

AMROBA[®]inc

ADVOCATE OF THE AVIATION MRO INDUSTRY

Newsletter Date 1 /9/2008

Volume 5, Issue 4.

SMALL AVIATION BUSINESSES FACING MANY CHALLENGES

Inside this issue:

Authorised Release Certificate Island Australia	2
Steve Knott Award	2
Is Our Air Transport System Safe?	3
CASA Cost Recovery Capturing New Ways	3
CASA Random Aircraft Inspections	3
Over Regulation An Australian Trait	4
The AME/AMT Creed	4

Stop Press

- AMROBA had hoped that the Senate Report into the administration of CASA had been made public prior to this issue of the Newsletter.
- CASA CEO Bruce Byron is not reapplying and a new CEO will be appointed—will it mean a new change in direction? Normally does.
- Two decades ago, the government started aviation and regulatory reform to benefit the aerospace and aviation industry to lessen bureaucracy and to remove unnecessary regulatory imposts so that the Australian industry could prosper. Instead of opening up markets globally, the markets where Australian approved businesses can compete are diminishing unless Australian businesses obtain approvals from EASA or FAA.

What is the future for small businesses in aviation. Many owners of small businesses are now considering whether it is financially smart to stay in aviation. This is not new but financial and economic pressures are not the only costs that need to be taken into account.

Besides an ever changing aviation regulatory framework, the biggest concern is participants, or lack of participants.

Attracting new participants into the aviation maintenance industry is becoming harder because the rewards in other businesses are increasing.

Pilots and maintenance personnel shortages are restricting growth of the aviation industry. This has been accepted but what has really been done to improve the situation.

Some businesses are now putting a hold on growth due to lack of qualified and experienced maintenance staff.

This is a global problem—the global aviation industry has a problem.

Unlike many other countries, our aviation maintenance industry has no regulatory obligation to employ tradespersons—that requirement was removed in the 1980's and the industry has suffered since.

Standardisation: There are 11 training providers producing maintenance workers to a variety of curriculums with little standardisation.

AMROBA MEMBERSHIP UPDATE

AMROBA continues to grow and participate in appropriate aviation committees.

AMROBA's long term survival depends on the MRO industry support. A minimum of 300 AMROBA members are required to make us financially viable but 500 to 1000 members is our aim.

Recent research has shown that many new employees are not coming from traditional school leavers. This number will decrease more over the next few years—numbers completing school are decreasing due to population birth-rates. Research has shown that most employees will come from allied trades and foreign countries.

It is becoming apparent that allied trades will provide about 40% of new employees. This percentage is expected to increase.

The resultant problem is that there has been no planning for bridging training needed to quickly utilise cross trained tradespersons.

There has been an increase of one full year in theory training. This is done at the expense of the individual prior to seeking employment.

These are seen as good employees

considering they are willing to pay for skilling themselves.

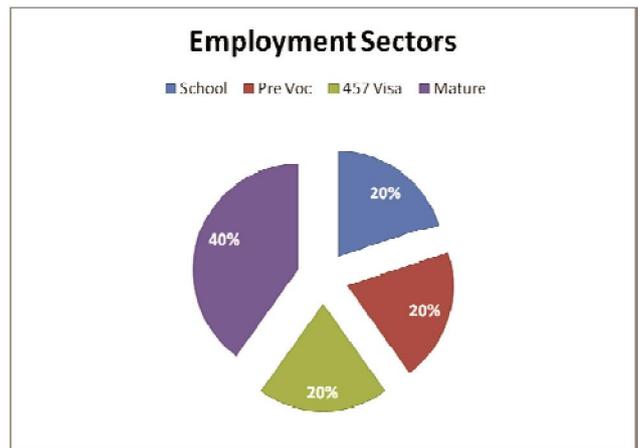
The global shortage has also opened up our doors to immigrants and 457 visa foreign workers. The global market for aviation personnel means adoption of global qualifications.

The real problem that confronts maintenance organisations is the lack of AMEs & AMTs to become LAMEs.

Ever since CASA integrated post trade qualification to obtain an AME licence into the trade qualification training, the maintenance trade training system has had problems.

Employers are also finding the term "engineer" is not as attractive as "technician" to attract the correct class of applicants to become AMEs.

Advertising for Technicians attract better applicants.



If you are not a member access our website www.amroba.org.au for details of AMROBA and membership application.

We are registered as a non-profit organisation with a Management Team representing each segment of the aviation industry.

Membership growth continues to grow but many sit on the fence collecting the benefits that AMROBA brings to the MRO industry. It is time for you to join — there is strength in numbers.

