

Dear Member,

Our President, Marc De Stoop, provided this summation of the Canberra Dept Meeting:

Following on from the May rally in Tamworth, I together with Ben Morgan, Gary Beck & Ken Cannane travelled to Canberra on 25 May 2016 for a Eureka meeting at the invitation of Shane Carmody Dept Secretary of the Dept of Infrastructure and Regional Development. Mr Carmody chaired the meeting. CASA's three most senior representatives were also present. DAS, Mark Skidmore, and two recent appointments to head the new CASA restructured Divisions; Graeme Crawford, Group Manager Aviation Group and Rob Walker, Group Manager Stakeholder Engagement. The Department of Infrastructure also had present Pip Spence, Executive Director Aviation and Airports and Jim Wolfe, General Manager Air Traffic Policy.

The purpose of the meeting was to present Project Eureka and to demonstrate to the Dept that the Industry is in need of regulatory reform and that AOPA has the answers to revitalize the GA Industry in Australia.

Dept Secretary Carmody has been tasked to provide a Brief to the incoming Government on what reforms are needed, if any, to solve the GA industry problems.

All in all the meeting went very well with all present listening intently to our concerns and our suggested remedies. Everybody was very appreciative of the effort AOPA has put into Project Eureka. **However, we must not back off on the political campaign to bring about change. This meeting would not have happened if Ben Morgan's Aviation Advertisers Tamworth Rally had not exposed both Minister Chester and the Dept PM Barnaby Joyce to the very uncomfortable public blow torch of disgruntled grass root GA industry members.**

AOPA's view is if we are to achieve reform, **in a timetable acceptable to industry**, we must keep the pressure on the politicians to force the Dept and CASA to act **NOW**.

My lasting impression of the meeting was that the DAS believes the GA Industry in Australia "is in good shape". We completely disagreed with this assessment. I came away from the meeting convinced this is our single biggest problem. It's collectively our challenge to convince him he is wrong. Why we should have to do this beggars belief.

I think the greatest achievement of the meeting was to get the Dept involved, right in the centre, of the problems and into a role to "mediate" change between Industry and CASA. Meeting one on one with CASA over the years has proved fruitless, as we all know. Now that we have engaged the Dept in this process we are exposing the inactivity of previous Ministers and the Secretary of the Dept to bring CASA to account. At the end of the day unless we get the Dept to change the Act we won't achieve reform. As I see it the DAS and CASA can hide behind

the Act. We must harmonise our Act with overseas countries and then clean out the old middle guard management at CASA to implement reform. Wholesale staff changes in the middle management must happen at CASA. I'm hopeful the new externally appointed Group Heads have the courage to carry out that task.

Please find below a record of outcomes / minutes and PLEASE provide responses of your individual experiences where AOPA has been requested to provide examples of the industry problems we have outlined in the various industry segments.

AOPA 2016 Conference

AOPA is planning a conference, rather than another rally, in August 2016 when we have a new Govt . The aim being to keep our concerns centre stage. In keeping with the Eureka theme, **we have the answers**, we plan to invite senior representatives from overseas industry bodies and regulators. Government will be invited to participate. We are planning to have representatives from the UK, US & NZ in attendance to demonstrate to our Govt how to reform. "Show them the way" will be the theme. We will keep you posted as plans develop.

Regards,
Aaron Stephenson - CEO
aaron.stephenson@aopa.com.au

RECORD OF OUTCOMES AIRCRAFT OWNERS AND PILOTS ASSOCIATION (AOPA) 'PROJECT EUREKA' BRIEFING

Date:	Wednesday, 25 May 2016	
Venue:	Department of Infrastructure and Regional Development National Office	
Time:	10.00am to 12.00pm	
Attendees:	Department of Infrastructure and Regional Development	
	Shane Carmody (Chair)	Deputy Secretary
	Pip Spence	Executive Director, Aviation and Airports
	Jim Wolfe	General Manager, Air Traffic Policy
	Civil Aviation Safety Authority (CASA)	
	Mark Skidmore	Director of Aviation Safety
	Graeme Crawford	Group Manager, Aviation Group
	Rob Walker	Group Manager, Stakeholder Engagement Group
	Aircraft Owners and Pilot Association (AOPA)	
	Marc De Stoop	President, AOPA
	Gary Beck	Spectrum Insight
	Ben Morgan	Chief Executive, Aviation Advertiser Digital Group
	Ken Cannane	Executive Director, AMROBA

