18 March 2014

Tim Watling
Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Mr Watling

Qantas Response to ALAEA's Submissions

The Australian Licensed Aircraft Engineers Association (ALAEA) lodged Submissions with each of the Senate Rural and Regional Affairs and Transport References Committee and the Senate Economics Committee (ALAEA Submissions) alleging serious deficiencies in offshore maintenance work undertaken on behalf of Qantas. The alleged deficiencies occurred, according to the ALAEA, predominantly in the period 2003 – 2007.

Qantas rejects both the substance and the detail of the claims in ALAEA Submissions. They are claims by the ALAEA that are, true to their form, sensationalist and scaremongering.

Seen in their best light, the ALAEA's claims identify that a series of predominantly minor servicing issues were identified and remedied according to Qantas' multiple failsafe mechanisms, reported to the Civil Aviation Safety Authority (CASA) and appropriately recorded and discharged.

Seen in their worst light, the ALAEA's claims reflect ALAEA's propensity to cloak and scandalise its industrial agenda in alleged safety issues. In 2012, Federal Court Justice John Logan remarked on the ALAEA's scaremongering as follows:[1]

[1] Australian Licenced Aircraft Engineers Association v Sunstate Airlines (Qld) Pty Ltd [2012] FCA 1222

> "The evidence establishes that the QantasLink operators, materially including Sunstate, did promote and encourage aircraft fault reporting by employed licensed aircraft maintenance engineers***. It is subversive of such a culture and antithetical to the public interest for what are in reality industrial actions to be cloaked as aviation safety issues***…
>
> "…***these were not the acts of men faithful to their trade responsibilities***."

The majority of Qantas' maintenance is done in Australia at our facility in Brisbane. Our fleet A380s (performed by Lufthansa Technik in the Philippines) and B747s (performed in Hong Kong this year) are maintained overseas. But regardless of geography, all our maintenance is done at facilities approved by CASA and to Qantas' high standards.

If the union really believes that maintenance done outside of Australia is unsafe then they are questioning the safety of every other airline which flies into Australia as they do all of their heavy maintenance overseas.

The outrageous nature of the ALAEA Submissions must be seen also from the perspective of the ALAEA's national secretary, Mr Steve Purvinas, who admitted to the Senate Rural and Regional Affairs and Transport References Committee that he is a "disgruntled former Qantas employee". Mr Purvinas has variously claimed against, or threated to do the following to, Qantas in order to achieve his industrial aims:

- "We will bake them slowly." (24th August 2011);
- Qantas uses "day release prisoners from Changi on their aircraft" (13 March 2007);
- "If I was a person considering travel over the period up until Christmas, I'd probably be looking at airlines other than Qantas ….If I was a passenger, I wouldn't be purchasing a ticket with them at this stage." (10 October 2011);

Qantas regards the matters under investigation by the Senate Committee Inquiry to be far too important to be used as a platform for Mr Purvinas transparently and sensationally to conduct his industrial campaign against Qantas.

In any event, we attach a detailed riposte to the ALAEA's claims in their Submissions.

Yours sincerely

Andrew Finch
General Counsel

1. Changes to Licenced Aicraft Mainteneance Engineer (LAME) oversight of offshore checks.

Criticism of Qantas decision to remove LAME team from oversees maintenance checks.

All maintenance on Qantas aircraft that is conducted at overseas facilities is done to Qantas' high standards and at facilities approved by CASA.

Qantas analysed in detail the utility of having large teams of LAME's overseeing maintenance performed outside of Australia. That analysis concluded that their presence does not improve quality: issues post-check performed at overseas maintenance facilities before and after the LAME team was reduced were compared with the checks performed in-house, and it was found that there is no statistical difference of quality.

Today, Qantas sends teams of employees from our Engineering division to oversee heavy maintenance conducted outside Australia, including senior managers and support staff.

2. LAME/ Aircraft Maintenance Engineer (AME) ratio.

Claim that oversees facilities should have similar ratios to Qantas (approximately 1 to 3)

The assertion that the ratios of licenced vs non-licenced engineers for maintenance providers in Asia are "inadequate and dangerous" is preposterous. These facilities are all approved by CASA and our own statistical analysis noted above supports the current structures. In addition, large foreign airlines perform all their maintenance at these facilities and are monitored by foreign regulators, such as the FAA.

3. SIAEC D Checks from 2006.

a) Qantas internal audit reports.

Claim that Qantas internal audit reports were very critical.

The normal Qantas quality assurance oversight reports from 2006 highlighted a number of areas requiring improvement, as virtually every quality assurance report does. All areas were subsequently and adequately addressed. CASA also undertook an audit during March 2007 and found that SIAEC were compliant with CASA requirements.

b) Floor path lighting issues.

Discussion about previous floor path lighting issues following D check.

The ALAEA asserts that a questionable repair was performed on the floor path lighting and that this was carried out at SIAEC because the floor path lighting has to be removed to accomplish the under-floor inspection items. There is no evidence that this was repaired at SIAEC and is strenuously denied by them. In any event, Qantas has comprehensive checks and processes to ensure any path lighting work is performed appropriately.

4. <u>CASA Surveillance in overseas facilities.</u>

Claim that CASA are not able to adequately oversight foreign MROs.

