



Australian Government

International Air Services Commission

# ANNUAL REPORT 2012-13

International Air Services Commission







**Australian Government**

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**Annual Report 2012–13**

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**Australian Government**  

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**International Air Services Commission**

The Hon Warren Truss MP  
Deputy Prime Minister and  
Minister for Infrastructure and Regional Development  
Parliament House  
CANBERRA ACT 2600

Dear Deputy Prime Minister

We are pleased to submit the nineteenth Annual Report of the International Air Services Commission, for the year ended 30 June 2013.

Our report is submitted to you in accordance with subsection 53(1) of the *International Air Services Commission Act 1992* (the Act) and is for presentation to each House of the Parliament in accordance with subsection 53(2) of the Act.

Yours sincerely

Handwritten signature of Dr Jill Walker in black ink.

Dr Jill Walker  
Chairwoman

Handwritten signature of Dr Ian Douglas in black ink.

Dr Ian Douglas  
Commissioner

Handwritten signature of John King in black ink.

John King  
Commissioner

19 September 2013



The International Air Services Commission is an independent statutory authority, established under the *International Air Services Commission Act 1992*. It allocates capacity available under Australia's air services arrangements with other countries to existing and prospective Australian international airlines by making formal determinations. Applications are assessed against public benefit criteria set out in a policy statement issued to the Commission by the Minister for Infrastructure and Transport.

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# PART 1

## The Year in Review by Chairwoman, Dr Jill Walker

This annual report marks the twenty first year of the International Air Services Commission. I joined the Commission as the Chairwoman in early 2011. I am pleased to provide an overview of the activities of the Commission for the past twelve months.

Over the year we saw steady growth in international passenger movements into and out of Australia, with an increase of 5.1% in passenger traffic compared with this time last year. Airlines increased their capacity in response to this growth by 4.8% and load factors increased slightly to 77.4%.

Most of the growth in international airline capacity came from overseas airlines, and while Australian airlines were allocated additional capacity on several routes, they handed back capacity on others. Capacity held by two airlines that had gone out of business, Strategic Airlines and HeavyLift Cargo Airlines, was revoked and Australia's two major airlines, Qantas and Virgin Australia, also returned some capacity. At the same time, there was an increase in applications by these airlines to use allocated capacity for code sharing.

This trend towards code sharing reflects the strategy of Australia's major airlines, Qantas and Virgin Australia, of maintaining and expanding their international networks through global alliances, of which code sharing is an integral part. In those instances where the Australian airline is the marketing carrier and code sharing under the relevant air services arrangements does not involve the use of Australian capacity, the Commission's approval is not required for code sharing.

On those routes on which the Commission's approval was required, Virgin Australia was authorised to code share on services operated by Singapore Airlines on the France, Netherlands and Singapore (Colombo) routes. It was also permitted to code share on the services operated by Singapore Airlines and Etihad on the Italy route. Approval was granted for Delta to code share on Virgin Australia-operated services between Australia and Indonesia; for Etihad to code share on Virgin Australia's services to Thailand; and

for Singapore Airlines to code share on Virgin Australia's trans-Tasman services. Qantas was granted approval to code share on Emirates-operated services on the France and Italy routes; and for Emirates and Qantas to code share on each other's services on the Singapore, Thailand, United Arab Emirates and United Kingdom routes. Approval was also given for Jetstar to code share with Japan Airlines on the Japan route; for South African Airways to continue to code share on Qantas' services to South Africa; and for Finnair to code share on Qantas' Australia-Hong Kong services.

In most situations, the Commission considers that code sharing provides benefits to consumers. Code sharing can provide simpler booking options for passengers travelling to multiple destinations, better connectivity and shorter travelling times and often includes other consumer benefits such as the ability to earn and redeem frequent flyer points on partner airlines. It may also reduce overall operating costs for airlines which benefits consumers if the savings are passed on. This is only likely to occur, however, when the code share partners face sufficient competition from other airlines, whether alone or as partners in competing alliances.

The Commission recognises that code sharing is a key feature of major airline alliances and has generally authorised code share applications where the relevant air services arrangements allow for code sharing and the Commission has no serious concerns that the proposed code sharing may not be of benefit to the public. In some instances, however, in particular where the partner airlines are code sharing on parallel operated services and there is limited competition from other airlines, the Commission may have concerns. This concern was central to the Commission's consideration of an application by Qantas to continue code sharing with South African Airways on the South Africa route on which I reported in last year's annual report. This issue was settled in November 2012 when, in response to a new application to continue the code share until 31 March 2016, the Commission approved the code share until 31 December 2014. In its decision, the Commission stated that should Qantas apply for an extension beyond 2014, it would consider the application in the light of developments between when the decision was made and any new application was received.

Another challenging case involving code sharing arose this year when Virgin Australia applied for third country airline code share capacity on the Italy route, all of which had been previously allocated to Qantas. Qantas was seeking renewal of one of the allocations, comprising 600 of the 1000 seats it held in total. This raised issues relating to the meaning of the "start-up phase" in the Minister's Policy Statement which were never fully resolved. In the event, the matter was settled when Qantas returned capacity equivalent to that being sought by Virgin Australia. The Commission allocated 300 seats of capacity per week in each direction to Virgin Australia which it utilises to code share, as marketing carrier, with Singapore Airlines and Etihad.

In another contested case that was still before the Commission at year end, two freight airlines, Pionair and Pacific Air Express, applied for the one all-cargo service per week available on the New Caledonia route. In this instance, the Commission began considering the applications against both the “reasonably capable” tests in the Minister’s Policy Statement and the additional criteria relating to competition, trade and industry benefits.

During the year, Qantas obtained new capacity for services on the New Caledonia, Singapore and the United Arab Emirates routes. Virgin Australia was allocated capacity for services on the Italy, Netherlands and Singapore routes. Pacific Air Express obtained capacity for freight services on the Nauru route. Pionair Australia, which previously had not operated scheduled international services, applied for freight capacity on the Papua New Guinea (PNG) and New Caledonia routes. The Commission issued a draft interim determination in June proposing to allocate to Pionair 18 tonnes of freight capacity on the PNG route.

This year, the Commission, for the first time since its establishment, approved the consolidation of various determinations held by an Australian airline on one route. Qantas applied for, and the Commission approved, the consolidation of five determinations it held on the South Africa route in Determination [2012] IASC 106. The consolidation of determinations provides the Commission, the airlines and the public with a single point of reference in relation to capacity allocated on a route. The Commission therefore encourages airlines to apply for consolidation of their various determinations where it is practicable to do so. In light of this, the Commission released, for consultation with stakeholders, guidelines detailing the application process for consolidation of determinations.

As we review our performance during the year, I would like to take this opportunity to thank Ms Marlene Tucker, the Executive Director, and her small team that helps keep the Commission functioning smoothly and efficiently. I would also like to say a special thanks to my fellow Commissioner, Mr Stephen Bartos, whose term finished on 30 June 2012, and to welcome Dr Ian Douglas who joined the Commission on 8 November 2012 and also Mr John King who joined the Commission on 1 July 2013.



**Dr Jill Walker**  
*Chairwoman*



## PART 2

# Overview of the International Air Services Commission

### The role and functions of the Commission

The Commission is an independent statutory authority established under the *International Air Services Commission Act 1992* (the Act). The object of the Act is to enhance the welfare of Australians by promoting economic efficiency through competition in the provision of international air services, resulting in:

- increased responsiveness by airlines to the needs of consumers, including an increased range of choices and benefits;
- growth in Australian tourism and trade; and
- the maintenance of Australian carriers capable of competing effectively with airlines of foreign countries.

The Commission's primary responsibility is to serve the object of the Act by allocating capacity entitlements to Australian airlines for the operation of international airline services. The capacity allocated by the Commission comes from entitlements available to Australia's international carriers under air services arrangements between Australia and other countries. In particular, the functions of the Commission are to:

- make determinations allocating capacity to Australian carriers in both contested and uncontested situations;
- renew determinations on application by carriers;
- conduct reviews of determinations; and
- provide advice to the Minister about any matter referred to the Commission by the Minister concerning international air operations.

The Act is complemented by a policy statement from the Minister, which instructs the Commission about the way in which it is to perform its functions. The Minister's policy

statement sets out criteria to be applied by the Commission in various circumstances. For example, more complex public benefit criteria may be applied in cases where there are two carriers seeking the same limited amount of capacity, compared with an uncontested application from a well-established airline. The Minister's policy statement is a legislative instrument under section 11 of the Act. It is reproduced at Appendix 6.

Determinations allocating capacity are usually made for a period of five years for routes where capacity or route entitlements are restricted. In cases where capacity entitlements and route rights are unrestricted, determinations may be issued for a period of ten years. In either case, the Commission has the discretion to make interim determinations, which are for a period of three years. Interim determinations are normally made when capacity is being allocated to a new Australian operator. If an applicant requests that a determination be made for a shorter period, the Commission has the option to agree to this.

Carriers normally wish to renew determinations as they come towards their expiry date. The Commission is required to start reviews of these determinations at least one year before they expire. Except for interim determinations, there is a rebuttable presumption in favour of the carrier seeking renewal that the determination will be renewed as sought. The presumption does not apply if the airline seeking renewal is the only Australian carrier on the route and an initial new Australian carrier seeks to enter the route, but there is not sufficient capacity available for that carrier to develop an efficient and sustainable operation (referred to as the 'start-up phase'). The presumption may also be rebutted, after the start-up phase on the route, if:

- ➔ the carrier seeking renewal has failed to service the route effectively; and
- ➔ if the use of the capacity in whole or part by another Australian carrier that has applied for capacity would better serve the public having regard to the criteria set out in paragraphs 4 and 5 of the Minister's policy statement.

From time to time, airlines apply to the Commission to vary determinations held by them. There can be a number of reasons for an airline to seek a variation. For example, the airline may be seeking authorisation to use its allocated capacity to code share with another airline. The Commission conducts a review of the determination and, as part of this process, it invites submissions about the application. In the case of applications to authorise code sharing, where the capacity that can be used for code share operations is available under the relevant air services arrangements, the Commission would generally be expected to authorise such applications. If the Commission has serious concerns that the proposed code share may not be of benefit to the public, it may subject the application to a more detailed assessment using the paragraph 5 criteria in the Minister's policy statement. Before doing so, it is required to consult the Australian Competition and Consumer Commission.

The Commission may itself initiate a review of a determination if it is concerned that a carrier might be in breach of a condition of the determination. This can occur, for example, where a carrier has been allocated capacity, but had not used that capacity by the time it was required to do so by the Commission. Having conducted such a review, the Commission may confirm, vary, suspend or revoke the determination.

The Commission has published procedures it follows in considering applications and making determinations. A summary of these procedures is at Appendix 5. The procedures are designed with the aim of ensuring that applicants and other interested parties understand the requirements for making applications or submissions, are familiar with the Commission’s decision-making processes, and are aware of their rights and obligations.

## Executive profile



*From left:*  
**Ian Douglas** Member  
**Jill Walker** Chairwoman  
**Stephen Bartos** Member

The Commission comprises a part-time chairwoman and two part-time members. The membership of the Commission during the year was as follows:



## Dr Jill Walker



Dr Jill Walker (formally appointed as the Chairwoman for the IASC on 9 February 2011) is currently a Commissioner at the Australian Competition and Consumer Commission (ACCC). Dr Walker was appointed as a Commissioner of the ACCC in September 2009 for a five-year term. Dr Walker is the Chair of the ACCC's Mergers Review and Adjudication Committees as well as a member of the Enforcement Committee. Dr Walker is also an Associate Member of the New Zealand Commerce Commission.

Dr Walker has extensive experience in the fields of trade practices and antitrust economics. Prior to joining the ACCC, Dr Walker was a member of the Australian Competition Tribunal and worked as an economic consultant for LECG Ltd. Dr Walker has also been a member of the South Australian Government's panel of expert assessors assisting the District Court in hearing appeals under the *Essential Services Commission Act 2002* (SA) and the *Gas Pipelines Access (South Australia) Act 1997* (SA).

Prior to working for LECG Ltd, Dr Walker worked as an economic consultant for the Network Economics Consulting Group (NECG) and CRA International. Earlier in her career, Dr Walker was employed as an economic adviser by the ACCC and its predecessors, the Prices Surveillance Authority and the Trade Practices Commission. During this time Dr Walker provided advice on significant cases, investigations and authorisations.

Dr Walker holds a Bachelor of Arts and a PhD in Land Economy from the University of Cambridge. She also holds a master's degree in Economics from the University of Massachusetts.

## Mr Stephen Bartos



Mr Stephen Bartos, Member, was appointed in July 2010 for a three year term ending on 30 June 2013. Mr Bartos is an executive director with ACIL Allen Consulting. He is an expert in transport policy, public sector governance and risk. He is author of two books, *Against the Grain – The AWB Scandal and Why it Happened* (UNSW Press, 2006), and the reference manual *Public Sector Governance – Australia* (CCH, 2004) which he continues to edit. He has written numerous refereed articles in scholarly journals and regular governance comment and opinion pieces, including a regular column in the *Public Sector Informant* (a monthly supplement to the *Canberra Times*). His work in the aviation sector includes a comprehensive study of the air cargo supply chain for the Office of Transport Security, advising the Victorian government on

aviation technical training, a review of Airservices Australia for the former Transport Minister, and advice to the Board of Airservices Australia. Earlier, he played a key role in the provision of economic advice to government on policy ending the ‘two airline’ agreement.

Prior to consulting, Mr Bartos was Professor of Governance and Director of the National Institute of Governance at the University of Canberra.

Mr Bartos previously worked in the Commonwealth Government for some 25 years. He was a Deputy Secretary in the Finance Department and head of Budget Group, where he was responsible for advising Ministers on spending and non-tax revenue in the Commonwealth budget, government business enterprises, fiscal policy, accounting policies and public sector performance improvement.

