



THE
AUSTRALIAN
WORKERS'
UNION

**STRONGER
TOGETHER**

Development of a National Aviation Policy Statement

“Let’s get Australia’s Regions Back in the Air”

The Australian Workers’ Union Submission

History of the AWU

The Australian Workers' Union (AWU) is Australia's oldest continuously operating union of employees, formed in 1886.

The AWU represents over 135,000 members throughout Australia, from industries as diverse as mining, oil and gas, tourism and hospitality, aged care, shearing, aluminium smelting and refining, steel production, local government, health, horse racing and training, sugar refining and retail.

The AWU represents over 1200 members throughout the Australian aviation industry, whether civil or military in nature. AWU members in the aviation industry are principally engaged as Aircraft Workers (AW's), Aircraft Mechanics (AM's), Aircraft Maintenance Engineers (AME's) and Licenced Aircraft Maintenance Engineers (LAME's).

The AWU welcomes the review into establishing the National Aviation Policy Statement and thanks the Minister for Infrastructure, transport, Regional Affairs and Local Government for the opportunity to participate.

Introduction

Since its inception servicing regional and rural communities the Australian aviation sector has undergone significant changes. The majority of these changes have been technology based with improved performance and in many cases equipment reliability.

Early aviation companies such as the Queensland and Northern Territory Air Service (QANTAS), Western Australian Airlines (WAA), and Australian National Airlines (ANA) all began in early 1920's.

Their key operations were joy flights and delivery services to Australia's regions. QANTAS and ANA operated on alternate sides of the country yet performed the same basic tasks ferrying mail and cargo both intrastate and interstate.

Over the last five years there have been significant reductions in pilot numbers, aircraft engineers/apprentices and reductions in services to regional Australia.

This issue should be considered a high priority if we are to maintain a domestic aviation sector.

Summary of Recommendations

The Australian Workers' Union submission will, in summary, call on the Government to instigate a review into the following key areas;

- a) regional aviation development, to provide better airports, services and transit routes on a national basis;**
- b) domestic training of pilots and maintenance staff, to improve national skill base and develop a sustainable training and mentoring scheme;**
- c) licensing requirements, levels of licensing and the possible creation of lower license grades for specific areas;**
- d) a long term sustainability program to enable maintenance work retention in Australia.**

Australia's Regions

The Australian Constitution gives state and territory governments power over regional aviation as it is largely an issue of intra-state trade. Licensing of intra-state aviation services is administered respectively by:

- The New South Wales Ministry of Transport,
- Queensland Transport,
- The South Australian Department for Transport, Energy and Infrastructure,
- The Western Australia Department for Planning and Infrastructure”

Therefore, each state independently regulates regional air carriers. It is often the case that States will provide subsidies to those carriers that operate routes within transport-disadvantaged communities, thus, maintaining minimum service levels to regional areas.¹

This multi government scheme has inherent problems where by regional air service providers must negotiate routes with individual State Governments. **An efficient system would be to have the individual states administer a nationally legislated flight scheme.**

The growth of regional Australia can be attributed to resource sector growth (specifically mining and oil and gas production). These, population increases coupled with growing service demands, require strategic infrastructure planning for long term sustainability.

Strategic infrastructure planning in regional Australia is wholly dependant upon transport efficiency and reliability. However, rather than increase services, the aviation sector has consistently reduced services to many regional centres, thus reducing the potential financial and social benefits.

In recent months there have been numerous announcements from major regional airline groups regarding reductions in service. The key reasons provided for this are a lack of qualified pilots and increased fuel costs.

Regional Express² has estimated that “Australia will need an additional 1800 pilots over the next two years but is likely to train less than half of that”.³ The reduction in qualified pilots has and will continue to reduce available services to the regional airports. This in turn will place further pressures upon profitability of certain routes or may result in complete closure of regional service providers.

1 Department of Infrastructure, Transport, Regional development and Local Government.

2 Regional Express: Provider of transport services to major and minor regional centres throughout NSW Victoria, South Australia and South East Queensland.

3 Creedy S (2007) “Shortage of pilots may ruin small airlines” The Australian Newspaper 10 October 2007

Furthermore, the regional aviation service providers face staff losses (specifically pilots) to the major airlines (QANTAS, Virgin Blue) who also face skilled staffing shortages. Thus, furthering the issue of how to service regional Australia's growing population.

