

# Local MRO regulation needs urgent review

Australian MRO (maintenance, repair and overhaul) businesses are now insisting that only a "whole-of-government" reform initiative can cure their industry's woes, which they blame on over-regulation, a botched MRO worker training and licensing system, resulting chronic skills shortages, and the crippling industry costs that all those elements impose.

Paul Phelan

**I**N A PAPER CIRCULATED in March, Australian MRO Businesses Association (AMROBA) executive director and former CASA head of airworthiness Ken Cannane warned: "It is becoming apparent that government guidelines and policy, including the CASA CEO's directives, are not the basis for the process that is followed if any regulation is proposed by CASA today. The management of AMROBA is frustrated that, after more than a decade and numerous CEOs, CASA has been unable to produce a cost-effective aviation [operation/maintenance] regulatory system that would bring cost/benefits to the community, with increased participation in the non-airline segment, even though CASA-led regulatory development teams have been directed to do so by the current CASA CEO and government policy."

In his directive 001/2007 issued last year, CASA CEO Bruce Byron instructed his officials that:

- "The aviation safety regulations must take into account CASA's Classification of Civil Aviation Activities policy and the priority given under the policy to passenger-carrying activities.
- Aviation safety regulations must be shown to be necessary. They are to be developed on the basis of addressing known or likely safety risks that cannot be addressed adequately by non-regulatory means. Each proposed regulation must be assessed against the contribution it will make to aviation safety.
- If a regulation can be justified on safety risk grounds, it must be made in a form that provides for the most efficient allocation of industry and CASA resources. The regulations must not impose unnecessary costs or unnecessarily hinder high levels of participation in aviation and its capacity for growth.

- Where appropriate, the aviation safety regulations are to be aligned with the standards and practices of leading aviation countries, unless differences are required to address the Australian aviation environment and these differences can be justified on safety risk grounds. Where the standards and practices of the leading aviation countries vary, CASA will align its regulations with those that effectively address the safety risks in the most cost-effective manner.
- Wherever possible, the aviation safety regulations must be drafted to specify the safety outcome required, unless, in the interests of safety, and to address known or likely aviation safety risks, more prescriptive requirements need to be specified.
- The aviation safety regulations must be drafted to be as clear and concise as possible."

A reversion to skills-based industry training should reverse the loss of potential apprentices to other industries.



AMROBA now wants these directives enforced in the interests of more competent and less intrusive regulation of the non-airline aviation segment, saying this can be best achieved by adopting the USA's regulatory approach to that segment. The group asserts this would improve participation levels while also providing an economic boost to the non-airline sector:

"Adopting the USA's International Civil Aviation Organisation (ICAO) compliant safety system will bring notable cost benefits to the community and a reduction in regulatory costs, especially to small aviation businesses, with an improvement in safety," says Cannane. "However, to implement such a safe and effective cost benefit system, a whole-of-government approach must be utilised to provide the MRO segment with internationally recognised tradespersons that compare to the trade skills of North America and some European countries with internationally recognised trade skill levels."

A goal set for reform in the aviation legislative environment was the removal of unnecessary bureaucratic rules, including the need for 'exemptions' and other 'hidden' policies and processes. This was expected to result in reduced regulatory costs, providing cost benefits to the community and industry whilst removing the multi-tiered legislative system that relies on Authority 'exemptions' to make the system work. In addition, the system duplicated requirements within Australia and duplicated the responsibilities of foreign authorities for type certified products, adding further regulatory and administrative costs.

MRO operators highlight the implementation of competency-based training (CBT), now covering all training for licensed aircraft maintenance engineers (LAMEs) as a critical issue and an example of over-regulation. They assert that CBT, at least in the format now adopted by CASA, is depriving LAMEs of the spread of skills they need to retain industry mobility, denying employers the workplace flexibility they need in non-airline MRO businesses, and ultimately disadvantaging the entire industry by limiting skills attainment and retention.

