



## 2023 – Case for General Aviation Micro-Businesses (Part 145 L)

When the CAA was created, cost-effective micro to small businesses were virtually removed from the civil aviation regulatory system and, years later, the outcome is a shortage of pilots and LAMEs with declining associated aviation sectors. Many, within the new CAA, were of the opinion if a micro/small (AMOs) businesses couldn't afford to be compliant with new regulations, appropriate for medium to large businesses, they should not be in business.

That mentality has to be removed from regulatory development.

Firstly, it demonstrated that the culture changed greatly within the regulator when it moved from Melbourne to Canberra and has been perpetuated even with SCC/ASAP consultative systems in operation. DCA successfully and regulatory nurtured micro to small businesses; Civil Aviation (Safety) Regulations have never supported micro-businesses.

What worked in Australia was DCA's "directly-supervised" micro/small maintenance businesses and flight training schools. Resurrection of the direct-supervision micro business from pre-CAA days will enable GA to grow in 2023 and reverse the decline to what was a growth industry providing employment for new participants in general aviation.

It is possible for this to happen in 2023.

Proposed CASR Part 145 L (Light)			
Businesses	Past	New	AME Licence
<b>CASR Part 145 L</b> (4 levels of capabilities) Other aeroplanes. e.g., ex-military, recreational, sports, to be added by AMO to Capability List. Type rated aircraft could be treated if within aeroplane certification standard	<ul style="list-style-type: none"> <li>All Piston/turbine powered aeroplanes up to 1816Kg and commuter aircraft.</li> </ul>	<ul style="list-style-type: none"> <li>Aeroplanes up to Part 23 Levels 1-4 Low &amp; High Speed (10-18 seat aeroplanes)</li> </ul>	<b>B1.2</b>
	<ul style="list-style-type: none"> <li>All Piston/turbine powered aeroplanes up to 5700Kg</li> </ul>	<ul style="list-style-type: none"> <li>Up to Part 23 Levels 1-3, Add Turbine/<u>High-Speed</u> (1-9 seats) aeroplanes</li> </ul>	<b>B1.2 H (Speed)</b>
	<ul style="list-style-type: none"> <li>All Piston powered aeroplanes up to 5700Kg</li> </ul>	<ul style="list-style-type: none"> <li>Up to Part 23 Levels 1-3, (1-9 seats) <u>Low-Speed</u> aeroplanes.</li> <li>(Piston engine single/twins)</li> </ul>	<b>B1.2 L (Speed)</b>
<b>Type rated Aeroplanes (Complex)</b>	<ul style="list-style-type: none"> <li>Separately added to Certificate Capability List by AMO</li> </ul>	<ul style="list-style-type: none"> <li>No change</li> </ul>	<b>B1.2 type rating</b>

B1.2H = **Electives**: pressurisation, high speed flight, hydraulics, turbine engine, etc.

### BIG NOTE – AME Licence to Support AMOs

Previous to CAA/CASA, AME training and licencing was designed for the purpose of "gaining employment in the civil aviation engineering industry".

**Note:** Gaining "employment". A licence that matched CAR30 MRO businesses.

**DCA Publication 35, DCA states DCA's AME licence development approach:**

*"This publication produced for the guidance of those employed, or those interested in employment, in the engineering work of the civil aviation industry, who wish to become informed on the matter of Aircraft Maintenance Engineer Licences. It will also be of interest to owners, operators and training organisations as a source of general information and procedures applicable to this subject.*

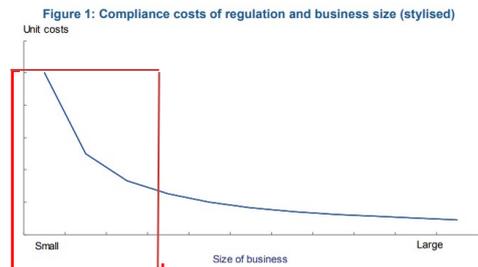
*This publication is intended primarily for those seeking information prior to obtaining an Aircraft Maintenance Engineer's licence but it also intended to be used as a reference by those persons already licenced and who desire to broaden their field of their activities and responsibilities."*

Ken Cannane  
AMROBA  
Phone: (02) 97592715  
Mobile: 0408029329  
[www.amroba.org.au](http://www.amroba.org.au)  
Safety All Around.

## Statistics

The Bureau of Stats (ABS) stated in 2018–19, small businesses made up **97% of all Australian businesses and employed 4.7 million workers**. *DCA regulatory system aligned with this fact.*

*The Productivity Commission has examined these factors on a number of occasions and found that, in general, small businesses incur proportionately higher compliance costs than larger businesses, even where both are engaged in the same activities. Further, smaller businesses are more likely to face greater challenges in understanding and fulfilling their compliance obligations (PC 2013a, p 68).*



The small business ratio remains the same today.

