

**MEMORANDUM OF UNDERSTANDING
BETWEEN
THE DEPARTMENT OF TRANSPORT
AND
THE INTERNATIONAL AIR SERVICES COMMISSION**

INTRODUCTION

The International Air Services Commission (the Commission) was established with effect from 1 July 1992, by the International Air Services Commission Act 1992 (the IASC Act), as an independent body to make determinations on the allocation of international aviation capacity and route entitlements among Australian international airline carriers.

The Minister's Second Reading Speech made it clear that it was the intention of the Government that the Commission's functions be independent of, and separated from, the responsibilities of the Department of Transport (the Department) for negotiating international aviation rights and advising the Government on aviation policy.

The Commission is funded under a distinct Sub-program of the Transport Portfolio budget appropriation.

The Chairperson and Members of the Commission are appointed by the Governor General under section 40 of the IASC Act. The staff of the Commission are Departmental officers, operating in a Secretariat which consists of positions which are within the establishment of the Department. The Secretariat is headed by the Executive Officer to the Commission.

This memorandum of understanding sets down the working arrangements which will apply between the Commission and the Department, until modified by agreement.

STRUCTURE AND ADMINISTRATIVE POWERS

- 1.0 The Secretary of the Department (the Secretary) will devolve to the Executive Officer administrative powers and responsibilities consistent with those of a Sub-program Manager of the Department, with other Secretariat staff having appropriate devolved powers consistent with the Secretariat's size and functions to be performed and consistent with the responsibilities of staff performing functions at similar levels within the Department.

- 1.1 The Secretary will delegate to the Executive Officer, and to such other staff of the Secretariat as are agreed by the Secretary and the Executive Officer, powers under the Audit Act for the purpose of approving expenditures for the operation of the Commission and the Public Service Act for the purpose of approving promotions, transfers, higher duties, overtime and study leave for Secretariat staff.
- 1.2 In exercising these delegated powers under the Audit Act or the Public Service Act, Secretariat staff will follow the requirements of Secretary's Directions and Departmental personnel policies and will not take actions which are inconsistent with those directions and policies, as amended from time to time.
- 1.3 Except as provided by paragraph 1.5, in exercising any delegated powers and in carrying out their management and administrative responsibilities, Secretariat staff will observe the requirements of any other instructions or guidelines on administration of financial and personnel matters and any other relevant administrative matters issued, from time to time, to staff of the Department.
- 1.4 The Secretary will notify the Commission of such instructions or guidelines as he would notify relevant staff in the Department.
- 1.5 Where the Commission :
 - (a) proposes to issue a specific policy relating to an operational or administrative matter that is the subject of a Direction of the Secretary or other instruction under the Audit Act or the Public Service Act; or
 - (b) considers that the application of an existing or proposed Direction or instruction of the type referred to in paragraph 1.5(a) is not appropriate to the circumstances or proposed operating requirements of the Commission; or
 - (c) considers that the application of an existing or proposed administrative instruction or guideline of the Department is not appropriate to the circumstances or proposed operating requirements of the Commission

the Executive Officer will notify the First Assistant Secretary, Corporate Management Division of the Department (FAS, CMD) of that proposal or circumstance. The Executive Officer and the FAS, CMD shall consult on the best method of accommodating the Commission's operating requirements. Where practicable, the relevant Direction or instruction will be amended to best accommodate the requirements or operating processes of the Commission.

ACCOUNTABILITY AND AUDIT REQUIREMENTS

- 2.0** The staff of the Secretariat, including the Executive Officer, will be accountable to:
- (a) the Chairperson on issues affecting the functions and powers of the Commission; and
 - (b) the Secretary on matters relating to administration of financial and personnel matters.
- 2.1** Where a substantial concern arises about an actual or potential overlap between issues affecting the functions and powers of the Commission and matters relating to the administration of financial and personnel matters, the Chairperson and the Secretary may consult in order to resolve that concern.
- 2.2** The Internal Audit Section of the Department will be responsible for providing an audit and fraud control service for all functions and processes undertaken by the Commission. The Internal Audit Section will present its review reports to the Department's Planning Evaluation and Audit Committee (PEAC). The Commission will be represented at the PEAC meeting(s) which considers matters of direct relevance to the Commission.

ADMINISTRATION OF THE COMMISSION'S FUNDS

- 3.0** The financial resources required for the operation of the Commission are to be provided from funds appropriated to the Transport portfolio through normal budgetary processes.
- 3.1** The Department will, within constraints on overall funding levels, use its best endeavours to maintain funding in real terms for the Commission running costs subject to:
- (a) the application of formulae, applicable to Commonwealth agencies generally, advised from time to time by the Department of Finance (DoF); and
 - (b) any adjustments, specific to Commission funding, agreed with the DoF and included in appropriations to the Department.
- 3.2** Relevant Departmental staff will consult the Executive Officer of the Commission on the preparation of bids and/or revised estimates.

