

On approval of the Rules for subsidies of air routes

Unofficial translation

Resolution of the Government of the Republic of Kazakhstan dated December 31, 2010 № 1511.

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On approval of the Rules for subsidies of air routes

In accordance with Article 13, subparagraph 54) of the Law of the Republic of Kazakhstan dated July 15, 2010 "On the use of airspace of the Republic of Kazakhstan and aviation activities," the Government of the Republic of Kazakhstan hereby **RESOLVED as follows:**

1. Approve the attached Rules for subsidies of air routes.
2. To recognize as invalid the resolution of the Government of the Republic of Kazakhstan dated December 28, 2007 No. 1344 "On approval of the Rules for spending budget subsidies for air routes" (Collection of Acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan, 2007, Article 6236 № 50).
3. This Resolution shall be enacted after ten calendar days from the date of its first official publication.

*Prime Minister
of the Republic of Kazakhstan*

K. Massimov

Approved
by the resolution of the Government
of the Republic of Kazakhstan
dated December 31, 2010 № 1511

Rules for subsidies of air routes

Footnote. Rules in the wording of the resolution of the Government of the RK dated 19.12.2014 № 1327 (shall enter into force upon expiry of ten calendar days after the day of its first official publication).

1. General provisions

1. These Rules for subsidies of air routes (hereinafter referred to as the Rules) shall have been developed in accordance with Article 13, paragraph 54, of the Law of the Republic of Kazakhstan dated July 15, 2010 "On the use of airspace of the Republic of Kazakhstan and aviation activities" and shall determine the procedure for subsidies of air routes.

2. Internal regular transportation by air routes, carried out on the basis of decisions of the Government of the Republic of Kazakhstan or the state body authorized by it, as well as

transportation carried out on the basis of decisions of local executive bodies of the regions, cities of republican significance and the capital, not providing the level of income necessary for the effective functioning of the air route, shall be subject to subsidies at the expense of budgetary funds.

International regular transportation by air routes, carried out on the basis of decisions of the Government of the Republic of Kazakhstan, which shall not provide the level of income necessary for the effective functioning of the air route, shall be subject to subsidies of from budgetary funds.

The difference between the income received from the transportation of passengers, cargo, mail and baggage and the amount of operating expenses generated during air transportation within the annual amount of allocated budget subsidies of for each air route shall be subject to subsidies of.

Operating expenses for a particular flight shall be calculated in accordance with the procedure determined by the authorized body in the field of civil aviation.

Footnote. Rules in the wording of the resolution of the Government of the RK dated 25.06.2019 № 435 (shall enter into force upon expiry of ten calendar days after the day of its first official publication).

2. Procedure for subsidies of air routes

3. The selection of air routes offered for subsidies from the republican budget shall be carried out by the commission created by the authorized body in the field of civil aviation (hereinafter referred to as the commission of the authorized body).

The selection of air routes offered for subsidies of from the local budget shall be carried out by the commission created by local executive bodies of the regions, a city of republican significance and the capital (hereinafter referred to as the commission of the local executive body).

4. The list of air routes shall be formed on the basis of socio-economic feasibility and shall be drawn up by a protocol decision of the commission of the authorized or local executive body.

5. The list of air routes offered for subsidies from the republican budget shall include air routes determined by the decision of the Government of the Republic of Kazakhstan or the state body authorized by it, not providing the level of income according to the following criteria:

1) air routes connecting the capital, cities of republican significance with regional centers and large cities of the regions;

2) air routes connecting regional centers with each other and interregional air routes, if the route is socially significant for the development of the region;

3) air routes connecting the capital, cities of republican significance and regional centers with objects of tourist activity and specially protected natural areas of republican significance, if the route is socially significant for the development of the region;

4) other international air routes determined by the authorized body in the field of civil aviation.

Air routes determined by the decision of the Government of the Republic of Kazakhstan or the state body authorized by it shall be determined on the basis of appeals from local executive bodies.

The list of air routes offered for subsidies from the local budget shall include air routes determined by the decisions of the local executive bodies of the regions, cities of republican significance and the capital, which shall not ensure the level of income and provide communication with remote settlements within one region.

