

1980-81

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

Presented and read a first time, 28 May 1981

(Minister for Transport)

A BILL

FOR

An Act to approve the execution of an agreement relating to air transport, and for purposes connected therewith

BE IT ENACTED by the Queen, and the Senate and the House of Representatives of the Commonwealth of Australia, as follows:

Short title

1. This Act may be cited as the *Airlines Agreement Act 1981*.

5 **Commencement**

2. (1) Subject to sub-section (2), this Act shall come into operation on the day on which it receives the Royal Assent.

(2) Section 3 shall come into operation on a day to be fixed by Proclamation.

Repeal

10 3 The following Acts are repealed:
Civil Aviation Agreement Act 1952
Civil Aviation Agreement Act 1957
Airlines Agreements Act 1961

*Airlines Agreements Act 1972**Airlines Agreement, Act 1973.***Interpretation**

4. In this Act—

“Ansett”, means Ansett Transport Industries Limited; 5

“Commission” means the Australian National Airlines Commission.

Approval of agreement

5. The agreement between the Commonwealth, the Commission and Ansett, being the agreement a copy of which is set out in the Schedule, is approved.

Powers of Commission 10

6. The Commission—

(a) shall be taken to have had power to enter into the agreement referred to in section 5; and

(b) is empowered to do all such things as that agreement provides that the Commission will do. 15

Additional trunk routes

7. (1) In this section—

“Airlines agreement” means the agreement referred to in section 5;

“proposed agreement” means any agreement relating to trunk routes that is proposed to be entered into by the parties to the Airlines agreement in pursuance of paragraph 6 (1) (e) of the Airlines agreement. 20

(2) The Commonwealth shall not enter into a proposed agreement unless—

(a) the terms of the proposed agreement have been laid before each House of the Parliament; and

(b) neither House of the Parliament has, within 15 sitting days of that House after the terms of the proposed agreement have been laid before that House, passed a resolution disapproving the proposed agreement. 25

Amendment of Customs (Prohibited Imports) Regulations

8. (1) The Customs (Prohibited Imports) Regulations (being Statutory Rules 1956 No. 90, as amended) are amended— 30

(a) by inserting after regulation 4M the following regulation:

Prohibition of importation of aircraft, airframes or aircraft engines

“4N. (1) The importation into Australia of an aircraft, airframe or aircraft engine is prohibited unless permission in writing to import the aircraft, airframe or aircraft engine, as the case may be, has been granted by the Secretary to the Department of Transport. 35

5 “(2) The Secretary to the Department of Transport shall, in considering an application for permission to import into Australia an aircraft or aircraft engine, have regard to the provisions of the agreement referred to in section 5 of the *Airlines Agreement Act* 1981, if that agreement has force and effect.

10 “(3) The Secretary to the Department of Transport may, either generally or as otherwise provided by the instrument of delegation, by writing signed by him, delegate to an officer of the Department of Transport any of his powers or functions under this regulation, other than this power of delegation.

“(4) A power or function so delegated, when exercised or performed by the delegate, shall, for the purposes of this regulation, be deemed to have been exercised or performed by the Secretary to the Department of Transport.

15 “(5) A delegate is, in the exercise or performance of a power or function so delegated, subject to the directions of the Secretary to the Department of Transport.

20 “(6) A delegation under sub-regulation (3) does not prevent the exercise of a power or the performance of a function by the Secretary to the Department of Transport.”; and

(b) by omitting Item 1 from the Third Schedule.

(2) The Governor-General may, by regulation, repeal the regulation inserted in the Customs (Prohibited Imports) Regulations by paragraph (1) (a).

SCHEDULE

Section 5

AN AGREEMENT made the 28th day of May 1981 between THE COMMONWEALTH OF AUSTRALIA (in this agreement called "the Commonwealth") of the first part, AUSTRALIAN NATIONAL AIRLINES COMMISSION constituted under the Australian National Airlines Act 1945 and whose principal office is situated at 50 Franklin Street, Melbourne in the State of Victoria (in this agreement called "the Commission") of the second part and ANSETT TRANSPORT INDUSTRIES LIMITED, a company incorporated under the laws of the State of Victoria relating to companies and whose registered office is situated at 501 Swanston Street Melbourne in the said State (in this agreement called "the Company"), of the third part.