A) INTRODUCTION

The Chair welcomed attendees to the meeting and outlined that the purpose of

the meeting was to provide AOPA with the opportunity to present and discuss the 'Project Eureka' brief to help better inform the Department's advice to the incoming Government on the policy proposals outlined in the paper.

The meeting would also provide the opportunity for AOPA representatives to raise a number of priority regulatory issues with CASA senior management and receive an update from CASA on a number of actions being taken in response to a number of these issues.

B) KEY DISCUSSION ITEMS

AOPA provided an overview of the issues impacting on the general aviation (GA) industry and its Project Eureka Brief, including detailing the recommendations it considers will help to revitalise the GA industry. AOPA's opening address to the meeting is provided at Attachment A.

Amendments to the Civil Aviation Act 1998

AOPA indicated it is of the view that action to support GA can only occur if changes are made to the Civil Aviation Act 1998 (the Act) and that the most effective way to achieve this would be to adopt the regulatory framework of another country.

It was acknowledged the Aviation Safety Regulation Review (ASRR) Report found it was not possible or practical to implement the regulatory framework of another country in Australia.

CASA also advised it regularly looks to adopt parts of overseas frameworks, including the US, when appropriate and effective to do so and where it would be of benefit to Australia. It agreed that in proposing future changes it would do so in close consultation with industry.

The Department also advised that the ASRR finding indicated that it would not be appropriate for CASA to have a role in the promotion of the Australian aviation industry as it would be inconsistent with its sole role as Australia's safety regulator.

AOPA expressed concerns at CASA's current approach to addressing industry concerns with current regulations. AOPA supported fundamental changes being made to the regulations to address systemic regulatory issues rather than CASA seeking to address individual problems raised, for example, through exemptions.

It was agreed that in order for CASA to understand and address these systemic concerns, it was vitally important that specific examples of particular regulations (or standards or orders), or CASA regulatory practices, having a negative impact on GA be provided to CASA. Further, it was agreed that if CASA was not already addressing these examples, then they would be looked at and considered by CASA.

ACTION ITEM : *AOPA to provide CASA with specific examples of where Civil Aviation Safety Regulations (standards or orders) and regulatory practices are negatively impacting on GA and for CASA and industry to jointly examine those*

systemic examples where action was not already in train.

Harmonisation and Barriers to Competition

AOPA believes the lack of harmonisation between Australian and some international regulatory authorities has led to increased costs for both businesses and individuals in trying to easily allow for overseas approvals to be recognised in Australia and vice versa.

CASA advised that it does explore opportunities to align Australia's regulatory framework with other leading aviation countries to achieve greater harmonisation. AOPA supported further action by CASA to achieve agreements with advanced aviation nations which would automatically recognise overseas approvals from countries such as the US, UK, Canada and New Zealand.

CASA indicated that while there have been inconsistencies in the past that have led to difficulties for operators and individuals, some of these have already been rectified. CASA recognised there was still much work to do to achieve better compatibility between licences between jurisdictions and was happy to investigate instances where difficulties have arisen.

ACTION ITEM : AOPA to provide CASA with examples of instances of compatibility of licence issues for CASA to pursue.

Automatic Dependent Surveillance – Broadcast (ADS-B)

AOPA indicated it supports an extension of the mandated timeframe to install ADS-B in Instrument Flying Rules (IFR) aircraft from 2017 to 2021.