Footnote. Paragraph 5 introduced by the amendments of the resolution of the Government of the RK dated 08.11.2017 № 722 (shall enter into force upon expiry of ten calendar days after the day of its first official publication); dated 25.06.2019 № 435 (shall enter into force upon expiry of ten calendar days after the day of its first official publication).

6. Local executive bodies to include the air route in the list of air routes proposed for subsidies from the republican budget, shall submit to the commission of the authorized body the necessary calculations indicating the required amount of subsidy for each air route.

7. The list of air routes proposed for subsidies from the republican budget, formed by the commission of the authorized body, shall be included in the budget application submitted to the authorized budget planning body in the formation of the republican budget for the corresponding fiscal year in accordance with the procedure established by law.

The list of air routes formed by the commission of the local executive body to be subsidized from the local budget, in accordance with the procedure established by law, shall be included in the budget application submitted to the local authorized body for budget planning when forming the local budget for the corresponding fiscal year.

8. Budget subsidies shall be provided within the amounts defined by the law of the republican budget or maslikhat decisions on local budgets for the corresponding fiscal year.

In order to rationally use the allocated funds for subsidies of air routes (by agreement of the parties under the agreement or budget subsidies of agreements for regular air routes), in cases of reduction or excess of the actual amount to be subsidized over the planned amount of subsidies for air routes, the following shall be allowed:

changing the frequency of flights;

changing the tariff in order to increase passenger traffic and bring the route to a commercial basis based on the appeal of local executive bodies;

redistribution of subsidies in the areas of air routes within the total amount for the year in agreement with carriers.

Footnote. Paragraph 8 introduced by the amendments of the resolution of the Government of the RK dated 08.11.2017 № 722 (shall enter into force upon expiry of ten calendar days after the day of its first official publication); dated 10.12.2020 № 838 (shall enter into force upon expiry of ten calendar days after the day of its first official publication).

8-1. When the administrative-territorial structure of the Republic of Kazakhstan is changed, resulting in the changed type of air routes according to their administrative-territorial classification, the obligations of local executive bodies on subsidizing air transportation out of budgetary funds shall remain with these local executive bodies until the end of the current financial year.

Footnote. Chapter 2 shall be supplemented by paragraph 8-1 pursuant to Resolution No. 824 of the Government of the Republic of Kazakhstan dated 14.10.2022 (shall be enforced ten calendar days after the date of its first official publication).

9. To receive budget subsidies between the administrator of the corresponding budget program and the winner of the competition determined by the results of the competition (hereinafter referred to as the airline) or when distributing a subsidized air route, the need for operation of which arose between competitions in accordance with the Rules for holding a competition for subsidized air routes and issuing certificates for subsidies of air routes for the provision of passenger transportation services, baggage, cargo and mail, approved by the resolution of the Government of the Republic of Kazakhstan dated January 31, 2013 No. 69, (hereinafter referred to as the Rules of the competition) a budget subsidy agreement for regular air routes (hereinafter referred to as the agreement) shall be concluded in accordance with Annex 1 to the Rules.

10. After the conclusion of the Agreement, the airline shall submit to the authorized body or local executive body a report on subsidized airline routes every month up to the 20th day of the month following the reporting month, in accordance with Annex 2 of the Rules, with the following documents certified by the head, chief accountant and seal of the organization:

1) report on the transportation of passengers, cargo, baggage and mail under the airline's subsidized air routes in accordance with Annex 3 to the Rules;

2) the register of expenses for subsidized air routes of the airline in accordance with Annex 4 to these Rules.

11. An act of services rendered in accordance with Annex 5 to the Rules shall be drawn up between the airline and the authorized body in the field of civil aviation or the local executive body after the adoption of the monthly report on subsidized air routes.

12. The payment of budget subsidies shall be carried out monthly in the amount of allocated funds in accordance with the financing plan of the approved budget program.

The payment of budget subsidies for the reporting month shall be carried out no later than the 30th day of the month following the reporting month.

