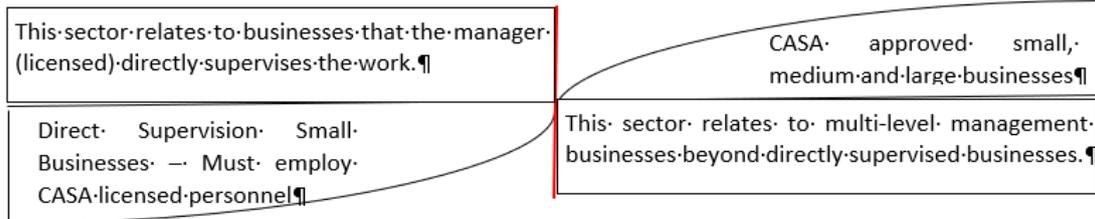


## The Dividing Line – Direct Supervision

Many suggest that the regulatory framework is so fractured that it is unrecoverable and most of the issues relate to over-regulation and excessive red tape. Until government change the **Objective** and **Functions** of CASA in the Act, reviews will continue. Our Senate submissions point out the major deficiencies of the Act and why it has created the Authority we have.



Why shouldn't 'direct supervision' organisations exist in the CASR system? The FAA Direct Supervision system (FBO) must employ a FAA licenced person. Resurrect the previous direct supervision businesses pre-CAA but this time with a self-register portal at CASA.

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*The US FBO system is a 'direct-supervised' Fixed Base Operator/Organisation that is a registered business. Who may use a FBO in the FAR System is the decision of the aircraft's private or commercial operator. Commercial Air Carriers may also use a FBO as long as they are included in the Air Carriers quality system. This enables a natural progression from an FBO providing maintenance services as a registered business prior to applying for a Part 145 approval. Many Commercial Operators will only deal with Part 145 organisations. ICAO state that approved AMOs support major airlines and complex helicopters.* 2

**2. Is the CASR Part 66 licence suitable for Australia? 5**

*Without doubt, aircraft maintenance engineer licencing is the biggest issue confronting the maintenance industry because it is not the European system and it is not yet supported by a National Vocational Education Training system. The other aspect, is it the right structure for Australia? Or, should the previous CAR31 system, the FAR A&P mechanic or the Canadian model work better. If CASA adopts FAR Part 43 and the Inspection Authorisation, this will introduce more red tape and duplication of the licence system. Is it the AME licence and its ratings that are the issue or is it CASR Part 42 or the CARs that are the problem? The ICAO licence is to sign a maintenance release (Annex 6) or to certify as airworthy (Annex 8).* 5

**3. Why do we have ASTCs, APMA's, ATSO's? 7**

*CASA/government must attain global recognition, in their own rights, of Australian STCs, PMAs or TSOs if modified aircraft sold back into the US and other markets to foreign buyers do not have to have these unique Australian products removed or re-certified. The Bilateral with the US still requires the FAA to issue their STC or PMA approval if the Australian holder applies through CASA to obtain an FAA approval. There needs to be many more Bilaterals, especially in the Asia Pacific Region. An APMA and ATSO are product design/manufacture approvals subject to Australia's product liability requirements. CASA does not have a international office dedicated to obtaining agreements as it is not a function of CASA in the Civil Aviation Act.* 7

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## 1. Is it time for the FAA FBO System?

*The US FBO system is a 'direct-supervised' Fixed Base Operator/Organisation that is a registered business. Who may use a FBO in the FAR System is the decision of the aircraft's private or commercial operator. Commercial Air Carriers may also use a FBO as long as they are included in the Air Carriers quality system. This enables a natural progression from an FBO providing maintenance services as a registered business prior to applying for a Part 145 approval. Many Commercial Operators will only deal with Part 145 organisations. ICAO state that approved AMOs support major airlines and complex helicopters.*

The minimum standards specified in the Annexes to the Convention supports the use of the FAA FBO system and does not state that all sectors of aviation must use approved maintenance organisations exclusively for all of the various classes of operations. Obtaining personal insurance is a big issue for an individual to provide an aviation service due to the perceived liability.

### **ICAO Annex 6 Basic Standards.**

1. **Annex 6, Part 1, "[International] Commercial Air Transport – Aeroplanes"**
  - 8.7 Approved Maintenance Organisation or Equivalent System
  - Maintained and released to service by an AMO or an 'equivalent system' [e.g. FBO] reference 8.1.2 & 8.1.3.

**Note:** the equivalent system can be similar to the US FBO system for flying training and maintenance by using direct-supervision Maintenance/Flying Training organisations.

