

# **AUSTRALIAN CUSTOMS SERVICE**

International Air Services Inquiry  
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## **INTERNATIONAL AIR SERVICES INQUIRY**

Australia has established a number of bilateral air services agreements and arrangements with overseas countries. However, these agreements have a limited impact on Customs and only Article 13, which relates to Customs Duties and Other Charges, has a direct effect on its operation.

This Article allows certain items on board the aircraft of participating airlines to be exempt from customs duties, excise duties and charges, provided such equipment, supplies and stores remain on board the aircraft until they are re-exported. It covers:

- (a) aircraft stores taken on board in the territory of one contracting party and intended for use on board the aircraft operated on an international service by the designated airlines of the other contracting party;
- (b) spare parts (including engines) and normal airborne equipment imported into the territory of one contracting party for the maintenance or repair of aircraft operating agreed services;
- (c) fuels, lubricating oils, (including hydraulic fluids) and lubricants destined for the designated airlines of one contracting party to supply aircraft operating agreed services, even when these supplies are to be used on any part of a journey performed over the territory of the other contracting party in which they have been taken on board.

The main impact of this clause is to reduce airline costs by minimising the payment of duties and taxes while retaining control over imported spare parts and other stores. Efficiencies obtained in this way have a flow on effect benefiting tourists, consumers, air freight and the aviation industry.

In the view of Australian Customs there are not many options for improving current arrangements. One opportunity that could be explored is a reduction in the peaking of flights/passengers at certain times of the day. Customs resources used to meet passenger peaks could be reduced if scheduling in off-peak periods was included in the agreement.

Where Government policy is against the lifting of curfews at airports such as Sydney, inducements should be given to encourage airline services to reschedule their flights so that they are more evenly spread throughout the day. Customs recognises that airline schedules may be determined by factors outside Australia but acceptance of schedules within peaks will have to be addressed at some time.

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