

# Aviation Business Unit

Pearl Aviation Australia Pty Ltd

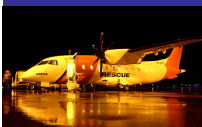
AeroRescue Pty Ltd

AeroPearl Pty Ltd



A member of the Paspaley Group of Companies

Response to the National  
Aviation Policy Statement



## I. Introduction

The Aviation Business Unit in the Paspaley Pearls Group greatly welcomes the opportunity to participate in the development of a National Aviation Policy through this submission.

The Aviation Business Unit consists of Pearl Aviation Australia Pty Ltd, AeroRescue Pty Ltd, AeroPearl Pty Ltd and Aviation Management Pty Ltd. Together, these companies form a leading General Aviation Business based in Australia's Top End but with operating locations around Australia. Our operations are focused on special mission aviation services such as Maritime Search and Rescue Services for the Australian Maritime Safety Authority (AMSA), Flight Calibration Services of Radio Navigation Aids for Airservices Australia and Air Ambulance Services for the NT Government. Further to that, we provide Contract Charter Services for major resource companies in the Northern Territories and Western Australia. Our total fleet consists of 21 turboprop aircraft.

With Airservices Australia and AMSA, two key organizations in the portfolio of the Department of Infrastructure, Transport, Regional Development and Local Government form part of our client base.

This submission consists of a summary of high level issues and recommendations, which in our view need to be addressed in a National Aviation Policy. We will be pleased to participate further in the development of the policy.

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**Aviation Business Unit**

Pearl Aviation Australia Pty Ltd | AeroRescue Pty Ltd | AeroPearl Pty Ltd

## II. General Observations

Aviation services play a major role in Australian infrastructure to overcome large distances between densely populated city centers. Vital services in rural and remote Australia depend on the availability of aircraft based transport and the boom in the resource industry would not be possible without comprehensive fly-in fly-out services.

In much the same way as the population density decreases sharply outside the urban centers, the aviation industry has a structure which is highly developed in the vicinity of the urban centers, but is fragmented and suffers from lack of critical mass, which would justify substantial investment, in the rural and remote areas. Furthermore, this structural step function presents a huge 'cliff' to overcome during a phase of growth. There is no easy way for a smaller General Aviation business to overcome this hurdle in terms of procedures, investment and market access. As a consequence, growth is very risky in General Aviation and therefore two basic layers in the aviation industry have been locked in place.

This industry is presently in crisis as the skill supply needed for safe operations is drying up. Competition forces and the lack of regard for the complexities of the industry in a broad and diverse client base have prevented a focus on sustainable levels of training. A training policy is a crucial element of the National Aviation Policy.

Therefore, a National Aviation Policy needs to achieve three major outcomes for the industry:

1. Provision of sustainable levels of skilled aviation personnel, who are attracted to the industry and adequately remunerated for the required training investment.
2. Recognition of the true values and risks of aviation services by the major client base along with a strong regulatory framework, which will allow businesses to take longer term views in their pricing approach.
3. Development of an industry structure, which will support continuous, moderate growth in all sectors of aviation.

As the aviation industry is more than any other industry an international industry, any policy needs to ensure that Australian services and employment terms are competitive at an international level. Given its links to very advanced partners in Europe and the Americas and a neighborhood with several developing countries, this is a particular challenge for Australia.



# 1. The Australian aviation industry

## 1.1 International services

Not applicable

## 1.2 Domestic services

Not applicable

## 1.3 Regional and general aviation

Regional and General Aviation are exposed to even higher cost pressures than RPT operators in the large city centers. Fuel, labor and all other major cost items are more expensive due to the remoteness of the operations and the lack of volume buying power. Yet, there is an expectation of a lower cost operating base and there are higher cost pressures on the clients for the very same reasons.

Often, competitive pressures are much more direct. General Aviation operators more frequently depend on large individual clients, whose buying power has significant influence over the pricing of a particular operation.

As a consequence, much needed investment in General Aviation has been delayed and an over aged fleet resulted.

Much of this re-structure can be achieved through market forces, provided Government defines the right framework, in which the General Aviation industry can operate:

1. A policy commitment to General Aviation and supporting incentives, which attract capital into General Aviation.
2. Balanced policies to allow business development in remote areas and incentives to attract the required skills into these areas.
3. Regulatory oversight, which takes into account the more direct client influence in General Aviation businesses.
4. Government procurement policies, which support General Aviation businesses.



The above framework needs to ensure that General Aviation can compete on a level playing field without undue imbalances. This requires a clear commitment to the commercialization of services, which will allow all market participants to have realistic chances of success.

This is currently not the case in the market for aero-medical services, which can be very suitable vehicle for smaller operators to grow into the provision of more substantial services. However, it is presently next to impossible to compete on the basis of commercial principles in this market and the result may be a very vulnerable monopoly supply situation.

## **1.4 Addressing skills needs in the aviation industry**

The shortage of skills represents a major challenge for General Aviation businesses in Australia and the most significant threat to their viability in the short, medium and long term.

General Aviation has traditionally been the training ground of the industry and our skills are currently being harvested beyond sustainability by the larger corporations. Along with that, regulatory changes such as Multi-Crew-Licensing will effectively negate the need for aviation personnel to train in General Aviation.

