

AMROBA[®]inc

ADVOCATE OF THE AVIATION MRO INDUSTRY

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Inquiry Needed?!

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Irrespective to what many in government believe, most people that are trying to eke out a living in aviation believe it is time for an inquiry to identify the impediments that restrict the growth of the non airline segments of aviation.

- Pilot shortages
- LAME shortages
- MRO businesses global competitiveness
- International recognition — design/maintenance
- Diminishing skills
- Security
- Over regulation
- Micro-management
- Compliance versus safety
- "Island Australia" mentality

After all of the 'inquiries' and 'reviews' that this industry has been subjected to in the last 20 plus years, why are so many in aviation once again (continuing) demanding another inquiry.

The simple answer is that findings and recommendations of past inquiries have never eventuated in the eyes of participants in the industry. Talk to government and they will tell you that they have implemented the recommendations — however, what is understood as the "intent" of the recommendations by industry participants is obviously very different to what government sees is the 'intent' of the recommendations.

What has changed over the last couple of decades has seen a shift from the 'rule of law' concept to 'rule by the regulator'. This has seen an increasing amount of documentation being created.

In order for 'regulated' businesses to be able to fund investment it is essential that potential lenders and investors have confidence that the regulatory regime will treat them fairly and give them adequate opportunity to recover costs and earn a reasonable rate of return.

This confidence can be easily eroded if the regulatory regime is seen as taking arbitrary or unreasonable decisions. Perhaps more importantly, the increasing complexity of legislation not only multiplies the demand for increasingly specialised legal interpretation, but it decreases access to our rules for ordinary citizens.

Government and its agencies, as well as most

politicians, are very good at making press releases and producing reports and documents that highlight what everyone that works in aviation is totally aware of today — over regulation of a mode of transport.

It has been recognised for decades that legislation and enforcement do not contribute to safety or growth. There has been no growth in private aviation for a couple of decades.

Since 1992, the use of aircraft as a form of private transport has dramatically declined. Geographically, Australia should have one of the best private and charter (air taxi) systems in the world.

'Impediments' to the use of aircraft for private and charter (air taxi) is the restrictive regulatory regime that has been applied by government.

It is not just CAR/CASR/CAOs but all the other rules that continue to be made so government looks like it is addressing concerns raised by "whoever".

Whether it is noise and security, aviation itself comes out second in considerations. It is in times of natural emergencies that aviation proves its worth over and over again.

Aviation adds to the economies of regional Australia not just by airline growth but it should be benefiting from the growth in utilisation of private and charter (air taxi) operations.

Red tape is the biggest negative aspect to aviation — so many have started in aviation with great enthusiasm to succeed but continual fights with local, State and Federal government red tape, continues to dampen those involved. Younger investors continue to be disillusioned with aviation.

Aviation is a form of transport—all levels of government should be working to remove impediments to aviation instead of continually adding red tape.

There is a need for an inquiry to identify & remove impediments to the growth of aviation as a form of transport before the charter industry is permanently damaged.

The Wisdom of Asia

Malaysia Airlines' MAS Aerospace Engineering (MASAE) unit aims to be the world's number one airframe maintenance, repair and overhaul (MRO) service provider in terms of utilised man-hours within two to three years. (7th Oct 2011)

1400 new aircraft should have entered global service by the completion of 2011. Asia Pacific dominated the order book in 2010, with 29%. China alone nabs 10%. Engines represent 46% of all MRO services. (IATA/TeamSAI)

By 2021, the Asia Pacific MRO market will be \$21.1 billion of the \$69 billion global market (30%), with China representing \$7.2 billion. It counts 30% of Asia Pacific and 10% of the global MRO market.

The biggest region for growth in aviation MRO business will be in the India-Asia Pacific region.

Malaysia DCA will replace the British Civil Aviation Regulations and update DCA practices to be on par with those enforced by the European Aviation Safety Authority (EASA). As such, DCA policies and procedures with regards to regulations, certification, approval and examinations will be replaced by EASA standards.

Even the United Arab Emirates Civil Aircraft Regulation CAR Part V Chapter 4—Part M is a direct adoption of the EASA Part M instead of our unique requirements created by CASA directions to the AGs.

In the 1980s, governments were determined to remove unique Australian regulatory requirements to enable Australian aviation to compete globally—the current maintenance regulations are so different from our Asian neighbours that it is very unlikely that 'harmonisation' will ever happen in Australia.

It is obvious that the current government will not direct 'harmonisation by adoption' which we have advocated for some time.

The Asian countries with their "business" wisdom adopted the EASA regulations so why can't we?

