Date Introduced: 18 August 1981
House: House of Representatives
Presented by: Hon. R.J.D. Hunt, M.P., Minister for Transport

Short Digest of Bill

Purpose

To increase the rates of air navigation charges (ANC's) for the domestic airline, regional airline and general aviation sectors of the aviation industry, while reducing the rates applicable to the international sector.

Background

The Air Navigation (Charges) Act 1952 imposes charges payable for the use by aircraft of aerodromes, air route and airways facilities, meteorological services and search and rescue services maintained, operated or provided by the Commonwealth. Since 1961 it has been Government policy to attempt to recover the costs associated with the provision of these facilities. In addition to ANC's, all duty or tax on aviation fuel is also regarded as contributing towards the recovery of those costs.

In the setting of cost recovery targets for each sector of the aviation industry, an attempt is made to allocate the cost of aviation facilities among the various sectors. The degree of cost recovery achieved for each sector, on the basis of this cost allocation, has been unequal. In 1979-80, the recovery rates were 159.4% for the international sector, 89.3% for the major trunk airlines, 30.6% for the regional airlines and 16.4% for general aviation. The present Bill therefore reduces the ANC's for the international sector while increasing them for the other sectors.

ANC's for the major trunk airlines were last increased by 15% in 1980. In sub-paragraph 10(1) of the Schedule to the Airlines Agreement Act 1981, the Australian National Airlines Commission and Ansett Transport Industries Ltd. recognise that the Commonwealth is entitled to fully recover the costs properly attributable to their operations. The present Bill increases ANC's for these airlines by 12.5%
which, it is estimated, should result in 100% cost recovery for this sector in 1981-82.

ANC's for general aviation were last increased in 1979. Further increases were delayed pending the results of the Bureau of Transport Economics' General Aviation Study, the findings of which were released by the Government in March 1981. The Study recommended that a general aviation cost recovery target of 34% should be aimed at in the near future. The Study recommended among other things that, except in the case of agricultural operations, ANC's should be increased by 25%, either immediately or over a period of years; that aircraft movement charges be introduced, with higher charges being levied on operations at major airports; and that certain refunds and remissions be abolished. This approach could have increased aviation charges for the general aviation sector by up to several hundred per cent. In view of industry reaction to the Study, the recommendations have not been accepted by the Government. Under the present Bill, ANC's for general aviation are increased by 20 per cent.

The ANC's for regional airlines will increase by 25 per cent while those for international operations will be reduced by 5 percent. As this decrease will still result in over-recovery from the international sector, the Government has pledged to hypothecate the excess charges for the development of aviation infrastructure.

Main Provisions

Schedule 1 of the Bill contains amendments to Schedule 1 of the Principal Act. Paragraphs 7(a) to 7(e) of Schedule 1 of the Act are amended to increase ANC's for regional airlines by 25 per cent; paragraphs 7AA(a) to 7AA(e) are amended to increase the ANC's for domestic airlines by 12.5 per cent; and paragraphs 7A(2)(a) to 7A(2)(e) are amended to reduce ANC's for international operators by 5 per cent.

Schedule 2 of the Bill contains amendments to paragraphs 4A(a) to 4A(e) of Schedule 2 of the Principal Act to increase ANC's for general aviation by 20 per cent.

Schedule 3 of the Bill contains amendments to paragraphs 3A(A) to 3A(e) of Schedule 3 of the Principal Act to cause a 5 per cent reduction in the ANC's paid by the owners of foreign aircraft which are not operated by the holders of airlines licences or charter licences nor engaged in charter operations.
Clause 6 of the Bill relates to the date of commencement of the new charges. Since the ANC's for airline operators are levied on a route basis, the new charges will apply to any aircraft movement or flight on or after 1 October 1981. The ANC's for general aviation are levied as a lump-sum upon registration. The new charges will apply to any registration commencing on or after 1 October 1981. The ANC's paid by the owners of foreign aircraft as defined by paragraph 1 of Schedule 3 of the Principal Act relate to the period of operation in Australia. The new charges will apply to any payment in respect of a week or part of a week commencing on or after 1 October 1981.

For further information, if required, contact:

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LEGISLATIVE RESEARCH SERVICE