It must be recognized that General Aviation wears a training burden for its own needs and as the training ground for the broader industry. The following steps are essential:

1. Harmonization of training and licensing regimes to allow for the effective transfer of overseas skills into Australia. This effort needs to be complemented by an adequate visa and immigration policy.
2. National Aviation Training Standard, which can ensure consistent training quality in de-centralised training organizations.
3. Employment options, which account for the fact that buoyant market conditions provide the best protection for fair and attractive employment.
4. A commitment by government and industry alike to develop career paths, which involve General Aviation and suitable recognition for the experience, gathered in such organization.
5. Financial support for training organizations for pilots and engineers. Such support should be tailored to General Aviation, which has historically worn the training burden for the benefit of RPT operations.



6. Financial support for individuals, which limits the cost exposure when choosing an aviation career.
7. A joint effort by government and industry to develop management skills among aviation personnel. There is currently no distinct management career path in the industry and the shortage is equally pressing.
8. Strong communication to the public and industry, which supports acceptance of the resulting remuneration levels and the associated pricing of services.
9. All of the above need to have regard for the increased difficulty to achieve these outcomes in remote areas.

## 2. Aviation infrastructure

A National Aviation Policy will need to ensure that infrastructure programs give consideration to the significance of General Aviation, even though it does not generate the major traffic volume at airports nor does it generate the income of retail developments. However, it complements the aviation industry with vital services for smaller and specialized communities.

### 2.1 Airport planning and development

Airport development in Australia has kept pace with the growth of the industry, however, General Aviation issues and needs often do not get the attention they deserve to allow for the development of the industry.

Unlike larger aviation businesses, General Aviation is project driven and therefore does not have the opportunity to secure its interest in the long term airport plans. As a consequence, its project needs can often only be secured at premium prices, further increasing the pressures on General Aviation operators.

The following policies will assist the development of General Aviation in the airport environment:

1. Airport plans need to guarantee suitable access for General Aviation, even if specific needs can not be identified at the time of planning.
2. Charging mechanisms at airports need to give consideration to the financial capacity of General Aviation.



3. Funding is required to support safe operations at remote aerodromes, in particular with regard to safe wild-life control.

## **2.2 Air traffic management**

As is the case with airports, General Aviation often is expected to follow technology and equipment standards, which are driven by cost-benefit-analyses for major RPT operations.

1. The development of ATM standards and new technologies needs to address clearly, whether there is an equivalent benefit to General Aviation and whether an equivalent investment burden for GA operators is justified.

## **3. Aviation Safety**

### **3.1 Safety regulation and regulatory reform**

The Aviation Business Unit has just recently experienced the benefit of a modernized approach to regulatory oversight. Substantial gains in efficiency resulted from this change for both CASA and our organization. The following lessons from this exercise should be covered in the National Aviation Policy:

1. Close dialogue between CASA and industry and a consultancy approach to safety oversight rather than a 'policing' approach offers substantial efficiencies at a time of critical shortage of resources.
2. CASA needs to be chartered with the responsibility for education and assistance inside and outside of the aviation industry.
3. Effective oversight by industry stakeholders needs to be established.
4. Safety Management Systems and a risk based approach to aviation safety can deliver the safety outcomes for Australia. The system approach needs to be complemented by a definition of the proper decision making tools.
5. CASA needs to define clear boundaries for industry and enforce these consistently and in a transparent manner across the industry.
6. The charging regime needs to share the cost burden in remote areas with all users of CASA services.



7. The consultancy approach needs to consider special mission operations, which only present a limited risk to the flying public, yet have to comply with regulations designed for entirely different purposes.
8. Harmonization with international standards and regulations must be a key element of the regulatory reform.
9. Aviation regulations require simplification in language and clear statement of the specific intent. Substantial inefficiencies occur over interpretation of regulatory meaning.

## **4. Customer and community protection**

The items identified in this section call for a modern and healthy aviation industry, which is ready to maintain high standards and operate equipment of the latest technology.

If the National Aviation Policy commits the Government to a framework, which allows the industry to manage its cost effectively and which provides for attractive commercial returns in all sectors of the industry, the application of stringent emissions and noise regulations will be supported by the industry.

It is worth recognizing that the industry has already made substantial progress towards better environmental management and better control of noise. Progress in this area has been blocked in particular in General Aviation as the funds to renew capital have not been earned in recent years.

Government and industry need to jointly define a transition path, which provides the right framework and incentivizes investments to reduce the environmental burden in aviation.

Emission and noise regulations need to consider international developments.

### **4.1 Aviation emissions and climate change**

### **4.2 Aircraft noise**

### **4.3 Consumer protection**

### **4.4 Disability standards**

### **4.5 Compensation arrangements in the event of an accident**



## 5. Aviation security

The challenges in Aviation security resemble the issues surrounding safety management: a balance between risk and effort and consistency of the measures. The flying public will fail to support security measures, which are applied differently at three different airports between Darwin and Melbourne.

The following topics need to be addressed in a National Aviation Policy:

1. Commitment to consistent security standards across Australia.
2. Risk based approach to determine the required security effort for an operation, in particular if the operation is outside the reach of public passengers.
3. Commitment to prosecution in the case of misuse of ASIC passes.

