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The Secretary
Senate Standing Committee on Rural and Regional Affairs and Transport
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**Submission the Inquiry into the Administration of the Civil Aviation
Safety Authority and other matters.**

Introduction

I believe I am competent to contribute to the Senate Standing Committee's inquiry into CASA. In explanation I enclose a summary of my qualifications/experience as published for the 2007 November Safeski's International Safety Conference of which I am proudly the Executive Chairman.

Further, I have been World President of the Federation Aeronautique Internationale, an organisation which spans 130 nations. I am now its President of Honour.

Finally, would the Committee please note my commercial background, not the least example of which was the running of a public company with 2000 employees.

I am convinced that management of CASA is on the right track towards establishing the organisation as a sound, effective and well regarded aviation safety regulator.

For the Committee's terms of reference to be properly considered, it must be understood that at the time of Mr Byron becoming the CEO of CASA the organisation faced a range of difficulties and it took a very brave man to take on the task. In the words of an eminent Air Marshal who was asked to consider taking the position, it was "a poison chalice". At the time this was also, sadly, a widely held view in the aviation community.

CASA had been hampered in the past by range of difficulties. Not the least of these was the development within the organisation of imbedded 'silos' of groups and individuals more interested in self-serving than in serving the real aviation safety interests of the Australian public or the aviation industry. This is being eliminated under Mr Byron, but it takes time.

Making the needed changes in CASA has been a herculean task. There has been great progress made under Mr Byron, but there is more to be done.

I would now like to address the Committee's Terms of Reference.

1. “ To assess the effectiveness of administrative reforms undertaken by CASA’s management since 2003.

The reforms being undertaken within CASA, although heading in the right direction, have not as yet been fully effective in dealing with all the difficulties apparent in 2003. Nevertheless, some very positive action has been taken as part of Mr Byron’s strategic plan for CASA’s future. This has included the departure of the people I have referred to above as being embedded in ‘silos’. A major step forward, for example, has been the substantial restructuring of the internal legal function and the appointment as its head of a wholly dedicated lawyer of great experience and decency.

An issue that I believe created some difficulty for Mr Byron in his early days at CASA was that he did not receive the loyalty and support from at least some (a significant number) of his management and staff that he should have been able to expect. Now, however, in the senior echelons and well down the administrative tree in CASA there are executives who believe in their senior managers and what they are trying to achieve for the benefit of the nation. Nevertheless, I believe there are still some residual recalcitrants within the organisation who are unlikely to come to terms with the reforms that are underway, and they need to be moved out.

The administrative reforms of the CEO, supported by the two Deputy CEOs, are starting to work well. To be fully effective the CASA Group overseeing Regular Passenger Transport operations (Qantas, Virgin and other airlines) needs a strong permanent replacement for the previous General Manager of that area, Captain Murray. I believe industry would like to see that replacement as a truly well qualified RPT pilot with senior command experience. This is no easy selection, in part because of the perceived poor opinion of CASA still held by some in the RPT pilot community, and also because of the need to select an RPT pilot who does not suffer from what is known in my own management circles as ‘tunnel vision’.

To sum up, CASA’s present strategy is correct! The steps being taken towards its implementation are effective, and progress is only limited by the skills and degrees of commitment at the lower levels of CASA’s management and staff structure.

Note: Despite all the improvements CASA is still looked upon in some parts of industry as an unattractive place in which to be employed. Thus it continues to be difficult for it to attract and employ wholly suitable people. It continues difficult for it to attract the right expert people. The steps recommended in this paper together with good open governance will help to rectify this situation. Mr Byron and his senior team are working hard to fix this problem.

A further consideration for the Committee is that good morale in CASA can only be achieved by a workforce that feels its efforts are appreciated. Minister Albanese’s commitment to the Green Paper/White Paper process leading to the development of a clear National Aviation Policy has done much to lift morale. CASA needs such a policy statement from government, the aviation

industry needs it, as indeed Australia needs a clear understanding as to where the industry is heading – a truly national aviation policy developed in the best interests of Australia and Australians – a must !!

Once that is settled the good things that are being done in CASA can really start to pay off.

2. To examine the effectiveness of CASA's governance structure.

The governance structure of CASA has not worked as well as might have been hoped when the then government decided to remove the Board and pass its responsibilities solely to the CEO. There is always going to be a potential difficulty where a CEO has to wear two hats, one with responsibility for Board-type strategic decision making, and the other the implementation of those strategies and the day-to-day decision-making that senior management is required to do.

Without dwelling too much on history, Australia's administration of aviation was never better than when we had a Department of Civil Aviation under a Director General who could be required to report on safety issues directly to the Parliament.

However, the clock cannot be wound back. There are good reasons now for the re-introduction of a Board of Directors. But CASA will fail if such a Board is not constituted with the right people who understand how a Board should work. I advocated for years with the previous government that government appointed Boards, to be effective, should always include at least two people with public company Board experience. I repeat that advice in relation to a future Board for CASA. I add to it my belief that the Chairman of the Board should not also have executive responsibilities. The role of the Chairman is to run the Board and for it to guide and support the CEO, together with the other usual Board functions. It is not for the Chairman, nor the Board, to involve themselves in the day-to-day management of the organisation. Of course, if the CEO proves not to be up to the job, it is then the responsibility of the Chairman and the Board to dispense with the CEO's services - in my language, fire him.

