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CONSIDERATIONS FOR SCHEDULED AIR SERVICES OF THE UNITED KINGDOM*

OFFICIAL TERMS OF REFERENCE FOR APPLICATIONS OF THE AIR TRANSPORT ADVISORY COUNCIL

IT is Government policy to help forward the sound development of civil aviation, to reduce the cost of air transport to the taxpayer and to give greater opportunities to private enterprise to take part in air transport development, without in any way impairing the competitive strength of our international air services. The statutory Air Corporations ("the Corporations") have established an important position in the highly competitive field of international air transport and, by avoiding any measures that would undermine their existing international network, it is the intention that they shall retain that position. The Corporations will accordingly have reserved to them the right to provide both first and second (or tourist) class services, as defined for the purposes of the International Air Transport Association, on their existing International networks. The independent companies and the Corporations will alike be eligible to apply for the right to develop new routes not so reserved to the Corporations and all new types of scheduled services.

On internal services within the United Kingdom, the Government's objective is to reduce and as far as possible eliminate the cost of these services to the taxpayer and to give special consideration to the particular requirements of certain areas. Until the Government have completed their study of the complex problem of giving effect to this policy, British European Airways will continue to provide services on their existing internal network, but independent companies will be able to apply under the new arrangements for long term rights to provide services which do not materially divert traffic from B.E.A.'s internal services. They will not be affected, as before, by B.E.A.'s planned development of routes on which they have not yet operated. No subsidies will be granted to independent companies obtaining rights to operate scheduled services within the sphere of opportunity now presented.

2. The Minister proposes for the time being to implement this policy by an extension of the arrangements under which the Corporations appoint independent operators as Associates under Section 15 (3) of the Air Corporations Act, 1949.

Applications by independent companies for Associate Agreements will, as before, be considered in the first place by the Air Transport

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services"). Schedule "B"² specifies the routes on which the Corporations will have the right to operate "all-freight" services.

The Minister will be prepared to consider under these arrangements, proposals for:—

(i) The operation by independent companies on any internal route of services which would not materially divert traffic from either British European Airways on internal services or from independent companies already authorized to operate, under current Associate Agreements.

(ii) The operation by B.E.A. of services on any new internal route, not forming part of their approved network and not approved for an independent company under a current Associate Agreement, provided that such services would not materially divert traffic from independent companies authorized to operate under current Associate Agreements.

(iii) The operation by independent companies, to places outside the British Islands, of "normal scheduled services" on any route which is not specified in Schedule "A" or for which another operator has not been already approved for such services or which is not designed to cater primarily for the same traffic areas as a route so specified or approved.

(iv) The operation by a Corporation to places outside the British Islands of "normal scheduled services" on any new route not forming part of their approved network and for which no independent company has been authorized to provide "normal scheduled services," provided that such a service is not designed to cater primarily for the same traffic areas as a route so authorized.

(v) The operation of a "Colonial coach" class passenger service by an independent company or by one of the Corporations along any route, whether included in Schedule "A" or not, provided the proposed service is of such a nature as to generate a new class of passenger traffic without material diversion of traffic from the "normal scheduled services" of any other previously approved U.K. operator, and does not involve the right to pick up or set down passenger traffic in territories where relations with the U.K. are governed by bilateral Air Transport Agreements and/or where fares are subject to International Air Transport Association arrangements. For this purpose a Colonial coach class service will have to be:—

² Schedule "B" of Corporations Routes—*Part I—British Overseas Airways Corporation. London - Nice - Tripoli - Cairo - Bahrein - Karachi - Delhi - Calcutta - Bangkok-Singapore.*

Part II—British European Airways Corporation. London-Amsterdam-Hamburg-Berlin. London-Amsterdam-Hamburg-Copenhagen-Stockholm. London-Paris. London-Brussels-Hanover. London-Nice-Rome-Malta. London-Milan. London-Rome. London-Nice-Rome-Athens. London-Nice-Rome-Athens-Istanbul. London-Paris-Milan. London-Zurich-Vienna.

- (a) a lower class of service than that of normal scheduled services, e.g. as regards type of aircraft, shorter stage lengths, passenger amenities, baggage allowance etc., and
- (b) operated to a stated frequency closely related to the requirements of the new class of traffic in the territories in which rights may be exercised and at a fare not exceeding a fixed sum (without rebates) low enough to ensure dependence on the new class of traffic.

(vi) The operation by a Corporation or by an independent company on any route (including those specified in Schedule "A") of services confined to the carriage of passengers who pay an inclusive charge for air transport and hotel accommodations, other than "night-stop" accommodation incidental to a normal scheduled journey, (i.e. Inclusive Tour services), provided that such services are not likely materially to divert traffic which would otherwise be carried by any operator already authorized for the route.