Complete an application and join now.
www.amroba.org.au

Authorised Release Certificate "Island Australia"

Imposing an emissions trading scheme on airlines flying through Europe has "no chance" of succeeding and could incite a trade war with the United States, the global trade body for commercial carriers has warned.

IATA claims that acquiring carbon credits in order to enter this scheme would cost the industry \$3.5bn (£1.75bn) in 2012 alone - equivalent to two-thirds of the global industry's profits last year. Under the terms of the scheme, all airlines flying to and from the EU will have to acquire carbon credits to account for the emissions generated by their flights.

What good is CASA's Authorised Release Certificate outside Australia?

One of our members that has been maintaining components for the Asian aviation market has been told that the CASA Authorised Release Certificate is no longer acceptable.

They have been told that they need to use either the EASA Form One or the FAA Form 8130 — the world release documents.

What is happening in the global aviation market? Are countries like Australia being treated as below EASA/FAA/TC standards so their documentation is no longer recognised. Canada has obtained recognition from the big two.

CASA approvals are for the domestic market only so anyone that wants to participate in the global aviation market needs to obtain either EASA or FAA approvals.

Based on recent publicity regarding safety concerns in our airline industry, the rest of the world will be more sceptical as to the ability of our own MRO industry.

Major operators that are participating in the global market have either or both EASA or FAA approvals.

It is time government faced the fact that CASA aviation documents have little recognition internationally.

Except for pilot licences, aircraft certificates of airworthiness and international AOCs, very little else is formally accepted by other NAAs.

In the last 20 years global recognition of small CASA approved parts manufacturers and maintenance organisations has been declining. This was recognised by Government in the late 1980s but successive governments and CASA Executive management have not been able to

stop the declining recognition of the CASA approved aviation manufacturing and maintenance organisations and associated CASA documents.

During the 1990s there was an attempt to align with and obtain recognition with other NAAs. Transport Canada came to Australia and were willing to sign an agreement with CASA but was never signed by CASA. The FAA were willing to work with CASA to bring about certification and maintenance agreements but that has not happened.

Failure of government and CASA to prioritise the need for international recognition of our industry is having a detrimental affect on global participation—it should be a No 1 priority of the government.

Personality driven reform and application of aviation regulatory system has damaged our global credibility.

Steve Nott Award

The controller working a busy pattern told the 727 on downwind to make a three-sixty (i.e. do a complete circle, usually to provide spacing between aircraft). The pilot of the 727 complained, "Do you know it costs us two thousand dollars to make a three-sixty in this airplane?" Without missing a beat the controller replied, "Roger, give me four thousand dollars worth!"

AMROBA is honoured to promote the "Steve Nott" Award to a non airline AME completing his/her AQF training. The purpose of this award is to assist the successful student to continue his/her studies to obtain an AME licence.

This award is being financially supported up to \$5000 by QBE Insurance and BP Australia. AMROBA thanks both QBE and BP for their assistance.

It is appropriate that this scholastic award bear the name of one of Australia's most respected aviators.

The late Mr Steven Nott was a very talented businessman, an extremely competent aircraft maintenance engineer and a great aviator who made a very significant contribution to Australian aviation, especially Australian regional aviation, for over three decades.

Steven Nott, a Licensed Aircraft Mechanical Engineer, formed General Aviation Maintenance in 1983. From 1983 to 1987 the company was only involved in maintenance and as such provided maintenance for operator Security Express, a division of Mayne Nickless.

Steve bought his first aircraft in 1987, and in 1993 Mayne Nickless decided to contract out the air component of its freight network services.

GAM Air Services, the flight operations subsidiary of the company took this on and still provides a five-day a week service from all of its five major bases.

We need more ambitious AMEs and LAMEs in this industry. New aircraft technology is spreading through the general aviation industry.

Unlike the airline industry, the GA LAME has to make airworthiness determinations in many cases based on experience and mentoring from the experienced LAMEs already in the system.

In many cases, the decisions are made based on methods and practices documented by NAAs like the FAA and not the manufacturers of the product. This ability and responsibility is one of the satisfying responsibilities of the true GA LAME.

LAMEs professionalism is a crucial element to aviation safety.

Good GA LAMEs have a satisfying career that can take them to the far reaches of Australia and beyond.

All applicants for this award should submit their application to AMROBA's postal address—see back page.

Award Selection Criteria

The selection criteria for the Steven Nott Award include, but not limited to, the following:

- Academic progress supported by the applicant's RTO.
- Course attendance supported by the applicant's RTO.
- Contribution to the work place supported by employer.
- Record of special awards or achievements.
- Applicants documented need for receiving scholarship assistance.

All applications will be judged by a panel comprising senior members of AMROBA, QBE and BP Australia with Mrs Nott being the final arbiter.