Rising cost of fuel

According to QANTAS CEO Geoff Dixon an US\$11.00 p/barrel (of oil) increase accounts for a total increase in the vicinity of A\$2 billion⁴ in Qantas annual fuel costs. The costs based argument essentially states that in the event that fuel goes up so will aviation seat prices. This in turn may make flying in and out of regional airports more expensive and may force many Australians onto alternate modes of transport or a complete reduction in non essential travel.

This concern is faced by all aviation sector organisations and may impact the profitability of certain regional routes. Regional Express recently announced an increase to the fuel levy on all of their operational flight of \$4.00 taking it to \$40.00.⁵

These key issues also pose a far greater problem one that impacts the health and well being of all regional Australians. The reduction in qualified pilots and rising fuel costs may effect the operation of the Royal Flying Doctor Service (RFDS). This key regional service provides regular and emergency medical services to rural and regional Australia. Its primary mode of transport is aviation and in the event that fuel costs increase further or pilot demand increases there may also be a significant cut to this all important service. Thus leaving regional Australia with little emergency medical care and further impact the quality of life for regional Australians.

There are numerous benefits to a strong regional aviation sector that include:

- 1) An increase in tourism - and subsequent job increases.
- 2) Solid employment that provides for growth and development
- 3) Increase in service quality to and from regional Australia
- 4) Long term sustainability and growth for new regional communities.
- 5) Quality health care and development.

The benefits can only become available with a long term regional Australia aviation strategy that includes a significant investment in infrastructure and regional development.

4 Anonymous (2008) "Qantas Increases Fares on High Fuel Prices" Reuters 22 May 2008

5 Anonymous (2008) "Rex lifts airline fuel surcharge" Sydney Morning Herald, 23 May 2008

Maintenance

There are two key elements to any aviation maintenance program:

- The first is general maintenance which involves superficial checks of the plane this is known as servicing.
- The second is heavy maintenance referred to as maintenance. This involves substantial removal, inspection replacement/reinstallation of major components. Extensive checks of the aircraft and associated components require significant training.

Australia is well known for its exemplary safety record, which can be attributed to the skills of the pilots, and engineers that operate and maintain the domestic fleets.

There is however concerning evidence that there are currently and in the future will be significantly fewer Licensed Aircraft Maintenance Engineers (LAME).

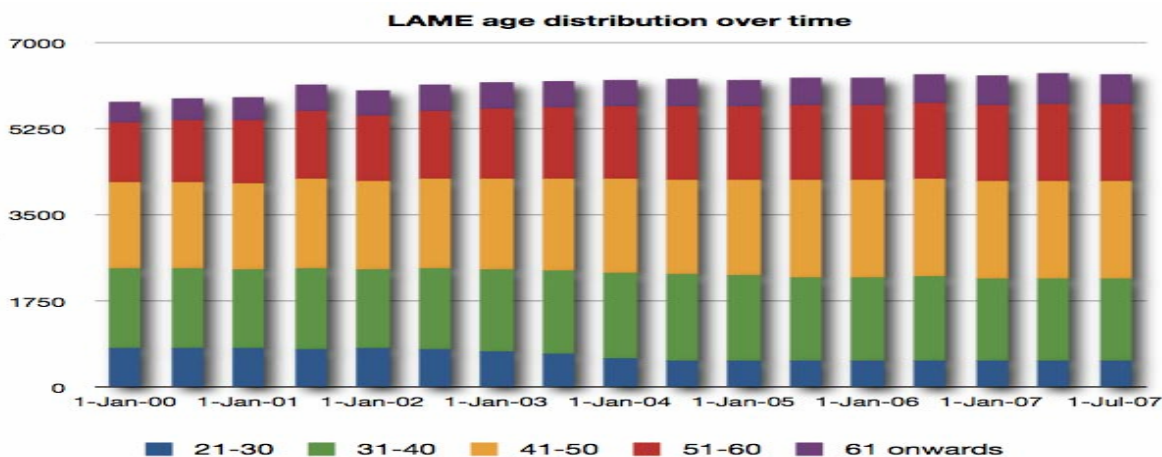


Fig 1.0 (Source CASA)

As is shown in figure 1.0, there has been a drop in new license allocations amongst the younger age groups those being 21- 40.

