



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON TRANSPORT AND REGIONAL
SERVICES

**Reference: Commercial regional aviation services in Australia and alternative
transport links to major populated islands**

WEDNESDAY, 10 SEPTEMBER 2003

CANBERRA

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

INTERNET

The Proof and Official Hansard transcripts of Senate committee hearings, some House of Representatives committee hearings and some joint committee hearings are available on the Internet. Some House of Representatives committees and some joint committees make available only Official Hansard transcripts.

The Internet address is: **<http://www.aph.gov.au/hansard>**

To search the parliamentary database, go to:
<http://parlinfoweb.aph.gov.au>

HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON TRANSPORT AND REGIONAL SERVICES

Wednesday, 10 September 2003

Members: Mr Neville (*Chair*), Mr Andren, Mr Gibbons, Mr Haase, Ms Ley, Mr McArthur, Mr Mossfield, Ms O'Byrne, Mr Schultz and Mr Secker

Members in attendance: Mr Andren, Mr Gibbons, Mr Haase, Ms Ley, Mr McArthur, Mr Mossfield, Mr Neville, Ms O'Byrne, Mr Schultz and Mr Secker

Terms of reference for the inquiry:

To inquire into and report on:

Commercial regional aviation services in Australia and alternative transport links to major populated islands.

WITNESSES

BELYEA, Mr Nick, Executive Director, Strategic Policy and Evaluation Division, Department for Planning and Infrastructure 739

COLLINS, Mr Rob, Acting Deputy Director, Aviation Safety, Civil Aviation Safety Authority..... 751

GAYNOR, Mr Drew, Acting Director, Aviation Policy Directorate, Department for Planning and Infrastructure..... 739

GEMMELL, Mr Bruce Robert, Acting Director, Civil Aviation Safety Authority 751

ILYK, Mr Peter, General Counsel, Civil Aviation Safety Authority 751

McINTYRE, Mr William, Executive Manager, Aviation Safety Standards Division, Civil Aviation Safety Authority..... 751

WHITE, Mr Arthur John, Acting Executive Manager, Aviation Safety Compliance Division, Civil Aviation Safety Authority 751

Committee met at 9.45 a.m.**BELYEA, Mr Nick, Executive Director, Strategic Policy and Evaluation Division, Department for Planning and Infrastructure****GAYNOR, Mr Drew, Acting Director, Aviation Policy Directorate, Department for Planning and Infrastructure**

CHAIR—Good morning everybody. I declare open this public hearing of the House of Representatives Standing Committee on Transport and Regional Services inquiry into commercial regional aviation services in Australia and transport links to the major populated islands. Today's hearing is the 14th such hearing of this inquiry. We have previously held public hearings in Tasmania, Victoria, South Australia, New South Wales and Queensland, as well as several hearings in Canberra. The committee has received almost 190 submissions and we are now coming towards the end of our inquiry. In fact today's witnesses are the last public witnesses.

We welcome representatives of the Western Australian government here today. Although the committee does not require you to give evidence on oath, I need to caution you that these are formal proceedings of the parliament and consequently warrant the same respect as would attend to the House itself. It is the custom to remind witnesses that the giving of false or misleading evidence is a serious matter and could be considered a contempt of the parliament. Do you wish to make an opening statement?

Mr Belyea—Yes.

CHAIR—Could you give us a five- to seven-minute overview of your submission.

Mr Belyea—Thank you, Mr Chairman. I will try to keep this brief because I know our friends in the Civil Aviation Safety Authority are ready to appear after us. The government appreciates the opportunity to come over here to talk to our submission. It has been about 12 months since we put that in. We saw the importance of attending here today rather than doing it via a telephone hook-up.

The Western Australian government is, and has been for many years, very active in aviation services. We take a lead role in the state to ensure our air services are maintained in Western Australia. It is overseen by a group called the Aviation Ministerial Council, which is chaired by the Premier and has as members the Minister for Planning and Infrastructure, the Hon. Alannah MacTiernan; the Minister for Local Government and Regional Development, the Hon. Tom Stephens; and the Minister for Tourism, the Hon. Bob Kucera, along with respective CEOs, advisers and various other people.