WHEREAS the operation of air services within Australia is presently governed by the provisions of the agreements set forth in Schedules 1, 2 and 3 of the Airlines Agreements Act 1952 (in this agreement called "the previous Agreements"):

AND WHEREAS substantial changes have taken place in the operation of air services within Australia since the previous Agreements came into force and effect which make it appropriate that the provisions of the previous Agreements should cease to have force and effect upon the coming into operation of the provisions of this agreement:

AND WHEREAS the Commission and the Company are the major operators of airline services in Australia for transport of passengers:

AND WHEREAS in order to facilitate trade and commerce among the States and assist the defence of the Commonwealth it is expedient in the opinion of the Commonwealth to make provision for the purpose of ensuring—

- (a) the efficient and economic operation of air passenger services within Australia;
- (b) the continued existence in competition with each other of only two operators of air passenger services over the entire trunk route network within Australia:

AND WHEREAS it is an objective of the Commonwealth to recover the costs incurred by it in the provision of facilities in respect of civil aviation within Australia:

AND WHEREAS it is an objective of the Commonwealth to ensure that the Commonwealth's curfew standards imposed from time to time in respect of aircraft operations at certain airports in Australia are observed:

AND WHEREAS for the attainment of those purposes and objectives it is desirable to make arrangements for the operation of air passenger services within Australia in the manner provided in this agreement:

AND WHEREAS the Commonwealth has informed the Commission and the Company that it intends to seek the enactment by the Parliament of the Commonwealth of legislation which will provide for the establishment of an Independent Air Fares Committee (in this agreement called "the Committee") to be constituted and to have powers and functions in terms which implement the general principles outlined in the Schedule to this agreement:

AND WHEREAS the parties have entered into this agreement on the basis that the legislation to be sought by the Commonwealth will be enacted in terms that adequately provide for the operation of the Committee for the purposes of this agreement:

NOW IT IS HEREBY AGREED by and between the parties to this agreement as follows:

1. (1) This agreement shall have no force or effect and shall not be binding on any party unless it is approved by the Parliament of the Commonwealth.

(2) This clause and clause 2 shall come into operation on the day on which the Act of the Parliament of the Commonwealth that approves this agreement is enacted.

(3) The remainder of this agreement shall come into operation on the day of occurrence of the last of the following events:

- (a) an Act of the Parliament of the Commonwealth providing for the establishment and operation of the Committee comes into operation;
- (b) the amendments referred to in clause 8 and sub-clause 9 (1) to the Customs (Prohibited Imports) Regulations and to the Airlines Equipment Act 1958 respectively come into operation; and
- (c) the 90 day period referred to in sub-clause 2 (3) has expired without either the Commission or the Company having given a notice to the other parties pursuant to that sub-clause.

SCHEDULE—continued

2. (1) This agreement is entered into by the parties upon and subject to the condition that the legislation of the Parliament of the Commonwealth referred to in the recitals (in this agreement called 'the Committee Act') for the establishment and operation of the Committee is enacted and comes into operation in terms which, in relation to the trunk route network, are acceptable to the Commission and the Company as parties to this agreement.

(2) The Commonwealth will, as soon as practicable after the enactment of the Committee Act, deliver to the Commission at its Principal Office and to the Company at its registered office in the State of Victoria a copy of that Act.

(3) Within 90 days after delivery of the copy of the Committee Act to the Commission and the Company, either the Commission or the Company may give to the other parties a notice which states that the provisions of the Committee Act in relation to the trunk route network are not acceptable to it for the purposes of the operation of this agreement.

3. The Commonwealth undertakes to take all appropriate action within its power to ensure that legislative provisions to the effect of the provisions that are enacted by the Committee Act are continued in operation in relation to the trunk route network during the currency of this agreement.

4. The provisions of the previous Agreements shall cease to have force or effect upon the commencement and coming into operation of this clause as provided in clause 1.

