

17 March 2011

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

Dear Committee Secretary

Inquiry into pilot training and airline safety

The ACTU endorses the tenor of the submissions already made by our affiliates: AIPA, ALAEA, ASU and VIPA.

We also wish to make a short further submission on maintenance safety in the aviation industry, in response to certain questions raised by Senator Cameron.

Australia's airlines historically have had a relatively good record in relation to maintenance standards and safety. This has been achieved by having a skilled local workforce; a strong union presence; a 'safety culture'; and strong regulatory oversight.

However, in recent years, unions have become concerned about the erosion of some of these factors which have contributed to high maintenance standards.

Contracting out and offshoring

First, airlines have recently increased the amount of maintenance work that is contracted out within Australia or overseas. Although airlines claim that this does not affect the quality of the work performed, this view is not shared by those expert engineers and technicians who have actually reviewed the quality of contracted out work.

In 2008, the AMWU commissioned Essential Research to conduct a telephone survey of 200 members at the Melbourne, Sydney and Brisbane maintenance bases of Qantas Ltd. Most respondents reported that they had reviewed work that had been performed by contractors here or overseas. The most commonly detected forms of outsourced work were component repairs (seen by 62% of respondents) and heavy maintenance checks (61%). Only 8% of members had not seen any outsourced work.

Of those who had seen outsourced work, most members reported quality problems. Almost seventy percent of members reported that outsourced needed to be rechecked more often than local work, and a similar percentage reported that the work had to be redone before it met safety standards. More than sixty percent of respondents were concerned that 'corners were being cut' and that outsourcing made it 'harder to ensure quality'. Only 27% said that outsourcing had had no effect on quality.

These figures are confirmed by officials of maintenance unions, who confirm high levels of concern amongst members about the extent of work contracted out or off-shored, and the quality of that work. Maintenance Unions are concerned that the issue of outsourcing will only get worse. New generation aircraft, long lead times for heavy maintenance the current apparent lack of capital investment will in the view of the maintenance unions lead to loss of capacity and highly skilled tradespersons.

In relation to the problem of off-shoring, we note that Qantas Ltd has recently off-shored the Australia-New Zealand air route, by subcontracting the route to its wholly-owned subsidiary in New Zealand, Jetconnect Ltd, thereby avoiding the application of Australian industrial awards and agreements in relation to the route. While the Jetconnect affair does not currently affect maintenance work, maintenance unions remain concerned about the precedent this tactic may set in relation to the (claimed) ability to avoid Australian laws and standards through offshoring and the use of artificial corporate arrangements. We note that the Jetconnect arrangement is currently being challenged by the Australian International Pilots' Union in Fair Work Australia.

Regulatory oversight

Maintenance unions have two current concerns about the system of regulatory oversight, and the role of the Civil Aviation Safety Authority (CASA). A good safety system is one that is transparent, where the learnings from safety incidents are shared so that safety is improved. This requires the regulator to be able to publish its findings so affected staff can learn and adopt new ways of working.

First, there are concerns about the competency and effectiveness of CASA. These concerns have obviously been heightened following the recent safety incidents which have prompted the current Inquiry. However, to date, unions have been unable to perform any monitoring or investigation of CASA's role. Unions have been unable to properly learn from the findings of CASA investigations because CASA is unable to disclose information about its findings and investigations to complainant unions. This prohibition on reporting on findings of investigations has a negative impact on safety.

For example, in 2006 the AMWU sought information from CASA, pursuant to a Freedom of Information request, about safety standards at Qantas Ltd and its subsidiaries. The request was denied on the basis that "adverse publicity concerning maintenance breaches could affect the level of business generated by those companies", and that disclosure would "inhibit frankness and candour [of the part of those companies] in future audits". In other words, the public's right to know about the safety of aircraft they fly is seen by CASA as being subservient to airlines' interests in maintaining their reputation for safety (even if turns out to be an undeserved reputation) and their profits. The denial of a similar Freedom of Information request made by the ALAEA was recently overturned by the Administrative Appeals Tribunal.¹

APESMA has made four reports to CASA about significant safety issues over the past 12 months, including one report of a chipped cockpit window. In each case, CASA took two or three months to acknowledge the report and advise that the matter was being investigated. CASA has refused to disclose the findings and outcomes of any investigations.

The second concern relates to the recent introduction of Civil Aviation Order 100.66, which (from June 2011) will allow aircraft maintenance personnel to obtain licenses if they meet European Aviation Safety Agency (EASA) standards. This effectively removes CASA from the

¹ *Vasta v Civil Aviation Safety Authority* [2010] AATA 500 (6 July 2010).

licensing process, and threatens to undermine the licensing scheme based on Part 31 of the *Civil Aviation Regulations 1988*. Unions call upon CASA and the government to delay the introduction of these new standards, pending further consultation with unions, airlines and aviation safety experts.