13. The payment of budget subsidies for the last calendar month of the year shall be carried out on the basis of the preliminary certificate of services provided for subsidized air

routes submitted no later than December 20, compiled according to forecast data, with the subsequent submission of a report compiled according to actual data on the date no later than the 20th of the next month.

At the end of the financial year, the airline and the authorized body in the field of civil aviation or the local executive body shall reconcile settlements with the preparation of reconciliation certificates for the work performed.

14. Airlines that have not fulfilled the terms of the agreement during the operation of the air route, as well as in case of revocation of the certificate for the air route in accordance with the Rules of the competition by the authorized body in the field of civil aviation shall not be paid subsidies.

15. In the case of replacing the main aircraft with a reserve aircraft with a higher passenger capacity, the payment of budget subsidies shall be carried out according to the actual volumes of transportation of the reserve aircraft within the allocated subsidies for each aircraft route.

16. Withdrawal of air routes from the subsidized category shall be carried out in the following order:

1) the first stage - according to the results of six months, when the average monthly passenger load of flights on a subsidized air route shall reach 60% of the maximum commercial load of the carrying capacity of the aircraft, the airline shall submit to the authorized body in the field of civil aviation a proposal to increase the tariff for air transportation;

2) the second stage - according to the results of six months, when the average monthly passenger load of flights on a subsidized air route is reached up to 70% of the maximum commercial load of the carrying capacity of the aircraft, the airline shall submit to the authorized body in the field of civil aviation a proposal to increase the tariff for air transportation;

3) the third stage - according to the results of six months, when the average monthly passenger load of flights on a subsidized air route reaches 80% of the maximum commercial load of the carrying capacity of the aircraft, the airline shall submit to the authorized body in the field of civil aviation a proposal to increase the tariff for air transportation;

4) the fourth stage - according to the results of six months, if the average monthly passenger load of flights on a subsidized air route exceeds 80% of the maximum commercial load of the carrying capacity of the aircraft, the air route is transferred to a commercial basis, provided that this route shall not be unprofitable.

When other airlines operate at least six months of commercial scheduled flights on subsidized air routes, subsidized air routes shall be terminated.

The authorized body in the field of civil aviation shall consider and submit a response to the proposals received from airlines within three working days.

Footnote. Paragraph 16 in the wording of the resolution of the Government of the Republic of Kazakhstan dated 25.06.2019 № 435 (shall enter into force upon expiry of ten calendar days after the day of its first official publication).

Annex 1
to Rules for subsidies of air routes

Agreement № _____
budget subsidies for regular air routes

Location of _____ " ____ " , 20__

_____ ,
referred to as (full name of the customer)

Subsequently, the customer, represented by

_____ ,
(position, surname, first name, patronymic of the authorized person)

On the one hand and

_____ ,
referred to as (full name of the executor)

in the future, the performer, represented by

_____ ,
(position, surname, first name, patronymic of the authorized person)

acting on the basis of

_____ ,
(charter, Provisions, etc.)

hereinafter referred to as the "Parties," have entered into this agreement (hereinafter referred to as the agreement) as follows:

1. Subject of the agreement

1. The executor shall carry out regular air transportation on routes that do not provide the level of income required for effective operation of the air route.

2. The customer shall subsidize air transportation at the expense of republican or local budgets. The difference between the income received from the transportation of passengers, cargo, mail and baggage and the amount of operating expenses generated during air transportation within the annual amount of allocated subsidies for each air route shall be subject to subsidies.

3. The list of air routes for which the level of income shall not be provided, the total annual amount of allocated subsidies for each air route, the minimum number of frequencies, the tariff for each subsidized air route and the minimum required number of seats on the aircraft shall be reflected in the Annex to this agreement.

2. Rights and obligations of the Parties

1. In order to satisfy the population in air traffic, the Parties shall have the right to change the operating conditions of the route, according to the additional agreement, which shall be an integral part of this agreement.

2. The customer shall undertake to carry out budget subsidies for air routes in accordance with the procedure established by legislation and the terms stipulated by this agreement.

3. The executor shall undertake to carry out timely and high-quality air transportation in accordance with the certificates for air routes, regulatory legal acts regulating the activities of civil aviation.