**Dr Ian Douglas**



Dr Ian Douglas, Member, was appointed by the Governor-General on 8 November 2012 for a three-year term ending in November 2015. Dr Douglas is a Senior Lecturer in Aviation Management, School of Aviation, at the University of New South Wales, specialising in the areas of air transport economics, airline marketing strategy, airline fleet planning, and scheduling. Dr Douglas had a 25-year career with Qantas Airways, with senior roles in pricing, business development, route management, strategic planning and the Joint Services Agreement with British Airways. Since leaving Qantas, he has consulted for Malaysia Airlines, Thai Airways International, Bain & Co Singapore, Icebox Advertising, Asian Wings Airways and Tourism Queensland. His research interests include airline business model innovation and the impacts of state ownership on airline strategy.

**Commissioners’ attendance at meetings in 2012–13**

Commissioner	Number of meetings possible	Number of meetings attended
Dr Jill Walker	8	8
Mr Stephen Bartos	8	8
Dr Ian Douglas	6	6

## The secretariat



*From left:*  
**Anita Robinson** Office Manager  
**Ian Douglas** Member  
**Christopher Samuel** Senior Adviser  
**Stephen Bartos** Member  
**Marlene Tucker** Executive Director  
*Front:*  
**Jill Walker** Chairwoman

The Commission is assisted in its work by a small secretariat. The secretariat is staffed by officers of the Department of Infrastructure and Transport. The secretariat is headed by an executive director, supported by a senior adviser and an office manager. These officers provide advice and assistance to the Commissioners on all aspects of the Commission's operations.

## Communications with interested parties

There are many stakeholders with a direct or indirect interest in what the Commission does. They include:

- ➔ the Minister for Infrastructure and Transport;
- ➔ current and prospective Australian international airlines;
- ➔ the broader aviation industry, including airport owners, providers of services to airlines and employee associations;
- ➔ the international tourism and freight industries, including Australian exporters;
- ➔ Australian and State Government departments and agencies;
- ➔ aviation industry investors, analysts and journalists; and
- ➔ the travelling public.

The Commission places great importance on maintaining effective relationships with those stakeholders. The Commission takes into account the views and/or interests of the stakeholders in its decision-making processes, as appropriate to particular cases. Regular electronic notification of applications and the Commission's determinations and decisions keeps interested parties up to date with the Commission's activities. At the conclusion of each financial year, the Commission invites stakeholders to provide feedback about the Commission's performance throughout the year. The aggregated results of responses to the survey this year are presented in this annual report.

## The role of the Department of Infrastructure and Transport (the Department)

The Commission works closely with the Department, which has responsibilities complementary to those of the Commission. The Department is responsible for the negotiation and administration of air services arrangements between Australia and other countries. An important part of the negotiating process is to provide opportunities for Australian and foreign airlines to expand their services between Australia and other countries.

The capacity and route entitlements for Australian carriers under each set of air services arrangements are recorded by the Department in a Register of Available Capacity. This is maintained by the Department, in accordance with the requirements of the Act and is available on the Department's website: <http://www.infrastructure.gov.au/aviation/international/capacity.aspx>.

An Australian carrier may apply to the Commission for allocation of capacity recorded on the register as available for immediate allocation. The entitlements on the Register of Available Capacity are adjusted as determinations allocating capacity are made by the Commission, as airlines hand back unused capacity, and when the Department negotiates new or revised capacity entitlements on behalf of the Australian Government. There is regular communication between the Department and the Commission on these matters.

Another area where the roles of the Commission and the Department intersect is in relation to applications from prospective new Australian airlines wishing to operate scheduled international services. Before allocating capacity to an applicant airline, the Commission must be satisfied that the airline is both reasonably capable of obtaining the regulatory approvals necessary to operate on the route and of implementing its proposed services on the route. The Department is responsible for designating and licensing Australian airlines to operate regular scheduled international services. This role is relevant to the Commission in relation to whether a carrier is capable of obtaining the approvals necessary to operate. Similarly, a carrier must hold an allocation of capacity from the Commission before it can be licensed. The Commission and the Department therefore consult closely in cases involving prospective new applicants.



# PART 3

## Report on performance

### Overview

The Commission's performance report is based on an assessment of its results for the year using a range of criteria. Three sets of criteria have been adopted by the Commission to enable a thorough assessment of all aspects of its operations. Broadly, the criteria encompass:

- how well the object of the Act has been met by the Commission's decision making;
- how fair and effective the Commission has been in dealing with applicants and interested parties; and
- how efficient the Commission has been in the use of financial resources available to it.

The Commission's assessment of its performance against each of these criteria is set out below.

### Results against performance targets

#### Serving the object of the Act

The object of the *International Air Services Commission Act 1992* (the Act) is to enhance the welfare of Australians by promoting economic efficiency through competition in the provision of international air services. Under the Act, the Commission's functions are to make determinations; review determinations; and provide advice to the Minister about any matter referred to the Commission by the Minister concerning international air operations. In fulfilling its functions, the Act requires the Commission to comply with policy statements made by the Minister under section 11 and to have regard to Australia's international obligations concerning the operation of international air services.

The Commission records annually the number of determinations and decisions (involving reviews and variations of determinations) made for the year. The volume of activity varies from year to year for reasons which are unrelated to the Commission’s performance. The dominant factor underlying the Commission’s output is the number of applications made by airlines. The demand for new capacity from the Commission is directly related to the level of demand for air services. In turn, international aviation activity is particularly sensitive to changes in the strength of the global economy, as witnessed during the global financial crisis and ongoing difficulties facing the world economy.

This year, a total of 58 determinations and decisions were made by the Commission (24) and its delegate (34). The graph below also shows comparative data for the preceding three years.

Historical numbers of determinations and decisions





Nine determinations allocating new capacity were made during the year, two fewer than last year. In many cases, the allocations were for modest amounts of capacity, reflecting the weak level of demand in the industry. The Commission made 11 decisions revoking 22 determinations either at the request of the carrier holding the capacity or upon the initiative of the Commission under its power to review for a cause. Qantas consolidated five determinations on the South Africa route into one.

The Commission made 17 decisions varying 28 determinations; 15 of these decisions authorised code sharing; one decision reduced capacity held on a route; and another decision effectively consolidated multiple determinations on the South Africa route. In addition, 21 determinations approaching their expiry dates were renewed at the request of the airlines concerned.

The Commission continued the delegation of some of its decision making powers to the Executive Director for less complex and non-contentious cases. Drafts of delegate determinations and decisions were cleared by the Commissioners before finalisation. These arrangements are well established and improve the efficiency of decision making. The delegate made about 59 per cent of the determinations and decisions issued during the year.

A brief summary of all determinations and decisions for 2012–13 is at Appendix 1. A detailed description of each case is provided at Appendix 2.

## Case study – Italy route

### Introduction

Each year, the Commission highlights one of its more interesting cases to provide an insight into how it assesses applications which raise complex and difficult issues. This year's case study involves competing applications by Qantas and Virgin Australia for third country airline code share capacity on the Italy route.

### The applications

Under the Australia-Italy air services arrangements, Australian airlines may enter into code share arrangements with airlines of a third country for up to 1000 seats per week in total in each direction. All this capacity was allocated to Qantas under two determinations – one, in 2007, allocating Qantas 600 seats for code sharing on Cathay Pacific between Hong Kong and Italy and the other, in 2010, allocating Qantas 400 seats for code sharing on British Airways between London and Italy.

On 3 September 2012, Qantas applied for renewal of the 2007 determination allocating 600 seats for code sharing on Cathay Pacific. The determination is due to expire on 7 August 2013. In response to Qantas' application for renewal, Virgin Australia applied, on 11 September 2012, for 300 of the 600 seats to enable it to code share on flights operated by Singapore Airlines and Etihad Airways to Italy.

### The issue

As the Virgin Australia application was for a portion of capacity that was allocated to Qantas and for which Qantas was seeking renewal, the Commission invited both airlines to provide a submission addressing the paragraph 8 criteria in the Minister's Policy Statement concerning renewal of determinations.

Under paragraph 8, there is a presumption in favour of the carrier seeking renewal, unless the route is in the "start-up" up phase, or the carrier seeking renewal has failed to service the route effectively and the use of the capacity by another Australian carrier would better serve the public.

The start-up phase is where there is an Australian carrier already operating on a route on which capacity is limited under a bilateral arrangement and an initial new entrant applies for capacity on that route. If the route is still in the start-up phase, the criteria in paragraph 7 of the Policy Statement apply. Under these criteria "the pre-eminent consideration is to introduce competition on the route through the allocation to an initial new entrant of sufficient capacity to develop an efficient and commercially sustainable operation"

In all, the two airlines made five submissions in support of their applications and in response to the submissions of the other.

Virgin Australia argued that the Italy route was in the start-up phase and that as Virgin Australia was a new entrant on the route its application should be considered against the start-up phase criteria in paragraph 7. It maintained that an allocation of 75 seats

to Ansett International in 2001 for code sharing on Singapore Airlines on the Italy route did not represent an acquittal of the start-up phase, because the start-up phase was not applicable to free-sale code sharing at the time. Furthermore, Virgin Australia argued, even if it were, as Ansett International never used the capacity it could not be determined that the amount of capacity allocated to Ansett International was sufficient to develop an efficient and commercially sustainable operation.

Qantas, on the other hand, invoked paragraph 8 to argue that the Commission must renew the determination unless there was evidence of both a failure of Qantas to effectively service the route and that the use of part of the capacity by Virgin Australia would better serve the public. Qantas said that the allocation of capacity to Ansett International was in accordance with the Policy Statement's definition of start-up phase and as such the start-up phase had expired.

In the first instance, the Commission had to decide whether the Italy route was still in the start-up phase, in which case the relevant criteria were weighted in favour of Virgin Australia; or whether the start-up phase was over which would mean that there was a rebuttable presumption in favour of Qantas.

In its consideration of the issue, the Commission took particular note of the object of the Act, which is to 'enhance the welfare of Australians by promoting economic efficiency through competition in the provision of international air services'. This objective is reflected in paragraph 7 of the Policy Statement with the reference to the pre-eminent consideration being to introduce competition on the route through the allocation to an initial new entrant of sufficient capacity to develop an efficient and commercially sustainable operation.

The matter was ultimately resolved when, on 8 March 2013, Qantas applied to reduce the number of seats allocated to it for code sharing with Cathay Pacific via Hong Kong from 600 to 300 seats. The Commission approved the application returning 300 seats to the Register of Available Capacity. Virgin Australia subsequently applied for and was allocated the 300 seats. This leaves Qantas with 700 code share seats on the route and at its request its Italy determinations have been varied to allow it to use this capacity for code sharing with Emirates, as part of its broader alliance with that airline.

## Conclusion

While in the end, the Commission did not have to decide whether or not the start-up phase on the Italy route had expired as a result of Ansett International being allocated code share capacity in 2001, this case did highlight the difficulties that can arise when the policy guidance given to the Commission is open to differing interpretations. This case, in particular, has given impetus to work being undertaken by the Commission to identify areas where the Policy Statement might be improved to remove ambiguities and provide clearer guidance within the existing policy framework.

The Commission's full determination in this case is available from its website, [www.iasc.gov.au](http://www.iasc.gov.au).

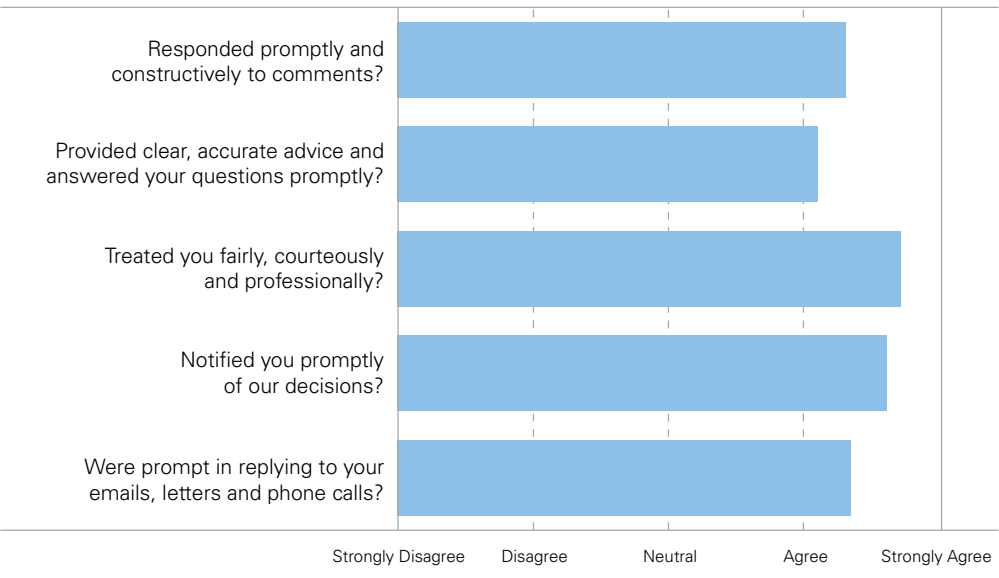
## Serving applicants and interested parties

The Commission uses the detailed commitments set out in its service charter as the framework for assessing its service performance. The specific undertakings in the service charter encompass both the ways in which the Commission engages with interested parties and how it makes its decisions. This framework provides the basis for an objective assessment of the Commission’s performance.