While AOPA acknowledged its original support of the mandate, it is of the view that subsequent changes in the terms under which the mandate was brought in, have meant that the cost to install ADS-B is too prohibitive for most GA aircraft operators.

AOPA considers that an extended timeframe would also allow potential newer, cheaper technologies to be developed that may significantly reduce the cost of installing ADS-B implementation. AOPA indicated that it is estimated that these potential technologies may eventually be available for between \$100 and \$500 US Dollars.

AOPA indicated that there remain a number of manufacturers that have not provided any Original Equipment Manufacturer (OEM) approvals (including Cessna) for the installation of ADS-B at this time. This situation means that Australian aircraft owners are required to undertake unique Australian installation approvals, which are not recognised in the US and other countries and means that these aircraft cannot be sold abroad without the removal or re-certification of the ADS-B installation.

CASA advised that the vast majority of regular public transport operators had now fitted with ADS-B. CASA would consider exemptions from complying with the 2017 national IFR ADS-B mandate in certain circumstances.

CASA has also been asked by the Board to examine whether certain types of operations in lower airspace may be permitted for a period of time to facilitate industry equipping with ADS-B. However CASA noted any proposals for a change in this regard would be subject to consultation with Airservices and industry and would need a robust safety case.

Cessna Supplemental Inspection Documents (SIDs)

AOPA outlined their concerns over the Cessna SIDs programme and the impact on the Australian Cessna fleet, which included;
a broad devaluation of the Cessna 100 series fleet; and
the discarding of many Cessna training aircraft by training organisations.

CASA indicated that available data strongly supports the need to implement the SIDs programme and that inspections carried out under the programme has already proven valuable in detecting maintenance issues that needed to be addressed.

CASA outlined that it has recently met with industry maintenance representatives to explore how forthcoming mandates in the SIDs programme can be effectively implemented and was expecting to make announcements in this regard shortly.

Flight Training

AOPA indicated that current requirements that apply to flight training are too onerous and are having a detrimental impact on the flight training industry.

CASA advised that a number of changes to Parts 61, 141 and 142 of the Civil Aviation Safety Regulations 1998 (CASR) have been released for industry comment recently or are being actively considered by the Licensing Solutions Taskforce that will address a number of AOPA's concerns. The CASA DAS confirmed private individual flight training instructors would be restored.

CASA agreed that it was important that these changes were widely publicised to industry and would appreciate AOPA's assistance in ensuring their members were aware and had the opportunity to comment on the proposed changes which would be on CASA's website.

Airport – Security of Tenure for GA

AOPA outlined the serious difficulties that GA businesses faced in securing suitable longer term leases at airports especially at capital city secondary airports.

AOPA saw that preferential treatment was being given to non-aviation businesses in securing leases on airport land and that a better regulatory framework is needed for planning and development on airport sites. AOPA also advised that an airport operator could effectively 'resume' any improvements as its own at the end of the lease period without any compensation to the lessee who constructed the asset.

The Department advised that the Airports Act 1996 covered the 21 federally leased airports and not airports operating under State and local government laws

and regulations.

AOPA indicated it had outlined the problem in a report on the impact of privatising airports on GA, as well as other examples of lease arrangements having a negative impact on GA operators, and would provide a copy of the report to the Department.

The Department agreed to examine the report but noted its responsibilities do not extend to setting the commercial terms that are put in place by the operators of these airports. The Department also indicated that a generally light touch approach to economic regulation of airports was in place at Federal airports including in relation to airport pricing and there had been significant aviation infrastructure investment by airport operators.

ACTION ITEM 4: AOPA to provide the Department with its airport privatisation report, as well as other examples of the negative impact of lease arrangements at Federal airports, for the Department to examine.

General Aviation Fees and Charges

AOPA outlined its support for applying the general aviation fee structure used in the US in Australia which would see no user charges being applied to GA activity. Another option which could be considered was for major airlines to cross subsidise general aviation.

The Department indicated that the US system was based on a passenger tax and that there was already an element of network pricing in some of Airservices charges, which also had a waiver of fees up to \$500 for smaller aircraft.