Asian countries, with their centuries of business acumen, realised that to compete in the global aviation market you do not restrict your own industry by enforcing unique local requirements on your own industry. Singapore, Malaysia, Hong Kong, etc were quick to "adopt" EASA requirements even to adopting EASA personnel training standards.

Asia Pacific is also predicted as the biggest region for aviation growth but it will be restricted by the lack of skilled workers and pilots.

If Australia had a government with the same business acumen as in Asia, it would stop making unique laws that continue to restrict our businesses access to the Asia Pacific region.

A decade back many of our members had work contracts in India-Asia/Pacific regions—today they are wondering why Asian governments work extremely hard to support their businesses to compete globally and the Australian government appears to make laws that restrict our MRO businesses.

Why won't Asian governments accept the Australian 'Authorised Release Certificate' that our MRO industry uses to release components back into service. Asian's accept EASA, FAA, TC and even NZ Certificates but not ours?

AMROBA has raised this issue with CASA and the Minister — our governments do not, unlike their Asian counterparts, seem to understand that they must remove 'unique' Australia requirements so that our members can compete with their Asian MRO industries.

Instead of aligning with EASA/FAA, it is crucial that the government concentrates on aligning within this region without the additional costs of individual organisations gaining approvals from each country in this local region.

Asia has isolated Australia from access to their aviation markets simply because we create unique bureaucratic driven aviation regulations.

Every State Government should be demanding the Federal Government adopt the EASA maintenance regulations without change so their State aviation MRO businesses can grow and compete in the India & Asia Pacific region.

Australia did it with CASR Part 21 when it copied the FAR Part 21 to the advantage of small manufacturers so it is time for change to benefit MRO businesses.

Australia is well placed in the India/Asia Pacific region to provide aircraft component maintenance to the growing aviation industry in this region.

AMROBA would like to see government set up a team to negotiate aviation agreements with our Asian and Pacific neighbours so that there is freedom to compete in these markets.

Europe and North America have trading zones but we have not seen government working to set up an aviation zone in the India/Asia Pacific region.

Most of the problems confronting the Australian small MRO industry is the free trade arrangements in Australian aviation legislation. The problem is that it is one way, inwards not outwards.

Or is it that our costs are prohibitive in the global aviation market, especially the local region. The India Asia Pacific Region are educating their resources but with a lower wage structure, they are very competitive.

Safest year since 1945—IATA

Accidents and fatalities decreased globally last year, except in Russia, according to IATA.

It was the best year (so far) for air safety since IATA began recording accidents and incidents.

The first 11 months of 2011 was the safest period to travel by plane since 1945, according to the International Air Transport Association (IATA).

"As of the end of November, global safety performance (for Western-built jets) is at the best level recorded, and is 49 percent better than the same time last year," said Gunther Matschnigg, senior vice president for safety, operations and infrastructure for IATA.

This makes 2011 the safest year for air travel since the International Civil Aviation Organization began collecting data in 1945. IATA has calculated and published global airline safety records based on ICAO data since 2000.

The number of fatal accidents fell to 22 from 23 last year. The number of passenger and crew fatalities also declined, down to 486 compared to last year's 786 deaths.

Globally, the accident rate was 2.16 per million take-offs in the first 11 months of 2011 and across all regions accident rates have fallen except in the Commonwealth of Independent States (CIS) region -- comprised of Russia and former Soviet republics.

The accident rate in the CIS region increased from 7.15 per million take-offs in 2010 to 11.07 per million take-offs this year.

In North America, accident rates fell to 1.18 per million from 1.51 in 2010. In the Asia-Pacific region, the rate fell to 1.39 from 2.51, and for Europe the figure fell to 1.39 from 1.59."

According to an IATA study conducted in 2010, there is no particularly common type of plane accident that occurs.

The five most common types of accidents are:

- runway excursions when the jet goes off the runway;
- a gear-up landing or a gear collapse;

- loss of in-flight control;
- ground damage; and
- in-flight damage,

Asia Pacific Annual Report: For the Asia Pacific region, safety performance continues to improve overall. However, the region did experience one major accident, with the loss of a Boeing 747 freighter in South Korea.

Overall however, the safety performance trends of Asia Pacific based airlines continue to improve. Smaller Asia Pacific based operators have seen dramatic improvements in safety performance over the past decade, bringing them closer to established international safety performance benchmarks.

The European Union maintains its stance as a self-appointed guardian of global safety performance standards, imposing sanctions in the form of an operational ban against States and airlines around the world, even for airlines that do not fly to Europe.