5. The parties agree that if legislative provisions are enacted by the Parliament of the Commonwealth for the transfer of the assets and liabilities of the Commission to a body corporate nominated by the Minister (hereinafter called "the Corporation") this agreement shall have effect from the date on which those legislative provisions come into operation as if the Corporation were substituted for the Commission as a party to this agreement and (except where the context otherwise requires) as if a reference to the Commission in this agreement were a reference to the Corporation.

6. (1) (a) The parties shall take all reasonable action within their powers to ensure that the Commission and the Company are the only two operators which provide scheduled domestic passenger air services over trunk routes within Australia.

(b) Subject to paragraph (c) of this sub-clause nothing in sub-clause (1) (a) shall prevent other operators from providing scheduled passenger air services over a prescribed route or successive prescribed routes.

(c) Where any successive prescribed routes have the effect of linking two trunk route centres that are for the time being trunk route centres for the purposes of sub-clause (1) (e), sub-clause (1) (b) applies unless the Secretary is satisfied that such scheduled passenger air services are not predominantly for use for the purpose of the carriage of passengers over separate prescribed routes and are to a significant extent used or to be used for the purpose of carriage of passengers between two centres that are for the time being trunk route centres for the purposes of sub-clause (1) (e).

(d) Without derogating from the objectives of sub-clause (1) (a), the parties acknowledge that nothing in this agreement shall preclude the Commonwealth, the Minister or the Secretary from permitting a passenger operator to develop specialised scheduled passenger air services over trunk routes of a nature which in the opinion of the Minister are not adequately provided for either by the Commission or the Company and for which after receiving a request in writing from the Minister neither the Commission nor the Company has, within a reasonable time, provided a service to the satisfaction of the Minister.

(e) For the purposes of this agreement a trunk route is a route linking any two trunk route centres. A trunk route centre shall be any one of the following: Adelaide, Alice Springs, Brisbane, Cairns, Canberra, Coolangatta, Darwin, Gove, Hobart, Launceston, Mackay, Melbourne, Mount Isa, Perth, Proserpine, Rockhampton, Sydney, Townsville and such other centres as the parties hereto shall agree from time to time.

(2) (a) For the purposes of this agreement a prescribed route is—

(i) a route:

(a) between a place in a State and another place in that State;

(b) between a place in a Territory and another place in that Territory;

(c) between a regional centre and another place in Australia; or

SCHEDULE—continued

(d) over which the Minister has requested in writing the Commission and the Company to provide a passenger air service and neither the Commission nor the Company has within a reasonable time after the making of that request provided that service to the satisfaction of the Minister; or

(ii) a route, other than a route referred to in sub-clause (2) (a) (i) over which an operator, other than the Commission or the Company, operated a scheduled passenger air service on 1 July 1980, regardless of whether it was the sole operator of scheduled air passenger services over that route.

(b) For the purpose of this agreement a regional centre is a place within Australia which is not for the time being a trunk route centre for the purposes of sub-clause (1) (e).

7. (1) Consultations between the Commission and the Company relating to the operation of competitive scheduled passenger air services within Australia shall only take place subject to the conditions set out in this clause.

(2) There may be consultations and agreement between the Commission and the Company in respect of any matters affecting:—

- (a) the efficient and economic operation of passenger air services which are not governed by other sub-clauses of this clause; and
- (b) any other matter proposed either by the Commission or the Company which is approved by the Minister.

(3) The Minister shall have the right to direct at any time that any matter approved by him under sub-clause (2) (b) shall no longer be a matter in respect of which the Commission and the Company may consult.

(4) There shall be consultations between the Commission and the Company with a view to reaching agreement in respect of the following matters:—

- (a) passenger revenue load factors;
- (b) aircraft utilisation; and
- (c) any other matter proposed either by the Commission or the Company which is approved by the Minister.

(5) The Minister shall have the right to direct at any time that any matter approved by him under sub-clause (4) (c) shall no longer be a matter in respect of which the Commission and the Company must consult.

(6) There shall be a person (in this agreement called "the Arbitrator") who is a person appointed by agreement between the Commission and the Company or, in default of agreement, a Justice of a Federal Court, other than the High Court, made available under arrangements made by the Attorney-General.