The Department confirmed that the Government had announced in the May 2016 Budget that CASA's long term funding strategy will be reviewed in 2016-17 to help inform decisions on future funding approaches for CASA in next year's Budget. The Department would be looking to consult with industry during the funding strategy review subject to the approval of the incoming Government.

Privatisation of Airservices Australia (Airservices)

AOPA advised that it sees the privatisation of Airservices as a way to provide the financial capital necessary to fund the measures it considers necessary to revitalise and maintain the general aviation industry.

In terms of the model of the privatisation, AOPA noted that an approach similar to that used in Canada might be used and also suggested there were alternative profit business models in the UK, Germany and the Middle East that should be considered as options for major industry productivity reform as well as an approach to financing the Industry Trust fund.

The Department and CASA indicated that the circumstances surrounding the establishment of the "not for profit" Canadian air navigation services provider were different to those that apply to Airservices given the former Canadian air navigation services model was previously on the Government's budget, whereas

Airservices is already fully funded by industry.

The Department advised that any consideration of privatisation options, from a timing perspective, would most likely need to await the completion of the contract and subsequent implementation of the civil-military OneSKY harmonisation air traffic management project involving Airservices and the Department of Defence.

Industry Trust Fund

AOPA provided an overview of its proposal for the establishment of an Industry Trust Fund particularly to support investment in the GA industry.

AOPA also outlined that better pathways, that encourage future pilots and maintenance personnel to become involved in the aviation industry, were needed.

AOPA outlined difficulties that some Registered Training Organisations (RTO), particularly smaller organisations, can face in achieving RTO status.

The Department confirmed that many of these education and training issues rested in other portfolios or with State governments but CASA agreed that it would look at what it could do to play its part in improving the training pathways for pilot and maintenance personnel.

The Department also advised that the outcomes of the skills survey due later this year could also assist in the consideration of next steps in relation to improving pilot and maintenance personnel training in Australia.

Aviation Medicine (AvMed)

AOPA outlined that there should be consistency in approach for Class 2 medicals for private GA and sport and recreational flying. The meeting noted there had been recent changes reforms announced by the UK CAA and the US FAA in this area which were worthy of consideration.

CASA advised it was currently reviewing AvMed requirements and would consult with industry in proposing any changes having regard to international developments.

National Airspace System (NAS)

While AOPA agreed that the implementation of ADS-B technology over the vast Australian continent was an overall positive for the industry, AOPA reiterated its view that the adoption of NAS provided more flexibility to allow the GA industry to take advantage of different technologies and reduce industry cost.

The Department advised that the majority of agreed NAS characteristics are in place and were those agreed to by all of the industry and our safety agencies.

AOPA acknowledged it was a complex issue and would seek a separate meeting on NAS with Government agencies in due course, noting that other industry sectors may have different views.

Jabiru Powered Aircraft

AOPA acknowledged that they understood why CASA had decided to put in place some limitations on Jabiru engine operations, but indicated that there is a perception in the industry that the CASA approach had been 'heavy handed'.

CASA advised that it has been working closely with Jabiru and that modifications have been proposed based on engine data. CASA indicated that it will continue to work with Jabiru and RA-Aus with a view to making a decision on current limitations by 30 June 2016.

CASA also suggested that if AOPA or other associations had a particular view on how these issues were to be handled in future, industry should raise these suggestions with CASA.

CASA-Industry Engagement

AOPA outlined that many organisations and individuals within the industry hold serious concerns that if they come forward with issues about CASA they will be penalised or punished by CASA.

CASA agreed this was inconsistent with CASA's new regulatory philosophy and a 'just culture' approach to aviation safety regulation.

CASA advised that it has commenced a process internally to examine better ways CASA can engage with industry, including better use of aviation organisations to jointly address issues or concerns about CASA's regulations or operations.

In this regard CASA was establishing a new Director's advisory panel so that it could go directly to a smaller group of industry people representing all of the key industry sectors.