There are two potential causes for this:

- 1) The pay scheme of a LAME is only marginally higher than that of an AME⁶
- 2) There is insufficient job security as domestic airlines threaten to offshore maintenance work.

The requirements involved in attaining the level of a LAME or AME are extensive and often involve both vocational and theoretical training. The career path of a LAME starts as an apprentice; in either a mechanical or avionics specialty. On completion of their apprenticeship, and having met the experiential and academic requirements the employee can progress towards the qualification of LAME. This involves greater exposure to training, as an unofficial standard, it can take anywhere between six and ten years to reach this level, however, many AME's have chosen not to progress of their own volition.

Currently concerning many, in the aviation maintenance sector is job security. The majority of AME and LAME, have invested a minimum of six years of their career into obtaining the relevant skill set required to perform the role of a LAME or AME. This investment may be short lived in the event that major airlines decide to implement an offshore maintenance scheme.

Qantas recently announced the closure of their Mildura maintenance base. The reasoning behind this decision was a result of the grounding of their older and smaller Dash 8 36 seat planes in place of the Dash 8 50 seat planes.⁷

The grounding of these assets should have no relevance when considering maintenance operations. The original 36 seat assets were replaced with 50 seat assets, thus, retaining the same number of assets in operation. This, therefore, should require the same amount of maintenance staff to ensure adequate serviceability.

Both of these units operate the same propulsion systems and, therefore, are able to be maintained in the same manner. The maintenance operation had little to do with the fuel efficiency of the Dash 8, although, Qantas has claimed that was the reason for retiring the older assets and closing the maintenance facility⁸.

As a result, twenty maintenance staff will need to be relocated; of greater concern is the closures impact on regional aviation apprenticeships. Qantas was an excellent training ground for regional apprentices. On completion some would transfer to the private operators and maintain assets for the agricultural industry while others would continue with the large commercial carriers (Qantas) for the extent of their working life.

6 QANTAS Enterprise Bargaining Agreement

7 Qantas (2004) "QantasLink to Fly 50-Seater Aircraft in Tasmania and Victoria" 13 July 2004

8 Qantas to close maintenance base at Mildura Jun 17, 2008 ABC

This is, not the first instance of a maintenance facility closure or potential outsourcing attempt by a major domestic airline. Recently QANTAS CEO Mr. Geoff Dixon confirmed “**that we are now doing A-Checks in Avalon and Los Angeles and we are looking at other options**”⁹

Maintenance procedures are set by the manufacturers, however, inspections vary between countries, operators and maintainers. Service checks are often combined or modified by airline operators to minimize downtime.

There are generally four specific types of asset inspections, they are classed as:

- 1) **PS:** Each aircraft is checked every 2-3 days in its "PS" (Periodic Service) check. The aircraft is visually inspected and its maintenance log book is checked for entries and maintenance needs. **It averages approximately two man-hours.**
- 2) **A:** Performed every 7- 9 days (approximately 80 - 100 flight hours).
It averages 10 - 20 man-hours.
- 3) **B:** is accomplished approximately every two months (roughly 500 - 600 flight hours). Besides specific service performed on the aircraft, a detailed series of systems and operational checks are performed. A "B" check requires approximately 100 man-hours on narrowbody aircraft (those with only one aisle) and approximately 200 - 300 man-hours on widebody aircraft (those with two aisles).
- 4) **C:**
Narrowbody "C" Checks
"Light C" check, which occurs approximately every 15 - 18 months. It requires approximately 2,100 man-hours and three days to accomplish. Every fourth "Light C" check becomes a "Heavy C" check. This check requires 20,000 - 30,000 man-hours and takes from three to five weeks to accomplish.
Widebody "C" Checks
Because of the complexity of widebody aircraft, all "C" checks are "Heavy C" checks. The complete airframe inspection and service is done every 24 - 30 months. It takes approximately 10,000 man-hours and from two to four weeks to accomplish a widebody "C" check.

(Source American Airlines <http://www.aa.com/content/amrcorp/corporateInformation/facts/fleet.jhtml>)

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Qantas refer to their inspections as “A,B,C,D or equivalent”¹¹, the incongruity is evident, since American Airlines classes its most basic inspection as a ‘PS’ check while for Qantas it is an ‘A’ check. There may also be discrepancies with the specific items to be inspected. These potential irregularities may pose immense safety concerns in the future.

