



## Australian Government

### International Air Services Commission

#### DETERMINATION

**Determination:** [2010] IASC 106  
**The Route:** Indonesia  
**The Applicant:** Strategic Airlines Pty Ltd  
(ACN 133 247 800) (Strategic Airlines)  
**Public Register File:** IASC/APP/201010

#### 1 The application

1.1 On 24 June 2010, Strategic Airlines applied to the Commission for an allocation of unlimited capacity on the Indonesia route. Strategic Airlines proposes to utilise this allocation to operate services from other than the major Australian gateways; that is, between points in Australia, other than Sydney, Melbourne, Brisbane and Perth, and authorised points in Indonesia. The airline indicated plans to operate between Port Hedland and Karratha and Denpasar with 156-seat Airbus A320 aircraft.

1.2 Strategic Airlines advised orally that its plan was to operate from Port Hedland initially, with the first service intended to commence in August 2010. Strategic indicated that Karratha operations were planned for further into the future.

1.3 The Commission published a notice on 24 June 2010 inviting other applications for an allocation of the capacity. No other applications were received.

1.4 All material supplied by the applicant is filed on the Register of Public Documents.

#### 2 Provisions of relevant air services arrangements

2.1 The air services arrangements between Australia and Indonesia permit the designation of multiple Australian airlines. According to the Register of Available Capacity, there is unrestricted capacity for designated Australian carriers to operate scheduled passenger services between authorised points in Indonesia and points in Australia except Sydney, Melbourne, Brisbane and Perth.

#### 3 Delegate's assessment

3.1 In accordance with section 27AB of the *International Air Services Commission Act 1992* (the Act) and regulation 3A of the *International Air Services Commission Regulations 1992*, the delegate of the Commission considers the Strategic Airlines application.

3.2 Under the Minister's Policy Statement (No.5) of 19 May 2004 (the Policy Statement), where capacity is not limited under a bilateral arrangement, the criteria in paragraph 4 of the Policy Statement apply. Under paragraph 4, the use of Australian entitlements by a carrier that is reasonably capable of obtaining the necessary approvals and of implementing its proposals is of benefit to the public.

3.3 Strategic Airlines is now an established international carrier. It already holds an allocation of capacity from the Commission for operations on the Indonesia route. That allocation is for operation from the four major Australian gateways to points in Indonesia. Using this capacity, the airline operates regular scheduled services between Perth and Denpasar. Strategic Airlines has therefore demonstrated its ability to obtain the necessary approvals and to implement its proposals in relation to operations on the Indonesia route.

3.4 Strategic Airlines' will need to obtain the appropriate approvals for operations from Port Hedland. In this respect, the delegate notes that Strategic Airlines' proposed operations are modest in scale and the delegate understands that regular international charter services are already operated between Port Hedland and Denpasar by another carrier.

3.5 The delegate concludes that Strategic Airlines is reasonably capable of obtaining the necessary approvals and of implementing its proposals and therefore meets the paragraph 4 criteria. The delegate, on behalf of the Commission, will allocate to Strategic Airlines the capacity sought.

3.6 The delegate notes that the allocation of capacity on the part of the Australia – Indonesia route involved provides Strategic Airlines with considerable future flexibility in its operations. The delegate also notes that an allocation of capacity on this part of the Indonesia route, where there is unlimited capacity available, does not affect in any way the ability of other carriers to seek capacity on this part of the route.

3.7 The determination will be for a period of five years as sought by the carrier. In order to allow Strategic Airlines ample time to work towards obtaining all necessary approvals, the delegate will require the capacity to be utilised by the end of October 2010.

#### **4 Determination allocating capacity on the Indonesia route to Strategic Airlines ([2010] IASC 106)**

4.1 The delegate, on behalf of the Commission, makes a determination in favour of Strategic Airlines, allocating unrestricted passenger capacity in each direction on the Indonesia route between points in Australia, except Sydney, Melbourne, Brisbane and Perth and authorised points in Indonesia in accordance with the terms of the Australia – Indonesia air services arrangements.

4.2 The determination is for five years from the date of the determination.

4.3 The determination is subject to the following conditions:

- Strategic Airlines is required to utilise the capacity from no later than 31 October 2010, or from such other date approved by the Commission;
- only Strategic Airlines is permitted to utilise the capacity;
- Strategic Airlines is not permitted to utilise the capacity to provide services jointly with another Australian carrier or any other person without the approval of the Commission;
- changes in relation to the ownership and control of Strategic Airlines are permitted except to the extent that any change:
  - results in the designation of the airline as an Australian carrier under the Australia – Indonesia air services arrangements being withdrawn; or
  - has the effect that another Australian carrier, or a person (or group of persons) having substantial ownership or effective control of another Australian carrier, would take substantial ownership of Strategic Airlines or be in a position to exercise effective control of Strategic Airlines, without the prior consent of the Commission; and
- changes in relation to the management, status or location of operations and Head Office of Strategic Airlines are permitted except to the extent that any change would result in the airline ceasing to be an airline designated by the Australian Government for the purposes of the Australia – Indonesia air services arrangements.

Dated: 8 July 2010

Michael Bird  
Executive Director  
Delegate of the IASC Commissioners