



## Australian Government

### International Air Services Commission

#### RENEWAL DETERMINATION

<b>Determination:</b>	<b>[2024] IASC 132</b>
<b>Renewal of:</b>	<b>[2019] IASC 122</b>
<b>The Route:</b>	<b>Bangladesh</b>
<b>The Applicant:</b>	<b>Virgin Australia International Airlines Pty Ltd (Virgin Australia) (ABN 63 125 580 823)</b>
<b>Public Register File:</b>	<b>IASC/APP/202449</b>

The Commission makes a fresh determination allocating to Virgin Australia International Airlines Pty Ltd five frequencies per week in each direction on the Bangladesh route. Virgin Australia International Airlines Pty Ltd is permitted to utilise the capacity to provide code share services with Singapore Airlines, subject to certain conditions. The Determination is valid for five years from 25 October 2025.

#### 1 The application for renewal

1.1 On 28 November 2019, the International Air Services Commission (the Commission) issued Determination [2019] IASC 122 (the Determination) allocating, in favour of Virgin Australia International Airlines Pty Ltd (Virgin Australia), five frequencies per week in each direction on the Bangladesh route. The Determination permits the capacity to be utilised by Virgin Australia to code share on services operated by Singapore Airlines to Dhaka via Singapore.

1.2 Section 17 of the *International Air Services Commission Act 1992* (the Act) requires the Commission to start its consideration of the renewal of a determination at least 12 months before the expiry of the original determination. The Determination is due to expire on 24 October 2025. In view of this, the Commission sent, on 29 October 2024, a letter to Virgin Australia inviting it to apply for renewal if it wished to renew the Determination.

1.3 On 18 November 2024, Virgin Australia applied to the Commission for a renewal of the Determination for a further five-year period from 25 October 2025 and requested the retention of all existing conditions.

1.4 As required by sections 12 and 17 of the Act, the Commission published, on 21 November 2024, a notice on its website and subsequently sent a notification by email to stakeholders inviting other applications for capacity on the route. No other applications were received.

1.5 All non-confidential material supplied by the applicant is available on the Commission's website ([www.iasc.gov.au](http://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 no frequencies of passenger capacity available for allocation to Australian designated airlines.

2.3 Under the Australia-Bangladesh air services arrangements, Australian designated airlines may enter into code sharing arrangements, whether as the operating airline or marketing airline, with a designated airline of Bangladesh, with another Australian designated airline/or an airline of a third country. The capacity offered by an Australian designated airline, as a marketing carrier under a code share arrangement, will be counted against Australian capacity entitlements.

## **3 Commission's consideration**

3.1 Section 8 of the Act provides that the Commission may, at any time while a determination is in force, make a fresh determination allocating the capacity to which the original determination relates. Subsection 8(2) provides in part that the fresh determination must make the same allocation of capacity as the original determination unless the Commission is satisfied that the allocation is no longer of benefit to the public. In assessing the benefit to the public of an allocation of capacity, the Commission must apply the criteria set out for that purpose in the policy statement made by the Minister under section 11 of the Act.

3.2 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.

3.3 Section 14 of the Policy Statement applies where the Commission is proposing to make a fresh determination under section 8 of the Act, and is considering whether the allocation of capacity in the original determination is no longer of benefit to the public for the purpose of section 8(2)(a)(i) of the Act. Section 14(2) of the Policy Statement provides that, without limiting the matters to which the Commission may have regard, an allocation is generally no longer of benefit to the public if:

- the carrier has failed to service the route effectively (s 14(2)(a)); and
- there are other applications for some or all of the capacity (s 14(2)(b)); and
- the Commission is satisfied that a different allocation of capacity would be of greater benefit to the public, having regard to the criteria set out in sections 8 and 9 of the Policy Statement (s 14(2)(c)).

3.4 The Commission notes that, under subsection 14(2) of the Policy Statement, an allocation will generally no longer be of benefit to the public where all of the above conditions are satisfied.

3.5 There are no other applications for some or all of the capacity to which the determination in question relates, and therefore the condition in section 14(2)(b) of the Policy Statement is not satisfied. The Commission therefore finds that the proposed allocation does not fall within the class of allocations that are generally no longer of benefit to the public contemplated by subsection 14(2) of the Policy Statement.

3.6 However, subsection 14(2) of the Policy Statement operates ‘without limiting the matters to which the Commission may have regard’. In view of the circumstances pertaining to the COVID-19 pandemic, the Commission has proceeded to consider whether the allocation is no longer of benefit to the public in all the circumstances.

3.7 On 11 March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. In response, the Australian Government introduced a range of health, financial and other measures to prevent and minimise the transmission of COVID-19.

3.8 In this context, on 24 March 2020 the Prime Minister announced that the Australian Government was introducing a ‘do not travel’ ban on Australians travelling overseas under the *Biosecurity Act 2015*. On 27 October 2021, the Government announced it would lift the international travel ban for certain categories of travellers from 1 November 2021, subject to certain conditions. On 7 February 2022, the Prime Minister announced that Australian international borders would re-open from 21 February 2022.

3.9 With the imposition of travel restrictions in March 2020, Virgin Australia suspended its scheduled international flights.