"CASA has demonstrated, in the past, a complete go-it-alone attitude and an almost complete refusal to work with other government departments and agencies to achieve the same result without creating aviation-specific legislation," says Cannane. "A whole-of-government approach must also be used to address aviation maintenance/repair trade skills, to overcome the trade certificate/education qualification disconnect that exists today, since the introduction of CBT."

"This trade skill project must be administered by the new Department of Education, Employment and Workplace Relations (DEEWR) to once again provide the aviation industry with internationally

recognised aircraft maintenance tradespersons. The project will require input from employers and unions as well as trade, CASA as the licensing authority, and other government departments and agencies."

Cannane cites the problems that followed the collapse of Ansett, many of whose LAMEs were unable to find alternative employment because of their narrowly specialised skill-sets, while other carriers were striving to build their MRO capacities. He believes a reversion to skills-based industry training would reverse the loss of potential apprentices to other industries:

"Qantas has about 240 apprentices, which is more than half the national total. This is because CBT is being misapplied; the concept is great as long as industry-wide standards are set for the training, but many changes in CASA organisational structures have been witnessed by industry, and each change sees further corporate memory depart from employment with CASA, which I believe now has no educational expertise at all.

"CASA must completely revisit its AME licensing system and develop a simpler system based on an internationally recognised AME trade training system so that the MRO industry will once again have a mobile and flexible workforce and not the company/business segment trade training system being proposed.

"AME trade training certificate/education qualifications must, at least, equate to North America and other countries with similar trade certificates (not EASA). This will enable industry to employ similarly qualified foreign tradespersons as well as enabling Australian tradespersons gaining experience/employment overseas."

Concerns over CBT are supported by Dr Phillip Toner, a senior research fellow at the University of Western Sydney's Centre for Industry and Innovation Studies and an extensive writer on education, employment and training in industry:

"The availability of labour is absolutely critical to the health of an industry, and if you have people who are too highly specialised to be mobile across different firms and different sectors of the industry, that's an absolute recipe for disaster. The outcomes that are in the best interests of [the big users of labour] are not necessarily in the best interests of the industry as a whole, or of its employees.

"A common problem with CBT is that in the assessment of a competency it's either pass or fail, and therefore there's simply no incentive for (or recognition of) excellence either on the part of the student or the teacher, and there's no feel for the distribution of talents within a cohort."

Dr Toner has separately commented: "CBT was imported from the United Kingdom where it had been implemented during the 1980s. Many studies of the effects of CBT in the UK have concluded that it diminishes the

skill base of the trades firstly, as it is used to introduce narrow task-based skill sets that are designed to meet the needs of initial firms but not the needs of the broader industry.

"Secondly, the practical task-based orientation of teaching and assessment has reduced the emphasis given to imparting the conceptual and theoretical skills required for problem solving when confronting novel situations or new technologies. CBT has been subject to sustained attack in the UK and currently the content of training is being reformed in an attempt to remedy these endemic failures."



Top: AMROBA believes continued lack of action will see all large aircraft heading offshore for MRO.

Above: Critics want a simpler system based on an internationally recognised AME trade training system. (Hawker Pacific)

Cannane insists the same must not be allowed to happen in Australia: "We've told the government, the only way you'll solve the problem is to create centres of excellence for training instead of scattering it all around the countryside in minor schools, so we can get skills back into this country and be able to take on contract maintenance work. The cost of maintenance done in Asia is less than two-thirds of what it is here. At this current moment, we're heading for the departure of all large aircraft maintenance overseas.

"CASA costs for aviation standards are A\$29.8 million in one year. Considering that regulatory reform has been underway since 1992, how many more millions of dollars will CASA waste on developing these 'new' regulations to bring cost benefits to the community? How many millions have already been spent? Even CASA's CEO admits the expertise now exists in industry – so why won't CASA listen to that expertise?"