AOPA raised whether CASA was considering developing guidance material, such as a template operations manual, to reduce barriers for small businesses wanting to enter the industry for example in flight training.

CASA indicated it is exploring the possibility of standardised operations manuals and similar guidance materials, noting however that is essential that industry participants actively engage in the process of developing the materials otherwise the value and importance of organisations developing these materials is lost.

State of the General Aviation Industry

CASA noted elements of the general aviation industry were in good health as indicated by some statistical measures.

However AOPA was strongly of the view that a significant portion of the GA industry feels that it is in a serious state of decline and would be better served by the adoption of the regulatory framework of a comparable international regulator.

AOPA also reiterated that substantial reform to the Civil Aviation Act 1988 is required to revitalise the Australian GA industry and help small businesses.

Next Steps

The Chair thanked AOPA and CASA for the briefing and today's discussion and AOPA summarised its key issues and concerns and proposed approaches to revitalising the general aviation industry.

The Chair advised that the Department intends to meet with some other key stakeholders from other organisations such as the major airline and airport groups noting the policy proposals raised by AOPA had implications for other industry sectors.

The Department will then prepare advice for the incoming Government on the proposals put forward by AOPA and other industry groups.

ACTION ITEM: Department to consider AOPA advice, consult with other stakeholders and prepare advice for the incoming Government on the policy proposals and recommendations in the 'Project Eureka' brief.

C) Attachment A

D) AOPA PROJECT EUREKA INTRODUCTION

Mr Gary Beck – Representing AOPA

- We are here today representing AOPA as advocates for major change in government aviation policy and particularly as it affects general aviation.
- We want to tell you why we believe the actions or inactions of the Department and CASA are contributing to the decline of the aviation industry rather than to its growth.
- Let me say upfront that what CASA does is in accordance with the relevant Acts and in accordance with CASA's governance framework. So these are not personal criticisms except to ask of the Department why changes have not already been made. AOPA believes there are major changes required if we want a viable industry.
- I particularly draw your attention to a superseded CASA Directive of 2007: 'The regulations must not impose unnecessary costs or unnecessarily hinder high levels of participation in aviation and its capacity for growth.' It was probably ignored by the next management team because there is absolutely nothing in the Act which requires CASA to be concerned about the state of the industry. CASA's regulatory functions are solely related to safety and safety surveillance of the industry.
- I noted that an Advisory Report on the Civil Aviation Legislation Amendment Bill 1995, known as the Morris Report, commented that the Bill omitted subsection 10(2) from the Civil Aviation Act. That subsection asks the authority to 'have regard to any costs that would arise from complying with the standards.'
- The Explanatory Memorandum to the Bill noted that 10(2) was no longer

necessary because the Bill amends the Civil Aviation Act to require CASA to consult with bodies representing the aviation industry to develop aviation safety standards. The Report notes that 'the Explanatory Memorandum explanation that consultation will lead CASA to take costs into consideration is unconvincing. It does not necessarily follow that this will happen.' The Morris committee recommended 10(2) be retained but it has gone from the Act and with it any concern about industry costs.

- If I could just provide an overview of industry concerns as they've been put to me, our team can then address the principle issues facing GA. I stress that addressing these concerns is a broader matter than CASA can address. It is a matter for the Department.

- As an independent person recently engaged to edit Eureka, I can see firstly the need for a much improved relationship between the regulator and industry. The aviation industry is seen by CASA as a stakeholder but only to the extent that their activities are regulated. They look up to their principle stakeholders not down. The Morris Report notes: 'CASA should be accountable to the Minister, the Parliament and the courts and to no one else.' Of course there were many industry submissions made which did not agree with this.

- Cost of implementing regulation is the principal issue so fixing the regulations is AOPA's first priority. But that also requires a fresh look at CASA's functions. Our team will highlight some examples of the impact of current regulations.

- Fragmentation within the industry hasn't been helpful and this is being addressed. If it's successful and these problems are not addressed, there will be only stronger lobbying of government.