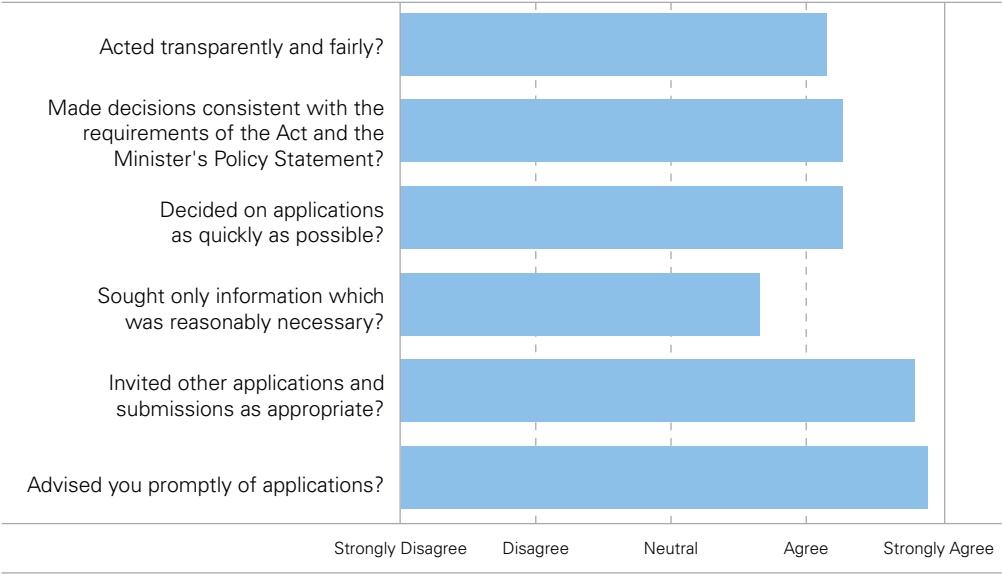
Again this year, clients were invited to assess the Commission’s performance by completing an electronic questionnaire. The questions allow respondents to evaluate how well the Commission performed against each of the specific undertakings set out in the service charter. Questionnaire responses may be made anonymously, although some of those responding chose to disclose their identity. The Commissioners very much appreciate the effort made by respondents to provide their views on the Commission’s performance.

Respondent scores against each criterion are aggregated and averaged. The following charts show that clients continue to rate the Commission’s performance positively.

### Decision making process – Do you agree that we:



Dealing with stakeholders – Do you agree that we:



The Commission also records the time taken to make each of its decisions, as it considers timeliness to be a particularly important performance benchmark.

One of the commitments in the service charter is that the Commission will make decisions about uncontested and unopposed applications within four weeks of receipt and contested or opposed applications within 12 weeks, or inform the airline/s involved if there are reasons why a decision may take longer than this.

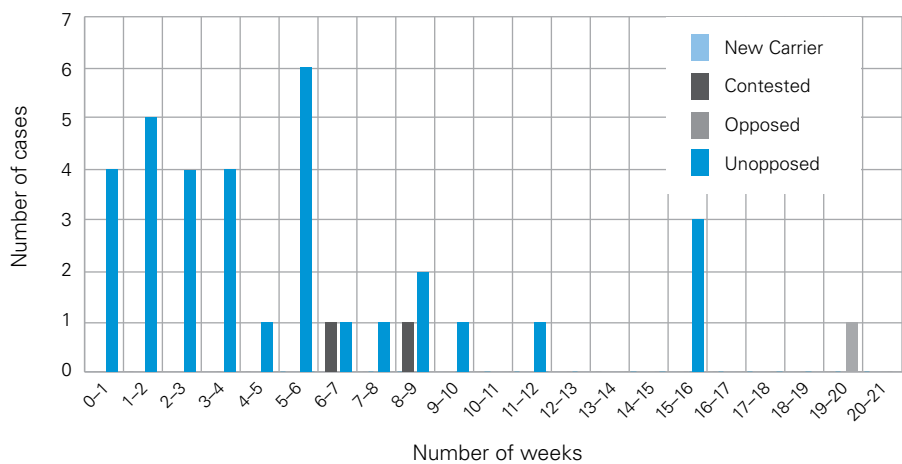
This year, there were 34 cases which were uncontested and unopposed; one application was opposed by an interested member of the public; while two routes were contested by applicant carriers. The average decision time taken to complete uncontested cases was 5.3 weeks. This year, several of the 34 uncontested cases took longer than four weeks to finalise. In most cases, there were good reasons for this, primarily related to the complexity of some of the code share cases under consideration. In some instances, the Commission had to wait for required information from the relevant applicant carriers before a decision could be made. Action on non-urgent revocation applications was deferred on some occasions to allow the Commission's resources to be focussed on complex determinations of capacity allocation.

The South Africa case took some 18 weeks to complete, from 4 July 2012 when Qantas applied for consolidation of its determinations and authorisation to code share with South African Airways, until 19 November 2012 when the Commission issued its final determination. Because of competition concerns about the code share and legal

issues that had arisen in relation to an earlier related decision which was reported in last year’s annual report, extensive analysis of the application was required. Also, since the Commission proposed to authorise the code share for a shorter term than that requested by Qantas, the Commission decided to issue a draft determination on 4 September 2012, before making a final determination on 19 November 2012. This enabled Qantas and other interested parties to make further submissions to the Commission before the final determination was made.

Detailed information about the Commission’s timeliness performance is contained in the following chart.

Distribution of decision times by type of case



Note: The chart does not include the 21 renewal determinations. Renewals are initiated by the Commission on a time frame that suits airlines’ requirements and they are generally uncontested except for the Italy route which is discussed as a case study above.

## Efficiency of financial resources

The Commission's budget for the year was \$319,000. These funds are made available from the resources of the Aviation and Airports Division of the Department of Infrastructure and Transport (the Department). The Commission's budget expenditure is attributable mainly to the salaries of secretariat staff, fees paid to Commission members, travel, the production of the annual report and general office needs. Most corporate overheads and property operating expenditure are paid for by the Department, as the Commission is housed in a departmental building.

Total expenditure for 2012–13 was about \$292,000 or \$27,000 less than its allocated budget. Commissioners consider the expenditure to have been made efficiently and effectively. The secretariat is comprised on average of about 1.6 full-time equivalent staff, with an additional part-time officer funded by the Department. The secretariat staffing resources remained the same as last year. Part 5 details the Commission's financial performance.





# PART 4

## Management and accountability

### Corporate governance practices

As the Commission is a small organisation, it requires less complex corporate governance structures than those of larger bodies such as government departments. The Commission considers its corporate governance arrangements to be appropriate for its small size, and consistent with its statutory role and responsibilities. There are two parts to the governance arrangements. The first of these addresses the Commission's responsibilities under the *International Air Services Commission Act 1992* (the Act). The second part of the governance structure concerns staffing of the Commission's secretariat and the expenditure of the Commission's budget.

Part 4 of the Act sets out procedures the Commission must comply with. The Commission considers that it meets these requirements in full. The most significant of the requirements concerns the holding of meetings. The Commission usually meets at its offices in Canberra. However, when less complex issues are involved, Commissioners may hold meetings by teleconference. The use of electronic media for conducting meetings reduces travel costs associated with face-to-face meetings, representing a saving to the Commission's budget. A quorum of members is present at all meetings and determinations and decisions are made in accordance with the Act and the Minister's policy statement. Minutes are kept of proceedings at all of its meetings.

During their meetings, Commissioners discuss staffing, financial and risk management issues, as appropriate, with staff of the secretariat. Commissioners and secretariat officers maintain regular contact via email and telephone about matters requiring the Commission's attention in the periods between meetings.

Part 4 of the Act enables the Commission to hold hearings at its discretion. No hearings were held this year.

Part 5 of the Act deals with the membership of the Commission. The Chairperson and members are appointed by the Governor-General after approval by Cabinet, which considers recommendations of the Minister for Infrastructure and Transport (the

Minister). A member may be appointed on a full-time or part-time basis and the Minister may determine the terms and conditions of appointment on matters not provided under the Act. The Act also provides that a Commissioner may be appointed for a period not exceeding five years. Currently, all Commissioners have been appointed as part-time and for a period of three years. The Remuneration Tribunal sets members' remuneration pursuant to the *Remuneration Tribunal Act 1973*.

Section 47 of the Act requires members to disclose any interest that could conflict with the performance of their functions in relation to proceedings conducted by the Commission. Commissioners are fully aware of this obligation.

Section 53 of the Act requires the Commission to prepare and give to the Minister a report of its operations for the financial year. The Commissioners review drafts of the annual report during its preparation. The final report is cleared and signed off by them and provided to the Minister in accordance with the requirements of the Act. The report is tabled in both Houses of Parliament.

The second part of the Commission's corporate governance arrangements arises from the Commission's relationship with the Department of Infrastructure and Transport (the Department). Secretariat staff members are officers of the Department and are subject to the same responsibilities and obligations applying to all departmental staff. The Commission's executive director is responsible for the day to day management of the secretariat, in accordance with these obligations and responsibilities. Secretariat staff members are expected to adhere to the Australian Public Service Values and Code of Conduct.

## External scrutiny

There was no formal external scrutiny of the Commission this year and no determinations or decisions made by it were the subject of judicial or administrative review.

## Management of human resources

The staffing level of the secretariat remained at 1.6 full-time equivalent people. As at 30 June 2013, the secretariat was comprised of one Executive Level 2 officer as Executive Director (female, full-time) and one APS 5 officer as Office Manager (female, part-time); another Executive Level 2 officer, as Senior Adviser (male, part-time), was funded by the Department. As officers of the Department, secretariat staff members' employment conditions are determined by the Department's normal employment arrangements. However, as part of the arrangements to ensure independence of the Commission from the Department, secretariat staff members are responsible directly to the Commissioners on Commission matters.

The Department's human resource management policies and practices apply to secretariat staff. These include performance management arrangements, including six-monthly discussions about work performance and professional development.

The Commissioners support the professional development of secretariat members by encouraging participation in appropriate study, training courses and conferences although no such activities were undertaken this year. Staff members are involved in the Commission's work through preparing briefing and agenda papers for meetings, engaging in discussion at meetings, and drafting determinations and decisions for consideration by Commissioners.

### **Assets management**

Asset management is not a significant aspect of the business of the Commission.

### **Purchasing**

The Commission made no significant purchases during the year.

### **Engagement of external services**

In 2011–12, the Commission engaged Dr Chris Pleatsikas, an expert in competition economics, to assist the Commission in its assessment of the application by Qantas for approval to continue its code share arrangement with South African Airways (SAA) on the South Africa route. As the issue continued in 2012–13 with the application by Qantas for a new determination which was intended to replace its multiple determinations on the South Africa route, as well as to authorise a continuation of the code share, the Commission continued to seek advice from Dr Pleatsikas on the matter. The Commission paid Dr Pleatsikas \$6,111 for his services in 2012–13.

The Commission also engaged Ms Jennifer Orr, a specialist economist working with the ACCC, to undertake work for the Commission in the order of three to six days over a period of a month. Ms Orr assisted the Commission in evaluating competition and economic issues relevant to Qantas' application for continued code sharing with SAA on the route. The Commission paid the ACCC \$4,545 for the work undertaken by Ms Orr.





# PART 5

## Financial report

### Financial report as at 30 June 2013

	(1)	(2)	(3)	(4)
	2012–13 Budget \$'000	2012–13 Actual \$'000	Variation (Column 2–1) \$'000	2013–14 Budget \$'000
Salaries	204	209	5	214
Revenue	0	0	0	0
Supplier expenses	115	83	-32	105
Total	319	292	-27	319
Staff	1.6	1.6		1.6

### Explanatory notes

The Commission's financial report is prepared on an accrual budgeting basis.

The Commission's budget is provided from funds allocated to the Aviation and Airports Division within the Department of Infrastructure and Transport. The Commission's offices are in a departmental building.





# APPENDIX 1

## Determinations and decisions

This table summarises briefly the determinations and decisions issued during 2012–13. A full summary is at Appendix 2. Individual determinations and decisions may be viewed on the Commission's website at [www.iasc.gov.au](http://www.iasc.gov.au).

Route	Airline	IASC Number	Date	Capacity Allocated	Comments
China	Qantas	[2013] IASC 125 <sup>d</sup>	20-May-13	2,301 seats each direction per week to and from Sydney, Melbourne, Brisbane and Perth	Renewal of [2008] IASC 121
China	Strategic Airlines	[2013] IASC 217 <sup>d</sup>	30-Apr-13	(1,911 seats per week)	Revocation of [2011] IASC 107
Cook Islands	Virgin Australia	[2013] IASC 111 <sup>d</sup>	08-Mar-13	180 seats per week with any aircraft type	Renewal of [2008] IASC 115
Fiji	Pacific Air Express	[2013] IASC 216 <sup>d</sup>	24-Apr-13	(17.5 tonnes of freight capacity)	Revocation of [2011] IASC 134
Fiji	Virgin Australia	[2013] IASC 106 <sup>d</sup>	08-Mar-13	1,260 seats per week to or from Sydney, Melbourne, Brisbane and/or Perth	Renewal of [2008] IASC 112
Fiji	Virgin Australia	[2013] IASC 107 <sup>d</sup>	08-Mar-13	360 seats per week to or from Sydney, Melbourne, Brisbane and/or Perth	Renewal of [2007] IASC 119
Fiji	Virgin Australia	[2013] IASC 110 <sup>d</sup>	08-Mar-13	360 seats per week to or from Sydney, Melbourne, Brisbane and/or Perth	Renewal of [2008] IASC 117
France	Qantas	[2013] IASC 208	08-Mar-13		Variation of [2011] IASC 119 to permit Qantas to provide joint services with Emirates

Route	Airline	IASC Number	Date	Capacity Allocated	Comments
France	Virgin Australia	[2012] IASC 217	12-Jul-12		Variation of [2010] IASC 120 to permit Virgin Australia to code chair on Singapore Airlines services
Germany	Qantas	[2013] IASC 101 <sup>d</sup>	07-Feb-13	three frequencies per week with any aircraft type	Renewal of [2007] IASC 105
Germany	Qantas	[2013] IASC 218 <sup>d</sup>	02-May-13	(seven frequencies per week)	Revocation of [2011] IASC 118 and [2013] IASC 101
Greece	Virgin Australia	[2012] IASC 221	17-Dec-12	(800 seats per week)	Revocation of [2010] IASC 121
Hong Kong	Qantas	[2013] IASC 220 <sup>d</sup>	27-May-13	(seven beyond frequencies per week)	Revocation of [2008] IASC 125
Hong Kong	Qantas	[2013] IASC 222 <sup>d</sup>	03-Jun-13		Variation of [2009] IASC 123, [2011] IASC 116 and [2011] IASC 117 to permit Finnair to code share on Qantas services
India	Qantas	[2013] IASC 210	08-Mar-13	(1,175 seats per week)	Revocation of [2008] IASC 122
Indonesia	Qantas	[2013] IASC 105 <sup>d</sup>	08-Mar-13	1,074 seats weekly between Sydney, Melbourne, Brisbane and Perth and points in Indonesia	Renewal of [2008] IASC 118
Indonesia	Qantas	[2013] IASC 114 <sup>d</sup>	08-Mar-13	240 seats weekly between Sydney, Melbourne, Brisbane and Perth and points in Indonesia and 850 seats per week beyond Indonesia	Renewal of [2007] IASC 109
Indonesia	Qantas	[2013] IASC 115 <sup>d</sup>	08-Mar-13	1,226 seats weekly between Sydney, Melbourne, Brisbane and Perth and points in Indonesia and 369 seats weekly beyond Indonesia	Renewal of [2010] IASC 107