2. **Annex 6, Part 2, "[International] General Aviation – Aeroplanes"**
  - 2.6.1.2 System acceptable to State of Registry (e.g. FBO and individuals)
  - When maintenance is not done by an AMO, the person signing the MR must be a LAME.
  - May use an AMO, non-approved AMO, e.g. FBO, or an individual.
3. **Annex 6, Part 3, Section 2 [International] Air Transport - Helicopters**
  - Maintained and released to service by an AMO **or an equivalent system** [e.g. FBO] reference 6.7.1.
4. **Annex 6, Part 3, Section 3 [International] General Aviation Helicopters**
  - When maintenance is not done by an AMO, the person signing the MR must be a LAME.
  - May use a non-approved MO, e.g. non approved FBO, or an individual.

These ICAO minimum standards, if followed, would enable great flexibility and individuals, direct-supervised businesses and CASA approved maintenance organisations could all provide these maintenance services with less regulations and red tape than currently.

The FAR system has this flexibility as well as the safest general aviation industry world-wide.

Read FAR Part 43, many options for who may do maintenance and who may release to service.

**Possibility: Direct-supervision small AMOs/FTOs (Flight Training Organisations) meeting CASA promulgated standards, self-registering with CASA to obtain an approval. No site visits pre operating, no company exposition or procedures manual required, must employ an applicable person licenced by CASA. (Pilot instructor / LAME)**

**Self-registered AMOs/FTOs would be the entry level into aviation.**

## ***Transition to an FBO system***

Safety is not compromised because aviation services are provided by an individual, licenced by CASA, as long as “minimum” standards, as promulgated by the FAA, are adopted. This includes FAR Parts 21, 43, maybe 65, Part 61 and Part 91 – the core of the FARs. A safer system.

Refer FAA **AC 150/5190-7**, *Minimum Standards for Commercial Aeronautical Activities*.

## ***Past History***

Australia basically had a successful general aviation “cottage” industry of small approved **direct-supervision** businesses providing flight training and maintenance services. The only difference to the US FBO system is that these small direct-supervision businesses had approvals from the Authority and the Authority promulgated minimum standards in Air Navigation Orders.

Resurrection of an independent flight training instructor or LAME operating from a known fixed base of operations complying with minimum regulatory requirements is still possible IF the regulatory framework is modelled on the FAR system.

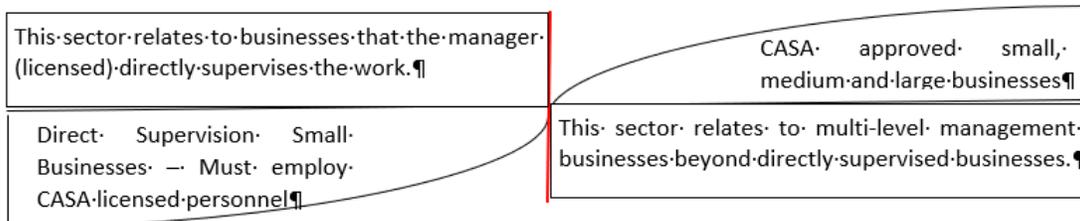
By removing the small organisations meeting minimum regulatory standards, CASA predecessors succumbed to the lobbying of larger businesses to remove [competition] these small directly supervised businesses from the regulatory system.

This has been a systemic problem with aviation regulatory reform, the capture of CASA by certain sectors that want single pathways that restricts competition and growth. Regulatory reform should provide multi-pathways providing competition that would assist with keeping costs to a minimum.

## ***Basic FBO – Register with CASA or Not?***

Basically, where should the line be set between approved flight training/maintenance organisations and non-approved flight training/maintenance organisations? and/or

Should a non-approved flight training/maintenance organisation exist freely or be required to self register on a dedicated CASA self-registering portal?



Without question, small direct-supervision flight training and maintenance organisations, approved, accepted or self-registered, must be returned to the general aviation system to fix the shortage of pilots which directly affects the numbers of maintenance personnel.

## **Single stream aviation regulatory systems are anti-competitive and should not exist.**

The US FBO/SASO system prescribed in their AC 150/5190-7 is ideally suited for Australia and its vast rural areas as long as the AC minimum standards are adopted. For instance, the requirement to be a registered business is for a number of reasons.

- Australian laws relating to registered businesses would apply to small direct supervision businesses thus addressing WHS and other business responsibilities.
- Adoption of FAR Part 43 is a must to enable all aviation to safely grow.

- Adoption of FAR Part 61 independent flying instructors to be employed by a direct supervision business is a must to reduce the pilot shortage in Australia.
- There would be an improvement in safety using the US FAR system for GA.