How can the costs, boxed in red, be reduced for general aviation ‘micro-small businesses’?

***Can CASA bring back the DCA concept of “directly-supervised” micro to small businesses without the current red tape and regulations more applicable to medium to large businesses that have more than one level of management?***

According to the Australian Bureau of Statistics (ABS), the ABS defines a small business as a business employing fewer than 20 people, **usually managed by one person**. Categories of small businesses include:

- **Non-employing** businesses (sole proprietorships and partnerships without employees).
- **Micro-businesses** (businesses employing between **1 and 4** people including non-employing businesses).
- Other **small businesses** (businesses that employ between **5 and 19** employees).

*If aviation regulations supported micro/small aviation businesses, they would be among the businesses contributing to 41 per cent of the workforce employed between now and 2026.*

*Micro businesses that employ 1 to 4 people account for 25.7 per cent of all businesses, while the remainder of the small business category is comprised of businesses that employ 5 to 19 people. All small business categories employ close to 4.7 million people and equate to approx. 41 per cent of the business workforce, making those businesses that employ none to 19 people our biggest employers in Australia.*

*Except in aviation!!!!*

<b>Safe Quality Outcomes Achieved from Direct Supervision to full SMS</b>				
Micro Business 1-4	Small Business 5-19		Medium Business 20-199	Large Business Over 200
Aircraft/Component	Aircraft/Component	Aircraft/Component	Aircraft/Component	Aircraft/Component
<5700Kg Level 1-3 LS	<5700Kg, Levels 1-3 HS	<8618Kg, Levels 1-4	All	All
<b>Depending on operational status of aircraft being maintained: direct supervision through to full SMS.</b>				
Direct Supervision	Direct Supervision	Quality System	Full SMS & Manual	Full SMS & Manual
General Aviation CASR Part 43				
Part 121 Commercial RPT CASR Part 42				
CAR30 was an attempt to keep the previous direct supervision small AMOs but the finer points were not documented or detailed and over time the administration has moved more and more to one size fits all.				

Direct supervision need, as a minimum, to maintain records of procurement and work carried out.

- A micro/small AMO using Direct-Supervision (DS) could also do contract work for a Part 145 whose SMS would audit the micro/small business.
- A private owner of an aircraft could use a LAME or dedicated micro/small AMO using DS to maintain their aircraft as long as the aircraft is not commercial.
- An AMO that has responsible managers besides the owner/manager, has to adopt an applicable QS and as size increases, commitment to SMS.

## The Case for a Dedicated CASR Part 145L or (B) – Small MROs.

*Our growth relies on the success of all businesses.* 2023 is the ideal time to start resetting the regulatory system to include all levels of small businesses based on the direct-supervision concept previously used by DCA to grow micro/small General Aviation businesses.

### Direct Supervision Benefits – Small Businesses.

**Direct-supervision** is the Quality System applied by small businesses that employ 1-19 people. It relies on the manager holding the appropriate CASA authorisation (e.g., appropriately rated LAME or Qualified AME (workshops)) and that person directly supervising all maintenance work. In many cases, these small businesses sometime employ a second or third LAME who provide dual inspection capabilities, category and stage certifications, and chief engineer relief.

All Australian small businesses must comply with Workplace Health & Safety regulatory requirements. CASA unnecessarily duplicates Australia's WHS responsibilities. Much of aviation SMS requirements applicable to "one-man" (the manager) organisations, are included in WHS responsibilities placed on the 'person conducting a business or undertaking' (PCBU). Federal, State & Territories WHS Acts & Regulations identifies the PCBU as follows:

#### "PCBUs

**Person conducting a business or undertaking.** *The model WHS Act places the primary duty of care on the PCBU. The term PCBU is an umbrella concept used to capture all types of working arrangements or structures. A PCBU can be a: company; unincorporated body or association; sole trader or self-employed person. Individuals who are in a partnership that is conducting a business will individually and collectively be a PCBU.*

#### Person with management or control of a workplace (e.g., Chief Engineer)

*The person with management or control of a workplace must ensure, so far as is reasonably practicable, that the workplace, the means of entering and exiting the workplace and anything arising from the workplace are without risks to the health and safety of any person."*

In the US, it is similar. *"The FBO [SASO] shall have in its employ, and on duty during the appropriate business hours, trained personnel in such numbers as are required to meet the Minimum Standards set forth in this category of services in an efficient manner, but never less than one person currently certificated by the FAA with ratings appropriate to the work being performed and who holds an airframe, power plant or an aircraft inspector rating."*

This US direct-supervision approach, used by DCA/DoA, was successfully applied to micro/small aircraft maintenance and flight training businesses.