(vii) The carriage of freight traffic by a Corporation or by an independent company either as an exclusive load, or as a supplementary load on services authorized under (v), (vi) or (viii), provided the position of any previously authorized operator is not likely to be undermined.

(viii) The operation of any route of vehicle ferry services which may also provide for the carriage of incidental passengers so limited in number as to avoid material diversion of passenger traffic from other authorized services.

(ix) The operation by a Corporation or an independent company on any route of a service from which a Corporation or independent company has withdrawn for other than temporary or seasonal reasons.

(x) The operation by a Corporation or by an independent company on any route of a helicopter service irrespective of the existence of a fixed wing aircraft service.

Conditions for Minister's Approval

4. The Minister's approval of an Associate Agreement between an independent operator and one of the Corporations will be subject to his being satisfied that:—

(i) The applicant's equipment, personnel, organization and operating standards are adequate to meet the requirements of the Civil Aviation Act, 1949, and any orders and regulations made thereunder throughout the period for which the Associate Agreement is approved.

(ii) There is no foreign investment or other foreign interest in the undertaking applying for an Associate Agreement, except with the Approval of the Minister.

(iii) (a) The terms and conditions of service of employment of persons employed by the applicant contained in any agreement for the time being in force between the applicant and organization representa-

tive of the persons employed, are not less favorable than those contained in agreements negotiated through the machinery of the National Joint Council for Civil Air Transport for persons employed in comparable work.

(b) Except in so far as the terms and conditions of employment of persons employed by the applicant are in accordance with any such agreement as aforesaid, such terms and conditions are not less favorable than the terms and conditions observed by the Corporations in the case of persons engaged in comparable work.

(iv) On international services, the fares, freight rates and associated commercial regulations will comply with any agreement between the United Kingdom and the other countries served, or, where no such agreement is in force, with the appropriate fares, freight rates and associated commercial regulations prescribed by the International Air Transport Association for services to which the fare and rate-fixing procedures of I.A.T.A. should apply.

(v) The rates for the carriage of mail are comparable with those charged by the Corporations for the carriage of mail on similar services.

(vi) On routes of public importance, the applicant has the necessary financial resources to provide and maintain adequate services of the standard necessary to fulfill his obligations to the public on an enduring basis.

Examination of Application

5. As applications are received for the operation of services the Minister wishes the Air Transport Advisory Council, if satisfied that the application, either in the terms submitted or in some modified form, is within the scope of paragraph 3 above, to examine each application and

(i) To consider whether the application fulfills or is likely to fulfill, if approved by the Minister, the conditions outlined in paragraph 4 above, and if so,

(ii) To recommend to the Minister whether he should approve the application in the terms submitted by the applicant, or in some modified form, or whether he should refuse it, having regard to:—

- (a) the requirements of the public for air transport in the area through which the proposed services would operate.
- (b) The availability of ground and navigational or other facilities and the need for the avoidance of new expenditure on such facilities in connection with the proposal;
- (c) The degree of efficiency adequacy and regularity of the air services (if any) already provided in the area through which the proposed services are to be operated, whether by the applicant or other operators;
- (d) The period for which any such services have been operated by the applicant or other operator;

- (e) The extent to which it is probable that the applicant will be able to provide a satisfactory service in respect of continuity, safety and regularity of operation, frequency and punctuality, reasonableness of charges and general efficiency, taking into account the manner in which the applicant has performed any services for which he may have been previously authorized;
 - (f) The type of aircraft proposed to be used on the services;
 - (g) The amount of traffic and gross revenue on which the application is based;
 - (h) The suitability of the maximum and minimum fares and rates proposed for the sale of passenger or freight space on the proposed service, having regard to the provisions of sub-paragraph (v) of paragraph 3 and sub-paragraph (iv) of paragraph 4 and on internal services to the fares and rates charged by other air operators serving the same area.
 - (i) The terms or limitations of any relevant air transport or other relevant agreement for the time being in force between Her Majesty's Government in the United Kingdom and any country outside the U.K.;
 - (j) Any other matters relevant to the consideration of the application which the Minister may from time to time request the Council to examine.
- (iii) To recommend the period for which the Minister's approval of an application should be given, which shall not normally be more than seven years. Where the applicant can satisfy the Council that there are special reasons for a period longer than seven years, any period not exceeding ten years may be recommended.

Ministry of Civil Aviation
30th July, 1952
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