Route	Airline	IASC Number	Date	Capacity Allocated	Comments
Indonesia	Strategic Airlines	[2013] IASC 217 <sup>d</sup>	30-Apr-13	(408 seats per week)	Revocation of [2008] IASC 101, [2010] IASC 106 and [2010] IASC 108
Indonesia	Virgin Australia	[2012] IASC 218 <sup>d</sup>	13-Nov-12		Variation of [2009] IASC 113 to permit Delta to code share on Virgin Australia services
Indonesia	Virgin Australia	[2013] IASC 116 <sup>d</sup>	08-Mar-13	1,980 seats weekly between Sydney, Melbourne, Brisbane and Perth and points in Indonesia	Renewal of [2008] IASC 120
Indonesia	Virgin Australia	[2013] IASC 117 <sup>d</sup>	08-Mar-13	1,260 seats weekly between Sydney, Melbourne, Brisbane and Perth and points in Indonesia	Renewal of [2010] IASC 109
Indonesia	Virgin Australia	[2013] IASC 127	20-May-13	720 seats weekly between Sydney, Melbourne, Brisbane and Perth and points in Indonesia	Renewal of [2009] IASC 103
Indonesia	Virgin Australia	[2013] IASC 202 <sup>d</sup>	23-Jan-13		Variation of [2008] IASC 120 to permit Virgin Australia International to provide joint services with Delta
Italy	Qantas	[2013] IASC 119	25-Mar-13	300 third country code share seats per week in each direction	Renewal of [2007] IASC 113
Italy	Qantas	[2013] IASC 213	08-Mar-13		Variation of [2010] IASC 104 permitting Qantas to provide joint services with Emirates
Italy	Qantas	[2013] IASC 214	25-Mar-13		Variation of [2007] IASC 113 to reduce allocated capacity from 600 seats to 300 seats

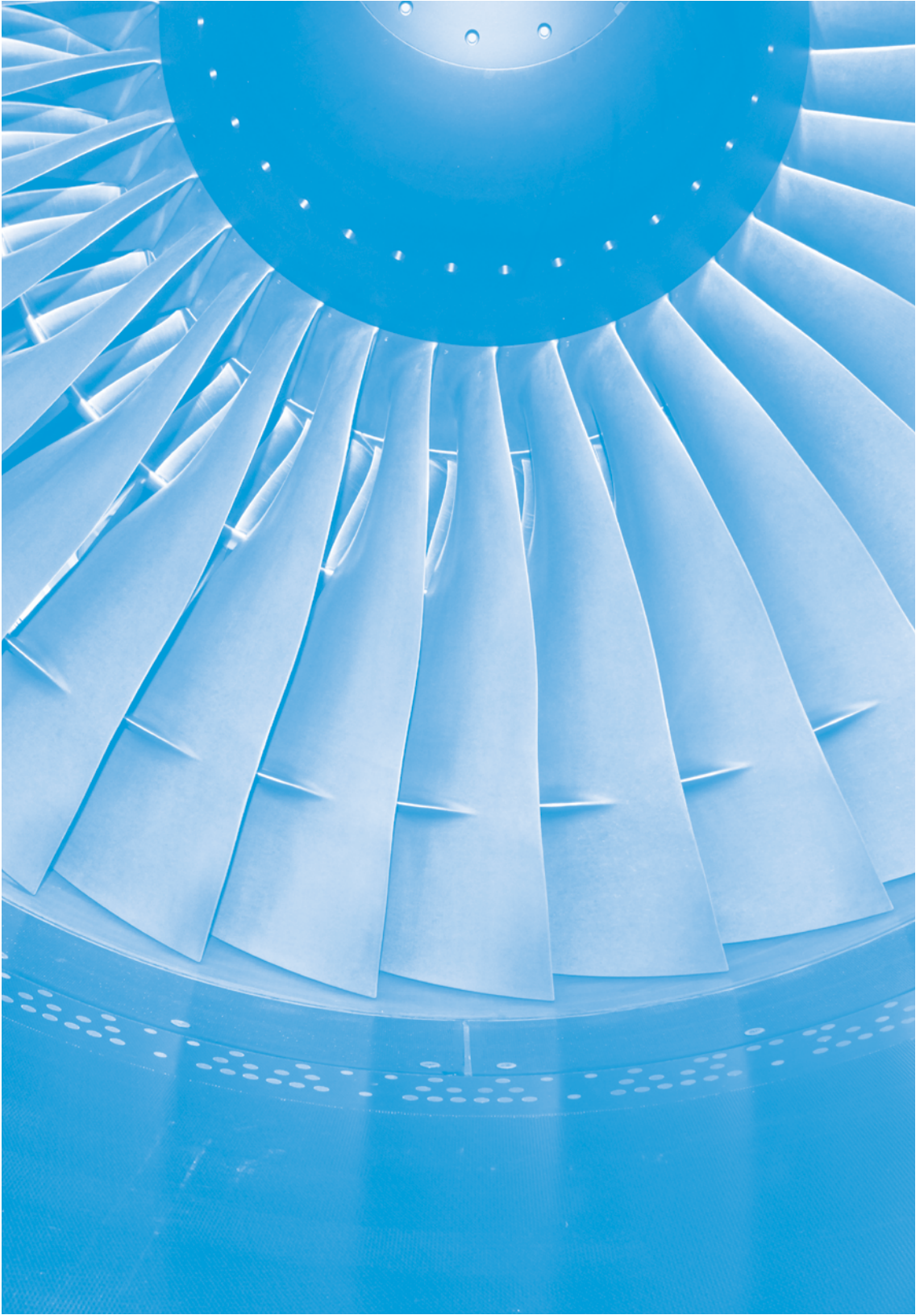
Route	Airline	IASC Number	Date	Capacity Allocated	Comments
Italy	Virgin Australia	[2013] IASC 122 <sup>d</sup>	08-Apr-13	300 third country code share seats per week in each direction	Allocation of passenger capacity
Japan	Qantas	[2012] IASC 220	24-Dec-12		Variation of [2011] IASC 128 and [2012] IASC 102 to permit Japan Airlines to code share on Qantas services
Japan	Qantas	[2013] IASC 104 <sup>d</sup>	08-Mar-13	6.1 B767-200 unit(s)	Renewal of [2007] IASC 108
Nauru	Pacific Air Express	[2013] IASC 126 <sup>d</sup>	20-May-13	three frequencies per week with any aircraft type not exceeding the capacity of B737 aircraft	Allocation of freight capacity
Netherlands	Qantas	[2013] IASC 211	08-Mar-13	(400 code share seats per week)	Revocation of [2009] IASC 125
Netherlands	Virgin Australia	[2012] IASC 105	12-Jul-12	400 seats per week in each direction	Allocation of passenger capacity
Netherlands	Virgin Australia	[2012] IASC 222	17-Dec-12	(400 code share seats per week)	Revocation of [2012] IASC 105
New Caledonia	Qantas	[2013] IASC 118 <sup>d</sup>	25-Mar-13	150 seats per week in each direction	Allocation of passenger capacity
New Zealand	HeavyLift Cargo	[2013] IASC 212	08-Mar-13	(unlimited freight capacity)	Revocation of [2005] IASC 101
New Zealand	Pacific Wings	[2013] IASC 219 <sup>d</sup>	07-May-13	(unlimited passenger capacity)	Revocation of [2009] IASC 111
New Zealand	Virgin Australia	[2012] IASC 219	13-Nov-12		Variation of [2009] IASC 113 to permit Virgin Australia to provide joint services with Singapore Airlines
Papua New Guinea	HeavyLift Cargo	[2013] IASC 212	08-Mar-13	(39 tonnes of freight capacity)	Revocation of [2009] IASC 117 and [2011] IASC 111

Route	Airline	IASC Number	Date	Capacity Allocated	Comments
Papua New Guinea	Qantas	[2013] IASC 123	20-May-13	35 tonnes per week	Allocation of freight capacity
Papua New Guinea	Virgin Australia	[2013] IASC 112	08-Mar-13	900 seats per week in each direction	Renewal of [2008] IASC 114
Philippines	Qantas	[2013] IASC 102 <sup>d</sup>	22-Jan-13	629 seats per week in each direction	Renewal of [2007] IASC 106
Singapore	Qantas	[2013] IASC 120 <sup>d</sup>	28-Mar-13	300 seats per week on an own stopover basis	Allocation of passenger capacity
Singapore	Qantas	[2013] IASC 205 <sup>d</sup>	19-Feb-13		Variation of [2007] IASC 116 to permit Qantas to provide joint services with Emirates
Singapore	Virgin Australia	[2013] IASC 121 <sup>d</sup>	28-Mar-13	400 seats per week on an own stopover basis	Allocation of passenger capacity
Solomon Islands	HeavyLift Cargo	[2013] IASC 212	08-Mar-13	(25 tonnes of freight capacity)	Revocation of [2008] IASC 130
South Africa	Qantas	[2012] IASC 106	19-Nov-12	seven services each direction per week with any aircraft type	Allocation of passenger capacity
South Africa	Qantas	[2012] IASC 216	12-Jul-12		Variation of [2008] IASC 105, [2008] IASC 109, [2009] IASC 126, [2010] IASC 115 and [2012] IASC 103 to permit South African Airways to code share on Qantas services until 31 March 2013
South Africa	Qantas	[2012] IASC 223	17-Dec-12	(seven frequencies per week)	Revocation of [2008] IASC 105, [2008] IASC 109, [2010] IASC 126, [2010] IASC 115 and [2012] IASC 103

Route	Airline	IASC Number	Date	Capacity Allocated	Comments
Switzerland	Qantas	[2013] IASC 209	08-Mar-13	21 third country code share frequencies per week)	Revocation of [2008] IASC 124 and [2011] IASC 126
Thailand	Qantas	[2013] IASC 103	25-Mar-13	seven third party code share services per week in each direction	Renewal of [2007] IASC 107
Thailand	Qantas	[2013] IASC 206	25-Mar-13		Variation of [2011] IASC 123 to permit Emirates to code share on Qantas services
Thailand	Qantas	[2013] IASC 207	25-Mar-13		Variation of [2011] IASC 101 to permit Emirates to code share on Qantas services
Thailand	Strategic Airlines	[2013] IASC 217 <sup>d</sup>	30-Apr-13	(4.2 B747 equivalent services of passenger capacity per week)	Revocation of [2010] IASC 111
Thailand	Virgin Australia	[2013] IASC 201 <sup>d</sup>	23-Jan-13		Variation of [2009] IASC 133 to permit Virgin Australia to provide joint services with Etihad
Tonga	Virgin Australia	[2013] IASC 113 <sup>d</sup>	08-Mar-13	180 seats per week	Renewal of [2008] IASC 116
United Arab Emirates	Qantas	[2012] IASC 107 <sup>d</sup>	13-Nov-12	14 frequencies per week	Allocation of passenger capacity
United Arab Emirates	Qantas	[2013] IASC 204 <sup>d</sup>	19-Feb-13		Variation of [2012] IASC 107 to permit Qantas to provide joint services with Emirates
United Kingdom	Qantas	[2013] IASC 203 <sup>d</sup>	19-Feb-13		Variation of [2006] IASC 105 to permit Qantas to provide joint services with Emirates

Route	Airline	IASC Number	Date	Capacity Allocated	Comments
United States	Strategic Airlines	[2013] IASC 217 <sup>d</sup>	30-Apr-13	(unlimited passenger and cargo capacity)	Revocation of [2011] IASC 103
Vanuatu	Virgin Australia	[2013] IASC 108 <sup>d</sup>	08-Mar-13	720 seats per week in each direction	Renewal of [2007] IASC 117
Vanuatu	Virgin Australia	[2013] IASC 109 <sup>d</sup>	08-Mar-13	180 seats per week in each direction	Renewal of [2008] IASC 111
Vietnam	Qantas	[2013] IASC 124	20-May-13	one service per week with any aircraft type	Renewal of [2009] IASC 101
Vietnam	Strategic Airlines	[2013] IASC 217 <sup>d</sup>	30-Apr-13	(four frequencies per week)	Revocation of [2011] IASC 133

<sup>d</sup> Indicates a determination or decision made by the Commission's delegate.





## APPENDIX 2

# Route-by-route summary of Commission determinations and decisions in 2012–13

This appendix provides a summary of the Commission's determinations and decisions for 2012–13. Full determinations and decisions can be viewed on the Commission's website at [www.iasc.gov.au](http://www.iasc.gov.au).

### China

On 15 April 2013, Qantas applied for renewal of Determination [2008] IASC 121, as varied, which allocated 2,301 seats per week in each direction on the China route, to be operated jointly with China Eastern. On 20 May 2013, the Commission's delegate issued **Determination [2013] IASC 125** in favour of Qantas. The determination is for five years from 2 March 2014.



On 29 April 2013, the Commission received a letter from KordaMentha applying, on behalf of Strategic Airlines, to revoke Determination [2011] IASC 107 which allocated 1,911 seats per week on the China route. On 30 April 2013, the Commission's delegate revoked the Determination under **Decision [2013] IASC 217**.

### Cook Islands

On 3 September 2012, Virgin Australia applied for renewal of the allocation of 180 seats per week on the Cook Islands route as allocated through Determination [2008] IASC 115. On 8 March 2013, the Commission's delegate issued **Determination [2013] IASC 111** renewing the 2008 determination. The determination is for five years from 12 September 2013.

