determination may not be anticipated by the applicant.

30. Draft determinations include the Commission's reasons for reaching its decision and terms and conditions proposed to be included in the determination. Applicants and submitters will be informed of the draft determination by published notice and by email. The notifications will indicate the timeframe for comments on the draft determination, and this will generally be 10 business days.

31. In other circumstances, the Commission will move directly to a final determination.

Pre-determination conference about draft determination

32. The Commission may conduct a pre-determination conference at which any applicant or submitter may address the Commission on matters arising from a draft determination. Applicants or submitters seeking a conference should indicate this promptly in response to the issue of the draft determination.

33. Conferences are intended as an opportunity to address the Commission on information submitted to the Commission which the applicant or submitter believes may not have been fully addressed by the Commission in the draft determination. As conferences are not intended as a

forum for the introduction of new information, new information may only be introduced with the consent of the Commission.

34. Legal counsel or other advisers may attend to assist parties, but may not represent them without the Commission's prior consent, which will only be granted in exceptional circumstances.

Hearings

35. The Commission may hold a hearing for the purpose of considering any matter before it. Hearings are formal processes and will only rarely be employed by the Commission. Sections 30-38 of the Act detail arrangements for hearings.

Final determination

36. Upon making a final determination, the Commission will circulate it promptly to applicants and submitters, and to others on the Commission's notification list. The determination will be published on the Commission's website.

Information handling

37. The Commission understands that there may be information provided by applicants that they do not wish to be made public.

38. The Commission accepts that information that is of a commercially-sensitive nature should be treated confidentially. The Commission will not normally publish such information on its website, provided a suitable case for confidential treatment is made. This might include, for example, detailed business plans or joint service agreements between airlines.

39. The Commission requires applicants to make clear in a publicly available application, that confidential information has been supplied, and to outline the nature of that information.

40. The Commission reserves the right to reject claims for confidentiality of information, or to not take the information into account in its deliberations. The Commission might do either of these things if it disagrees with the applicant that the information is confidential, or where relying on such information in the Commission's deliberations would be unfair to other affected parties, which would not have the opportunity to respond to it.

Version control

Version	Author	Date	Authorised by	Date
1.0	IASC Secretariat	August 2025	Ms Genevieve Butler Ms Jane McKeon	06/08/2025

Guidelines for approval of application on a subject-to-finance basis

1. The Commission notes its obligation under the Policy Statement to allocate capacity only to carriers which it considers reasonably capable of implementing their proposals and of receiving the approvals necessary to operate.
2. The key pre-requisite for consideration of proposals on a subject-to-finance basis will be that the applicant must present a strong and credible business plan in support of its application. This must include a convincing explanation of the applicant's firm plans to secure finance where this has not already been achieved.
3. The applicant must also demonstrate that in all other respects it is reasonably capable of receiving the approvals necessary to operate, such as designation and licensing as an Australian international airline and the necessary operational authority from CASA and the Department. The application and business plan and any other supporting information provided must together satisfy the Commission that the applicant is reasonably capable of implementing its proposals.
4. The Commission will not precisely prescribe the circumstances in which subject to finance applications would be considered, as not all situations can be foreseen.
5. However, a subject-to-finance application would be unlikely to succeed in a contested situation on a route with constrained capacity with either an established carrier or another prospective new international carrier with demonstrated financial backing. The Commission would generally anticipate deciding such a case without needing to consider proposals against the more detailed section 9 criteria set out in the Policy Statement.
6. While applications for passenger capacity on a subject-to-finance basis may be considered, because of the Commission's concern to protect the interests of consumers, a prospective passenger carrier would need to demonstrate that it has adequate consumer protection measures in place in the event of financial failure. The Commission would also make it a condition of determinations in favour of such a carrier that pre-sale of tickets to the public would be permitted only once the carrier had demonstrated to the Commission's satisfaction that the planned financial backing proposed in the application had been contractually committed to within an acceptable time frame, or had been received.
7. In any case, tickets are required under the [Air Navigation Regulation 2016](#) to be sold as 'subject to Government approval' until the airline obtains an International Airline Licence from the Department, for which an allocation of capacity from the Commission is a requirement for Australian airlines.
8. In making subject-to-finance allocations, the Commission would also limit the scope for carriers to hold capacity unused for lengthy periods. The Commission would generally impose a requirement that the carrier must fully utilise the allocated capacity within 6 months from the date of the determination. Given this, the Commission expects that a prospective applicant would not apply for capacity until it was in a strong position to demonstrate the commercial and operational credibility of its proposals. The Commission would most likely require a successful applicant to report regularly to the Commission on its progress towards commencing operations. Requests for an extension of time to utilise the capacity would generally be countenanced only in exceptional circumstances, such as unforeseen issues outside the control of the applicant.

9. The Policy Statement requires the Commission to specify a period of 3, 5 or 99 years for determinations, depending on whether capacity and routes are unrestricted.
10. In making allocations on a subject to finance basis, the Commission would envisage continuing its usual practice of making 3-year interim determinations for new carriers. However, where a carrier applies in writing requesting that a determination be for a lesser period, the Policy Statement allows the Commission to specify a lesser period. The Commission would generally expect to look favourably upon such requests.
11. These guidelines should be treated only as a general indication as to the Commission's likely approach to considering applications on a subject-to-finance basis. They are intended to be flexible and not prescriptive. The Commission would take account of the circumstances of the case before deciding whether or not to make a subject-to-finance determination.
12. It reserves the right to make determinations on whatever basis it considers appropriate consistent with the requirements of the Act, the Regulations and the Policy Statement.