Prior to the collapse of Ansett, the state was fully deregulated. We had deregulated jet routes and turbo prop routes, with the exception of a number of subsidised air services within the state. They were mainly up in the north of Western Australia—places like Halls Creek and Fitzroy Crossing. Even at that time, with some of those smaller carriers and smaller operators, particularly piston engine operators, the government used to do things such as helping them into the Ansett CRS system to make sure that passengers could get off one service and onto another.

Western Australia is a very big state. We have been highly dependent on air services to our regional and remote areas. We have 1.8 million people in Western Australia and about 1.3 million of those live in Perth. So 500,000 are scattered around a vast state where we have long distances to small communities that are reliant on air services. Essentially, the air services in Western Australia are underpinned by the mining sector. In a recent review, which I will talk about in a moment, about 70 per cent of all air passenger numbers or their movements were mining company related.

Last year, we commissioned a report, known as the Intrastate Air Services Review, which really came out of the collapse of Ansett. But even prior to that, we had concerns in the north of the state, particularly up in the Kimberley, where we had seen a degradation of air services. The government had already started looking at why that was and assessing what we were going to do about it. However, with the collapse of Ansett, we then commissioned a full-blown review of air services in the state and we appointed consultants to do that.

Without going into a lot of detail, I think that report has been well acclaimed and well received in the industry, as I guess a 'warts and all', pretty honest assessment of where things are in Western Australia. Essentially that report looked at four things: first, routes that could sustain competition in the state; second, routes that needed to operate as a network; third, routes that needed to be licensed to be viable; and the last, which we have been involved with for some time, routes that would need government assistance to be able to keep going.

With respect to some of the recommendations that came out of that report, it was found that the government needed to work a lot closer with the mining industry. We had plenty of mining charters going out into various areas of the state, but there was a need to see if we could integrate those mining charters with scheduled services, particularly where those mining charters went into key regional towns. We need to have a more regulated and robust system that recognises national competition principles—the need for the government to go back into a form of regulation and licensing, if you like, to ensure we maintain services.

If I can digress slightly, with the collapse of Ansett, the government worked vigorously to maintain services, particularly those services which had been operated by Skywest, which was also a casualty of the Ansett collapse. In fact, we gave Skywest a nine-month moratorium to continue services because we did have some operators who were lining up to cherry pick the good routes. The government felt that we wanted long-term sustainability. We did not want to see massive disruption in the industry, which was occurring right across the country at that time, so we gave Skywest a nine-month moratorium.

Other recommendations that came out of that report were: to work closer with airport operators to get airport operators to appreciate the need to help the providers of services maintain services in a town; to look at an active regional air services program, including promoting air tourism in Western Australia; to appoint an aviation industry observer; and to work closely with the Commonwealth on aviation policy.

The state is currently in the process of implementing those recommendations, which my colleague Drew Gaynor is actively working on, particularly in trying to work with the mining industry to sustain our services in the state. We have a good range of operators in Western Australia from the likes of Qantas, who essentially took over the intrastate jet routes following

the withdrawal of Ansett—we do have Virgin Blue but they are an interstate operator at this point, although there is some speculation that they may enter the intrastate market at some point—to Skywest, who operate 46-seat Fokker 50 turbo prop aircraft, and down to the likes of Skippers, Great Western and Airnorth which operate from Darwin. But essentially those operators are there mainly for the mining industry. We do have a good range of aircraft that then filters down into the RPT services.

Another thing that Western Australia has done, contrary to one of the items I saw in *Hansard* from one of the states, is that we have had a Regional Airports Development Scheme in Western Australia since 1994. The government has basically put in \$16 million. That has leveraged a further \$40 million for over 90 airports in Western Australia. That scheme came into being following the withdrawal of the Commonwealth's Airport Local Ownership Plan scheme.

Ms O'BYRNE—Could you just give those numbers again?

Mr Belyea—Since 1994, \$16 million has been provided by the state government, supporting a further \$40 million provided by local government, airports and others, and we have basically put that money into 90 airports in Western Australia. Mr Chairman, I feel that Western Australia, probably of all the states, has the best airport infrastructure in the country, outside the major capital cities.

We are actively involved with the Remote Air Service Subsidy scheme which is managed by the Commonwealth. However, we have a number of issues with that, which I am hoping we get some questions on so that we can elaborate on it. We also actively participate in the Aviation Working Group, which feeds into the Standing Committee on Transport, SCOT, and into the Australian Transport Council, ATC, which is managed by the Commonwealth. We are involved in the issues that get raised through that committee. We work closely with the likes of CASA and Airservices Australia on issues that affect Western Australia. We have a very close working relationship with most sectors of the aviation industry, particularly on issues concerning CASA and the impending introduction of part 121B and part 139.