### Fiji

Pacific Air Express applied, on 18 April 2013, to revoke Determination [2011] IASC 134 which allocated 17.5 tonnes of freight capacity per week on the Fiji route. The Commission's delegate made **Decision [2013] IASC 216** on 24 April 2013, revoking Determination [2011] IASC 134.



On 3 September 2012, Virgin Australia applied for renewal of Determination [2007] IASC 119 which allocated 1,260 seats per week on the Fiji route. On 8 March 2013, the Commission's delegate issued **Determination [2013] IASC 106** renewing the 2007 determination. The determination is for five years from 10 July 2013.



On 3 September 2012, Virgin Australia applied for the renewal of Determination [2008] IASC 112 which allocated 360 seats per week on the Fiji route. On 8 March 2013, the Commission's delegate issued **Determination [2013] IASC 107** renewing the 2008 determination. The determination is for five years from 1 August 2013.



On 3 September 2012, Virgin Australia applied for the renewal of Determination [2008] IASC 117 which allocated 360 seats per week on the Fiji route. On 8 March 2013, the Commission's delegate issued **Determination [2013] IASC 110** renewing the 2008 determination. The determination is for five years from 17 September 2013.

## France

On 26 June 2012, Virgin Australia applied for a variation to Determination [2010] IASC 120 to permit joint services with Singapore Airlines on the Australia-Singapore- France (Paris) route. On 12 July 2012, the Commission issued **Decision [2012] IASC 217** authorising Virgin Australia to provide joint services with Singapore Airlines on the route.



On 22 January 2013, Qantas applied for a variation to Determination [2011] IASC 119 to enable Qantas to utilise the allocated capacity to provide services jointly with Emirates on France Route 1. On 8 March 2013, the Commission issued **Decision [2013] IASC 208** to permit Qantas to provide services jointly on the route with Emirates.

## Germany

On 3 September 2013, Qantas applied for renewal of Determination [2007] IASC 105 which allocated three frequencies per week on the Germany route. On 13 September 2012, the Commission's delegate issued **Decision [2013] IASC 101**, renewing the 2007 determination. The determination is for five years from 19 February 2013.



Qantas applied, on 1 May 2013, to revoke Determinations [2011] IASC 118 and [2013] IASC 101 which together allocated seven services per week on the Germany route. On 2 May 2013, the Commission's delegate issued **Decision [2013] IASC 218** revoking Determinations [2011] IASC 118 and [2013] IASC 101.

## Greece

Virgin Australia applied, on 5 November 2012, to revoke Determination [2010] IASC 121 which allocated 800 seats per week on the Greece route. On 17 December 2012, the Commission issued **Decision [2012] IASC 221** revoking Determination [2010] IASC 121.

## Hong Kong

Qantas applied, on 16 April 2013, to revoke Determination [2008] IASC 125 which allocated seven beyond frequencies per week on the Hong Kong route.

On 27 May 2013, the Commission's delegate issued **Decision [2013] IASC 220** revoking Determination [2008] IASC 125.



On 24 May 2013, Qantas applied to vary Determinations [2009] IASC 123, [2011] IASC 116 and [2011] IASC 117, which together allocate 25 frequencies per week on the Hong Kong route, to enable Finnair to code share on Qantas operated services between Australia and Hong Kong. On 3 June 2013, the Commission's delegate made **Decision [2013] IASC 222** varying the determination as requested by Qantas.

## India

Qantas applied, on 19 November 2012, to revoke Determination [2008] IASC 122 which allocated 1,175 seats per week on the India route. The Commission issued **Decision [2013] IASC 210**, on 8 March 2013, revoking Determination [2008] IASC 122.

## Indonesia

Qantas applied, on 3 September 2012, for a renewal of Determination [2007] IASC 109 which allocated 240 seats per week between Indonesia and Australia and beyond Indonesia, 850 seats weekly, with three frequencies any or all of which may serve Denpasar. On 8 March 2013, the Commission's delegate made **Determination [2013] IASC 114** renewing the 2007 determination. The determination is for five years from 1 October 2013.



Qantas applied, on 3 September 2012, for a renewal of Determination [2010] IASC 107 which allocated 1,226 seats per week between Australia and Indonesia, and 369 seats of capacity per week beyond Indonesia with two frequencies neither of which may serve Denpasar. The Commission's delegate issued **Determination [2013] IASC 115**, on 8 March 2013, renewing the 2010 determination. The determination is for five years from 25 October 2013.



Qantas applied, on 3 September 2012, for a renewal of Determination [2008] IASC 118 which allocated 1,074 seats per week on the Indonesia route. The Commission's delegate made **Determination [2013] IASC 105**, on 8 March 2013, renewing the 2008 determination. The determination is for five years from 24 September 2013.



On 29 April 2013, the Commission received a letter from KordaMentha applying, on behalf of Strategic Airlines, to revoke Determination [2008] IASC 101 which allocated 408 seats of capacity per week between Perth, Sydney, Melbourne and Brisbane and points in Indonesia. On 30 April 2013, the Commission's delegate issued **Decision [2013] IASC 217** revoking the 2008 determination.



Virgin Australia applied, on 3 September 2012, for a renewal of Determination [2010] IASC 109 which allocated 1,260 seats per week on the Indonesia route. On 8 March 2013, the Commission's delegate made **Determination [2013] IASC 117** renewing the determination. The determination is for five years from 25 October 2013.



On 3 September 2012, Virgin Australia applied for a renewal of Determination [2008] IASC 120 which allocated 1,980 seats per week on the Indonesia route. The Commission's delegate made **Determination [2013] IASC 116**, on 8 March 2013, renewing the determination. The determination is for five years from October 2013.



Virgin Australia applied, on 3 September 2012, for a renewal of Determination [2009] IASC 103, which allocated 720 seats per week on the Indonesia route. The Commission made **Determination [2013] IASC 127**, on 20 May 2013, renewing the 2009 determination. The determination is for five years from 25 February 2014.



On 20 September 2012, Virgin Australia applied for a variation to Determination [2009] IASC 113. The variation was sought to permit Delta Air Lines to code share on services operated by Virgin Australia on the Indonesia route. On 13 November 2012, the Commission's delegate made **Decision [2012] IASC 218** varying the determination as requested.



On 11 December 2012, Virgin Australia applied for a variation to Determination [2008] IASC 120 to permit Delta Air Lines to code share on services operated by Virgin Australia on the Indonesia route. On 23 January 2013, the Commission's delegate made **Decision [2013] IASC 202** varying the determination as requested.

## Italy

On 18 December 2012, Qantas applied for a variation to Determination [2010] IASC 104, which allocated 400 third country code share seats for code sharing on British Airways' services on the Italy route, to enable Qantas, as marketing carrier, to code share on services operated by Emirates on the route. On 18 December 2012, the Commission published a notice inviting submissions about the application. A submission was received from Virgin Australia on 11 January 2012. On 8 March 2013, the Commission made **Decision [2013] IASC 213** varying Determination [2010] IASC 104 to allow Qantas to code share on Emirates operated services on the Italy route.



Qantas applied, on 3 September 2012, for a renewal of Determination [2007] IASC 113, which allocated 600 third country code share seats per week on the Italy route and permitted Qantas to use the capacity to code share with Cathay Pacific. On 11 September 2012, Virgin Australia applied for 300 of the 600 seats allocated to Qantas under the Determination.

On 8 March 2013, Qantas advised the Commission that it wished to amend its request of 3 September 2012 to renew the Determination, by seeking renewal of 300 of the 600 seats allocated by this determination. In the same letter, Qantas sought a variation to Determination [2007] IASC 113 to reduce the allocated capacity to 300 seats and to enable it to code share with Emirates on the route. On 25 March 2013, the Commission issued **Decision [2013] IASC 214** reducing the allocated capacity to 300 seats and authorising Qantas to code share with Emirates on the Italy route.

On 25 March 2013, the Commission made **Determination [2013] IASC 119** renewing Determination [2007] IASC 113, allocating 300 third country code share seats per week and permitting Qantas to code share on Emirates' services on the Italy route. The determination will have effect from 8 August 2013. Further information about this case may be found in Part 3 under the "Case Study".



On 26 March 2013, Virgin Australia applied to the Commission for an allocation of 300 third country code share seats on the route. Virgin Australia intended to implement code share services, as a marketing carrier, on flights operated by its alliance partners, Singapore Airlines, to Rome and Milan, and Etihad Airlines, to Milan. On 8 April 2013, the Commission's delegate made **Determination [2013] IASC 122**, allocating 300 code share seats to Virgin Australia and permitting Virgin Australia to code share with Singapore Airlines and Etihad on the route.

## Japan

On 23 November 2012, Qantas applied for a variation to Determinations [2007] IASC 108, [2011] IASC 128 and [2012] IASC 102 to allow Jetstar and Japan Airlines (JAL) to continue to code share on the Japan route. On 30 November 2012, Qantas advised the Commission that it no longer sought to vary determination [2007] IASC 108.

On 24 December 2012, the Commission issued **Decision [2012] IASC 220** varying Determinations [2011] IASC 128 and [2012] IASC 102 to allow Jetstar and JAL to continue to code share on the Japan route until 30 June 2017.



Qantas applied, on 3 September 2012, for a renewal of Determination [2007] IASC 108 which allocated 6.1 B767-200 equivalent units of capacity per week on the Japan route. On 8 March 2013, the Commission's delegate made **Determination [2013] IASC 104** renewing the 2007 determination. The determination is for five years from 9 August 2013.

## Nauru

On 12 April 2013, the Commission received an application from Pacific Air Express for an allocation of three B737F freight services per week on the Nauru route. The Commission's delegate made **Determination [2013] IASC 126** allocating the capacity on 20 May 2013. The determination is for five years from 20 May 2013.

## Netherlands

Qantas applied to the Commission, on 19 November 2012, to revoke Determination [2009] IASC 125 which allocated 400 code share seats per week on the Netherlands route. The Commission issued **Decision [2013] IASC 211**, on 8 March 2013, revoking Determination [2009] IASC 125.



On 26 June 2012, Virgin Australia applied for an allocation of 400 seats per week for code sharing on Singapore Airlines on the Netherlands route. On 12 July 2012, the Commission issued **Determination [2012] IASC 105** allocating the capacity. The determination is for five years from 12 July 2012.



Virgin Australia applied, on 5 November 2012, to revoke Determination [2012] IASC 105 allocating 400 code share seats on the Netherlands route. On 17 December 2012, the Commission issued **Decision [2012] IASC 222** revoking Determination [2012] IASC 105.

## New Caledonia (France Route 3)

On 19 February 2013, Qantas applied for an additional capacity of 150 seats per week in each direction on France Route 3 (New Caledonia). The requested capacity is in addition to its total allocation of 788 seats per week in each direction on the New Caledonia route. Qantas has requested the additional capacity to accommodate aircraft substitution on the route. On 25 March 2013, the Commission's delegate made **Determination [2013] IASC 118** allocating the requested capacity.

## New Zealand

On 8 August 2012, the Department of Infrastructure and Transport cancelled the International Airline Licence of HeavyLift Cargo Airlines (HeavyLift), as it had ceased trading and was under external administration. As a consequence, the Commission decided to conduct a review of all HeavyLift's determinations. The Commission informed the Administrators appointed for HeavyLift of the review and invited submissions. No submissions were received.

On 8 March 2013, the Commission, having found that HeavyLift Cargo Australia was in breach of all its determinations as the airline has not been using its allocated capacity, made **Decision [2013] IASC 212** revoking Determination [2005] IASC 101 which allocated unlimited freight capacity on the New Zealand route.



On 7 May 2013, the Commission received an application from Pacific Wings to revoke Determination [2009] IASC 111 which allocated unlimited passenger capacity on the New Zealand route. On 7 May 2013, the Commission's delegate issued **Decision [2013] IASC 219** revoking the determination.



On 20 September 2012, Virgin Australia applied to the Commission for a variation to Determination [2007] IASC 118 to permit Singapore Airlines to code share on its New Zealand services. On 13 November 2012, the Commission's delegate made **Decision [2012] IASC 219** varying the determination as requested.

## Papua New Guinea (PNG)

On 8 August 2012, the Department of Infrastructure and Transport cancelled the International Airline Licence of HeavyLift Cargo Airlines (HeavyLift), as it had ceased trading and was under external administration. As a consequence, the Commission decided to conduct a review of all HeavyLift's determinations. The Commission informed the Administrators appointed for HeavyLift of the review and invited submissions. No submissions were received.

On 8 March 2013, the Commission, having found that Heavylift Cargo Australia was in breach of all its determinations as the airline has not been using its allocated capacity, made **Decision [2013] IASC 212** revoking Determinations [2009] IASC 117 and [2011] IASC 111 which together allocated 39 tonnes of freight capacity on the PNG route.



On 5 April 2013, Qantas applied for 27.5 tonnes of freight capacity on the PNG route. Qantas subsequently amended its application, on 22 April 2013, to increase the amount of capacity sought to 35 tonnes per week. On 20 May 2013, the Commission made **Determination [2013] IASC 123** allocating the requested capacity to Qantas. The determination is for five years from 20 May 2013.



On 3 September 2012, Virgin Australia applied for renewal of Determination [2008] IASC 114 which allocated 900 seats of capacity per week in each direction on the PNG route. On 8 March 2013, the Commission made **Determination [2013] IASC 112** renewing the determination. The determination is for five years from 12 September 2013.

## Philippines

Qantas applied, on 3 September 2012, for a renewal of Determination [2007] IASC 106 which allocated 629 seats on the Philippines route. On 22 January 2013, the Commission's delegate made **Determination [2013] IASC 102**, renewing the determination. The determination is for five years from 3 April 2013.

## Singapore

On 22 January 2013, Qantas applied for a variation to Determination [2007] IASC 116, which allocates unlimited capacity and frequency for all services other than cargo services, to permit Qantas to provide services jointly with Emirates. On 19 February 2013, the Commission's delegate made **Decision [2013] IASC 205** varying the determination as requested.