CASA have conducted onsite audits of each facility prior to awarding a CASR 145 approval. CASA has established a set of regulations and standards, which are harmonized with international standards and has developed mutual audit processes with other authorities. The overseas maintenance facilities that we are using have many large airline customers and are very regularly monitored and audited by multiple regulatory agencies as well as by the airline.

5. <u>STAero 737 Checks Nov 09 to Sept 10.</u>

Claim that Qantas LAMEs discovered a large number of defects or discrepancies during 4 737 checks given to STAero.

The Qantas 737 checks were accompanied by a very large team of Qantas LAMEs who raised many observations to familiarise the STAero staff with Qantas' requirements.

It should be noted that Virgin Australia and many large foreign carriers like FedEx and Delta send a large portion of their wide body fleets to STAero.

6. <u>SASCO Nov 2008.</u>

There were several maintenance errors affecting flight controls following a 767 C check at SASCO.

Each error was detected through our normal check processes, each thoroughly investigated by SASCO and corrective measures put in place.

7. <u>HAECO October 2008.</u>

Claim that HAECO installed three engines incorrectly during a 747 D Check October 2008, and that this could lead to engine loss.

The ALAEA submission is incorrect, misleading and unnecessarily alarming.

The submission incorrectly states that "a number of the mount bolts on three engines were found to have the washers installed upside down". In fact the report raised at the time by QE staff indicate that only one engine had three (out of eight) washers upside down. More recent analysis concludes, in fact, that there were no washers incorrectly installed.

In any event, inverted washer installation is a minor issue, not affecting the airworthiness of the aircraft. The washer material is softer than the adjacent bolt and would not jeopardise the integrity of the bolt. Inverted washers have been discovered on occasion throughout the industry and there is no record of this causing a bolt failure. The aircraft and engine manufacturers are aware of these findings and have not expressed a concern. The washer installation instructions in the Boeing manuals is covered by a standard 'Note', not '**Warning**' or '**Caution**', which is the OEM's standard if the item is really that important.

The submission also claims that on the other engines on the same aircraft a number of bolts had one washer installed under the nut, in lieu of two washers. The Boeing manual only requires one washer at this location and the Qantas task card indicates that two may be used, if required.

The ALAEA also claims that the issue should have been reported as a Service Difficulty Report (SDR). After discussing the situation and our analysis with CASA, we both concluded that the issue did not meet the definition of a SDR and as such it was agreed that no SDR needed to be filed. The ATSB also agreed with this assessment. (As evidenced in the material submitted by the ALAEA, Appendix 4)

The ALAEA suggestion that this issue could have resulted in the loss of the aircraft is ridiculous.

8. HAECO VH-EBX June 2008.

The submission refers to a Qantas aircraft returning home on a ferry flight with a limited authority, as HAECO were not able to correct a flap defect.

The aircraft defect was unrelated to the maintenance check activity requested by Qantas and required additional Qantas parts to be shipped. After extensive troubleshooting, Qantas decided to ferry the aircraft home where parts and free hangar space was available.

9. Manila -2007.

The submission reported that VH-EBA returned from a C Check in Manila with the Crew emergency oxygen supply valve locked closed.

This is an issue now appropriately dealt with by the Flight Crew pre-flight check to ensure a correct valve position.

The submission claimed that 21 aircraft checks completed at Manila had task card discrepancies.

The task card discrepancies were relatively minor issues consistent with those routinely found within the industry.

10. <u>Kuala Lumpur.</u>

The submission reported on cracks found in the fuselages of two aircraft (VH-OEC and OED) purchased by Qantas from MAS. It was claimed that MAS had used sharp tools to remove sealant. The submission cites eyewitness accounts of sharp tool usage at MAS during 2007 (not Qantas aircraft). The submission claims that a Qantas 737 (VH-TJU) returned from a Check at MAS in June 2008 with a large number of defects.

Qantas requires specific training for all MROs conducting strip and repaint work on Qantas aircraft. In addition, a QE representative is on site to monitor sharp tools usage. MAS has specifically denied the ALAEA claims about the use of sharp tools. In any event, to indicate the stale character of much of the ALAEA claims, MAS has not maintained Qantas aircraft since 2007. We note that Virgin Australia continues to use MAS for some of its 737 work.

11. <u>Scribe Line Inspections.</u>

The submission reported on AD mandated scribe line inspections at ST Aero and MAS. It was alleged that both organisations were not carrying out the inspections correctly and appeared to lack appropriate skills to use the laser measuring device. The report alleges that a damaged tool was used to perform measurements and were therefor inaccurate.

The aircraft inspections highlighted to CASA by the ALAEA were not Qantas aircraft. We note from the report that both CASA and EASA are satisfied that no aircraft is currently operating without having had the appropriate inspections carried out.

12. <u>Staff Allocation in Overseas Facilities.</u>

During verbal submissions the ALAEA claimed that it is usual for an airline who sponsors the facility to send the most experienced teams to their own aircraft with less experienced teams working on customer aircraft.

This is pure nonsense. Offshore maintenance work is conducted by professional maintenance and repair organisations. Their business model requires that they service all customers equally. For example, STAero – cited by Mr Purvinas as an "A team/B team" organisation – is an independent entity, having no association with any airline, much less a "sponsoring airline". It is fanciful to suggest that they have a "sponsoring airline", or that they have, much less use, varying teams of "more experienced" and "less experienced" engineers.