

**MEMORANDUM OF UNDERSTANDING
BETWEEN
THE INTERNATIONAL AIR SERVICES COMMISSION
AND
THE AUSTRALIAN COMPETITION AND CONSUMER COMMISSION**

Introduction

1. The International Air Services Commission (IASC) is established under the *International Air Services Commission Act 1992* as an independent body to make determinations on the allocation of international aviation capacity and route entitlements among Australian international airline carriers.
2. The Australian Competition and Consumer Commission (ACCC) is established under the *Trade Practices Act 1974* as an independent body to promote competition and fair trading, and to provide for consumer protection.

Purpose

3. The IASC and the ACCC have agreed to enter into this memorandum of understanding (MOU) to provide a framework for co-operation in undertaking their respective responsibilities when these responsibilities overlap. This MOU sets out the understandings which will apply between the IASC and the ACCC.
4. This MOU replaces the memorandum of understanding between the two Commissions dated 7 August 1996.

Common Objectives

5. The object of the IASC's legislation is to enhance international air services by fostering:
 - greater economic efficiency in the airline industry, and increased competition between Australian carriers;
 - increased responsiveness by airlines to the needs of consumers, including an increased range of choices and benefits;
 - Australian tourism and trade; and
 - Australian carriers capable of competing effectively with airlines of foreign countries.
6. The objectives of the ACCC's legislation include:
 - improving competition and efficiency in markets;
 - fostering adherence to fair trading practices in well-informed markets; and
 - promoting competitive pricing wherever possible and to restrain price rises in markets where competition is less than effective.
7. As the legislation for both organisations aims to encourage competition and provide greater protection of and choice for consumers, there could be a degree of

overlap and duplication of effort on some issues coming before the IASC and the ACCC.

8. In order to achieve co-ordination of the competition objectives of both organisations, the Policy Statement under which the IASC operates calls for the IASC to have regard to determinations and decisions of the ACCC and the Australian Competition Tribunal. The organisations acknowledge that wider responsibility relating to possible anti competitive effects is the responsibility of the ACCC.

Consultation

9. The IASC will:

- consult with the ACCC on matters that come before it where the IASC believes that there is a consumer protection issue or the potential for anti-competitive behaviour to occur;
- seek comment from the ACCC on all proposals involving new commercial agreements between Australian carriers and other airlines; and
- in its consideration of proposals, take into account the outcome of any prior examination of issues by the ACCC or the Australian Competition Tribunal.

10. The ACCC will:

- consult with the IASC on matters that come before it concerning the use or operation of Australian air services on international routes;
- take into account any prior examination of issues undertaken by the IASC advised to the ACCC;
- inform the IASC of all relevant determinations made by it or the Australian Competition Tribunal in relation to the airline industry; and
- inform the IASC of all decisions on notifications made by it or the Australian Competition Tribunal in relation to the airline industry.

11. The ACCC and the IASC agree, in respect of any proposal submitted to them, to:

- provide comments expeditiously;
- proceed by consultation where competition or consumer issues are identified; and
- make relevant correspondence between the two organisations available as public documents.

Other matters

12. In addition to undertaking consultation as provided for in paragraphs 9 and 10, the Executive Director of the IASC and the General Manager of the ACCC will consult regularly on any other issues of relevance to both organisations.

13. The IASC and the ACCC will also meet periodically to discuss matters relevant to both organisations.

Review Mechanism

14. The provisions of this MOU will be reviewed upon either organisation requesting an alteration to the matters described within.

Signed

James K Bain
Chairman
International Air Services
Commission

___/___/97

Allan Fels
Chairman
Australian Competition and
Consumer Commission

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Signed on 9 December 1997.