



Australian Government

International Air Services Commission

DETERMINATION

Determination: [2023] IASC 121
The Route: Solomon Islands
The Applicant: Qantas Airways Limited
(Qantas) (ABN 16 009 661 901)
Public Register File: IASC/APP/202341

The Commission makes a determination allocating to Qantas Airways Limited 282 seats of capacity per week to operate passenger services on the Solomon Islands route. The determination is valid for five years from 10 July 2023.

1 The application

1.1 On 22 May 2023, Qantas applied to the International Air Services Commission (the Commission) for an allocation of 282 seats of capacity per week to operate passenger services on the Solomon Islands route. Qantas stated in its application that it will utilise the passenger capacity to operate three flights per week between Brisbane and Honiara from 29 October 2023, using Embraer E190 aircraft.

1.2 Qantas initially requested the capacity allocation on the following basis:

- the allocation is requested for a period of five years from the date of the determination;
- the capacity will be fully utilised by 31 December 2023;
- the capacity may be utilised by Qantas, or Jetstar Airways Pty Limited (Jetstar) or another Australian carrier which is a wholly-owned subsidiary of Qantas; and
- the capacity may be used by Qantas to provide joint services with any wholly-owned subsidiary of the Qantas Group and by any wholly-owned subsidiary of the Qantas Group to provide joint services with Qantas.

1.3 However, on 28 June 2023, Qantas sought to amend its original application to omit the inclusion of conditions permitting the use of capacity by Jetstar or another Australian carrier which is a wholly-owned subsidiary of the Qantas Group, and conditions permitting the capacity to be used by Qantas to provide joint services with any wholly-owned subsidiary of the Qantas Group and by any wholly-owned subsidiary of the Qantas Group to provide joint services with Qantas.

1.4 Qantas also provided the Commission with additional advice, on 24 May 2023, that the proposed services will be operated under a wet lease agreement with Alliance Airlines.

1.5 In accordance with section 12 of the *International Air Services Commission Act 1992* (the Act), on 23 May 2023, the Commission published Qantas' application on the Commission's website inviting other applications for capacity on the Solomon Islands route. No other applications were received. All non-confidential material supplied by the applicant is available on the Commission's website (www.iasc.gov.au).

2 Air services arrangements

2.1 Paragraph 7(2)(aa) of the Act provides that the Commission must not allocate available capacity contrary to any restrictions on capacity contained in a bilateral arrangement(s).

2.2 According to the Register of Available Capacity, there are 2,000 seats of capacity per week available for allocation to Australian designated airlines to operate passenger services between Australia and the Solomon Islands and unrestricted capacity, frequency and aircraft type to and from all points in Australia other than Sydney, Melbourne, Brisbane and Perth.

3 Commission's consideration

3.1 Subsection 12(3) of the Act allows any person to apply to the Commission for a determination allocating capacity to enable an Australian carrier to operate international air services.

3.2 Subsection 7(1) of the Act empowers the Commission to make a determination allocating available capacity. Subsection 7(2) requires, in part, that the Commission's determination must not allocate capacity unless the Commission is satisfied that the allocation would be of benefit to the public and would not be contrary to any restrictions on capacity contained in bilateral arrangements, or combination of bilateral arrangements.

3.3 Further, subsection 7(3) of the Act provides that in assessing the benefit to the public of an allocation of capacity, the Commission must apply the criteria set out in the policy statement made by the Minister pursuant to section 11 of the Act.

3.4 Pursuant to section 11 of the Act, the Minister issued the *International Air Services Commission Policy Statement 2018* (the Policy Statement) which came into effect on 28 March 2018. The Policy Statement sets out the criteria which the Commission is required to apply in assessing the benefit to the public of allocations of capacity.

3.5 Qantas is seeking the allocation of 282 seats of capacity per week in each direction on the Solomon Islands route. The Commission notes that no other Australian carrier has been allocated capacity to operate services between Australia and the Solomon Islands.

3.6 The Commission notes that there are no other applicants seeking capacity on the route and no opposition to the application. Section 12 of the Policy Statement provides, in part, that in circumstances where there is only one applicant for allocation of capacity on a route, and there is no opposition to the application, the Commission is to have regard to the ‘reasonable capability criterion’ in section 8 of the Policy Statement and need not have regard to any other matter.

3.7 Under the reasonable capability criterion in section 8 of the Policy Statement, the Commission is required to assess the extent to which all Australian carriers that are, or would be, permitted to use the capacity allocated under a determination are reasonably capable of: (a) obtaining any licenses, permits or other approvals required to operate on and service the route to which the determination relates; and (b) using the capacity allocated under the determination.

3.8 The Commission notes that Qantas is an established international carrier and, as such, is reasonably capable of obtaining the necessary approvals to operate on the route and of using the capacity allocation. Accordingly, the Commission has concluded that Qantas satisfies the criteria under section 8. The Commission, therefore, has decided to allocate the capacity as requested by Qantas.

3.9 Subsection 15(1) of the Act empowers the Commission to include such terms and conditions as it thinks fit. The Commission has decided to issue this determination subject to the conditions set out in Item 4 below.

3.10 Paragraph 15(2)(a) of the Act requires a determination to specify the period during which it is to be in force. Subsection 15(3) of the Act effectively provides that if the Policy Statement sets out how the period of validity of the determination is to be fixed, then the period of validity is as so fixed. In any other case, an interim determination is to be in force for three years while a determination that is not an interim determination is to be in force for five years.

3.11 Section 20 of the Policy Statement sets out how the Commission is to fix the period during which a determination is to be in force. The Commission considers that this application is within the scope of subsection 20(4) and has decided that this determination is to be in force for a period of five years.

4 Determination allocating capacity on the Solomon Islands route to Qantas Airways Limited ([2023] IASC 121)

4.1 In accordance with section 7 of the Act, the Commission makes a determination in favour of Qantas Airways Limited, allocating 282 seats of capacity per week to operate passenger services on the Solomon Islands route in accordance with the Australia – Solomon Islands air services arrangements.

4.2 The determination is valid for five years from 10 July 2023.

4.3 The determination is subject to the following conditions:

- (a) Only Qantas Airways Limited is permitted to utilise the capacity
- (b) Qantas Airways Limited is required to fully utilise the capacity no later than 31 December 2023 or such other date approved by the Commission.
- (c) Qantas Airways Limited is not permitted to utilise the capacity to provide code share or joint services with another Australian carrier or any other person unless approved by the Commission.
- (d) Changes in relation to the ownership and control of Qantas Airways Limited are permitted except to the extent that any change:
 - results in the designation of the airline as an Australian carrier under the Australia – Solomon Islands 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 Qantas Airways Limited or be in a position to exercise effective control of Qantas Airways Limited, without the prior consent of the Commission.

Dated: 10 July 2023



Genevieve Butler
Chairperson



Jane McKeon
Commissioner