On 19 March 2013, Qantas applied for an allocation of 300 seats per week on the Singapore route to be used for exercising own stopover rights between Singapore and Colombo. Qantas sought permission to use the capacity to code share on Emirates' services between Singapore and Colombo. On 28 March 2013, the Commission's delegate made **Determination [2013] IASC 120** allocating the capacity and permitting the code share arrangements. The determination is for five years from 28 March 2013.





On 20 March 2013, Virgin Australia applied for an allocation of 400 seats per week on the Singapore route to be used for exercising own stopover rights between Singapore and Colombo and to permit Virgin Australia to use the capacity to code share on Singapore Airlines' services to Colombo via Singapore. On 28 March 2013, the Commission made **Determination [2013] IASC 121** allocating the capacity and permitting the code share arrangements. The determination is for five years from 28 March 2013.

## Solomon Islands

On 8 August 2012, the Department of Infrastructure and Transport cancelled the International Airline Licence of HeavyLift Cargo Airlines (HeavyLift), as it had ceased trading and was under external administration. As a consequence, the Commission decided to conduct a review of all HeavyLift's determinations. The Commission informed the Administrators appointed for HeavyLift of the review and invited submissions. No submissions were received.

On 8 March 2013, the Commission, having found that HeavyLift Cargo Australia was in breach of all its determinations as the airline has not been using its allocated capacity, made **Decision [2013] IASC 212** revoking Determination [2008] IASC 130 which allocated 25 tonnes of freight capacity on the Solomon Islands route.

## South Africa

Qantas applied, on 14 June 2012, to vary determinations [2008] IASC 105, [2008] IASC 109, [2009] IASC 126, [2010] IASC 115 and [2012] IASC 103 to enable South African Airways (SAA) to code share on Qantas operated services between Sydney and Johannesburg until at least 31 March 2013. The Commission made **Decision [2012] IASC 216** on 12 July 2012, permitting SAA to code share on Qantas services until 31 March 2013. This decision was made pending a new application by Qantas for new capacity and for the continued authorisation to code share with SAA.



Qantas applied, on 4 July 2012, for a new determination allocating it seven frequencies per week between Australia and South Africa and allowing SAA to continue to code share on Qantas operated services until 31 March 2016. This was to replace existing determinations [2008] IASC 105, [2008] IASC 109, [2009] IASC 126, [2010] IASC 115 and [2012] IASC 103. On 14 September 2012, the Commission issued a draft determination proposing to approve the allocation of seven services per week, but to approve the code share only until 31 December 2014. On 19 November 2012, the Commission made **Determination [2012] IASC 106**, allocating Qantas seven services per week on the South Africa route and authorising SAA to code share on Qantas operated flights until 31 December 2014. One of the conditions of [2012] IASC 106 requires Qantas to seek revocation of all its existing determinations on the South Africa route as the new determination was intended to consolidate all capacity allocated to Qantas.



To comply with a condition in Determination [2012] IASC 106, Qantas applied, on 29 November 2012, to revoke determinations [2008] IASC 105, [2008] IASC 109, [2009] IASC 126, [2010] IASC 115 and [2012] IASC 103 which together allocated seven frequencies per week. On 17 December 2012, the Commission issued **Decision [2012] IASC 223** revoking the five determinations. This resulted in Qantas having its various allocations of capacity on the South Africa route now contained in one determination.

## Switzerland

Qantas applied on 19 November 2012 to revoke Determinations [2008] IASC 124 and [2011] IASC 126 which together allocated 21 third country code share frequencies per week on the Switzerland route. On 8 March 2013, the Commission issued **Decision [2013] IASC 209** revoking the determinations.

## Thailand

Qantas applied, on 22 January 2013, for a variation to Determination [2011] IASC 101 to allow Emirates to code share on Qantas operated services and to remove conditions allowing for code sharing with Finnair. On 25 March 2013, the Commission issued **Decision [2013] IASC 207** varying the determination as requested.



Qantas applied, on 22 January 2013, for a variation to Determination [2011] IASC 123 to allow Emirates to code share on Qantas operated services. On 25 March 2013, the Commission issued **Decision [2013] IASC 206** varying the determination as requested.



On 3 September 2012, Qantas applied for a renewal of the Determination [2007] IASC 107 which allocated seven third party code share services per week between Australia and Thailand. On 9 January 2013, Qantas advised the Commission that it no longer required the renewed determination to permit code sharing with British Airways. On 23 January 2013, as part of the renewal application, Qantas sought a variation to add conditions enabling the capacity allocated to be utilised to provide services jointly with Emirates. On 25 March 2013, the Commission made **Determination [2013] IASC 103** renewing the determination and enabling the capacity to be used for joint services with Emirates.



On 29 April 2013, the Commission received a letter from KordaMentha, on behalf of Strategic Airlines, to revoke Determination [2010] IASC 111 which allocated 4.2 B747 equivalent services of passenger capacity per week on the Thailand route. The Commission's delegate issued **Decision [2013] IASC 217** on 30 April 2013 revoking the 2010 determination.



On 15 November 2012, Virgin Australia applied for a variation to Determination [2009] IASC 133 which allocates 3.15 B747 equivalent services of passenger capacity per week on the Thailand route. Virgin Australia sought to use the capacity to offer joint services with Etihad Airways. The Commission's delegate made **Decision [2013] IASC 201**, on 23 January 2013, varying the determination as requested.

## Tonga

On 3 September 2012, Virgin Australia applied for renewal of [2008] IASC 116 which allocated 180 seats per week in each direction. On 8 March 2013, the Commission's delegate made **Determination [2013] IASC 113**, renewing the allocation of 180 seats per week on the Tonga route to Virgin Australia. The determination is for five years from 17 September 2013.

## United Arab Emirates (UAE)

On 4 October 2012, Qantas applied for an allocation of 14 frequencies per week on the UAE route. On 13 November 2012, the Commission's delegate made **Determination [2012] IASC 107**, allocating the capacity to Qantas. The determination is for five years from 13 November 2012.



On 22 January 2013, Qantas applied for a variation to Determination [2012] IASC 107 to allow it to use the capacity to provide services jointly with Emirates.

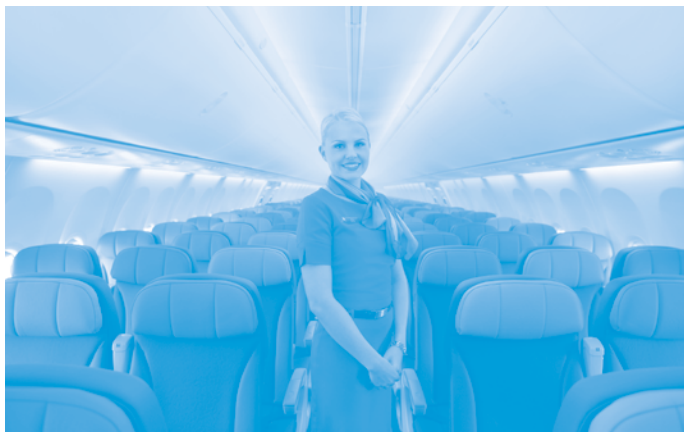
On 19 February 2013, the Commission's delegate made **Decision [2013] IASC 204** varying the determination as requested.

## United Kingdom

On 22 January 2013, Qantas applied for a variation to Determination [2006] IASC 105, which allocates unlimited capacity on the United Kingdom route, to allow the capacity to be used to provide services jointly with Emirates. On 19 February 2013, the Commission's delegate made **Decision [2013] IASC 203** varying the determination as requested.

## United States

On 29 April 2013, the Commission received a letter from KordaMentha applying, on behalf of Strategic Airlines, to revoke Determination [2011] IASC 103 which allocated unlimited passenger and cargo capacity on the United States route. The Commission's delegate issued **Decision [2013] IASC 217**, on 30 April 2013, revoking the 2011 determination.



## Vanuatu

Virgin Australia applied, on 3 September 2012, for a renewal of Determination [2008] IASC 111 which allocated 180 seats per week on the Vanuatu route.

On 8 March 2013, the Commission's delegate issued **Determination [2013] IASC 109** renewing the determination. The determination is for five years from 1 August 2013.



Virgin Australia applied to the Commission, on 3 September 2012, for a renewal of Determination [2007] IASC 117 which allocated 720 seats per week on the Vanuatu route.

On 8 March 2013, the Commission's delegate issued **Determination [2013] IASC 108** renewing the determination. The determination is for five years from 10 July 2013.

## Vietnam

Qantas applied, on 15 April 2013, for a renewal of Determination [2009] IASC 101, which allocated Qantas two dedicated cargo services per week and was subsequently varied by Decision [2009] IASC 221 to reduce the capacity allocated from two to one dedicated cargo service per week. On 20 May 2013, the Commission made **Determination [2013] IASC 124**, allocating one dedicated cargo service per week on the Vietnam route. The determination is for five years from 13 January 2014.



On 29 April 2013, the Commission received a letter from KordaMentha applying, on behalf of Strategic Airlines, to revoke Determination [2011] IASC 133 which allocated four frequencies per week on the Vietnam route to and from Sydney and unlimited capacity to and from points in Australia other than Sydney, Melbourne, Brisbane and Perth. On 30 April 2013, the Commission's delegate issued **Decision [2013] IASC 217** revoking the determination.

# APPENDIX 3

## Other information

### Occupational health and safety

As the staff members of the secretariat are employees of the Department of Infrastructure and Transport, (the Department), they are subject to the same occupational health and safety arrangements as departmental officers. The Department's annual report contains details of those arrangements.

### Freedom of information

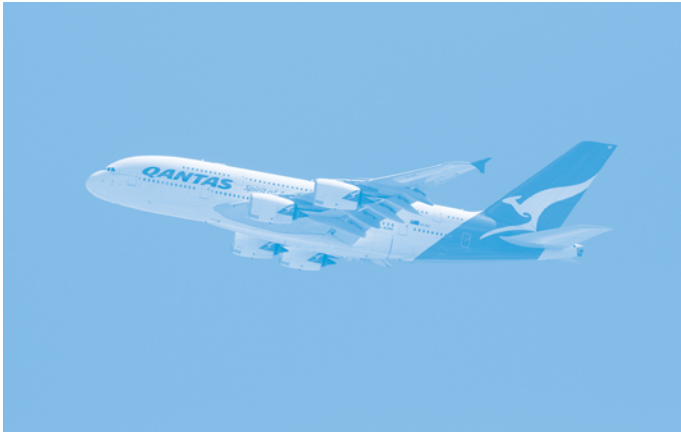
The *Freedom of Information Act 1982* (the FOI Act) requires Australian Government agencies to publish a statement setting out their role, structure, functions, documents available for public inspection and access to such documents. Section 8 of the FOI Act requires each agency to publish detailed information on the way it is organised, its powers, decisions made and arrangements for public involvement in the work of the agency. The information contained in this report meets this requirement. Refer to Appendix 4 for further details.

The IASC received no requests under the FOI Act in 2012–13.

### Advertising

When the Commission receives an application for capacity, including renewal of a determination, it is required by the *International Air Services Commission Act 1992* (the Act) to notify other Australian carriers and invite other applications for the capacity. The Commission invites other applications through notice on its website and by email to Australian carriers and other interested parties.

The Commission does not advertise its services. The Commission's functions, powers, organisational structure, decisions and other relevant information are available on its website.



## Ecologically sustainable development and environmental performance reporting

The Commission's offices and secretariat staff are located within the Department's buildings and as such are covered by the Department's processes in this area.

# APPENDIX 4

## Freedom of information schedule

Item	Information
Access facilities	In many cases, application for information under the <i>Freedom of Information Act 1982</i> (the FOI Act) might not be required because information or documents may be readily available on the Commission's website. Formal requests under the FOI Act must be made in writing to the Executive Director, International Air Services Commission and sent either by email at <a href="mailto:iasc@infrastructure.gov.au">iasc@infrastructure.gov.au</a> or by post at GPO Box 630, Canberra ACT 2601.
Arrangements for public involvement	Formal participation and consultation can be arranged by contacting the Executive Director of the Commission. The Commission welcomes views and comments from members of the public and bodies outside the Commonwealth concerning its functions.
Commission powers	The Commission exercises decision-making powers under section 6(4) of the <i>International Air Services Commission Act 1992</i> (the Act) to perform its functions. It has the power to do everything necessary or convenient to be done for, or in connection with, performing those functions. The Commission has a range of specific powers that include convening public hearings and summoning witnesses.
Decision process	The general power to grant or refuse access to Commission documents is held by the Chairperson. On 5 September 1994, the Chairperson authorised the Executive Director to exercise the Chairperson's powers and functions under the FOI Act.



Item	Information
Documents available for inspection	<p>The Commission keeps a Register of Public Documents containing public versions of applications, submissions and comments for each case before the Commission. The register is available for public scrutiny. A Register of Confidential Documents that contains material from applications and submissions deemed to be confidential by the Commission or its delegate is also maintained. The Commission applies those standards based on the FOI Act for the protection of documents relating to business affairs. Consistent with the transparency of its processes, the Commission encourages applicants and submitters to keep requests for confidential treatment of documents to a minimum.</p> <p>The Commission has published a series of guidelines that describe its procedures and processes in relation to allocating capacity. These guidelines are available on request or from the Commission's Internet home page. The Commission provides facilities for examining and copying publicly available documents at its office. Documents may also be obtained by email at <a href="mailto:iasc@infrastructure.gov.au">iasc@infrastructure.gov.au</a>. Operational files are maintained on all the Commission's activities and are stored at the office of the Commission. These files are not open to public access.</p>
Functions of the Commission	<p>The functions of the Commission, as set out in section 6 of the Act, are to:</p> <ul style="list-style-type: none"> <li>(a) make determinations</li> <li>(b) conduct reviews of those determinations</li> <li>(c) provide advice to the Minister about any matter referred to the Commission by the Minister concerning international air operations.</li> </ul>
How the Commission is organised	The organisation of the Commission is described in Part 2 of this report.
Location	The Commission's offices are located at 62 Northbourne Avenue, Canberra, ACT.