(7) If the Commission and the Company cannot agree on any matter referred to in sub-clause (4), either party may by notice in writing to the other and to the Arbitrator refer the matter or matters in dispute for decision by the Arbitrator.

(8) In reaching a decision on any matter on which agreement cannot be reached, the Arbitrator shall have regard to any submissions made by the Commission and the Company and may seek and have regard to any submissions from the Secretary or from any other person that the Arbitrator considers appropriate.

(9) Any agreement reached between the Commission and the Company as a result of consultations pursuant to sub-clause (4) and any decision of the Arbitrator shall be final and binding on the Commission and the Company and each party shall give effect to and not take any steps inconsistent with that agreement or decision.

(10) Consultations relating to the setting of fares shall be dealt with in accordance with this sub-clause.

- (a) All consultations between the Commission and the Company relating to fares shall be held in the presence of the Chairman or another member of, or a person designated by, the Committee.
- (b) The Commission and the Company shall consult each other in relation to the setting of core fares and variation of core fares.

SCHEDULE—continued

(c) Whenever required by the Committee to do so, the Commission and the Company shall consult each other before proceeding with an application to the Committee for approval of a new discount fare or a variation of a discount fare.

(11) On or before 31 January in each year the Commission and the Company will provide a joint report to the Minister on the scope and effectiveness of the consultations which took place in the preceding calendar year. The Minister shall, as soon as possible, table the report in Parliament together with any other documents which the Minister considers may be of assistance to Parliament in its consideration of the report.

8. The Commonwealth will take all requisite steps to procure the amendment of the Customs (Prohibited Imports) Regulations to include a provision that, in considering applications for the import of aircraft and aircraft engines, the Secretary shall have regard to the provisions of this agreement. The Commonwealth undertakes that it will do everything in its power to ensure that a provision to this effect will be retained in the said Regulations during the currency of this agreement.

9. (1) The Commonwealth, through the Minister, will introduce in the Parliament of the Commonwealth an amendment to the Airlines Equipment Act 1958 to impose and will thereafter take all appropriate action within its power to maintain during the currency of this agreement, an obligation on any operator (other than the Commission and the Company) of civil domestic air services who seeks to import a turbo jet aircraft having a capacity in excess of 30 passengers or a maximum payload in excess of 3,500 kilograms in order to operate domestic air services to enter into an undertaking to comply with the said Act if approval to import such an aircraft is given to the operator. The Commonwealth will take all reasonable action within its powers to ensure that an aircraft, the subject of any such undertaking, is not used in a manner contrary to such undertaking.

(2) The Commission and the Company shall comply with the provisions of the Airlines Equipment Act 1958, as amended from time to time.

(3) The Commonwealth will ensure that the Minister will exercise his powers under the Airlines Equipment Act 1958, as amended from time to time, to allow equal capacity to the Commission and the Company over competitive routes.

(4) The Commission and the Company shall each notify the other in writing at the time it makes an application (whether in respect of turbo-jet or other aircraft) to the Minister for a certificate under section 13 of the Airlines Equipment Act 1958, as amended from time to time, and when it is issued with such a certificate.

10. (1) The Commission and the Company recognise that the Commonwealth is entitled to fully recover from the air transport industry the costs properly attributable to the provision of facilities for civil air transport and agree to facilitate the implementation of measures taken by the Commonwealth for the purpose of achieving that objective, provided that the Commonwealth agrees that, allowing for minor variations between years, the Commonwealth will not seek to recover more than the costs properly attributable to the provision of facilities required for the operation of trunk route air services within Australia.

(2) The Commonwealth agrees that in calculating revenue which is offset against the costs properly attributable to the provision of facilities for civil air transport, amounts received by the Commonwealth by way of duty or tax on fuel used for civil air transport shall be included in such revenue.

(3) The Commonwealth agrees that it will not increase the amount of tax (including customs and excise duties) payable in respect of each litre of aviation fuel in any period of twelve months by a greater amount or rate than the corresponding amount or rate of any increase in tax in that period imposed on motor spirit.