The EU operational ban now includes all carriers certified in 20 states, accounting for a total of 273 known air carriers. Other governments have expressed objections to the extra-territorial impact of such actions by the EU, with accusations that the whole process is not transparent, and may be subject to political manipulation. Others have voiced doubts about the validity of the process, noting that most fatal accidents have involved carriers from States that are not subject to the operating ban.

Air travel is the safest form of transportation, and industry remains committed to further continuous improvements in safety performance. Safety is always our number one priority, regardless of any other challenges confronting the industry. Public trust depends on this unshakeable commitment.

Further improvements in safety performance can only be achieved through collaborative efforts amongst regulatory agencies, the aviation industry and other safety stakeholders. The airline industry has been able to register another exceptionally good year for safety in 2011, further improving on the excellent safety performance of 2010 and earlier years.

New Aircraft Types

Tecnam P2012 Traveller operators will have the option of utilising both MOGAS and AVGAS, thus enabling the Tecnam P2012 Traveller to provide air services to as many locations as possible. Its Lycoming TEO-540 twin engines ensure safe and reliable operations, be they over long water legs or rough terrain, with a fuel system featuring two fuel tanks integral with the wing box with a capacity of 600 litres (159 US gal), burning less than 114 litres per hour (30 US gph) at a cruise speed of 160 knots.

Tecnam's reputation for innovation and styling is also very evident in the cabin environment too. Taking into account the latest studies, seat pitch has been set at a very comfortable 32 inches. Individual vent outlets are provided for each passenger and there is a heating system that has been designed to warm the cabin uniformly. There are two very spacious baggage compartments allowing 1000 litres (70.6 cu ft) of space

Tecnam is also planning to fly the 11-seat, high-wing piston-powered commuter twin in the first quarter of 2012. The P2012 Traveller, the aircraft is being developed with input from US commuter airline Cape Air, which hopes to begin replacing its fleet of 67 aging Cessna 402s and Piper Navajos with the new model. The fixed-gear aircraft will cost around \$2 million.



Working with CASA

The success of aviation, or any other industry, depends on the number of entrepreneurs that are willing to invest in the industry.

In addition, entrepreneurs need a regulatory environment that is clear and practical so that they can get a return for their investment. A good sign is the amount of aviation activity in an area.

CASA, as our aviation regulator, has an important role in creating the environment to attract growth in this industry. On the flip side, each business has an important role in creating an environment that attracts entrepreneurs to this industry in the local area.

A concern is the diminishing 'charter' and pilot training entrepreneurs. However, the largest concern is the low level of hours flown by non commercial aircraft.

Over the years some of our members have had various experiences with the regulator.

The industry has to manage change invoked by the change towards EASA structured rules. Already it has had a negative effect within the non airline MRO industry.

The failure to 'adopt' EASA rules has created 'unique' requirements that are based on satisfying CASA instead of compliance with legislation.

Regulations, MoS compliance and CASA guidance will need to improve to provide a standard for industry to meet. The future will be more about "satisfying" CASA and history has shown that is why the demand for change was created in the first place.

One of the reason that confuses most industry participants is the "apparent" failure of CASA to follow "due process" when discussing compliance issues.

Too often, audits jump straight to "show cause" action instead of giving the participant a chance to make changes without such confrontational actions. Even CASA's Enforcement Manual list ways to achieve compliance.

These are:

- *Assisting the industry to comply, generally and on an individual basis*
- *Encouraging or exhorting compliance*
- *Compelling compliance*
- *Penalising and deterring non-compliance.*

The problem is that the CASA Enforcement Manual then goes on to discuss nothing but enforcement processes.

Our contention is that locally, actions to fix compliance issues should NOT

move to enforcement actions UNLESS the industry participant has demonstrated an unwillingness to comply with local directions.

Many of our members have very good rapport with their local CASA office and welcome CASA into their business.

Currently, industry and CASA need to work closely together so that industry remains compliant with what is now a very confusing regulatory system.

Industry cannot keep up with the new rules, amendments, exemptions, instructions, policies and administrative processes that now apply. It is why many have walked away from the industry.

During any change period, especially one as major as is happening now in aviation, CASA has to work very closely with industry participants so that they do not just move on to another industry.

The failure of industry to work with CASA and vice-versus, has already seen many depart this industry.

On the other hand, there is some evidence that CASA is starting to work with their local industry to effectively educate them in the changes that they will have to make to continue in the industry. Pity the rules did not address costs.

What CASA has to do is work with entrepreneurs to increase pilot training and especially growth in the charter sector.

Currently, the non airline industry sectors have a very negative prediction for the future—can government and CASA turn that around?



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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."