3. Settlement procedure

1. The executor shall submit to the customer on a monthly basis up to the 20th of the month following the reporting month a report on subsidized air routes, in accordance with Annex 2 to the Rules, with the following documents certified by the head, chief accountant and seal of the executor:

1) report on the transportation of passengers, cargo, baggage and mail on subsidized air routes in accordance with Annex 3 to the Rules;

2) the register of expenses for subsidized air routes in accordance with Annex 4 to the Rules.

2. After the adoption of the monthly report on subsidized air routes with the attached documents, an act of services provided shall be drawn up between the executor and the customer, according to Annex 5 to the Rules, and the payment of budget subsidies shall be carried out monthly in the amount of allocated funds in accordance with the financing plan of the approved budget program.

The payment of budget subsidies for the reporting month shall be carried out no later than the 30th of the month following the reporting month.

3. The payment of budget subsidies for the last calendar month of the year shall be carried out on the basis of the preliminary certificate of services provided for subsidized air routes submitted no later than December 20, compiled according to forecast data, with the subsequent submission of a report compiled according to actual data on the date no later than the 20th of the next month.

4. At the end of the financial year, the airline and the authorized body or the local executive body shall carry out reconciliation of settlements with the preparation of reconciliation acts and work performed.

4. Liability of the Parties

1. The Parties shall be liable for failure to perform or improper performance of their obligations in accordance with applicable legislation to the agreement.

2. The Party that has violated its obligations to the agreement shall notify the other Party within no more than three calendar days and do everything in its power to eliminate the violation.

5. Force majeure circumstances

1. In case of force majeure, each Party shall immediately notify the other Party within three calendar days.

2. "Force majeure" circumstances shall mean natural disasters, actions of state bodies preventing the execution of this agreement, military actions, declarations of a state of emergency, mobilization measures, weather and natural conditions and any other circumstances that, regardless of the Parties, shall prevent the Parties from fulfilling their obligations to the agreement.

3. If the force majeure circumstances are valid and not terminated within thirty calendar days, the Parties shall agree in writing on their further actions to the agreement.

6. Validity period, terms of amendment and termination of the agreement, dispute resolution procedure

1. The present agreement shall enter into force from _____ " ____ " 20 ____ and works to _____ " ____ ", 20 ____.

2. The term of this agreement may be extended with the consent of both Parties for the period stipulated by the air route certificate, with the preparation of the corresponding additional agreement.

3. This agreement may be terminated for the following reasons:

1) in case of revocation of the certificate for the air route (for the provision of services for the transportation of passengers, baggage, cargo and mail);

2) by mutual agreement of the Parties;

3) at the requirement of one of the Parties, in case of default by the other Party.

4. Unilateral refusal to perform this agreement or unilateral termination of this agreement shall be carried out in accordance with the civil legislation of the Republic of Kazakhstan.

5. The parties shall resolve disputes and disagreements through negotiations, if it is impossible to resolve through negotiations - in court in accordance with the legislation governing the activities of civil aviation.

6. All amendments and additions to this agreement shall be made in writing in _____ language (s) in two copies, one for each of the Parties having the same legal force, and shall be signed by both Parties.

7. This agreement has been concluded in the city dated _____ " ____ ", 20 ____ in two copies in _____ language (s), one copy for each of the Parties having the same legal force.

Flight date	№ of the flight	Air routes	Name of the supplier services	Documents confirming expenses	Amount
1	2	3	4	5	6
Total					

Head _____

(signature, full name of the head)

Chief accountant _____

(signature, full name of the chief accountant)

Place for the seal

Annex 5
to Rules for subsidies of
air routes

Certificate of rendered services

_____ "___", ___ 20

We hereby, the undersigned

on the one side and

on the other hand, have drawn up this certificate of rendered services as of

_____ "___", ___ 20

Name of the air routes	Number of flights performed per month	Number of transported passengers
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As a result, the amount of subsidies according to the financing plan shall consist of

(amount in numbers and words in KZT)

Customer

Airlines

(signature, full name of the head or person authorized by him/her)

(signature, full name of the head)

place
for the seal

place
for the seal