Training, investment in staff

A third concern is the reduction in recent years of the level of training and investment in skilled maintenance staff. The Inquiry has already heard evidence in relation to the speeding up of pilot training, and shifting the cost of training onto employees. Maintenance unions have for many years held concerns over the current classification mechanisms, lack of access to training, and the absence of genuine skills and career development.

The ALAEA reports that Virgin employs no apprentices whatsoever. Other unions report that training is usually discretionary and, at least at Qantas, is not linked to remuneration. The Unions have for many years sought to introduce competency-based training, linked to remuneration, and to introduce a transparent process to gain access to training opportunities.

Moreover, unions maintain their concern that wages levels for maintenance staff are too low to reward employees appropriately for the skills they possess and the responsibility they exercise, and to retain the most knowledgeable staff in the industry. Wages for apprentices are also too low to attract young people into the sector. For example, the award wage for a first-year apprentice Aircraft Maintenance Engineer or apprentice metalworker is \$14,493 per annum.

Unions are therefore concerned about the wages policy and negotiating position of several airlines. Despite impressive profits, and continuous productivity improvements, some airlines have been signaling that they will seek to freeze wages (in real terms) in imminent rounds of enterprise bargaining. This attitude, which sees wages as a business cost to be minimized, rather than as an investment in people and in safety, is not conducive to the maintenance of an aviation workforce that is skilled, safe, and stable.

Safety and industrial relations climate

A final concern is about the erosion of a workplace culture of safety, which is a vital part of preventing faults and accidents. Such a culture encourages employees to raise safety concerns with managers and with unions, on a 'no-blame' basis, so that safety concerns can be addressed before they become problems. Such a culture can only exist where employees feel that they have a voice (individually and collectively), that they will be listened to by management, and that they will not be victimized or penalized for speaking out.

In recent years, maintenance unions and their members have reported an erosion of a safety culture and undermining of constructive industrial relations. These problems were exacerbated during the Howard years, when some airlines used the worst aspects of Work Choices to divide the workforce, undermine conditions of employment, squeeze unions, and instill a sense of fear and insecurity in staff.

Since Labor 'killed, buried and cremated' Work Choices, there has been a noticeable improvement in the sense of security that employees have in the workplace. However, not all airlines have disavowed 'hard' human resources strategies, and recommitted to a culture of co-operation with workers and unions.

For example, in the past year, one particular airline has sued a union for allegedly taking industrial action over outsourcing and security concerns;² and has been found guilty of coercing and victimising a worker who complained about underpayment.³ Another airline group has allegedly discriminated against pregnant women;⁴ and has asked pilots to work 22 hour shifts, allegedly in breach of the award.⁵

These actions clearly do not help give employees a sense of fairness and security at work, and therefore may well have a chilling effect on their confidence in raising issues on the job. We therefore continue to call upon Australian airlines to improve their management and industrial relations practices, in order to restore a culture of co-operation and confidence in the workplace.

Conclusion

Australia has a strong aviation industry. Australian airlines have a key role in developing the industry's future growth and productive capacity for the nation. Highly skilled aircraft engineers are the backbone this sector, including its (to date) excellent safety record.

Unions want to continue to have a safe and viable aviation industry in Australia. However, this can only occur if airlines recommit to the key elements of success on this score: investment in skill development and aircraft infrastructure, and the adoption of a management and industrial relations strategy that promotes co-operation and mutual commitment to safety. It also requires the government and CASA to maintain high safety standards and transparency.

Finally, to ensure that maintenance and other aviation workers are free to report safety concerns, we recommend the passage of the Transport Safety Investigation Amendment (Incident Reports) Bill 2010 by the Senate.

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Thank you for the opportunity of making a submission. If you have any questions, please do not hesitate to contact me directly.

Yours sincerely

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² 'Common law damages claims could become fashionable again, barrister warns, as Qantas case resumes' (3 March 2011) *Workplace Express*.

³ *Australian Licensed Aircraft Engineers Association v Qantas Airways Ltd* [2011] FMCA 58 (11 February 2011).

⁴ 'Virgin Blue to face adverse action claims; CFMEU officials in Christchurch safe' (23 February 2011) *Workplace Express*.

⁵ 'V Australia using IFAs to extend shifts to as long as 22 hours' (21 April 2010) *Workplace Express*.