



Australian Aviation Insurance Forum Inc.

31 January 2014

The Chairman
Aviation Safety Regulation Services
C/- Department of Infrastructure and Regional Development
Canberra ACT 2600

Dear Sir,

RE: Submission - Aviation Safety Regulation Review

The Australian Aviation Insurance Forum Inc is a relatively new organisation founded with the aim of promoting and developing a high standard of professionalism in the Australian and regional aviation insurance industry. Much of our focus is around aviation safety promotion and fostering General Aviation in the region.

I hope you feel this submission has value for this important review and ensure you that our members see ourselves as important stakeholders in the GA industry and as such welcome the opportunity for consultation and further input in to important matters such as this going forward.

Should you require any clarification of our submission please feel free to contact me at any time.

Yours sincerely,

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Australian Aviation Insurance Forum Inc.

Australian Government Aviation Safety Regulation Review

Submission 31st January 2014

This submission is presented following a request for input from the members of the Australian Aviation Insurance Forum, which is open for membership to all companies in Australia with involvement or interest in aviation insurance.

Our Forum comprises approximately 100 individual members from some 20 aviation insurance - related businesses. All were encouraged to contribute to this submission although it is recognised that some companies or individuals may have chosen to make their own submissions.

We recognise that in many respects the interests of the insurance industry are allied with the interests of the regulators - both of whom seek to address aircraft safety. We also accept that in most respects both CASA and the ATSB are serving the industry well and are effectively regulating safety in most respects, particularly in relation to airline and commercial operations.

The insurance industry seeks improved working relationships between the ATSB and CASA with the insurance industry. In the past a lack of open communication may have hampered outcomes in respect of accident investigations, particular fatal accidents, and the free flow of information between the ATSB, CASA and the insurance industry needs to be encouraged for improved safety outcomes.

Ultimately all parties are pursuing the same goal: to increase the level of safety in aviation.

The following key points are areas which the AAIF and the insurance industry note as a safety concern and in relation to which we would like to see improvement.

- In relation to 'on condition' engine TBO extensions, MROs have on occasions been under commercial pressure to authorise engines to be 'on condition'. Current regulations however bring into question the value of their licence. The insurance industry needs the MROs to be operating freely, openly and willing to cooperate in the best interest of safety without being subject to commercial pressures from their customers.
- The thinning General Aviation industry skills base is a concern to the AAIF and insurance industry as it affects ongoing safety and impacts upon the loss experience of the insurers. While it is recognised that resources are scarce, CASA does not presently do enough work in promoting GA as a career and improving the viability of the GA industry. Maintenance organisations have an ageing workforce and a very limited pool of employees coming through the ranks. Training schools have young and inexperienced instructors lacking qualification to properly teach students. The privatisation of airports has increased the cost base of all GA companies. All these examples increase the risk of accidents significantly and the insurance industry encourages CASA to improve the promotion of the GA industry and to reduce the cost of business by reducing desktop and 'after the event' auditing and increasing 'on field' CASA presence.



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- Parachute/skydive operations is one area of aviation which lacks adequate regulation. The ability to essentially conduct business under an Airwork category aircraft is dangerous and in some cases operations are uninsurable. The insurance industry seeks this type of operation be required to hold to similar standards as are applicable to GA charter operators.
- CASA have incorrectly allowed disparities to exist in the way licensing and maintenance are regulated. The AAIF and the insurance industry encourages CASA to regulate pilot licensing as a minimum standard according to the 'VH' VFR Syllabus and for CASA to confirm the Cessna SIDS program for private and airwork aircraft. As it stands today, aircraft flying will have large variances in safety standards according to maintenance and pilot licensing.
- Self-administration of certain sectors of the aviation industry has in our view proven to be a failure. Poor funding, high turnover of office bearers and key personnel and various agendas (including commercial) have influenced how self-administrated organisations have run to date. The insurance industry seeks an overhaul of this area of aviation. As presently administered there is a general reluctance of the insurance industry to undertake what are considered to be largely unacceptable risks.

Concluding remarks

The mandate of regulators in Australia is to ensure the safety of the public, within the bounds of the legislative framework. Whilst we recognise that this is largely achieved, there are exceptions and instances where we see a move from prescriptive regulation towards objective risk-based regulation would achieve better safety outcomes.

It is generally perceived that the relationship between CASA and industry is too often adversarial or reactive and does not necessarily encourage closer and essential liaison between industry and regulators. While recognising the need for controls to be adequate, we feel that fostering GA and adopting a more harmonious relationship with the industry would assist growth and vibrancy of the industry and achieve favourable safety outcomes.

Many of our members are familiar with the New Zealand experience and perceive it to be providing a more effective balance of regulation and promotion of a viable industry. In a day when governments are encouraging Trans-Tasman co-operation and harmony it would seem that Australia should do what it can to achieve greater consistency with the New Zealand legislative and regulatory system in aviation.

One recent example giving rise to concerns is the proposed Part 61 and 145 licensing changes are a result of which the industry risks losing a wealth of experienced industry delegates, including ATOs and engineers as a consequence of loss of CASA indemnity. Whilst recognising the cost involved a bigger picture view sees the need to retain such experience for the benefit of the entire industry.