In other words, an owner/manager of a small maintenance business, if not a LAME, would need to employ a LAME to manage the maintenance services being provided. This includes maintaining all the aviation records the business must retain.

- Partnerships were treated as one-man system, direct supervision quality organisations.

All small owner businesses must meet WHS responsibilities when providing maintenance services and must also meet customer and regulatory requirements or they go simply out of business.

If an aircraft owner is not satisfied with the maintenance, the AMO will quickly lose its customer base.

Secondly, besides meeting aviation safety compliance requirements they need to address small business tax requirements, and work, health and safety responsibilities and requirements such as:

- Fair Trading laws.
- Australia Consumer law.
- Competition and Consumer Act.
- Australian Standards.
- Codes of conduct.

In addition, the Australian Taxation Office (ATO) requires that:

- *"Your records must not be changed and must be stored in a way that restricts the information from being changed or the record damaged.*
- *You need to keep most records for five years, starting from when you prepared or obtained the records, or completed the transactions (or acts they relate to), whichever is the later.*
- *You need to be able to show the ATO your records if they ask for them.*
- *Your records must be in English or able to be easily converted to English."*

## DCA AMO Authorisation of Micro/Small Businesses?

If a micro-small business is registered in a State or Territory, why does CASA need to also approve?

- Many would like to use the US system where the FAA does not approve but Australia does not have the State airport administration system of the US.
- Do current CAR30 AMOs want to pass the responsibility to each airport operator to set the minimum airworthiness/maintenance standards for a business to operate on their airport?

### DCA in the past, rejected that approach and decided to issue an AMO approval for micro/small AMOs like the FBOs (SASOs) that are not approved by the FAA?

**Why:** DCA determined it ‘**enhanced safety**’ for all AMOs to be approved and enabled such AMOs to issue the Government’s Authorised Release Certificate.

- DCA made this determination because, in Australia, we do not have the ‘State’ airport infrastructure that supports the US non-FAA-approved FBO system.
- DCA registered these small businesses, with only a facility check, so DCA could notify the AMO of any appropriate mandatory and emergency requirements that DCA provided free of charge to all AMOs.
- CAOs that set the minimum standards and made this system work, were repealed with the creation of the CAA and most now don’t understand how this system worked.
- The system could be resurrected by CASA promulgating the “Minimum Standards”, introducing an on-line self-registering system, and education.

### *AMO Aviation Maintenance Records.*

As stated in aviation Regulations and Standards, e.g., CASA’s proposed Part 43 and Part 91.

**Maintenance Standard:** Irrespective whether aircraft/component maintenance is carried out by a LAME, a directly-supervised AMO or a CAR30/Part 145 approved AMO, the manufacturer’s, aircraft, or product, maintenance standards and relevant regulatory approved maintenance data is used. Only the LAME can certify aircraft or parts of an aircraft or aircraft system as airworthy and sign the maintenance release. This is the global basic international standard under the Convention.

**Fact:** Owners/operators of small businesses must meet, or exceed, regulatory and customer expectations to remain in service. The individual managing the business must hold an appropriate CASA authorisation and oversee all work being carried out. This aspect ensures ‘direct-supervision’ full quality control and individual assurance of all work being processed.

*Will large businesses political input prevent micro/small businesses being re-activated?*

### **Direct Supervision AMOs Can be Safely Returned.**

With CASA adopting FAR Part 43, it brings back regulations that allow micro/small businesses to once again be major aviation employers supported by regulation.

There is a good case to have a Part 145A (Part 42 SMS) and Part 145L (Part 43 DS/QS) utilising direct-supervision AMOs meeting FAA promulgated organisation minimum standards for the non-FAA approved FBO system. (Refer FAA AC No: 150/5190-7 **Exclusive Rights and Minimum Standards for Commercial Aeronautical Activities**)

Part 42		Part 43	
Airline Operators		Other Owner/Operators	
Part 121 (Airlines)	Part 91/126/135/etc	Part 91 only	
Part 42/145 A (global std)	Part 43/145 L (FAA**)	LAME/Repairman	
Self-assessment / CASA audit QS & SMS CASA Certificate	Self-assessment/Audit, Direct Supervision QS CASA Certificate.	Work directly to Private owners, Aeroclubs, Museums, Recreational Associations, etc.	

\*\* FAA Specialized Aviation Service Operations standards be adopted and promulgated as a standalone or combine CASR Part 145 **Part L (or Part B if CASA prefers)**.

**FAA AC No: 150/5190-7** specifies minimum Standards that should apply to CASR Part 145L (or B). Under the FAA system, State approved airport operators are given the responsibility to develop minimum standards based on the requirements of this FAA AC.

