

1980-81

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA  
HOUSE OF REPRESENTATIVES

Airlines Equipment Amendment Bill 1981

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for Transport  
the Hon. Ralph Hunt, MP)

## OUTLINE

The purpose of this Bill is to amend the Principal Act to revise the traffic estimate and capacity determination arrangements for Ansett and TAA and to provide capacity determination arrangements for regional airlines and arrangements for cargo operators where they seek to import large turbo jet aircraft.

The Bill provides for the exclusion of air cargo from the calculation of Ansett and TAA capacity (Clause 6). In order to meet the Government's decision to remove air cargo from the ambit of the two airline policy, the inclusion of air cargo in the capacity determination process is no longer appropriate.

The second major change relates to the inclusion of other operators under this Act (Clause 9). The Act provides that before the Secretary to the Department of Transport consents to the importation by an operator other than by TAA, Ansett and Qantas of turbo jet aircraft in excess of 3,500 kg payload or exceeding a capacity of 30 passengers, the operator will undertake to comply with the obligations set out in this Act. This amendment will permit operators access to modern efficient aircraft for passenger or cargo operations but at the same time afford protection to the two major operators.

The obligations on the regional operator are not to provide aircraft capacity in excess of that determined under the Act by the Minister in accordance with the definition of the function of regional operators and the estimated demand, and to provide the determined capacity over prescribed, specialist and successive prescribed routes (New Section 19). In the event a regional operator is deemed to have excess capacity he will be under an obligation to dispose of sufficient capacity so as to comply with the Minister's determination.

Cargo operators will be required to undertake not to uplift passengers on their designated turbo jet cargo aircraft and when the aircraft is to be sold to either sell overseas or obtain an undertaking from the Australian buyer to comply with the obligations (New Section 21).

The provisions of this Bill will not apply to applications for the importation of turbo jet aircraft below the payload or capacity mentioned or for turbo prop cargo aircraft.

The Bill provides that references to TAA shall be read as references to the company to which TAA will be, in effect, converted after the Australian National Airlines Repeal Act comes into effect (Section 5).

## EXPLANATION OF CLAUSES

- . Clause 1 provides for the citation of the amending Act and for the Airlines Equipment Act 1958 to be referred to as the Principal Act.
- . Clause 2 provides for the Act to come into operation on the day on which it receives Royal Assent.
- . Clause 3 repeals definitions no longer applicable.
- . Clause 4 repeals Parts II and III of the Principal Act which are no longer operative as they relate to borrowings for the acquisition of aircraft which have been repaid.
- . Clause 5 repeals the existing Section 11 and inserts various new and amended definitions including a revised formula for capacity determination that only takes account of passenger traffic.
- . Clause 6: Sub Clause (a) provides for the major airlines' capacity determination to be based on carrying one half of the total estimated passenger traffic less an allowance made for traffic to be carried by regional and commuter operators. Sub Clause (b) provides that only passengers are taken into account in the formula for airlines' revenue load factor. Previously freight and mail were included. Sub Clause (c) makes provision for services by regional and commuter operators to be taken into account. Sub Clause (d) extends the period of notification of the estimate to be provided to the airline from 28 days to 90 days.
- . Clause 7 identifies the obligations of both TAA and Ansett to comply with this Act and provides for a more simplified approach to capacity measurement in terms of passenger kilometres, consequent upon the removal of freight from the ambit of the Airlines Equipment Act. Sub Clause (c) has been amended to ensure aircraft owned but not operated by the Company or the Commission are able to be taken into account in the capacity determination.
- . Clause 8 provides for conferences concerning the making of estimates and capacity determinations for TAA and Ansett traffic to be convened by the Secretary, and to be attended by the Department, TAA, Ansett and others where appropriate.
- . Clause 9 inserts 4 new Sections intended to bring regional and cargo operators within the scope of the Act:

Section 16 provides that the Secretary to the Department of Transport shall not give permission under the Customs (Prohibited Imports) Regulations for the importation by regional operators of turbo jet aircraft having a capacity exceeding 30 passengers or a maximum payload exceeding 3,500 kgs unless an undertaking is given to conform with the obligations under Section 19 of the Act.

Section 17 provides that approval for the importation of turbo jet aircraft above 3,500 kg payload shall not be given to cargo operators unless an undertaking is given to conform with the obligations of Section 21.

Section 18 provides for the making of traffic estimates and determinations of capacity by the Minister in relation to regional operators who have given undertakings under Section 16.

Section 19 specifies the obligation of regional operators to comply with traffic estimates and capacity determinations made under Section 18, and to provide passenger air services in accordance with the determination.

Section 20 provides for consultations with regional operators and other persons on the making of estimates and determinations.

Section 21 details the obligations to be imposed on cargo operators which are: not to use the aircraft in passenger services, to only sell the aircraft overseas or obtain an undertaking from any Australian buyer to comply with the obligations.