11. The Commonwealth agrees to take all steps necessary to ensure that during the currency of this agreement passenger air transport business transacted on Commonwealth Government warrant is freely available to both the Commission and the Company and that the holder of a Government warrant has a free option as to the service to be used.

12. (1) For the purpose of providing for the maintenance and encouragement of rural airline services, the Commission and the Company each undertakes with the Commonwealth:—

(a) that except as provided in this clause it will maintain airline services to all places to which it operates airline services at the date of commencement of this clause; and

SCHEDULE—continued

(b) that it will not cease to operate a service except after prior consultation with the Secretary with the view to replacement of that service by an air service provided by another operator.

(2) That in the event that the total direct and indirect costs of operating a rural airline service during a continuous period of not less than 6 months commencing after the date of commencement of this clause exceed the total revenue from that service in respect of that period, the Commission or the Company, as the case may be, which operates the service (in this clause called "the operator") may give to the Commonwealth notice that it will cease to operate the service upon the expiration of 3 months after the giving of the notice.

(3) A notice under sub-clause (2) shall be accompanied by information which is directed to establishing to the satisfaction of the Secretary that the event referred to in that sub-clause has occurred.

(4) If the Secretary is satisfied that the event referred to in sub-clause (2) has occurred, he shall notify the operator to that effect within 30 days of receipt of the notice under sub-clause (2) and the operator may cease to operate the service upon the expiration of the period of 3 months referred to in sub-clause (2).

(5) If the Secretary is not satisfied that the event referred to in sub-clause (2) has occurred he shall within 30 days of receipt of the notice under that sub-clause notify the operator to that effect and, if the operator wishes to proceed with the cessation of operation of the service, the question whether or not the event has occurred shall be referred for determination (as an expert and not as an arbitrator) by an independent chartered accountant agreed upon by the Secretary and the operator or failing agreement by a chartered accountant nominated by the President for the time being of the Institute of Chartered Accountants in Australia.

(6) If it is determined in accordance with sub-clause (5) that the event referred to in sub-clause (2) has occurred, the operator may cease to operate the service upon the expiration of the period of 3 months referred to in sub-clause (2) or upon the expiration of 7 days from the date on which a copy of the determination of the expert referred to in sub-clause (5) was served on the operator whichever is the later.

13. (1) During the currency of this agreement, the Commission and the Company shall, as soon as practicable after the end of each financial year, but no later than 31 December each year (unless otherwise agreed by the parties), furnish to the Minister separately for presentation to the Parliament financial information in respect of their respective businesses and those of their subsidiary companies relating to:—

- (a) the operation of passenger air services on trunk routes, including such other passenger air services as are provided as ancillary to the services on trunk routes; and
- (b) the total operation of air services carried on by the Commission and the Company.

(2) The financial information provided by the Company pursuant to sub-clause (1) shall be generally in accordance with the accounting requirements of the Victorian Companies Act, be audited in accordance with the provisions of that Act and certified as to correctness by two Directors of the Company.

(3) The financial information provided by the Commission pursuant to sub-clause (1) shall be audited by the Auditor-General and certified as to correctness by two Commissioners, or in such other manner as the Minister may approve.

(4) When the Corporation becomes a party to this agreement the financial information provided by the Corporation pursuant to sub-clause (1) shall be generally in accordance with the accounting requirements of the law relating to companies in the State or Territory of its incorporation, be audited in accordance with the provisions of that law and certified as to correctness by two Directors of the Corporation.

14. (1) Ansett Transport Industries Limited will procure that all its subsidiary companies which own or operate aircraft that are used in the provision of domestic passenger air services will comply with the several obligations, prohibitions and limitations imposed on the Company under this agreement and that they will not do anything inconsistent with the provisions or purposes of this agreement.

SCHEDULE—continued

(2) The Commission will procure that all companies in which it has a controlling interest, directly or indirectly, and which own or operate aircraft that are used in the provision of domestic passenger air services will comply with the several obligations, prohibitions and limitations imposed on the Commission under this agreement and that they will not do anything inconsistent with the provisions or purposes of this agreement.