3. To consider ways to strengthen CASA's relations with industry and ensure CASA meets community expectations of a firm regulator

To achieve improved relations with industry and to meet community expectations the following points are recommended

- (i) All regulations and amendments must meet the test of providing the best safety outcome, or at least an improved safety outcome. To achieve this CASA must consult with the affected parts of industry. Before finalising or implementing a regulation, the cost benefit of the proposed regulation must be objectively assessed. It is recognised that the requirement to consider the cost benefit of a proposed measure could put CASA in a degree of conflict with an ATSB recommendation as ATSB does not have

to take account of the financial impact on the industry. However, the overall outcome for safety is improved by targeting protection from the identified hazard. The justification of any implemented initiative is the ability to produce the very best possible safety outcomes based on modern risk management techniques and cost benefit.

- (ii) A regulator, particularly in Australia, can only be truly effective if compliance is first sought to be achieved through consultation and cooperation, with prosecution regarded as “the last card in the pack”.
- (iii) Notwithstanding the previous point, to meet the public perception of its responsibilities, and well ahead of the outcome of an ATSB investigation, CASA has to be in a situation where it can act decisively in the interests of the safety of the general public, and also where there exists an obvious safety regulatory breach. However, it is vital from the industry perspective that the exercising of this function does not impinge upon the independence and validity of an ATSB investigation which due the structure and responsibilities of the ATSB is essentially aimed at producing not only findings but meaningful recommendations on safety for CASA and for the industry generally.

Improved industry perception of CASA can be achieved by:

- (i) The continuing participation by the CEO of CASA in the deliberations of the Aviation Policy Group, which presently comprises the CEOs of CASA and Airservices, the Chief of the Air Force and the Secretary of the Department of Infrastructure, Transport, Regional Development, Local Government and Territories. This body does not have any statutory decision making authority, nor should it have such authority, but since its inception it has made a strong contribution to improving the public perception of CASA.
- (ii) Consultation with industry at a high level, not only in a one-on-one basis, such as between the CEO and the Deputy CEOs and very senior executives in the airlines. This should be extended downwards so that the CEO or the immediate relevant Deputy meets on a one-to-one basis with Chief Pilots and Chief Engineers of the airlines. (This is a big ask of a busy CEO). There needs to be, and I see CASA introducing it more and more, consultation by those executives with informed industry groups. An example of how effective this can be was the attendance of CEOs of CASA and Airservices at the recent Royal Federation of Aero Clubs conference at Taree, with its far ranging regional influence.
- (iii) Consultation and general safety discussion by relatively middle level or junior executives at CASA with their peers in industry on a regular basis. This suggestion can also be extended to cover meetings between CASA and Airservices, the ATSB and the Australian Defence Force. The purpose of the suggestion is to ensure there is an interface at a relatively low level which as time passes will be maintained by officers in each organisation

as they progress upwards in the hierarchy, in friendly and close association, rather than confrontation.

- (iv) Continue and expand participation not only in such premier bodies as Safeski's International Safety Conferences, but also in regional conferences and industry meetings with airline personnel, pilots and engineers to explain and seek support for good safety regulation/
- (v) It is impossible for the CEO of CASA not to respond to media approaches, particularly after a newsworthy incident or accident. It is strongly recommended, however, that public comment on those events should not be made by CASA staff 'off the cuff', even by an experienced media officer. The wording of any public statement or comment should be approved by the CEO or a Deputy CEO – sometimes 'no comment' is the best outcome.
- (vi) As a final point in relation to public perception, I to encourage members of the Committee to seek personal discussions with the CEO of CASA or any other officer he may recommend as an appropriate person to provide additional information to the Committee. This of course must be set up by the CEO and obviously the Committee appropriately advised.

May I conclude by making reference to an issue to which I believe the present inquiry may well contribute, without, I am sure intending to do so. I believe the Committee should carefully consider the potential difficulty of recruiting good people into CASA, given the general perception that taking a senior job at CASA effectively commits the executive to be automatically subject to intense public scrutiny, inquiry and criticism. I suspect there are many capable people who might be keen to work with an aviation regulator becoming among the best in the world, but who are not prepared to subject themselves to the degree of scrutiny that CASA officers apparently have to bear. Hopefully, with the development by the Minister of an Australian aviation policy the need for some parliamentary inquiries will disappear.

In no way must these comments be interpreted as denying to the Parliament its sovereign right to investigate whatever issues it considers appropriate, in any way it likes. After all I like to feel my vote counts in our democratic society. However, I am also concerned that if there is even the possibility that the aviation regulator might be distracted from its key safety responsibilities by successive hearings, inquiries and questions, it increases the potential for accidents to happen. This opinion is based on my long aviation experience working with some 100 different nations.

It would be a privilege for me to be invited to talk at the public hearing, but only if to do so will be of assistance to the Committee.

Yours sincerely

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