This US system cannot be adopted without major changes to aviation Acts are required and some members simply do not trust their airport operator's "aviation" support. US airports must be used for aviation purposes, unlike Australia. The US system could be used to make more profit from the aviation sectors. Airport operators need to legislatively required to support aviation, especially *direct-supervision* AMOs and micro/small flight training businesses.

*In the US, "FBOs are organizations granted the right by an airport to operate on the premises and provide aeronautical services such as fuelling, hangaring, tie-down and parking, aircraft rental, aircraft maintenance, flight instruction, and similar services."*

In lieu of the US approach, AMROBA proposes that CASA adopt the previous "Directly Supervised" AMOs and use the FAA AC standards to develop minimum standards for non-airline AMOs seeking authorisation under a new Part 145B. Alternatively, resurrect past CAO direct supervision provisions.

**Examples of US Airports minimum standards for AMOs described as SASOs, etc. as follows:**

[Page Field, GA Airport](#); [City of Fort Worth](#); [Minden Tahoe Airport](#) and [Greater Cumberland Airport](#) .

- Every US airport has similar minimum standards for SASOs; note insurance requirement.
- Individual US States provide a lease to the airport operator and require the Minimum Standards to be applied fairly across all aviation – US airports have to be used for airport purposes.

It works in the US because the FAA Airport Division also monitors airports, airport authorised businesses and the FAA also has input to the federal airport funding system. Very different to Oz.

**US System Cost Effectively Applied in Australia**

An owner, holding the appropriate CASA authorisation, directly supervising a micro/small business should only be required to register with CASA so they can issue the ARC for components and CASA can take enforcement actions if required. Registering enables CASA to send AD/emergency requirements to a registered address when required. Registering with CASA will also provide CASA, and government, factual data regarding the impact of small businesses in civil aviation.

Whether the maintenance base is a fixed address, or it is a mobile facility, micro/small businesses do not need to meet Part 145 large business standards to produce the same safety outcomes.

Under the FAA system, all A&P mechanics, Inspection Authorisation holders, Repairmen, Part 145 AMOs have to comply with FAR Part 43. IAs must also have a fixed base of operation.

<p><b>CASR Part 145 B or L</b> (4 levels of capabilities) Levels 1-3 = 1-9 seats Level 4 = 10-18 seats</p>	<ul style="list-style-type: none"> <li>• Up to Part 23 Levels 1-4 Low Speed &amp; High Speed (adds commuter)</li> <li>• Up to Part 23 Levels 1-3, Low &amp; High-Speed aeroplanes (adds High Speed)</li> <li>• Up to Part 23 Levels 1-3, Low Speed aeroplanes. (piston – old &lt; 5700Kg)</li> <li>• Other aeroplanes. e.g., ex-military, recreational, sports, type rated.</li> </ul>
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**Observation**

**Size of Other Nations Operations – [world airports](#).**

- Australia has 613 airports compared to the USA's 19,622 airports and there is 4000 plus airports in the EU. Canada has 518.
- Australia has about 8% of the US population and 4% of their number of airports.
- Australia has about 5% of the EU population and 15% of their number of airports.

What works within the USA or EU does not necessarily function well in Australia.

Canada, with 38 million is closer to our 26 million with closer number of airports, (A)613airports/(Canada)518, and a similar maintenance engineering sector.

- **Maybe what works in Canada would work well in Australia.**
- Canada also has a unique Part 21 owner-maintained airworthiness standard.

## Safety Considerations of Direct Supervisors/Owners

The business owner/operator (e.g., Chief Engineer) responsibilities, compliance & success will come from their ability to identify, analyse, plan, implement & manage the performance of simple business drivers:

**Management** - Manage yourself every day.

**Money** - Financial Management.

**Marketing and Sales** - Management marketing and customers' service.

**People** - Management of productivity, training & development of employees and their qualifications, suppliers and partners.

**Product & Service** - Your Work.

Manage regulatory compliance, quality and quantity, price, packaging, **stock**, distribution, etc.

**Process and Systems** -Management daily operations, admin, bookkeeping.

## CASA On-line applications – self assessments

AMROBA supports a simplified self-registration on-line Part 145B for general aviation MROs.

*PC. “Small businesses typically rely on the owner/operator to manage not only the business, but also compliance with regulations. Complex laws and regulations generally increase the costs of compliance for all parties. Nevertheless, small businesses face a higher burden from complex and unclear regulation and greater challenges in understanding and fulfilling their compliance obligations than larger businesses.”*

An on-line CASA self-assessment application process should be made available by CASA to support micro to small aviation businesses – maintenance, servicing, etc. that operates under the management of the owner/operator. (Chief Engineer).

Other government departments and agencies, Federal, State or Territory, are implementing self-assessment on-line application forms.