# APPENDIX 5

## Commission procedures

The Commission has published procedures for making determinations allocating available capacity. The procedures are designed to be consistent with the requirements of the *International Air Services Commission Act 1992* (the Act) and consistent with the Minister's policy statement which complements the Act. They are intended to ensure procedural fairness for both the applicants and other interested parties, ensure the Commission's processes are open and transparent, and provide guidance to anyone wishing to apply for, or make submissions about, matters being considered by the Commission. The secretariat provides further individual guidance to applicants for capacity and other stakeholders when requested.

The Commission's procedures incorporates the following main steps:

- ➔ A Register of Public Documents is created for each route and is made available for viewing. The Commission requires a public version of all applications for, and submissions about, an allocation of capacity to be made available. A small amount of information received by the Commission is of a commercial-in-confidence or confidential nature and is held on the Commission's confidential register. All public documents are distributed electronically to a list of interested parties.
- ➔ The Commission will publish a notice inviting other applications for capacity in response to an initial application for capacity, and submissions about applications where required by the Act and Minister's policy statement.
- ➔ Decide the criteria under which applications are to be assessed. More complex public benefit criteria may be applied in cases where there are two carriers seeking the same limited amount of capacity, compared with an uncontested application from a well-established carrier.
- ➔ Where relevant, invite the applicant(s) to submit further information addressing the public benefit criteria.



- The Minister's policy statement requires the Commission to ensure that the applicant is reasonably capable of obtaining the approvals necessary to operate and of using the capacity if so granted.
- A hearing may be conducted by the Commission if further information is needed to establish the nature and extent of a proposal's public benefit and, in the case of two or more competing applications, decide which application would be of the greatest benefit to the public.
- The Commission will publish a draft determination in the case of competing applications or if it is proposed to reject all or part of an application, or where non-standard conditions are being proposed. This provides applicants and other interested parties with an opportunity to comment on the Commission's proposal prior to the issuing of a final determination. In other cases the Commission will proceed directly to a final determination.
- The Commission regularly updates its procedures. They are available from the Commission's home page at <http://www.iasc.gov.au>, or upon request to the Commission.

# APPENDIX 6

## Minister's policy statement

### Appendix 6 – Minister's policy statement

International Air Services Policy Statement No 5 dated 19 May 2004.

#### SECTION 11

#### POLICY STATEMENT

#### Background

The *Aviation Legislation Amendment Act 2002* (AVLA) inserted Part 3A into the *International Air Services Commission Act 1992*. It permits the International Air Services Commission to delegate some of the Commission's powers and functions regarding the allocation of capacity in the operation of international air services to an Australian Public Service employee in the Department of Transport and Regional Services. The *International Air Services Commission Amendment Regulations 2003* specify the circumstances in which the Commission may delegate those powers and functions.

The effect of these amendments is to streamline the procedures for considering applications from Australian carriers for a determination granting capacity.

References to the Commission in this instrument include the delegate of the Commission unless expressly excluded.

#### 1. CITATION

- 1.1 This instrument may be referred to as the International Air Services Policy Statement No.5. This policy statement replaces the policy statement made under section 11 of the *International Air Services Commission Act 1992* by the instrument dated 23 April 1997 (as amended on 9 March 1999).

## 2. DEFINITIONS

### 2.1 In this policy statement, unless the contrary intention appears:

“Act” means the *International Air Services Commission Act 1992* (as amended)

“commercially sustainable level of capacity” means the minimum capacity necessary to permit the development of efficient commercially sustainable operations on a route.

“Commission” means the International Air Services Commission, unless otherwise specified.

“delegate” means a person exercising the powers and functions of the Commission pursuant to section 27AB of the Act.

“new entrant” means, in relation to a route, an Australian carrier that has not previously been allocated a commercially sustainable level of capacity in relation to that route.

“route” relates to the full set of entitlements available to Australian carriers under a particular bilateral arrangement. All the combinations of origin, destination, intermediate and beyond points available to Australian carriers under the bilateral arrangement constitute a single route.

“start-up phase” means, in relation to any route, the period from 1 July 1992, or from such later date as a particular bilateral arrangement becomes subject to the Act in order that available capacity under that arrangement may be allocated by the Commission, until the date on which a determination has been made under the section 7 or 8 of the Act allocating a commercially sustainable level of capacity on the route to a new entrant.

## 3. GENERAL

### 3.1 This policy statement sets out the criteria to be applied by the Commission in performing its functions in relation to allocations of capacity to Australian carriers:

- in particular types of circumstances where the Commission is not obliged to apply the full range of criteria set out in paragraphs 4 and 5 below;
- during the start up phase on a route;
- when considering the renewal of determinations including interim determinations; and
- when considering the review of determinations including variation and transfer applications.

- 3.2 The Commission should, in any adjudication of applications for capacity allocation, seek to maximise the benefits to the public to be gained from the operation of the capacity, assessed in accordance with the Act and against applicable criteria set out in this policy statement. When calling for applications, the Commission may set out matters it considers particularly important and the weighting that it is likely to give each of those matters.
- 3.3 In general, where capacity is subject to competing applications, the Government considers that own aircraft operations deliver greater benefits per unit of capacity used than code share operations involving arrangements for marketing seats on international carriers operated by another carrier or carriers.
- 3.4 In allocating capacity between competing applicants, the Commission may specify points to be served on the route when the criteria in paragraph 5 below are being applied. In other cases the Commission is to provide the carrier with flexibility to distribute capacity allowed to it among some or all of the combinations available on the route. However, in circumstances where, under a particular bilateral arrangement, limitations apply which prevent the same amount of capacity from being operated over the entire route, the Commission is to apply the provisions of paragraphs 4, 5 and 6 below as appropriate to the allocation of that limited capacity.
- 3.5 Subject to paragraphs 4, 5, 6 and 7 below, in allocating capacity on a route, the Commission will have regard to the objective of providing reasonable growth in entitlements to all Australian carriers operating on that route.
- 3.6 Where capacity that can be used for code share operations is available under air services arrangements, including where foreign airlines have rights to code share on services operated by Australian carriers, the Commission would generally be expected to authorise applications for use of capacity to code share. However, if the Commission has serious concerns that a code share application (or other joint service proposal) may not be of benefit to the public, it may subject the application to more detailed assessment using the additional criteria set out in paragraph 5 (whether the application is contested or not). Before doing so, the Commission will consult with the Australian Competition and Consumer Commission.
- 3.7 Where the Commission authorises a carrier to utilise allocated capacity to provide joint services with another carrier, the Commission will include a condition in all relevant determinations and decisions that the Australian carrier concerned should take all reasonable steps to ensure that passengers are informed, at the time of booking, that another carrier may operate the flight.

#### **4. GENERAL CRITERIA FOR ASSESSING BENEFIT TO THE PUBLIC**

4.1 Subject to paragraph 6 below, the general criteria against which the benefit to the public is to be assessed by the Commission in considering an allocation of capacity or the renewal or review of a determination allocating capacity to an Australian carrier are set out below:

- (a) Subject to (b), the use of entitlements by Australian carriers under a bilateral arrangement is of benefit to the public.
- (b) It is not of benefit to the public for the Commission to allocate capacity to Australian carriers unless such carriers:
  - (i) are reasonably capable of obtaining the necessary approvals to operate on the route; and
  - (ii) are reasonably capable of implementing their applications.

4.2 The delegate of the Commission must refer any applications back to the members of the Commission where the delegate has doubts that the applicant carrier satisfies the requirements of paragraph 4.1(b).

#### **5. ADDITIONAL CRITERIA FOR ASSESSING BENEFIT TO THE PUBLIC**

5.1 The following additional criteria are applicable in assessing the benefit to the public in all circumstances other than is provided in relation to particular circumstances set out in paragraph 6 below.

##### **Competition Benefits**

- (a) In assessing the extent to which applications will contribute to the development of a competitive environment for the provision of international air services, the Commission should have regard to:
  - the need for Australian carriers to be able to compete effectively with one another and the carriers of foreign countries;
  - the number of carriers on a particular route and the existing distribution of capacity between Australian carriers;
  - prospects for lower tariffs, increased choice and frequency of service and innovative product differentiation;
  - the extent to which applicants are proposing to provide capacity on aircraft they will operate themselves;
  - the provisions of any commercial agreements between an applicant and another carrier affecting services on the route but only to the extent of determining comparative benefits between competing applications;

- any determinations made by the Australian Competition and Consumer Commission or the Australian Competition Tribunal in relation to a carrier using Australian entitlements under a bilateral arrangement on all or part of the route; and
- any decisions or notifications made by the Australian Competition and Consumer Commission in relation to a carrier using Australian entitlements under a bilateral arrangement on all or part of the route.

## **Other Benefits**

### *Tourism Benefits*

- (b) In assessing the extent to which applications will promote tourism to and within Australia, the Commission should have regard to:
- the level of promotion, market development and investment proposed by each of the applicants; and
  - route service possibilities to and from points beyond the Australian gateway(s) or beyond the foreign gateway(s).

### *Consumer Benefits*

- (c) In assessing the extent to which the applications will maximise benefits to Australian consumers, the Commission should have regard to:
- the degree of choice (including, for example, choice of airport(s), seat availability, range of product);
  - efficiencies achieved as reflected in lower tariffs and improved standards of service;
  - the stimulation of innovation on the part of incumbent carriers; and
  - route service possibilities to and from points beyond the Australian gateway(s) or beyond the foreign gateway(s).

### *Trade Benefits*

- (d) In assessing the extent to which applications will promote international trade, the Commission should have regard to:
- the availability of frequent, low cost, reliable freight movement for Australian exporters and importers.

### *Industry Structure*

- (e) The Commission should assess the extent to which applications will impact positively on the Australian aviation industry.



### *Other Criteria*

(f) The Commission may also assess applications against such other criteria as it considers relevant.

- 5.2 The Commission is not obliged to apply all the criteria set out in paragraph 5.1, if it is satisfied that the criteria relevant to the application have been met. In applying all criteria, the Commission should take as the pre-eminent consideration, the competition benefits of each application.

## **6. CRITERIA APPLICABLE IN PARTICULAR CIRCUMSTANCES**

### **Where capacity is not limited**

- 6.1 In circumstances where capacity is not limited under a bilateral agreement, only the criteria in paragraph 4 are applicable.

### **Where there is only one applicant or sufficient available capacity**

- 6.2 In circumstances where:
- (a) there is only one applicant (or where more than one application is made but all except one are withdrawn) for allocation of capacity on a route; or
  - (b) there is more than one applicant but the amount of available capacity is equal to or exceeds the total amount of capacity applied for:

only the criteria in paragraph 4 are applicable.

### **Variations of existing Determinations**

- 6.3 Subject to paragraph 6.4, when the Commission is required to assess the benefit to the public, in circumstances where:
- (a) a carrier requests a variation of a determination to allow it flexibility in operating its capacity, including to use Australian capacity in a code share arrangement with a foreign carrier; and
  - (b) no submission is received about the application

only the criteria in paragraph 4 are applicable.

- 6.4 The Commission may apply the additional criteria set out in paragraph 5 where submissions are received about the application for variation, **provided** those criteria were considered when the original application for allocation of capacity was made, or in the circumstances set out in paragraph 3.6 above including where no submissions are received.

In circumstances where a carrier requests a variation of a determination to allow it flexibility in operating capacity allocated to it to include a condition of the type referred to in section 15(2)(ea) of the Act, the criteria set out in paragraph 4 above are applicable to any persons of the description used in that section.

## **7. ALLOCATION CRITERIA – START UP PHASE**

7.1 Where capacity is limited under a bilateral arrangement, during the start up phase in relation to any route on which an Australian carrier is already operating scheduled international services, the pre eminent consideration is to introduce competition on the route through the allocation to an initial new entrant of sufficient capacity to develop an efficient and commercially sustainable operation. The Commission should therefore allocate such capacity to an initial new entrant, providing it is satisfied that:

- (a) the level of capacity available and in prospect is sufficient to support efficient, commercially sustainable operations by both a new entrant and an incumbent Australian carrier;
- (b) the new entrant's tariff and service proposals would enhance competition on the route;
- (c) approval would not result in a decrease in inbound tourism to Australia or to Australian consumer benefits or trade; and
- (d) the new entrant is reasonably capable of obtaining the necessary approvals and commencing operations as proposed.

7.2 Where a bilateral arrangement provides for dedicated freight capacity in addition to other capacity (whether that other capacity is for passenger services alone or in combination with, or convertible to, freight services (however described), the start-up phase will be applied separately in relation to:

- (a) capacity involving the operation of passenger services (even if freight is also carried on those services); and
- (b) capacity for the operation of dedicated freight services, (irrespective of whether this would involve the use of dedicated freight capacity or the use of dedicated freight capacity in combination with other capacity under a bilateral arrangement):

and the application of the start up phase criteria in the case of either (a) or (b) above will not end the start up phase in the case of the other.

7.3 An Australian carrier seeking an allocation of capacity, or which may be permitted to use capacity allocated to an incumbent Australian carrier, will not be taken to be a new entrant if it is a subsidiary or a holding company of an incumbent Australian carrier operating on the route or if there is another substantial connection between the two carriers in relation to ownership and control.

- 7.4 Where there are applications for capacity on a route during the start up phase by two or more prospective new entrants, the criteria set out in paragraphs 4 and 5 are to be applied in selecting one of those applicants as the initial new entrant to be allocated the level of capacity referred to in paragraph 7.1.
- 7.5 Where the Commission invites applications for capacity on a route during the start up phase and none of the applications received are from new entrants, the criteria in paragraph 4 and, subject to paragraph 6.2, in paragraph 5 above are to be applied in considering an allocation.
- 7.6 In considering determinations during the start up phase, the Commission shall have particular regard to the possible use of interim determinations to facilitate the introduction of competition on the route without any unnecessary delay in the use of capacity.

## **8. RENEWAL OF DETERMINATIONS**

- 8.1 Where capacity is limited under a bilateral arrangement, the criteria for assessing the benefit to the public for the purposes of the renewal of determinations, other than interim determinations, are set out below. The criteria reflect a presumption in favour of the carrier seeking renewal which may be rebutted only by application of the criteria in the circumstances described:

(a) During the start up phase on the route:

- the start up phase allocation criteria set out in paragraph 7 apply in relation to that part of the capacity which is reasonably necessary for a level of scheduled international services necessary to permit the development of efficient commercially sustainable operations; and
- the criteria set out in paragraph 8.1(b) below apply to the balance of the capacity.

