

MEMORANDUM TO CABINET BY
THE HON. THE PRIME MINISTER

Air Fares

Ministers will recall their decision taken in Cabinet on the 25th March, 1967 with regard to certain increases in air fares agreed to by member airlines to the IATA Traffic Conference. Since the decision was taken, there have been the following developments

Malta - Tripoli

2. The increases were objected to and Malta Airlines so informed.

3. Representations were made to the Government of Libya with a view to forestalling the implementation of the new fares and, subsequently, to obtaining its agreement that fare levels remain as existing on the 31st March, 1967. The Libyan Government's attitude is evident from the text of one of its cables wherein it is stated that it is "unable (to) take any action to remedy situation".

4. Pending the outcome of these negotiations, Malta Airlines have been selling tickets at the increased fares "subject to Government approval" since 1st April, 1967. This cannot continue indefinitely and if Government were to stand by its disapproval, it is possible that, in view of the unbending attitude of the Libyan Government, the situation might develop into an "open rate" one with its inherent economic consequences.

5. It is relevant to point out that there has hardly been any comment in Parliament or in the Press with regard to the new fares on this route.

Malta - Benghazi

6. Consequent to the Malta - Tripoli increases approved by IATA, Kingdom of Libya Airlines requested and obtained from IATA a corollary increase for the Malta - Benghazi run.

The new/.....

The new rates became effective on the 15th May, 1967.

7. Government had already signified its non-approval of these increases on the basis of its non-approval of the Malta - Tripoli fares. If Government were to continue to refuse to approve these fares, however, political repercussions may result since these only affect K.L.A. once Malta Airlines do not operate on the Malta - Benghazi route.

Malta - Points in Eire

8. At the IATA September Conference, the following increases were also agreed to by member airlines.

Between Malta - Cork, Dublin and Shannon

		Increase				
		From	To			
First Class Single	£64	11.	-	£67	16.	-
First Class Return	£122	13.	-	£128	17.	-
Tourist Single	£46	11.	-	£48	18.	-
Tourist Return	£88	9.	-	£92	19.	-

9. These increases in fares which became effective as from the 1st April, 1967 follow a request by Air Lingus at the recent IATA Conference for a general increase in fares from points in Eire to all points in Europe and vice versa. These were unanimously approved at the Conference.

10. The increases are of marginal interest to Malta and form part of a uniform percentage increase on all existing fares between points in Eire and all points in Europe.

11. Hon. Ministers may wish to consider whether in respect of:

(a) Malta - Tripoli/Benghazi

Malta Airlines be informed that while the new fares have inevitably to be approved the Government deplores the fact that the new Malta - Tripoli fares, as agreed to at IATA, result directly from Malta Airlines' disregard of the specific wishes of the Government of Malta as set out in its letter dated the 11th August, 1966 (copy attached);

(b) Malta-Eire

The new fares be approved.

20th June, 1967.

C O P Y

OPM/414/57

OFFICE OF THE PRIME MINISTER,
AUBERGE D'ARAGON,
VALLETTA,
MALTA.

11th August, 1966

Sir,

I have the honour to refer to your letter of the 3rd August, 1966 addressed to the Director of Civil Aviation.

The information communicated orally to Malta Airlines' representatives during the meeting of the 10th June, 1966 that Government was not prepared to accept any increases in air fares, and that it expected Malta Airlines not only not to propose the increases at the September IATA Conference but to oppose any such proposals made by any other airline, is confirmed.

I should also like to make it clear that the Air Transport Licensing Authority has no longer any jurisdiction over fares, and, since Independence, it is solely for Government to approve or disapprove fares. The information given to Malta Airlines' representatives during the meeting with the undersigned on the 10th June, represented the Government's views, the members of the Air Transport Licensing Authority being present at the meeting only in an informal capacity.

I have the honour to be,

Sir,

Your obedient servant,

(Sgd) E. Cuschieri

Administrative Secretary

The Managing Director,
Malta Airlines,
Sliema.

L-Arkivji Nazzjonali ta' Malta