Mr Chairman, I will leave it at that. The minister has seen fit to ensure that a delegation did come over here. The Hon. Alannah MacTiernan takes a very close interest in aviation issues in Western Australia and I am sure if she had the time she would have come here. However, she has seen fit to make sure a delegation came here and made a presentation to this committee. Thank you.

CHAIR—We would like to thank you for coming. Western Australia is critical in these matters. We have made it a policy of this committee to always visit Western Australia on major inquiries but we were not able to do it this time, so your coming over here fulfils a double purpose. Certainly, aviation is a very important part of the infrastructure of Western Australia. I have a few questions I want to put to you. Do you have a good matrix of the federal government and federal government agencies, state government and local authority charges for airports? Have you ever done a matrix of what the cost per ticket is of the various government charges?

Mr Belyea—We did that as part of the review, I think, didn't we, Drew?

CHAIR—Could you update that for us? Would that be a good job?

Mr Belyea—No, we would be happy to do that.

CHAIR—We would like to see a matrix of all the charges and what it adds to a ticket in each particular town. Just on a point of clarification, you said that in your negotiations with fly in/fly out operators you wanted to coordinate services better to provincial cities. What was the purpose of that negotiation? Was it that you just wanted to have good coordination so that the people coming back from mining situations and so on could on-travel to their home towns or were you looking at those charter services doubling as RPT and general services?

Mr Belyea—I guess the intent was to try to convert the charter services to RPT where we could.

CHAIR—What was CASA's attitude to that?

Mr Belyea—I don't think CASA had a problem with that. In fact, it was more of a negotiation—I mean, the operators we were talking to were essentially operators who had an RPT on their licence anyway.

CHAIR—Right.

Mr Belyea—Clearly charters are cheaper than RPT. The charters purchase the whole aircraft and can come and go as they please, whereas RPT is going to operate to a schedule in the main. But the key thing was that on some of the routes, places like Meekatharra, we were actually paying a subsidy. Whilst the government was subsidising the service into Meekatharra, there were mining charters flying directly into that town as well with operators who had the capability to provide an RPT service. So we were trying to stop the subsidy where we could by working closely with the industry to see if they would convert some of their charters to RPT. We have really just started that—

CHAIR—Can you run RPT and charter on the one flight?

Mr Belyea—I don't think so, no. If it is RPT, you have to have a higher level of crewing, maintenance standards and various other things. But I guess this is what part 121B will sort out where you will have this integration of charter and RPT. Most of the operators we have, particularly in Perth now, are already at that level. We have some who are yet to get to the level of having the checks and training and all those sorts of things in place. But fundamentally, out in some of the mining areas, we saw the need that if we could integrate them, then we could both succeed. The mining industry has been very cooperative in trying to help where they can but clearly the industry, like every other industry, is cost driven and they want to minimise their costs. Nevertheless, we think we will have some success in some of those areas. But I guess we need to be flexible as well.

The other thing is that the minister oversees the Transport Coordination Act. Under this we do license operators, and charters are fairly tightly controlled in Western Australia. However, if we can get some of them to convert to RPT, that will be a good outcome for those towns.

CHAIR—Just one more question before I go to my colleagues. Following up on Ms O'Byrne's question, you found it necessary over the last 10 years to spend about \$1.6 million

a year of government revenue on country airports and you say that is leveraged up to an average of about \$4 million a year. What is your general view—are country airports sustainable in the hands of councils or, in certain instances, is there a need for the Commonwealth to re-enter the market?

Mr Belyea—In a number of the airports that receive scheduled services—

CHAIR—If I can add just one final point: our experience on the east coast is that communities of about 30,000 or 40,000 don't seem to have much difficulty in maintaining their airports. What do you see as the future of airports in Western Australia in places, say, with populations under 30,000?