9 Hannan E (2008) “Qantas shifts work offshore” The Australian 24 June 2008

10 American Airlines Maintenance Procedures

11 QANTAS Aircraft maintenance <http://www.qantas.com.au/info/about/engineering/departments1#jump0>

Security

Since September 11, 2001 aviation security and protection has become of great importance. The utilization of a plane as a weapon changed the landscape of the global aviation sector in minutes. The event instigated the most expansive review of security in history. Security upgrades involve a more stringent passenger review system including bag scanning, high sensitivity metal detectors and munitions residue checks.

Within Australia security checks are also conducted on airport staff the Aviation Security Identification Card, known as an ASIC, is an identification card which is used to identify a person who has been the subject of a background check.

The ASIC scheme is a layer of security that ensures that only people who have been background checked to a certain level are permitted to be in the secure areas of airports. The ASIC scheme aims to reduce the risk of unlawful interference with aviation, not just terrorism.

This stringent background security check is mandatory for all airport staff and represents an excellent step in protecting Australia's domestic aviation sector from criminal and terrorist activity. This system is not replicated globally and the potential threat to domestic airline security will increase in the event that further maintenance is outsourced.

The larger inspections, those being C or D checks depending on country or operator, require the complete disassembly and inspection of individual components and the fuselage. This inspection places the asset in an excellent position for a potential terrorist attack. This would be difficult to achieve at Mascot, Avalon or any other domestic maintenance base. However, in other countries that may not have as stringent a security system the risk increases.

In a recent report commissioned by the former Minister for Transport and Regional Services Mr Mark Vaile MP the following recommendation is noted.

"Recommendation 12: CASA urgently consider additional and alternative approaches to accepting foreign qualifications for maintenance license issue in Australia"¹²

This is an effective way of meeting the **temporary skill shortage**; however, a long term strategy is also required for the effective growth of skills within the aviation sector. Furthermore, if Australia was to concentrate on obtaining skilled workers for long term regular contract work, what impact would this have on domestic training and skilling?

If, Australia was to source aviation staff from overseas on a permanent basis; there would be no market driven force that would require apprentices. A situation as such, would create a perpetual reliance on foreign training. This reliance, would be detrimental to Australia's sustainability plan for the aviation industry, as over time resources would be lost offshore.

12 Aviation Regulation Review Taskforce "Report on Activities and Findings 17 December 2007 Parliament House Australia

Conclusion and Recommendations

In conclusion the Aviation sector impacts tens of thousands of Australians both directly and indirectly. The effect from the loss of regional services will further isolate regional Australian communities. Thus placing further pressure on the demands for road transport and increasing transport times.

The reduction in regional services will also heavily impact tourism and employment in Australia's regions. The reduction in hospitality jobs will impact residential and resource areas as many services are dependent upon the tourism industry some examples being, accommodation, entertainment and dietary services.

The vast distances between Australia's major cities and regional centres require effective passenger transport modes. Thus, allowing younger Australians to pursue further academic qualification while allowing them quick easy and affordable access to their families.

Recommendation 1: The Australian Government establishes a national review into regional aviation services and develops a national strategy to support Australia's regional communities that includes airport development, regional route planning, and fuel cost review.

Training and development within the maintenance industry has been shown to be a complementary service. One that provides safety and security to the Australian Aviation carriers and develops the much needed skills required to attain these roles.

Australian apprenticeships continue to reduce in numbers. This is most evident within the aviation sector and when one considers the maintenance base closure the outlook is far from positive therefore:

Recommendation 2: That the Department of Education, Employment Relations, establish a review into apprenticeships within the aviation sector and develop a new strategy with all stakeholders that will encourage young Australians to enter the industry and retain them long term.

Training is of great importance when considering the future of the Australian Aviation sector. Without significant training and development the industry will collapse.

Recommendation 3: That the Department of Transport in association with the Civil Aviation Safety Authority develop a new training program and licensing scheme that involves multi level licensing for Australian nationals.

There is significant concern as to the long term feasibility of sending aviation maintenance to foreign countries. This will impact Australians in numerous ways the most prominent being the effect such a measure will have on employment and the effect such a move will have on aviation safety.

Recommendation 4: That the Australian Government establish an inquiry into the impact of outsourcing aviation maintenance to foreign countries and develop a strategy in partnership with all stakeholder that will encourage the long term sustainability of aviation maintenance in Australia.