



Australian Government

International Air Services Commission

DECISION

Decisions:	[2007] IASC 206 and [2007] IASC 207
Variation of:	[2001] IASC 123 and [2006] IASC 110
The Route:	Thailand
The Applicant:	Qantas Airways Limited (Qantas) (ACN 009 661 901)
Public Register:	IASC/APP/200707

1 The application

- 1.1 On 19 March 2007, Qantas applied for a variation to Determinations [2001] IASC 123 and [2006] IASC 110 to permit Malev Hungarian Airlines (Malev) to code share on Qantas operated services and for an allocation of three third country airline code share services per week on the Thailand route to enable Qantas to code share on Malev operated services.
- 1.2 Qantas is proposing to introduce code share arrangements with Malev between Australia and Hungary via either Bangkok or Frankfurt from 25 April 2007. Qantas plans to code share on Malev's two weekly Budapest-Bangkok services, while Malev would code share on two weekly Qantas services between Bangkok and Sydney. From the Northern Winter 2007 scheduling season, Malev will increase its services between Bangkok and Hungary to three per week and consequently Qantas plans to code share on these three weekly services and Malev would code share on three weekly Qantas flights between Bangkok and Sydney.
- 1.3 The Commission published a notice on 27 March 2007, inviting submissions about the application. No submissions were received. All material supplied by the applicant is filed on the Register of Public Documents.

2 Provisions of relevant air services arrangements

- 2.1 Code sharing by Qantas on Malev services between Hungary and Germany does not involve the use of Australian capacity on the Hungary or German routes. Also, code sharing by Malev on Qantas services between Bangkok and Sydney does not involve the use of Australian capacity on the Thailand route.
- 2.2 An allocation of capacity to Qantas on the Thailand route is required; however, as the Australia-Thailand air services arrangements limit Australian carriers to 28 weekly services when entering into code share arrangements as the non-operating carrier with third country airlines. 14 of these services are currently available.

3 Delegate's consideration

- 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 Amendment Regulations 2003 (No.1)*, the delegate of the Commission considers the Qantas application.
- 3.2 The Explanatory Statement to the Minister's policy statement provides guidance to the Commission in relation to requests to vary determinations to add minor increases in capacity. A minor increase in capacity would not generally exceed one B747 equivalent frequency per week. In this case the capacity involved is code share capacity only, with only a relatively small number of code share seats likely to be sold on each flight, no other airline has expressed an interest in the capacity and there will be a large amount of third country capacity still available after allocation.
- 3.3 Determination [2001] IASC 123 expires on 30 June 2007 and [2006] IASC 110 becomes effective on 1 July 2007.
- 3.4 The delegate, on behalf of the Commission, will vary the determinations as requested by Qantas.

4 Decision [2007] IASC 206

- 4.1 In accordance with section 24 of the Act, the delegate, on behalf of the Commission, varies Determination [2001] IASC 123, as varied by Decisions [2002] IASC 123, [2003] IASC 211 and [2005] IASC 201, which allocate capacity on the Thailand route by
 - (a) *removing* the following from paragraph 3.1 of Determination [2001] IASC 123, as varied
 - “allocating the equivalent of seven B747 weekly services in each direction between Australia and Thailand”

and *replacing* it with

- “allocating the equivalent of seven weekly B747 services in each direction and three third country airline code share services per week in each direction on the Thailand route under the Australia-Thailand air services arrangements”

(b) adding to paragraph 3.3, after the reference to providing services jointly with Air Malta

- “the capacity may be used by Qantas to provide services jointly with Malev Hungarian Airlines (Malev) in accordance with:
 - the code share agreement dated 16 April 2007 between Qantas and Malev for operations on the Australia - Thailand route;
 - or any subsequent code share agreement between Qantas and Malev for operations on the Australia - Thailand route with the prior approval of the Commission; and
- under any code share agreement with Malev:
 - Qantas must price and sell its services on the route independently of Malev; and
 - Qantas must not share or pool revenues on the route with Malev;
- to the extent that the capacity is used to provide joint services on the route, Qantas must take all reasonable steps to ensure that passengers are informed of the carrier actually operating the flight at the time of booking;”

5 Decision [2007] IASC 207

5.1 In accordance with section 24 of the Act, the delegate, on behalf of the Commission, varies Determination [2006] IASC 110, which allocates capacity on the Thailand route by

(a) *removing* the following from paragraph 3.1 of Determination [2006] IASC 110

- “allocating the equivalent of seven B747 services in each direction between Australia and Thailand under the Australia-Thailand air services arrangements”

and *replacing* it with

- “allocating the equivalent of seven weekly B747 services in each direction and three third country code share services in each direction on the Thailand route under the Australia-Thailand air services arrangements”

(b) adding to paragraph 3.3, after the reference to providing services jointly with Air Malta

- “the capacity may be used by Qantas to provide services jointly with Malev Hungarian Airlines (Malev) in accordance with:
 - the code share agreement dated 16 April 2007 between Qantas and Malev for operations on the Australia - Thailand route;
 - or any subsequent code share agreement between Qantas and Malev for operations on the Australia - Thailand route with the prior approval of the Commission; and
- under any code share agreement with Malev:
 - Qantas must price and sell its services on the route independently of Malev; and
 - Qantas must not share or pool revenues on the route with Malev;
- to the extent that the capacity is used to provide joint services on the route, Qantas must take all reasonable steps to ensure that passengers are informed of the carrier actually operating the flight at the time of booking;”

Dated: 24 April 2007

Dilip Mathew
Senior Adviser
Delegate of the IASC Commissioners