Mr Belyea—The good regional airports in Western Australia—and we are talking here about the Geraldtons, Albanys and Kalgoorlies that receive scheduled services and apply head taxes or landing charges or a combination of both—are viable. They have fairly healthy reserves, without pointing any out, and are able to maintain their airports to the standard necessary. There were a number of others that were transferred under the ALOP scheme—the likes of Meekatharra, Derby and Kununurra to some extent—that do struggle. There is no question about that. We are quite selective in where we put the money under the Regional Airports Development Scheme. We try to spread it as far as we possibly can. How many airports came out of the last round?

Mr Gaynor—Thirty-six airports received funding.

Mr Belyea—Thirty-six airports received funding out of the last round. It does go down into those very small airports that weren't under Commonwealth ownership. Derby has just spent about \$2.5 million—some of that was actually Commonwealth money—to keep their airport up to a standard where they can maintain scheduled services, attract traffic through the RFDS and things like that. So some of them do struggle, but the good regional airports are able to apply fees where they can basically be viable.

CHAIR—Finishing that point, would those airports be viable if the fly in/fly out services were removed? In other words, would that need for assistance and subsidy be greater if the fly in/fly out operators were removed?

Mr Belyea—Yes, I think in the main.

CHAIR—I will now move to my colleagues.

Mr GIBBONS—Your submission expresses some concern about Airservices Australia's fee charging scheme. Are you happy with the outcome now? I understand they have lowered their fees to some extent. Do you find that an acceptable level?

Mr Belyea—I think, Mr Gibbons, they were a step in the right direction. The government had a serious concern during the Ansett crisis where it appeared arbitrarily that the Commonwealth said, 'Any aircraft below 15 tonnes is exempt from en route charges.' You have the likes of Skywest who happen to operate a 46-seat Fokker 50 aircraft. If you can just imagine that aircraft leaving Perth, it goes to Geraldton, Carnarvon and Exmouth. So there is a mix of three other destinations on that aircraft. It is actually a good aircraft on that route; they were being penalised

because they were over 15 tonnes. The government made representations to the Commonwealth who just were not prepared to relax that rule. In our view, Skywest was a truly regional carrier irrespective of the fact that they operated a 46-seat aircraft compared with someone who operates a nine-seat aircraft, but they had their operations totally in Western Australia. That appeared to be unfair.

So does Qantas—Qantas operates Dash 8 aircraft with over 36 seats, but they have a high capacity licence. But if you are going to apply something like that, you don't penalise somebody because they happen to have a bigger aircraft. Essentially, they are using the same air space. If you look at a place like Western Australia, they are long routes, they do go into other towns and they carry passengers for each of those towns. So that sort of aircraft was good, but they were being penalised because it was over 15 tonnes.

Mr GIBBONS—The only controlled air space would be around the Perth metropolitan area, I take it?

Mr Belyea—That is the main area. When they get into upper air space, there is control. I am not quite sure how far out it goes.

Mr GIBBONS—You mentioned Qantas; what has been your relationship with Qantas, they being the only dominant carrier in the market?

Mr Belyea—We have been used to a dominant carrier. It was Ansett who had a complete monopoly up until the 1990s when Qantas intentionally entered the scene through Airlink. Prior to the collapse of Ansett, it was starting to get to the point where Qantas was likely to pick up one or two of the major mining contracts around the place, but now they have stepped in and taken over what Ansett had.

The government has a very good relationship with Qantas. They were probably slow to pick up places like Broome, which was a tourism destination, after the collapse of Ansett but they are back in there now with 737s. We have got Skywest announcing it will go there with a jet next month and, of course, we now have competition into Broome from this part of the world between Qantas and Virgin Blue. But Qantas have not entered the regional market in Western Australia. They have an interline or partnership arrangement with Skywest. We regard them as good operators who work closely with the government and tell us what is going on internationally and domestically.

Mr GIBBONS—Could you also tell us your relationship with CASA? How do you find CASA? This committee has taken some evidence and heard some pretty strong criticism of the organisation. I would just like to know what the Western Australian government's view is.

Mr Belyea—We have a very good relationship with CASA and always have had. We were always provided time by the likes of Mick Toller when he was in charge of the organisation. We had delegations come over and speak to us. They have always been receptive. In fact, they visited the Kimberley at one point to have a meeting with operators up there to go through the changes that were taking place in CASA.

Needless to say, there are clearly concerns about part 121 and things like that, but I think they are driven by the safety factor. Clearly the bar has to be reached, and those good operators who have reached the bar will survive in the industry. There is talk that those down the lower scale of the industry may find it more difficult.