**FAA Order:** *“This is a summary of the obligations and services which should be provided by a Fixed Base Operator (FBO). This guideline may be attached to and become part of an actual lease agreement between an FBO and the airport owner, Should the actual lease agreement be more or less restrictive than this guideline, the lease would take precedence.”*

**Reference:** FAA Order 5190-6B, Chapter 10, administered by the FAA Airports Division, also states:

### **10.3. Use of Minimum Standards to**

**Protect an Exclusive Right.** *When the sponsor implements minimum standards for the apparent purpose of protecting an exclusive right, the FAA will find the sponsor [airport operator] in violation of the exclusive rights prohibition. Evidence of intent to grant an exclusive right might be, for example, the adoption of a standard that only one particular operator can reasonably or practically meet.*

### **Definitions**

- **Fixed Base Operator** - A Fixed Base Operator is a person, firm, or corporation performing any of the functions or furnishing any of the services listed herein on a commercial basis. No person, firm, or corporation may act in the capacity of a FBO without a valid contract with the City /County of

\_\_\_\_\_ Authorising such activity at the airport.

### **Importance of minimum standards – excerpt FAA Guide**

*“While tenants and landlords share a common desire to make the airport a success, that should not be construed as a perfect relationship.*

*These FAA guidelines are not economic-based, but rather speak to levelling the playing field for businesses that wish to operate at a given airport. Such standards also provide a means for an airport to raise the level of safety in their FBO operations and ensure that a certain type, level, and quality of commercial aeronautical activities and services are available to the users of the airport. (Note onus on airport operators – Act changes needed in Australia)*

*The guidelines serve to assure that no one specific business has a competitive advantage, but all subscribe to minimum facility guidelines as **set forth by the local airport authority**. As recommended, minimum standards should be created in partnership between the airport sponsor and local stakeholder user input. (Replace this with CASA promulgated standards)*

*By implementing minimum standards, airports reduce their risk of violations of its grant assurances benefiting incumbent and future aeronautical service providers alike. It creates a safer operating environment, guarantees higher quality services to the public, and protects the airport by ensuring service providers maintain a minimum level of training, equipment, staffing, and insurance coverage.”*

Implementation of small direct-supervision flight training and maintenance organisations based on the minimum standards promulgated by the FAA can be applied in Australia.

## Responsibility of CASA to promulgate “aviation safety standards”.

*Minimum standards benefit incumbent and future aeronautical service providers by protecting against the devaluation of current investments and allowing potential aeronautical service providers to accurately predict initial investment, thereby allowing a more thorough business plan to be developed.*

*Airports differ in size, volume, type of fuel, lease terms, capital invested, minimum standards, and hours of operation. Further, differences exist in wages, fuel systems, local, state and federal taxes, commercial fuel availability by a supplier, delivery method by which fuel arrives at the airport, whether the airport has airline service (which is another possible revenue source for an FBO).”*

### **The Answer/Solution:**

The simplest approach to get GA growing again is for CASA, not the airport operator, to promulgate the FAA minimum standards for a FBO/SASO system.

- Resurrect the direct supervision flying training and maintenance organisations with a simple self-registering portal with CASA that automatically generates an approval number.
- Being registered with CASA will enable important airworthiness information to be passed on to all AMOs, approved or registered with CASA.
- These self-registered organisations do not need any written procedures because they must comply with the minimum standards promulgated by CASR Part 43, including adoption of relevant requirements from FAR Parts 91, 65, 61.

This would once again provide a cost-effective safe entry level into aviation.

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## 2. Is the CASR Part 66 licence suitable for Australia?

*Without doubt, aircraft maintenance engineer licencing is the biggest issue confronting the maintenance industry because it is not the European system and it is not yet supported by a National Vocational Education Training system. The other aspect, is it the right structure for Australia? Or, should the previous CAR31 system, the FAR A&P mechanic or the Canadian model work better. If CASA adopts FAR Part 43 and the Inspection Authorisation, this will introduce more red tape and duplication of the licence system. Is it the AME licence and its ratings that are the issue or is it CASR Part 42 or the CARs that are the problem? The ICAO licence is to sign a maintenance release (Annex 6) or to certify as airworthy (Annex 8).*

CASA did not adopt the full EASA Part 66/147 licence and training system, they “partially” used some of the provisions that did not meet the expectations of larger organisations. EASA has also found out their system was unworkable and made major changes in 2018 that we need to adopt.

Australia, to compete globally, cannot afford to have a hybrid regulatory system based on partially adopting FAR or EASR for maintenance personnel standards. You must be as close as practical to the system adopted and stay harmonised with any changes made by EASA to that system.

## ***EASR Part 66 plus FAA A&P IA Returns LAME Standards to pre-1990s Australian LAME.***

In reality, if CASA adopts the full EASA Parts 66/147 system as it stands today and adds FAR Part 65 IA provisions, then we would have compliance with Annex 1 of the Convention.