(3) When the Corporation becomes a party to this agreement it will procure that all its subsidiary companies which own or operate aircraft that are used in the provision of domestic passenger air services will comply with the several obligations, prohibitions and limitations imposed on the Corporation under this agreement and that they will not do anything inconsistent with the provisions or purposes of this agreement.

(4) Nothing in this agreement shall impose any restriction on the activities of the Commission or the Company over prescribed routes which are not imposed on the activities of other operators over prescribed routes.

15. (1) The parties acknowledge that as at the date of signing of this agreement the respective roles of Qantas, on the one hand, and the Commission and the Company, on the other hand, in respect of international and domestic air services are as follows:—

- (a) the role of Qantas is to provide international air services and not domestic regular public air services, provided that Qantas has a right to carry international passengers and international freight on domestic sectors as part of its international services;
- (b) the role of the Commission and the Company is to provide domestic air services and not international regular public air services;
- (c) the above roles shall not prevent Qantas, the Commission and the Company operating services on behalf of each other.

(2) The Commonwealth agrees that, if there is at some future time a change or changes in government policy as to the respective roles Qantas, the Commission and the Company will perform in international and domestic air services, the change or changes will only be implemented after obtaining the agreement of the other parties to this agreement. The parties acknowledge that the Commonwealth shall not implement any change or changes to the respective roles of Qantas, the Commission and the Company without first consulting Qantas.

(3) The Commonwealth in its capacity as sole shareholder of Qantas agrees that, during the currency of this agreement, there shall be a directive to Qantas from the Minister which will contain a requirement that Qantas shall obtain the Minister's approval before it operates scheduled domestic air services. The Minister shall exercise this power of approval in accordance with the respective roles Qantas, the Commission and the Company may have at the time the approval is sought by Qantas.

(4) The Commonwealth agrees that, during the currency of this agreement, it will not enter into air service arrangements or agreements with other countries which will permit any foreign airline to operate scheduled domestic air services, provided that a foreign airline may, if authorised by the Commonwealth, carry international passengers and international freight on domestic sectors as part of its international services.

16. (1) The Commission and the Company undertake not to operate at any airport a type of aircraft the operations of which are for the time being restricted to specific hours, during the hours within which operations by that type of aircraft are prohibited at that airport.

(2) The last preceding sub-clause will not apply to cases of emergency, or where the Minister considers the operations are necessary in the interests of the public generally.

17. Nothing in this agreement requires or permits the Commission or the Company to act in any manner inconsistent with the Air Navigation Act 1920, as amended from time to time, or with the Regulations in force under that Act.

18. The Commonwealth will consult annually with the Commission and the Company on departmental activities, programmes, practices, procedures and costs with a view to minimising the amount to be recovered by way of air navigation charges.

19. (1) If at any time during the currency of this agreement the Commonwealth is involved in war, or the Minister informs the Company and the Commission that there is an immediate danger of the Commonwealth being so involved, the Company and the Commission

SCHEDULE—continued

will, if requested so to do by the Minister, make available for use by the Commonwealth in such manner and for such time as the Commonwealth requires all or so many as may be required of their aircraft, spares, accessories, equipment, hangars, workshops, buildings and facilities.

(2) Subject to the next succeeding sub-clause, the Company and the Commission shall be entitled to be paid such reasonable compensation for the use of their property under the preceding sub-clause as is determined by mutual agreement or in the absence of agreement by arbitration in accordance with the laws relating to arbitration in force in the State of Victoria.

(3) Nothing contained in this clause shall be deemed to affect the operation of any Act of the Commonwealth, or any regulation, rule, order or other instrument made under or by virtue of an Act, or any other law, relating to the acquisition or requisition of property in time of war or national emergency.

20. (1) The Commonwealth will not exercise any of its powers under or by virtue of an Act, including its power in relation to the making of regulations, so as to discriminate against the Company or the Commission.

(2) The Commonwealth will, during the currency of this agreement, accord substantially equal treatment to the Company and the Commission, including the provision of loan guarantees for the acquisition of aircraft and associated spares and equipment, the granting of import licences and allocation of airport facilities.

