

Australian Association of Flight Instructors Incorporated



Considerations – National Aviation Policy

Green Paper Submission

to

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND LOCAL GOVERNMENT

GPO BOX 594 CANBERRA ACT 2601

**Department of Infrastructure, Transport, Regional Development and Local Government
GPO Box 594, CANBERRA ACT 2601**

Several decades of regulatory change has served largely to divide general aviation (GA) with individual gains won by those at the lower and upper end of the market. The Government fails to fully recognize the difficulties faced by the traditional sector in improving its efficiency, performance and competitiveness, particularly when poor management is blamed in the Green Paper.

This policy can only be considered as comprehensive when the imbalance of low-cost, low-requirements and taxation benefits are replaced by a policy that delivers equal opportunity to all sectors. Hopefully, the National Aviation Policy will emerge at a time of economic recovery. Unfortunately, uncertainly for GA will remain as the Government searches for appropriate boundaries for the scope of self-administration.

The development of this policy risks further inadvertent damage to many in the existing network unless those at the helm set a course favourable for all sectors. The following report will hopefully widen the discussion:-

Over-Regulation

The overwhelming confirmation of over-regulation is the rapid growth of RA-Aus, not from several industry associations as reported in the Green Paper. The fact is that traditional GA cannot compete with the Regulator's delivery of lower requirements to RA-Aus and a GST exemption for PPL training for RTO's. We dispute the reported lack of management skills while such enormous differences are supported by Government policy.

Self Administration

AAFI is not opposed to self administration. We are however concerned that the separate administration of private flying and training/charter invites duplicated cost and reduced viability, particularly for smaller commercial operators.

Economic Prosperity

A common range of services shared by all sectors is not a new economic concept as many businesses merge to gain improved efficiency. The following suggestions are offered to broaden the discussion, particularly if all users are obliged to contribute proportionally on the basis of consumption:-

Global Warming

A fuel consumption tax later in this report imposes proportional cost and responsibility to all users including the opportunity for GA to claim environmental creditability (by way of carbon offsets with recognition that GA is a minor contributor to carbon emissions).

Surveillance

Effective surveillance can only be delivered by one authority, just as the "Highway Patrol" randomly enforces the road rules, CASA must take responsibility to deliver cost effective proportional surveillance to all GA sectors Australia wide. Those who share the sky must share the cost; a fuel consumption tax later in this report is a one method to apply proportional cost.

Aircraft Hire

Private aircraft ownership avoids much of the overhead cost of a flying school, magnified by the attraction of the additional GST component. This allows private owners, syndicated or otherwise, to share hire or lend aircraft at a reduced cost diminishing the ratio of private hire and viability for many flying schools. AAFI does not contest private ownership however we do prompt the exemption of GST for flying schools to create a more viable employment environment and opportunity to remain competitive. The level of aircraft maintenance relative to passenger carriage and purpose, coupled to the consumption tax, are other suggested policy considerations.

GST

Current tax concessions, granted solely to a Registered Training Organization (RTO) for the training of Private Pilots unfairly place a 10% penalty on smaller operators unable to justify the duplicated cost of accreditation. As with private hire, the policy fails to deliver economic balance and fairness to many vital small organizations that contribute to the national network utilized by most sectors Australia wide.

AAFI prompts the Minister to widen the discussion on economic balance and fairness to all levels of pilot training, particularly that of the Private Pilots Licence. Our preference is to urge the complete removal of GST from all flying training, a fuel consumption tax to replace GST and CASA charges is another proposal later in this report.

Documentation

Apart from the more relevant in-flight operational documentation, the bulk could be distributed relative to a pilots post code in electronic format. This would dramatically reduce print cost and ensure all pilots have access to documents with only additional charges applied only to extra documents.

Aviation Safety

Safety Management Systems aim to reduce relative risk with the logic that the same level of protection cannot be offered in a 2 place aircraft in comparison to a fully loaded A380. AAFI is not alone in its concern for safety; the following is an example of the lower requirements that generate concern.

A proposed new occupant classification of “Participants” defined in sections 3.5.8, 9, 10 and 11 extracted from Document NPRM 0704OS (refer to appendix at the rear) joins “cost sharing” to obscure what in reality is a pilot responsibility to passenger protection. AAFI believes occupants aboard an aircraft are one of the following:-

1. Pilot in Command
2. Crew (Qualified or under training) for a particular function during the flight category.
3. Passenger (fare paying or non fare paying) as determined by the flight category.

Regulatory reform could do no better than to simplify the documentation rather than complicate it. The policy needs to deliver consistent rules for aircraft maintenance, medical standards, training and proportional surveillance relative to passenger protection. Recreational flying has been the larger proportion of private flights since 1926. The anomaly of parachute operations being considered as private when most passengers pay for the experience is among many requirements due for review.

Aviation Security

The Aviation Security Identification Card (ASIC) engages resources that may be better utilized in the protection of the airline transport system (i.e. passengers and cargo screening facilities). Logically, the potential destruction capability of road transport such as a loaded B-double far exceeds that of a light aircraft so it is assumed that security is aimed at larger airline transport. We believe the security checks applied on entry to a military base or many Government establishments would be more efficient and in many cases could utilize existing elements of the screening facilities.