- 3.3 Commission funds will not be subject to the Secretary's New Initiative Pool levy (or similar scheme) which is used to adjust the funding of Departmental Sub-programs. The usual practices relating to carry-over funding for Sub-programs will be applied to assist in stabilising expenditure patterns.
- 3.4 These arrangements do not preclude additional funds being provided to the Commission. Where specifically agreed to between the Chairperson and the Secretary, resources will be transferred between the running costs funds of the Commission and those of the Department.
- 3.5 Commission resources will be identified in a distinct Sub-program of the Department of Transport Portfolio Program structure and as a discrete element of expenditures and estimates prepared by the Department. The Commission's Property Operating Expenses (POEs), including light and power, will be met from Departmental resources and will be subject to the same constraints imposed on the Department by DoF as other Sub-programs. The Commission will be accommodated in a location separate from the Department, ie Scala House or an alternative location agreed between FAS(CMD) and the Executive Officer.
- 3.6 Overseas travel undertaken by members of the Commission or the staff of the Secretariat will be funded out of the Commission's budget, unless it is undertaken at the request of the Department. The Chairperson will approve overseas travel undertaken by members of the Commission and Secretariat staff and the Minister's approval will be sought for overseas travel undertaken by the Chairperson. All overseas travel for Commission purposes will be reported as a separate item in the Department's Overseas Travel Program and details of travel purpose and expenditure will be provided to the Department's Corporate Management Division on request.
- 3.7 The Department will keep the Commission informed of events and issues affecting budgetary and administrative processes and the Commission will provide the Department with information required for management of these processes.

PERSONNEL ISSUES AFFECTING THE EXECUTIVE OFFICER

- 4.0 Personnel issues affecting the Executive Officer, including leave, staff development and performance appraisal, will be decided by the Secretary in consultation with the Chairperson.
- 4.1 The Secretary will consult with the Chairperson on the appointment of the Executive Officer to the Commission and any changes will be mutually agreed between the Secretary and the Chairman.

SERVICES TO BE PROVIDED TO THE COMMISSION

- 5.0** From its existing resources, the Department's Corporate Management Division will provide to the Commission corporate support facilities and services consistent with the level of facilities and services which are provided to Sub-programs of the Department. These facilities and services will include those outlined in the Schedule.
- 5.1** The facilities and services will be provided without charge to the Commission except where, in providing those facilities and services, the Department:
- (a) incurs costs incremental to those which it would normally incur; and/or
 - (b) incurs costs which are peculiar to the operations of the Commission.
- 5.2** The services to be provided for the Commission will not include access to Departmental legal services, liaison with Ministers' officers, management of paper flows to and from Ministers' offices and media liaison.
- 5.3** The Commission will arrange for the provision of appropriate legal advice and the Department will meet costs in relation to the provision of such advice in accordance with the arrangements for meeting such costs for Sub-programs of the Department. Prior to 1 July 1995 these services will be provided by the Attorney General's Department.

REPORTING/PUBLIC ACCOUNTABILITY

- 6.0** As required by the Act, the Commission is responsible for the preparation of its own Annual Report.
- 6.1** The Commission will provide timely and accurate information for inclusion in public accountability documents co-ordinated by the Department. The Executive Officer will participate in accountability processes, such as Senate Estimates Committee hearings, as required.

CONSULTATION

- 7.0** Except where specified, the Executive Officer and the FAS, CMD shall be responsible for settling all issues arising from or relevant to this memorandum of understanding. Where agreement cannot be reached on any issue, the Chairperson and the Secretary will consult in order to resolve the matter.

REVIEW MECHANISM

8.0 The provisions of this memorandum of understanding will be reviewed upon either party requesting an alteration to the matters described within.

Signed:



Graham Evans
Secretary
Department of Transport

1 / 9 / 1994



James K. Bain
Chairman
International Air Services
Commission

5 / 9 / 1994

Schedule

Services to be provided to the Commission

The facilities and services to be provided to the Commission by the Department will include:

- personnel;
- staff development;
- organisation management;
- industrial relations;
- financial management;
- internal audit and fraud control;
- security;
- office services;
- property management;
- corporate communications, other than media liaison;
- corporate computer services;
- purchasing, supply and asset control;
- telecommunications, including access to the Department's central switchboard;
- counselling services provided through the Department's Employee Assistance Scheme;
- travel agency services provided through the Department's contracts with travel agents;
- library services; and
- access to aviation statistics

The services will be provided on the same basis and standard as applying to other Sub-programs of the Department.