- We are all well aware of the potential for growth in the region and the urgency of Australia needing to respond to regional training demands to promote regional airline safety. From what I recall twenty years ago I thought we were a leader in this field.

- Now the question is whether we can recover given the lack of investment and losses experienced in some engineering trades.

- The need for harmonisation of regulations in such a global activity is axiomatic but instead we seem to be facing the cost of failure to harmonise.

- On looking over CASA's Regulatory Philosophy, I note they support harmonisation but then add 'harmonisation is not replication.' Some would argue that is exactly what it means and Ken will address this issue. Of course there are many difficulties to be overcome in adopting FARs if that is what is proposed.

- As one who trained at both Cairns and Bankstown in their heyday, I've now learned of the fate of secondary and regional airports and the impact of current short-term contracts on existing businesses. Flying schools around Australia are closing at an alarming rate and Ben will talk about aircraft sales data and also the impact of some regulations. Marc will talk about airport security of tenure with a

view to seeing what can be done to arrest what is happening there. The ACCC's actions in regulating leasing charges appear only to relate to major airports.

- There is a strong relationship between DAS and his Minister and I'm sure that's how it's planned to be for safety's sake. I mean the Minister's safety.
- We understand the political imperatives around safety but it can't be the sole focus if this industry is to survive. Here we are talking about over-regulation in the name of safety.
- Safety standards are vital for airspace management, but safety of operations requires greater devolution of activities and the delegation of responsibilities to operators and industry representatives where the expertise principally resides. The object of the Civil Aviation Act should be to have a safe and sustainable aviation industry. The industry is where prime responsibility for safety resides while the regulator provides oversight. That's how it is in Air Force squadrons and I don't see why this is any different.
- Section 98 appears to give CASA almost unlimited regulatory powers over every aspect of aviation. I can see now for example, why factory supplied aircraft manuals can be required to be re-written.
- I see under Section 53 that the Board has the power to do all things necessary in the performance of its functions, which includes CASA following Board strategies and policies.
- But it is clear from the way Section 52 is written that DAS is the first among equals. To what extent his powers exceed those of the Chair and other Board members can only be guessed at. The Board is charged with ensuring that CASA performs its functions efficiently and effectively. Does that allow the Board to consider what is happening to the industry through over-regulation and seek to promote change?
- Many of these challenges can only be addressed by changes to the Civil Aviation Act. For example, many of the Forsyth Australian Safety Regulation Review recommendations cannot be implemented unless the Act is changed.
- I read the TAAAF report after Eureka was distributed. There is much in common in these two reports prepared independently and that in itself is a pointer to the breadth of concerns felt within the industry.
- AOPA and TAAAF are joining forces as a result of these reports and other aviation groups are now endorsing them. But our concerns are echoed elsewhere.
- AOPA in the US has made significant gains in changing the FAA Part 61 regs. The UK CAA has formulated its aviation policy in line with their principles for GA regulation, which state:
 - o Only regulate directly when necessary and do so proportionately

- o Deregulate where we can
- o Delegate where appropriate
- o Do not gold-plate, and remove gold-plating where it exists
- o Help create a vibrant and dynamic GA sector in the UK

- We are here today to advocate for an environment where operators see value in investing in aviation and where there is respect for the regulator.

- AOPA would like to see some acknowledgement of the need to modernise the Act. It is written solely around the safety of air navigation. We would also like to see a message sent to the industry by delaying introduction of ADS-B till 2021.

- We would like to see working groups formed between government and industry where the principle objectives are to make Australia a regional leader in aviation again; to use the latest technology in infrastructure and to consider again how best to deliver it; and to encourage innovation and growth.

- That is a very different Act where CASA does take account of the impact of regulation. We are looking for a partnering relationship rather than an adversarial one; we are looking for action and because it's just good politics, we are looking for it now.

- I'd now like to call on Marc to discuss some of the issues his members have raised with him.