Aerodromes and Service Fees

Smaller aerodromes are a vital asset to all GA sectors, emergency and other community services with funding dependent on a range of income streams. Movement fees are often imposed to make up the short fall however current regulations do not mandate RA-Aus etc to list the basic billing information available for aerodrome operators to ensure proportional contribution. AAFI has called for a National Aircraft Register to enable aerodrome operators to administer charges and report safety issues to the Regulator. We share the sky therefore proportional cost is a logical inclusion in the policy.

A Self Funding Fuel Tax– GA (Flow Chart – See Appendix)

The following example of a self funding model aims to attract the Minister's consideration as an alternative to a GST policy (which fails on many fronts). This basic fixed fuel consumption tax model (refer to appendix at the rear) imposes a proportional contribution, by the allocation of fuel card, to every aircraft.

Aircraft operated on non aviation fuel will require additional detail as aviation fuel agents do not control the supply as they do for the higher quality refinery and filtering process of dedicated aviation fuel. A quarterly report (or similar) based on engine hours is one option to obligate owner/operators of these aircraft to contribute.

The benefits include:-

1. Encourages the development of more efficient engines, alternative fuels and cleaner technology.
2. Ensure all users contribute proportionally to fund relevant surveillance that is based on activity.
3. Little different to the user pay systems already applied to electricity, water and communications, a list that will expand under carbon trading.
4. Utilizes existing CASA services that have absorbed considerable investment.
5. Retains a viable range of clients under one administrator.
6. Avoids duplicated cost if self administration fails to accept all sectors below RTO status.
7. Justifies removal of the GST and the cost it applies to the component of employment.
8. Unites the industry with a common purpose and delivers a level playing field.
9. Removes a messy administration task (with associated cost) and the loop holes existing within our current GST ruling.

Commonwealth Role - (Higher Education & Vocational Training)

A partnership of CASA (or its previous namesakes) and GA over the last 80 years would surely satisfy the Industry Skill Council that CASA was qualified to administer a second tier vocational training scheme, particularly as it is responsible for the issue of the qualification. This same rationale must question that a 150 hour or a 200 plus hour commercial pilot has to achieve the same level of competency, so AAFI prompts the Minister to consider a two tier path for commercial pilot training based on the qualification only. Few, if any, qualify in 150 flight hours.

Tier (1) - Overseas Training – (Higher Education Sector)

RTO status is a fitting additional accreditation to meet the additional challenges in the training of overseas students but it is unrealistic and inflexible to force a single path for all pilots. The current stimulus for overseas training could easily be accommodated by advancing a once off advanced payment to offset a fixed fuel tax calculated on a typical training aircraft over the nominated course hours.

Tier (2) - Australian Resident Training – (CASA – Industry Skill Council)

Australian residents deserve to qualify for the same stimulus as overseas students but issued as a rebate on gaining the qualification (calculated on the lesser of nominated course flight hours or those conducted in the 2 years immediately prior to qualification).

Summary

- Proportional sharing of services is basic economic sense.
- A common instructor Part 61 pool to deliver a progressive standard syllabus.
- Merging the industry will deliver improved viability – Division will add cost and reduce safety.
- Surveillance by CASA should include random checks similar to the “Highway Patrol”.
- Approve CASA as a second tier administrator to deliver educational grants for Australian residents.
- A more sensible approach to documentation.
- Consumption fuel tax will deliver a fair go for all and fund proportional surveillance.
- A common aircraft register will provide economic balance for aerodrome operators.
- Splitting recreational and commercial will divide the industry and invite further claims.
- GA is a minor carbon contributor, however a new order will demand proportional responsibility at all levels so long term policy must accept the principle.

Conclusion

AAFI agrees that without a coherent aviation policy to help us navigate and share the responsibility in rapidly changing domestic and global events, the industry is flying blind. It is time to remove the blindfold so even small business can share in the recovery and continue to train pilots properly without disadvantage.

We hope our honest evaluation will lead to GA’s united agreement of shared proportional responsibility and contribution. The attached AAFI Newsletter broadens our response and hopefully will earn a place at the table with the Minister and his advisor to respond to questions raised in regards to any part of our submission.

Yours Sincerely

Peter Meguyer – on behalf of the AAFI Committee

Appendix

Document NPRM 0704OS – (extract)

3.5.8 The new classification scheme relies on clearly identifying - and regulating the safety of - the four types of people carried by aircraft:

- Passengers (fare-paying and non-fare-paying);
- Task specialists;
- Participants; and
- Crew.

3.5.9 Passengers are defined as occupants who are not expected or assumed to have knowledge of the risks they are exposed to and have little or no control over the risks (other than choosing not to fly).

3.5.10 Task specialists are occupants who have assigned in-flight duties related to a specialized use of an aircraft and are informed of and accept the associated risks.

3.5.11 Participants are occupants who voluntarily engage in an aviation activity, are informed of the risks, and have explicitly accepted the risks of their involvement in that activity.

Basic Fuel Tax Flow Chart