(b) After the start up phase on the route:

- whether the carrier seeking renewal has failed to service the route effectively; and
- whether use of the capacity in whole or part by another Australian carrier that has applied for the capacity would better serve the public having regard to the criteria set out in paragraphs 4 and 5.

In relation to subparagraph (b), the Commission should issue a fresh determination allocating the capacity to the carrier seeking renewal unless both the criteria are met, in which case all or part of the capacity can be reallocated.

## **Renewal of Interim Determinations**

8.2 Where capacity is limited under a bilateral arrangement, the criteria for assessing the benefit to the public for the purposes of renewal of interim determinations are:

- (a) during the start up phase on the route
  - the criteria set out in paragraph 7 as applicable.
- (b) after the start up phase on the route
  - the criteria set out in paragraphs 4 and 5.

## **9. THE 'USE IT OR LOSE IT' PRINCIPLE**

9.1 For the purposes of specifying a period within which capacity allocated to an Australian carrier must be fully used, the Commission should specify as short a period as is reasonable having regard to the steps required to commence operations. Except in exceptional circumstances, the Commission should not specify a period longer than 3 years.

9.2 When seasonal variations in demand are a feature of a route or code share arrangements between airlines and cause temporary minor variations in capacity usage, or unforeseen conditions outside the control of operating international airlines cause temporary suspension of services, the Commission may take these circumstances into account when interpreting the term “fully used” in section 15(2)(c) of the Act.

## **10. APPROVAL OF TRANSFER APPLICATIONS**

10.1 For the purposes of considering transfer applications the Commission should take into account that approvals which encourage speculative activity would not be of benefit to the public. Except in exceptional circumstances, approvals should not be given that would have the effect of allowing a carrier that has never exercised an allocation or has only exercised it for less than a reasonable period, to transfer that allocation.

10.2 A period of 6 months would usually represent a reasonable period for the purposes of subparagraph 10.1.



## **11 PERIOD FOR WHICH A DETERMINATION IS IN FORCE**

11.1 The period for which a determination is to be in force is:

(a) on routes where either capacity or route rights are restricted:

(i) if the determination is an interim determination – 3 years; or

(ii) if the determination is not an interim determination – 5 years

unless a carrier applies in writing requesting that a determination be for a lesser period than stipulated in (a) or (b). In these circumstances, the Commission may specify a lesser period in any determination relating to the application. In considering the renewal of a determination made in these circumstances, paragraph 8 will not apply.

(b) on routes where capacity and route rights are unrestricted:

(i) if the determination is an interim determination – 3 years; or

(ii) if the determination is not an interim determination – 10 years.

# APPENDIX 7

## Service Charter

This charter sets out what we do and the standards of service that you can expect from us.

### From the Chairwoman

This charter sets out the standards of service that you can expect from the International Air Services Commission and its staff. These standards apply to how we make decisions and to how we deal with you. We want to give you the best service possible and we welcome your ideas for helping us do so.

**Dr Jill Walker**

*Chairwoman*

### About the Commission

The Commission is an independent statutory authority comprised of three part-time Commissioners – a Chairperson and two members – supported by a small secretariat. It is established under the *International Air Services Commission Act 1992* (the Act). The aim of the Act is to enhance the welfare of Australians by promoting economic efficiency through competition in the provision of international air services.

Our role is to allocate capacity available under Australia's bilateral air service agreements to Australian airlines so they can operate these international air services. We assess applications for capacity from airlines, using public benefit criteria in a policy statement given to us by the Minister for Infrastructure and Transport. If an application meets the criteria, we make a determination granting capacity to the airline concerned. We also decide on airlines' applications to vary determinations, usually to allow for code sharing, and to renew determinations.

For more straightforward cases, we have authorised our delegate, usually the Commission's executive director, to make determinations and decisions on our behalf. The Commissioners decide on the more complex applications. In either case, you can expect the same high level of service from us and our staff.

## Making an application

If you wish to apply for capacity, or make a submission when we have invited these in certain cases, procedures for doing so can be found on our web site at [www.iasc.gov.au](http://www.iasc.gov.au). We suggest that prospective new airlines first contact the Commission's executive director.

## Our clients

In the broadest sense, the Australian community is our primary client because competitive air services promote the welfare of Australians. At a practical level though, airlines are the clients most directly affected by our decisions. However, our work is also relevant to many other parties. These include:

- ➔ the travelling public;
- ➔ the tourism and air freight industries, including Australian exporters;
- ➔ the wider aviation industry, including airport owners, providers of services to airlines, and employee associations;
- ➔ the Minister for Infrastructure and Transport;
- ➔ Australian and State government departments and agencies; and
- ➔ the aviation industry media and analysts.

## Our services to you

We aim to provide you with the highest standards of service, both in the way we deal with you and in making our decisions. We make these commitments to you:

### In our dealings with you, we will

- ➔ act with as little formality as possible;
- ➔ treat you courteously and professionally;
- ➔ provide you with clear and accurate advice;
- ➔ include contact names and phone numbers in our correspondence;
- ➔ answer phone calls promptly by name or return any missed calls within one working day if you leave a message;

- reply to your emails within two working days;
- reply to your letters within ten working days; and
- respond constructively to your suggestions for improving our service.

### **In our decision-making processes, we will**

- notify you within five working days of receiving an application for capacity;
- follow our published procedures for handling applications – the procedures are on our website or we will post, email or fax them to you upon request;
- seek only information that we consider is reasonably necessary for us to best carry out our functions;
- protect information you provide to us in confidence (although we prefer to keep confidential information to a minimum to ensure transparent decision making);
- make our decisions consistent with the requirements of the Act and the Minister's policy statement;
- make decisions about uncontested applications within four weeks of receipt and contested or opposed applications within twelve weeks, or inform the airline/s involved if there are reasons why a decision may take longer than this;
- finalise the renewal of existing determinations quickly and, in the case of contested renewals, at least six months prior to the expiry date, circumstances permitting; and
- notify applicants by email within one working day of a decision being made, and other interested parties by email and on our website as soon as practicable thereafter.

### **What we ask of you**

We ask you to provide comprehensive and accurate information in good time and to be straightforward in your dealings with us. We also ask that you cooperate fully in response to requests for information that we think is relevant to a matter before us.

### **Accessibility**

We will keep you informed quickly and comprehensively about our activities. We also endeavour to make contacting us as easy as possible. Contact details conclude this charter.



Our primary method of communication is by email. We provide information about current cases directly to interested parties who ask for it by this means. We advise you of applications received, and Commission decisions about those applications. We can email copies of these documents to you, or provide links to the documents on our website. Please contact us if you wish to be added to either notification list.

Our website at [www.iasc.gov.au](http://www.iasc.gov.au) provides up-to-date information about the Commission's business. It includes applications received, documents relating to current cases and all Commission determinations and decisions. Other important documents are on the site, including the Act and the Minister's policy statement, as well as the Commission's procedures.

## Feedback and improving our service

We will monitor our performance against our service commitments. We encourage you to comment on our performance, including suggesting ways in which we can improve our service. Comments should be provided to the Commission's executive director by mail, email or telephone.

At the end of each year we will assess how we have performed against our service standards. We will invite your comments on our service performance through a brief confidential questionnaire. The aggregated results of the assessments will be summarised in our annual report.

## Making a complaint

We regard complaints as part of the feedback process which helps us improve our performance.

If you are dissatisfied with any aspect of our service, it is important that you tell us so we can address your concerns. If you have a complaint you should first try to resolve the issue with the secretariat staff member you dealt with. If you are still not satisfied you should contact the executive director.

## Review

We will review this charter through an ongoing consultative process with our stakeholders to ensure that it is meeting your requirements.

## Contact details

### International Air Services Commission

Telephone: (02) 6267 1100

Facsimile: (02) 6267 1111

Email: [iasc@infrastructure.gov.au](mailto:iasc@infrastructure.gov.au)

Internet: [www.iasc.gov.au](http://www.iasc.gov.au)

Postal address: GPO Box 630, Canberra ACT 2601

Premises: Mezzanine level, 62 Northbourne Avenue, Canberra, ACT



## APPENDIX 8

### Commission office holders, 1992–2013

The following tables set out the Chairpersons and Members of the Commission since the Commission was established in 1992.

Chairs	Period	Members	Period
Stuart Fowler	July 1992 to April 1993	Brian Johns	July 1992 to June 1997
James Bain	July 1993 to June 1998	Russell Miller	July 1992 to June 1998
Russell Miller	July 1998 to January 2000	Michael Lawriwsky	December 1997 to February 2007
Michael Lawriwsky and Stephen Lonergan (Members presiding at alternate meetings)	January 2000 to August 2000	Stephen Lonergan	August 1998 to August 2004
Ross Jones	August 2000 to August 2003	Vanessa Fanning	November 2004 to November 2007
John Martin	November 2003 to November 2009	Philippa Stone	July 2007 to July 2010
Philippa Stone and Ian Smith (Members presiding at alternate meetings)	November 2009 to June 2010	Ian Smith	November 2007 to February 2011
Jill Walker	February 2011 to February 2014	Stephen Bartos	July 2010 to July 2013
		Ian Douglas	November 2012 to November 2015



# APPENDIX 9

## Glossary of terms

Act	in this report, means the <i>International Air Services Commission Act (1992)</i> , as amended.
Air services arrangement	is a set of treaty and/or lower level understandings or arrangements between Australia and another country which permits the carriage by air of passengers or freight or both on agreed routes.
Allocation	a finding by the Commission, included in a determination, that an Australian carrier is permitted to use a specified amount of capacity.
Australian carrier	means a person who <ul style="list-style-type: none"><li>→ conducts, or proposes to conduct, an international airline service to and from Australia; and</li><li>→ under the air services arrangements to which the capacity applies, may be permitted to carry passengers or freight, or both passengers and freight, under that arrangement as an airline designated, nominated or otherwise authorised by Australia.</li></ul>
Available capacity	means that an operational decision is not in force in relation to an amount of capacity available under air services arrangements, so an Australian carrier may seek an allocation of some or all of that capacity.
Benefit to the public	occurs if the Australian carrier to whom the capacity is allocated uses that capacity.

Blocked space	a form of code sharing involving one airline purchasing a “block” of seats on another airline’s services, which it is then able to sell to the travelling public.
Capacity	is an amount of space available on an aircraft for the carriage of passengers and/or freight. It may be expressed within air services arrangements in various ways, such as in number of seats, units of capacity, or frequency of service, usually per week, in each direction on a route.
Code sharing	is a form of joint service between two carriers. It involves an arrangement under which one carrier sells capacity under its own name on flights operated by another airline.
Commission	means the International Air Services Commission, established by section 6 of the Act.
Commissioner	means a member of the Commission.
Contested application	involves two or more applicants seeking an allocation of the same limited amount of capacity.
Decision	affects an existing determination, either by confirming, varying, suspending or revoking it.
Determination	allocates capacity to an Australian carrier, usually for a period of five years, but in some cases for three years (an interim determination), or for ten years (where capacity is not limited under the air services arrangements in question).
Department	the Department of Infrastructure and Transport.
Free-sale	a form of code sharing involving one airline selling seats on another airline’s services and paying that other airline an agreed amount for the number of seats actually sold.
Frequency	refers to the number of flights that may be or are being operated, usually on a weekly basis.
Hand-back	where a carrier decides it no longer wishes to use allocated capacity, and applies to return some or all of the capacity.
HeavyLift Cargo Airlines	means HeavyLift Cargo Airlines Pty Ltd.

Interim determination	is a determination that is in force for three years, rather than the five (or in some cases 10) years for a standard determination. It does not carry the rebuttable presumption in favour of an incumbent carrier that usually attaches to a standard determination at the renewal stage.
Joint service	an arrangement entered into by an Australian carrier with another carrier to operate services on a joint basis. It may take different forms such as one or more of code sharing, joint pricing, or revenue and/or cost sharing or pooling. Australian carriers must receive approval from the Commission before using allocated capacity in joint services.
Member	means a member of the Commission.
Minister's policy statement	is a written instrument made by the Minister for Transport and Regional Services under subsection 11(1) of the Act. It sets out the way in which the Commission is to perform its functions under the Act.
Opposed application	a situation in which an interested party makes a submission arguing that an application from a carrier should not be granted by the Commission.
Pacific Air Express	means Pacific Air Express (Australia) Pty Ltd.
Pacific Wings	means Pacific Wings Pty Ltd.
Pionair Australia	means Pionair Australia Pty Ltd.
Qantas	means Qantas Airways Limited.
Reduced capacity	where the amount of capacity allocated to a carrier is reduced, including to nil.
Register of available capacity	sets out the amount of capacity under each of Australia's air services arrangements available for allocation, after deducting any allocations already made by the Commission. The Department maintains the Register.
Renewal determination	a new determination that renews an allocation of capacity made under a determination that is approaching its expiry. It may involve updated terms and conditions at the Commission's discretion.
Strategic Airlines	means Strategic Airlines Pty Ltd.





Virgin Australia

refers to Virgin Australia International Airlines Pty Ltd and/or Virgin Australia Airlines (SE Asia) Pty Ltd.

Review

involves an examination of an existing determination, either at the request of a carrier which wishes to vary the determination, or on the Commission's initiative if it is concerned that a carrier has or will breach a condition of the determination. In the case of a carrier-initiated review, the Commission may either vary the determination as requested by the carrier or confirm the determination. For a Commission-initiated review, the Commission may decide to confirm, vary, suspend or revoke the determination.

Revocation

a decision by the Commission to revoke (cancel) a determination.

Route

is the combination of origin, destination, intermediate and beyond points (cities) which an Australian carrier may serve under an air services arrangement.

Use it or lose it

a principle requiring allocated capacity to be used, or else be returned for reallocation.

Variation

a decision amending a determination, including conditions attached to it.

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