3.10 In assessing the current Virgin Australia application for the renewal of the Determination, the Commission considered whether the carrier has failed to service the route effectively.

3.11 Until travel restrictions linked to the COVID-19 pandemic were imposed by the Australian Government in March 2020, Virgin Australia offered services between Australia and Bangladesh via Singapore, under a code share arrangement with Singapore Airlines. Prior to March 2020, there was no information to suggest that Virgin Australia has failed to service the Australia-Bangladesh route effectively.

3.12 The Commission considers that the temporary suspension of Virgin Australia’s code share services on the Bangladesh route in 2020-22 was directly in response to travel restrictions associated with the COVID-19 pandemic.

3.13 The Commission therefore finds that the temporary suspension of Virgin Australia’s services in these circumstances does not mean that Virgin Australia has failed to service the route effectively. Moreover, the Commission notes that since November 2022<sup>1</sup>, Virgin Australia and Singapore Airlines resumed offering code share services on

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<sup>1</sup> [Virgin Australia Expands Partnership with Singapore Airlines, Resumes Codeshare Flights](#)

several international routes, including code share services on the Australia-Bangladesh route via Singapore.

3.14 The Commission has also considered the ‘reasonable capability criterion’ in section 8 of the Policy Statement, i.e. 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 licences, 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.

3.15 The Commission notes that Virgin Australia is an established carrier that currently operates scheduled international services between Australia and several international points. The Commission therefore finds that the carrier is reasonably capable of obtaining the necessary regulatory approvals and of using the capacity allocated on the Australia-Bangladesh route.

3.16 There is no other information before the Commission that it considers to be relevant or material to its assessment of Virgin Australia’s application. Based on its findings above, the Commission is not satisfied that the allocation of capacity in the original determination is no longer of benefit to the public for the purposes of section 8(2)(a)(i) of the Act. Therefore, the Commission is required to make the same allocation of capacity as the original determination (see section 8(2)(a) of the Act).

3.17 The Commission will continue to monitor the utilisation of capacity by Virgin Australia on this route.

3.18 Under section 19 of the Act, the Commission “must include the same terms and conditions as the original determination to which it relates” (subsection 19(1)(c)), but “may make such changes (if any) to the terms and conditions included in the original determination (including adding or deleting terms and conditions) as it is satisfied that are warranted because of changes in circumstances since the original determination was made” (subsection 19(3)). As part of its application, Virgin Australia requested to retain the conditions permitting Virgin Australia to continue offering code share services on the route with Singapore Airlines.

3.19 The Commission has decided to issue this determination subject to the conditions set out in item 4 below.

3.20 Nothing in this decision should be taken as indicating either approval or disapproval by the Australian Competition and Consumer Commission (ACCC). This decision is made without prejudicing, in any way, possible future consideration of code share operations by the ACCC.

## **4 Determination allocating capacity on the Bangladesh route to Virgin Australia International Airlines Pty Ltd ([2024] IASC 132)**

4.1 In accordance with section 8 of the Act, the Commission makes a determination in favour of Virgin Australia International Airlines Pty Ltd, allocating five frequencies of passenger capacity per week in each direction on the Bangladesh route, in accordance with the Australia - Bangladesh air services arrangements.

4.2 The determination is valid for five years from 25 October 2025.

4.3 The determination is subject to the following conditions:

- (a) Virgin Australia International Airlines Pty Ltd is required to fully utilise the capacity from the date the determination comes into effect or from such other date approved by the Commission.
- (b) Only Virgin Australia International Airlines Pty Ltd is permitted to utilise the capacity.
- (c) Virgin Australia International Airlines Pty Ltd is not permitted to utilise the capacity to provide code share or joint services with another carrier or any other person unless approved by the Commission, except to the extent permitted in condition (d).
- (d) The capacity may be used by Virgin Australia International Airlines Pty Ltd to provide code share or joint services with Singapore Airlines in accordance with the code share agreement made between Virgin Australia International Airlines Pty Ltd and Singapore Airlines on 15 April 2022, as amended, and the air services arrangements between Australia and Bangladesh.
- (e) Virgin Australia International Airlines Pty Ltd must obtain the Commission's written approval before implementing any variation to the code share arrangement which would change the relevant commercial aspects of the code share arrangement from a free sale code share agreement to a blocked space, or vice versa, or if Virgin Australia International Airlines Pty Ltd proposes to add third country routes on which the airlines will code share where Australian capacity will be used for services on that route.
- (f) To the extent that the capacity is used to provide code share (or joint) services on the route, the airlines must take all reasonable steps to ensure that passengers are informed, at the time of booking, of the carrier actually operating the flight. Nothing in this determination exempts the airlines from complying with the Australian Consumer Law.
- (g) Changes in relation to the ownership and control of Virgin Australia International Airlines Pty Ltd are permitted except to the extent that any change:
  - results in the designation of the airline as an Australian carrier under the Australia – Bangladesh 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 Virgin Australia International Airlines Pty Ltd or be in a position to exercise effective control of Virgin Australia International Airlines Pty Ltd without the prior consent of the Commission.

Dated: 23 December 2024



GENEVIEVE BUTLER  
Chairperson



JANE MCKEON  
Commissioner