21. The Commonwealth will include in the legislation introduced in the Parliament of the Commonwealth to approve this agreement a provision that will authorise and empower the Commission, in the exercise of its powers and functions, to enter into this agreement and to do all things that this agreement provides that the Commission will do or is empowered to do.

22. (1) This agreement shall continue in force unless and until determined in accordance with the provisions of this clause.

(2) The Company may terminate this agreement by giving at any time after five years from the date of commencement of this clause to the Minister and, if the Corporation is at the time a party to this agreement, to the Corporation a notice in writing of termination taking effect not less than three years after the giving of the notice.

(3) The Corporation, when it is a party to this agreement, may terminate this agreement by giving at any time after five years from the date of commencement of this clause to the Minister and to the Company a notice in writing of termination taking effect not less than three years after the giving of the notice provided that the Corporation shall not have the right to give notice of termination pursuant to this sub-clause unless at the time of the giving of such notice the total beneficial shareholding of the Commonwealth in the Corporation is less than 50% of the issued share capital of the Corporation.

(4) The Commonwealth may terminate this agreement by giving at any time after five years from the date of commencement of this clause to the Company and, if the Corporation is at the time a party to this agreement, to the Corporation a notice in writing of termination taking effect not less than three years after the giving of the notice.

(5) A notice under the last preceding sub-clause shall not be given unless the consent of both Houses of the Parliament of the Commonwealth expressed by resolution has first been given to termination of this agreement by the Commonwealth.

(6) If the Company or the Commonwealth gives a notice under this clause it shall, if the Commission is at the time a party to this agreement, as soon as practicable thereafter furnish a copy of the notice to the Commission.

23. After the expiration of the financial year first occurring after the commencement of clause 4 and thereafter during the currency of this agreement the Commission and the Company shall, within two months of the expiration of the previous financial year, report on the provision of domestic passenger air services under this agreement for incorporation in the Department's annual report.

SCHEDULE—continued

24. Any notice or other communication to be given or served by the Commonwealth or the Minister on the Commission, the Company or the Corporation under this agreement shall be in writing and shall be deemed to have been duly given or served if signed by or on behalf of the Minister and delivered at or sent by prepaid post addressed to the principal office of the Commission or the registered office of the Company in the State of Victoria and to the registered office of the Corporation in the State or Territory of its incorporation respectively and any notice or other communication to be given or served by the Commission, the Company or the Corporation on the Commonwealth or the Minister shall be in writing signed by or on behalf of the Secretary of the Commission, the Company or the Corporation and shall be deemed to have been duly given or served if delivered or sent by prepaid post to the Minister at Parliament House, Canberra, ACT.

25. In this agreement unless the context otherwise requires,

“core fare” means an economy air fare, a first class air fare and child, student and blind person concessional air fares;

“discount fare” means an air fare charged by a passenger operator in respect of travel over a route, being an air fare the amount of which is less than the economy air fare charged by that passenger operator in respect of travel over that route;

“economy air fare” means an air fare, other than a first-class air fare, that is the standard air fare charged by a passenger operator in respect of travel over a route, being an air fare for travel in relation to which no special booking conditions are attached;

“first-class air fare” means an air fare charged by a passenger operator in respect of travel over a route, being an air fare the payment of which entitles the person travelling to benefits to which some of the other passengers on the same flight are not entitled;

“Qantas” means Qantas Airways Limited, a company incorporated under the laws of the State of Queensland relating to companies;

“the Commission” means Australian National Airlines Commission and all companies in which it has a controlling interest, directly, or indirectly, which own or operate aircraft that are used in the provision of domestic passenger air services;

“the Company” means Ansett Transport Industries Limited and all subsidiary companies of Ansett Transport Industries Limited which own or operate aircraft that are used in the provision of domestic passenger air services;

“the Corporation” means the Corporation and all subsidiary companies of the Corporation which own or operate aircraft that are used in the provision of domestic passenger air services;

“the Department” means the Department of Transport of the Commonwealth or any other Department which is created to carry out its functions in relation to the administration of civil aviation;

“the Minister” means the Minister of State for Transport of the Commonwealth, and includes any Minister or member of the Federal Executive Council for the time being acting for or on behalf of the Minister of State for Transport;

“the parties” means the parties for the time being to this agreement; and

“the Secretary” means the Secretary to the Department and any person for the time being performing the duties of the office of Secretary.