AMROBA supports all pre-Part 66 mechanical trained LAMEs being given an IA automatically when CASA eventually adopts FAR Part 43/65/91 as long as the IA training is added to CASR Part 66 Module 10 of the modular training system.

AMROBA's question is: **Why does CASA want to re-introduce a 2-year renewal system when they have an indefinite period on the AME licence? Is this to create CASA jobs?**

If CASA adopts the latest Part 66 that includes a self-study option, the B3, B2L and L licences, and adds the FAR Part 65 IA option, then we would be close to a full ICAO Annex 1 LAME that we had pre 1990s before lobbyist captured CASA and created unique Australian personnel requirements.

The one problem with the EASA system is that the LAME does not sign the aircraft, or parts of an aircraft as "airworthy", whereas the FAR A&P IA does.

The EASA Part 66 licence does not require the LAME "*to certify the aircraft or parts of the aircraft as airworthy after an authorized repair, modification or installation of an engine, accessory, instrument, and/or item of equipment*" (Annex 1 LAME privilege).

This skill is mandatory to meet the requirements of Annex 8 for an indefinite CoA system.

Adoption of the FAA IA system from FAR Part 65, and **adding it to** CASR Part 66, attends to the shortfall of the EASA system. This will require the current AME training standards to add the IA training to Module 10 (basically understanding aircraft design & operating standards) of CASR Part 66. It was previously included before changes made late 1980s/early 1990s. Maybe after nearly 30 years we can get back to normal privileges of a LAME.

**Module 10** should be a standalone CASA Examination for a licence and not associated with the other trade training modules that should be provided by the Australian education system.

EASR Part 66, as amended in 2018 to help GA, is not even part of CASA's review. It must be.

### ***Competency Based V Knowledge Based.***

We still have the difference of CASA's knowledge-based examination standards and the Australian education competency-based training standards – they are not compatible.

Why is Module 10, only distinct Module needed for a licence, taught as part of the trade training and not added post trade training?

<b>The 4 Steps</b>	<b>Self-Study</b>	<b>Provider</b>
Module 10 LAME knowledge-based examination system	Yes	CASA/RTO
Module 10 training (self-study/on-line or RTO providers).	Yes	RTO
Trade below – licence above		
CASA Knowledge based examination system added to trade training	Yes	CASA/RTO
Trade base competency-based training – all modules except Module 10.	Allied Trades	RTO

## ***CASA Should Control & Maintain the Part 66 Examination Database.***

Why aren't all knowledge-based examinations provided by CASA through on-line invigilators such as RTO providers?

- Students leaving school today have the basic skills to do examinations on-line.
- Many RTOs throughout Australia could act as on-line invigilators for CASA exams.
- It would remove the knowledge-based examination system from the competency-based NVET trade training system.
- A Part 147 RTO could arrange on-line examinations with CASA to coincide with their courses.

For instance, if you need, for licencing purposes, to pass the knowledge-based examination for a module, the training provider/invigilator would arrange a time to sit the examination on-line just about anywhere in Australia.

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Any regulatory framework that does not allow the Australian aviation businesses to participate in their own right in a global aviation market is a failed regulatory framework.

Any national regulator that is not empowered to seek and attain technical agreements in foreign countries for recognition, in their own rights and aviation businesses provision of service and parts, is a failed regulatory authority.

The only Bilateral that has some benefits to Australian approved businesses providing services and manufactured/repaired parts is the USA Bilateral Aviation Safety Agreement but very biased to the USA.

In this BASA, it appears that there is acceptance of our product and services with the US, but this is not the case.

Virtually, we have to accept everything from the US, whilst the FAA determine if they will accept Australian ASTC or APMAs. Not an evenly balanced BASA.

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## ***Engineering Solution***

CASA needs a dedicated international office staffed with people experienced in negotiating free trade agreements so our own aviation manufacturing, maintenance and even training organisations can, in their own rights, gain recognition in another foreign market.

We realise that it also opens our market up to other aviation markets but we are confident that Australian manufacturing and maintenance providers will gain more work.

This includes global recognition of manufacturing services, ASTCs, ATSOs, APMAs, maintenance services and both flight and maintenance training.

If the regulatory framework does not permit recognition of our manufacturers and maintainers by other countries of our system in its own right, then the regulatory framework needs changing.

Australia, for too long has basically had an open door for parts and foreign services without any reciprocal arrangements with these countries.

Why is it that past Ministers, when they have introduced major aviation regulatory changes in the past, in their supporting speech to Parliament say the changes will enable Australian aviation businesses to compete in foreign markets? Most changes have made it harder to compete.

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