Is Our Air Transport System Safe?

Since Government deregulated the airline segment, there has been good and bad times for many in this segment. The recent run of incidents being experienced by our major airlines has turned the spotlight on the airlines but are they unsafe?:

The following preface from the Bureau of Infrastructure, Transport and Regional Economics (BITRE) statistical airline report identifies the inability of the air transport system to maintain or improve on-time departures. Not all the blame is with the airlines, it is a systemic issue with the air transport system.

“For the month ended 30 June 2008, airline on time performance over all routes operated by participating airlines (Jetstar, MacAir, Qantas, QantasLink, Regional Express, Skywest Airlines, Tiger Airways, and Virgin Blue) averaged 75.8 per cent for on time departures, 73.0 per cent

*for on time arrivals. Cancellations for June 2008 represented 3.3 per cent of all scheduled flights. On time performance figures **decreased** in June when compared with those for May, and were **below** those for June 2007. The equivalent figures for June 2007 were 79.4 per cent for departures, 76.9 per cent for arrivals and 1.3 per cent for cancellations.*

The long term average performance for all routes since reporting commenced in November 2003 is 85.8 per cent for on time departures and 84.6 per cent for on time arrivals. Cancellations average 1.1 per cent of all scheduled flights.

The long term average performance for all routes since reporting commenced in November 2003 is 87.4 per cent (on time departures) and 86.4 per cent (on time arrivals). Cancellations average 0.9 per cent of all scheduled flights.”

The latest report shows on time departures/cancellations are trending downwards. Departures from some major airports are now below 60%.

Members can access this report on the BITRE website. The report is there for all to see.

www.btre.gov.au/info.aspx?ResourceID=214&NodeID=104

These basic figures clearly state that there is systemic problems with the air transport system in Australia.

In comparison, the US worst on time airline performance is 63.3% and the same airline is second worst with cancellations: 4.4% The best on time performance is averaging 79%, a figure that Australia's average exceeded a decade or so ago.

Australia's average is nearly the USA's best but there is a trend downwards that needs to be stopped. These trends are safety indicators.

US BASA - Certification Implementation Procedures.

2.3.1 Australia shall accept, without further investigation, the following FAA Design Approvals:

(a) Supplemental Type Certificates for all products, regardless of the State of Design;

(b) Approved design data used in support of repairs for products, parts, and appliances regardless of State of Design;

(c) Parts Manufacturer Approval; and

(d) All other minor design changes.

http://www.faa.gov/aircraft/air_cert/international/bilateral_agreements/baa_basa_listing/media/AustraliaIPA.pdf

CASA Cost Recovery—New Process!!

One of our members, as result of a past discrepancy that pales in comparison to the errors happening with our major airline, had a condition imposed on the organisation.

When the member brought the matter to our notice, AMROBA considered the conditions were an economic restriction of trade and not a safety condition

CAR 30 (3) clearly enables CASA to place a condition on a certificate “for the purpose of ensuring the **safety of air navigation**”

These conditions must be something that relates to the operation, maintenance or airworthiness of aircraft. It cannot be used to impose economic restrictions on an organisation.

After considerable discussion with CASA over an extended time, CASA agreed that the condition should be amended or removed.

The organisation had addressed the areas of concern so continuation of the condition was only placing an economic restriction.

The irony of the end result is that CASA agreed to remove the condition as long as the organisation paid a fee for amending the certificate's conditions.

One would have expected that CASA, who imposed the condition without charge and without any application to amend the certificate, will rethink this approach.

AMROBA is preparing a paper for submission to CASA. Removal of such conditions should not impose a cost on any of our members.

CASA Random Aircraft Inspection

Whatever happened to the random sampling aircraft inspections by CASA airworthiness inspectors that were regularly conducted as part of the assurance program to assess the standards of airworthiness. These random sampling inspections conducted by CASA in the field enabled, with other information, assessment of the airworthiness and maintenance standards of the aircraft fleet.

In 1988, CASA's predecessor issued an AAC so that ‘registered operators’, maintenance organisations and LAMEs

were aware that this safety assurance program was a critical element of the Authority's method of monitoring industry.

ICAO: Aviation safety — *The state of freedom from unacceptable risk of injury to persons or damage to aircraft and property.*

ICAO clearly states that the persons employed by an Airworthiness Authority should hold qualifications and experience **comparable** with the industry they survey. This is crucial to the creditability of the NAA.

Today, CASA seems to be relying on the MDR system to provide the data they need to know for the condition of the Australian aircraft fleet.

Just how many major defects do not get reported is debateable but when CASA does not treat such reports as airworthiness issues, instead of immediately thinking enforcement issues, is a concern.