SCHEDULE—continued

26. This agreement shall be known as The Airlines Agreement 1981.

SCHEDULE**INDEPENDENT AIR FARES COMMITTEE****OUTLINE OF GENERAL PRINCIPLES**

The Independent Air Fares Committee will consist of three part time members, appointed by the Governor-General.

The Committee will undertake four major tasks in regard to the determination of air fares charged by all regular public passenger air transport operators.

In respect to passenger air transport for each operator the Minister may request the Committee to conduct a review at the conclusion of which it will determine the manner in which any costs incurred in providing air services will be attributed to the flagfall and distance component of those air services. The Committee will also determine the amount, expressed as a percentage of the economy air fares, by which first class fares are to exceed economy fares. Such a task will be known as a cost allocation review.

A cost allocation review in respect to the Company and the Commission in relation to specified routes will be held concurrently and commenced within 3 years of the commencement of the legislation implementing these principals. Subsequent reviews in respect to specified routes of the Company and the Commission will also be held concurrently and so that not less than 2 nor more than 3 years has passed from the completion of one review to the commencement of the next review.

Proceedings of the Committee relating to cost allocation reviews are to be held in public unless an operator requests, or the Committee of its own motion decides, that they be in private.

The Committee will be empowered to undertake a comprehensive review of an operator's costs and revenue to determine the level of economy air fares to be charged by that operator. Such a review, to be known as a major air fares review, will be undertaken by the Committee when requested by the operator or when the Committee decides it is appropriate to do so.

An operator may request the Committee to undertake a review of economy fares based on increases in costs relating to wages and wage related costs approved by a body having powers in relation to conciliation and arbitration, fuel and air navigation charges. In such a review, to be known as a minor air fares review, the Committee will not be asked to approve an increase in economy fares that would result in an economy fare that is more than 5% greater than the economy fare determined at the previous major air fares review undertaken by the Committee in respect to that operator. Such a review would be conducted by the Committee in private.

The Committee will approve operators' applications to introduce discount fares provided those fares meet criteria relating to their commercial viability, their impact on trunk route economy fares and the conditions on which they are to be offered. Approval of a discount fare will be withdrawn by the Committee where it is satisfied that any of the conditions to which the approval of the discount fare was subject is likely not to be met. Examinations of applications for approval of discount fares will be made by the Committee in private.

In undertaking cost allocation reviews and major and minor air fares reviews the Committee will be required to have regard to guidelines which produce a cost-based economy fare, including a nationally consistent fare formula for two economically viable operators in respect to trunk routes.

In reviews, other than cost allocation reviews, only relevant operators may be parties to the proceedings of the Committee.

A decision by the Committee in regard to a major air fare review, a minor air fare review, and an application for a discount fare will be required to be completed by the Committee within reasonable time limits.

Decisions of the Committee, including statements of its reasons, will be published except where, in the opinion of the Committee, any finding, evidence or material would reveal a trade secret of any passenger operator.

IN WITNESS whereof the parties have executed this agreement the day and year first hereinbefore written

SIGNED SEALED AND DELIVERED for and on behalf of THE COMMONWEALTH OF AUSTRALIA by the Honourable RALPH JAMES DUNNETT HUNT, Minister for Transport in the presence of—

R. J. HUNT

J. R. EVANS

THE COMMON SEAL of the AUSTRALIAN NATIONAL AIRLINES COMMISSION was hereunto affixed in the presence of—

R. R. LAW-SMITH

.....
Chairman

L. J. FITZGERALD

.....
Secretary

THE COMMON SEAL of ANSETT TRANSPORT INDUSTRIES LIMITED was hereunto affixed in the presence of—

P. ABELES

.....
Director

J. K. SIMPSON

.....
Secretary





