



Australian Government

International Air Services Commission

RENEWAL DETERMINATION

Determination:	[2025] IASC 103
Renewal of:	[2019] IASC 129
The Route:	Hong Kong
The Applicant:	Qantas Airways Limited (Qantas) (ABN 16 009 661 901)
Public Register File:	IASC/APP/202502

The Commission makes a fresh determination allocating to Qantas Airways Limited 14 frequencies of capacity per week on the Hong Kong route, subject to certain conditions. The fresh determination permits the capacity to be used by either Qantas Airways Limited or its wholly-owned subsidiary Jetstar Airways Pty Limited. The determination is valid for five years from 23 November 2025.

1 The application

1.1 On 5 December 2019, the International Air Services Commission (the Commission) issued Determination [2019] IASC 129 (the Determination) allocating to Qantas Airways Limited (Qantas) 28 frequencies of capacity per week in each direction on the Hong Kong route.

1.2 The Determination permits Qantas and its wholly-owned subsidiary, Jetstar Airways Pty Limited (Jetstar) to utilise the capacity. The Determination also permits the capacity to be utilised by Qantas to provide code share services with British Airways, Finnair, El Al Airlines, LATAM Airlines and Air France.

1.3 The Determination was subsequently varied on three occasions:

- (a) on 30 November 2023, to reduce the capacity allocated by 5 frequencies per week, leaving 23 frequencies per week allocated under the Determination;
- (b) on 4 December 2023, to permit the capacity to be utilised by Qantas to provide code share services with KLM Royal Dutch Airlines; and
- (c) on 5 February 2025, to reduce the capacity allocated by 9 frequencies per week, leaving 14 frequencies per week allocated under the Determination.

1.4 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 22 November 2025. In view of this, the Commission sent, on 4 December

2024, a letter to Qantas inviting it to apply for renewal if it wished to renew the Determination.

1.5 On 12 February 2025, Qantas applied to the Commission for a renewal of the Determination for a further five-year period from 23 November 2025 and requested the retention of conditions permitting the capacity to be utilised by Qantas to offer code share services with British Airways, Finnair, LATAM Airlines, Air France and KLM Royal Dutch Airlines. As part of its application, Qantas has not requested the retention of conditions permitting the capacity to be utilised by Qantas to offer code share services with El Al Airlines.

1.6 As required by sections 12 and 17 of the Act, the Commission published, on 17 February 2025, 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.

1.7 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 70 services per week available for allocation to Australian designated airlines for the operation of passenger air services between Brisbane, Melbourne, Perth, Sydney and Western Sydney and Hong Kong.

2.3 Under the Australia-Hong Kong air services arrangements, a designated airline of Australia may, subject to conditions, enter into code share arrangements, whether as the operating or marketing airline, in respect of passenger and freighter air services with: a designated airline(s) of Australia; an airline(s) of Hong Kong; and an airline(s) of a third country or countries.

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. 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.

3.3 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, the Qantas Group

suspended the scheduled international flights of Qantas and Jetstar.

3.10 In assessing the current Qantas 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, the Qantas Group offered services between Australia and Hong Kong. Prior to March 2020, there was no information to suggest that Qantas has failed to service the Australia-Hong Kong route effectively.

3.12 The Commission considers that the temporary suspension of the Qantas Group's use of the capacity on the Hong Kong 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 Qantas' services in these circumstances does not mean that the carrier has failed to service the route effectively. Moreover, the Commission notes that Qantas resumed offering flights on the Hong Kong route from Sydney in January 2023 and from Melbourne in June 2023.

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 Qantas 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 Hong Kong route.

3.16 There is no other information before the Commission that it considers to be relevant or material to its assessment of Qantas' 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 the Qantas Group 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, Qantas has requested to retain the conditions permitting Qantas to continue offering code share services with British

Airways, Finnair, LATAM Airlines, Air France and KLM Royal Dutch Airlines. As part of its application, Qantas has not requested to retain the conditions permitting Qantas to continue offering code share services with El Al 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 Hong Kong route to Qantas Airways Limited ([2025] IASC 103)

4.1 In accordance with section 8 of the Act, the Commission makes a determination in favour of Qantas Airways Limited allocating 14 frequencies per week for the operation of passenger air services on the Hong Kong route, in accordance with the Australia – Hong Kong air services arrangements.

4.2 The determination is valid for five years from 23 November 2025.

4.3 The determination is subject to the following conditions:

- (a) Qantas Airways Limited 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) The capacity may be utilised by:
 - Qantas Airways Limited; or
 - Jetstar Airways Pty Limited, as long as it remains a wholly-owned subsidiary of the Qantas Group; or
 - Such other wholly-owned subsidiary of the Qantas Group the Commission approves in writing, as long as it remains a wholly-owned subsidiary of the Qantas Group.
- (c) Neither Qantas Airways Limited nor another Australian carrier which is a wholly-owned subsidiary of the Qantas Group is 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 conditions (d) and (e).
- (d) The capacity may be used by Qantas Airways Limited to provide code share or joint services with any wholly-owned subsidiary of Qantas Airways Limited and by any wholly-owned subsidiary of Qantas Airways Limited to provide code share or joint services with Qantas Airways Limited.

- (e) The capacity may be used by Qantas Airways Limited to provide code share services with:
- i. British Airways plc in accordance with the code share agreement made between Qantas Airways Limited and British Airways plc dated 19 November 2013, as amended.
 - ii. Finnair plc in accordance with the code share agreement made between Qantas Airways Limited and Finnair plc dated 23 December 2010, as amended.
 - iii. LATAM Airlines Group S.A. in accordance with the code share agreement made between Qantas Airways Limited and LATAM Airlines Group S.A. dated 1 August 2014, as amended.
 - iv. Société Air France in accordance with the code share agreement made between Qantas Airways Limited and Société Air France dated 23 May 2018, as amended.
 - v. KLM Royal Dutch Airlines in accordance with the code share agreement made between Qantas Airways Limited and KLM Royal Dutch Airlines dated 8 October 2018, as amended.
- (f) Qantas Airways Limited must apply to the Commission for approval of any proposed variations to the code share agreements between Qantas Airways Limited and the foreign carriers listed in (e), which would change the relevant commercial aspects of the agreement from a free sale code share arrangement to a blocked space, or vice versa, or if the airlines propose to add third country routes on which the airlines will code share where Australian capacity will be used for services on that route.
- (g) 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.
- (h) Changes in relation to the ownership and control of Qantas Airways Limited and/or its wholly-owned subsidiary are permitted except to the extent that any change:
- results in the designation of the airline(s) as an Australian carrier under the Australia – Hong Kong 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 the wholly-owned subsidiary) or be in a position to exercise effective control of Qantas Airways Limited (or the wholly-owned subsidiary) without the prior consent of the Commission.

Dated: 19 March 2025

Genevieve Butler

GENEVIEVE BUTLER
Chairperson

Jane McKeon

JANE MCKEON
Commissioner