It takes a collective approach by CASA and industry to improve the safety standards—safety cannot be enforced, it has to be nurtured.

Report of the Aviation Regulation Review Taskforce is available on CASA website: <http://casa.gov.au/newrules/taskforce/>

If we could put all the reports together, then changes may happen to benefit the industry.

ICAO standards do not require the amount of regulations that exist or are being proposed.

The US has a geographic area and a like GA industry to Australia unlike the European GA.

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Over Regulation An Australian Trait

Politicians from all parties keep telling us what we know—we are over regulated. When will government actually do something about reducing [aviation] regulation.

Excerpts from Senator the Hon. Michael Ronaldson White Paper.

“Red tape is a hidden tax. Australian individuals, families, communities and businesses are drowning in a sea of acts of parliament, delegated legislation, forms, non-essential procedures, licences, cumbersome judicial interpretations, rules, regulations and administrative policy.

By its very nature, government power creates transactional and compliance costs. As government assumes responsibility for and control over more and more facets of our society, the more the autonomy and independence of the individual is diminished.

However, the sheer volume of legislation and delegated legislation is now mind-boggling.

As you can see from the chart below, the increase in pages of legislation and delegated legislation or regulations over the 30 years from 1970 to 2000 is breathtaking. Over the 30 years, an extraordinary 104,729 pages of Federal Legislation were complemented by 64,605 pages of Regulations.

The worst year in the time series was 1999, in which 13,017 pages of rules and regulations were passed,

an increase of over 800% on the mere 1,579 pages in 1970. In that same year of 1999, House and Senate Hansard – which is now admissible under extrinsic evidence rules to help interpret these statutes – mounted to a further 21,352 pages.

Regulations are, in reality, a hidden tax on all Australians. Superfluous regulatory burdens add to the cost of hiring workers, reduce competitiveness, increase the price of products and services for all Australians, get in the way of job growth and send jobs overseas.

Indeed, ANU Professor Geoff Brennan has detailed in his studies the political economy of regulation, and the propensity for individual ministers to favour regulation (which shifts the cost “off-budget” to individuals and businesses) in an environment where the Expenditure Review Committee and Treasurer are doing their best to reduce the size of the government in general and the budget in particular.

Estimates of the real costs of the regulatory burden on Australians are at least 8% of GDP, representing a cost of some \$16 billion per annum or a cost per Australian of some \$826 every year. This may be a very conservative estimate. In 1998 the OECD has estimated that just for small and medium-sized Australian businesses alone the direct compliance costs of regulation was more than \$17 billion. Include large busi-

nesses, families and community organisations in that equation, and the cost to Australia is too high by any standard. U.S. Studies confirm this quantum of regulatory costs – a recent Small Business Administration study costed the annual regulatory burden on the Americans at US\$10,172 per household.⁹

The Office of Regulation Review advised that in 2003-2004, only 7% (or 114) of the 1,700 Australian Government regulations were required to have a RIS. Worse, even when completed, RIS’ all too often are merely used to justify a new regulation instead of as a tool to measure and balance the costs and benefits.

Conclusion

Most pieces of regulation do aim to get rid of real problems in our society. This misses the point. In a free and open society government should not be the solution of first resort. Indeed, open societies should be measured by the proportion of our lives that are free from government control – not how much is minutely regulated. The dead hand of government is heaviest when weighed down with myriad legislation, regulation and delegated rulemaking.

Open economies are a prerequisite for open societies. We must open our economy by removing the oppressive burden of regulation.

It is time to cut government down to size.”

The Aircraft Maintenance Engineers/Technician Creed

Worth Remembering

UPON MY HONOR I swear that I shall hold in sacred trust the rights and privileges conferred upon me as a qualified aircraft maintenance engineer/technician. Knowing full well that the safety and lives of others are dependent upon my skill and judgment, I shall never knowingly subject others to risks which I would not be willing to assume for myself, or for those dear to me.

IN DISCHARGING this trust, I pledge myself never to undertake work or approve work which I feel to be beyond the limits of my knowledge nor shall I allow any non qualified superior to persuade me to approve aircraft or equipment as airworthy against my better judgment, nor shall I permit my judgment to be influenced by money or other personal gain, nor shall I pass as airworthy aircraft or equipment about which I am in doubt either as a result of direct inspection or uncertainty

regarding the ability of others who have worked on it to accomplish their work satisfactorily.

I REALIZE the grave responsibility which is mine as a qualified aircraft maintenance engineer/technician, to exercise my judgment on the airworthiness of aircraft and equipment. I, therefore, pledge unyielding adherence to these precepts for the advancement of aviation and for the dignity of my vocation.