We do have a concern though with ageing aircraft and particularly nine-seat piston engine aircraft. We have a couple of operators up in the Kimberley who operate those aircraft. That is a concern. It has been mentioned by Mr Gaynor in his dealings with the Aviation Working Group to the Commonwealth that it is something the government needs to look at because not all of these operators are going to be able to make the transition to turbine-powered aircraft.

There are some replacements around, such as the Gippsland aeronautics air van, but there is a big gap between that sort of aircraft and turbine-powered aircraft. We would like to think that the government, Commonwealth and state, and the industry can look at innovative ways that we can perhaps help those operators into those sort of aircraft. But that is another issue, I guess.

To answer your fundamental question, we have had a very good relationship with CASA. But I think there are some strategic, long-term issues that we need to be focusing on, particularly in our state where not everyone is going to be able to afford turbine aircraft. We are going to need aircraft operating to remote communities for as long as we are here. We have Western Australia, Northern Territory and the Torres Strait that are going to need those sorts of aircraft. I think it is incumbent on everybody to try to get a system that works and particularly to have a good, safe operating aircraft.

Mr MOSSFIELD—You have mentioned the question of ageing aircraft. What sort of appropriate industry strategies would you suggest to assist the industry in replacing ageing aircraft?

Mr Belyea—I think we would need to probably look at things such as GST charges on those aircraft, whether or not there is some mechanism the Commonwealth could look at in terms of tax relief for them to go into those aircraft, whether it is a case of minimising CASA costs—I haven't come here equipped to answer all of those things. But maybe it needs a group within the Commonwealth, the states, CASA and perhaps the Regional Aviation Association to come up with some way of how we do those things. I am sure there are innovative ways to do it, but it probably needs a combined approach. We should not take too long with this because some of these aircraft—pardon me saying this, Bruce—are probably 30 or 40 years old.

Mr Gaynor—I guess what we are saying is that there needs to be a national strategic approach on this combining state governments, the Commonwealth government and the industry. As Mr Belyea said, it has been identified in the Aviation Working Group as a key issue that will have to be addressed sooner rather than later.

CHAIR—The committee has taken a lot of evidence on that. We are talking about planes going from a cost of \$300,000 to \$3 million, which is a big jump. I would like to quote you in the report on that.

Mr MOSSFIELD—I have a couple of questions about Airservices Australia charges, which I think the Western Australian government has expressed some concern about. Do you think Airservices Australia could lower its charges further; and in what areas?

Mr Belyea—My view for the government is that, as long as the charges are quantifiable, then the industry should be prepared to pay it, but I think the challenge is to make sure the charges are fair right across the whole industry. Instead of totally exempting somebody from paying any charges, perhaps there should be a scale that recognises the size of the aircraft and the service that is provided. That was a concern to us at the time with Skywest. If they had had competitors on the route, some of the competitors would have been \$1 million better off in terms of those charges. Our focus at the time was to maintain the charges and try to have the fares reasonable for people to use the service.

We have an industry at the moment regionally that is still 15 to 20 per cent down and that has not been restored since the collapse of Ansett. People are finding other ways of doing things—either the Internet, hopping in their car as a group or whatever. That is a concern for us. We are working very hard with Skywest to try to get people back on the aircraft.

But that is not just a problem in Western Australia; that is a problem over on this side of the country as well. It is a concern that even in places like America people will drive backwards to fly on a cheap carrier like Virgin Blue rather than use a regional airline. It is particularly the case in Western Australia because we have places such as Albany and Geraldton that are an hour in a Fokker 50 from Perth. But when you go to the remote areas of the state, those communities are highly dependent on air services. So the more you can minimise those charges, those on-costs, the better. But even so, if air services have a need to recover their costs and they are reasonable, then I don't think that is a problem for the industry.

Mr GIBBONS—Just one other question on your major regional airfields like Geraldton and Albany: do Airservices Australia provide the firefighting capability there?

Mr Belyea—No, there is no firefighting at any of those airports.

Mr GIBBONS—None whatsoever?

Mr Belyea—No. This was highlighted recently—there has not been a fire service at Jandakot for quite a long time either—when there was an accident at Jandakot the other day where a Cessna 402 crashed at the airport, and unfortunately a gentleman was killed on that flight and others were seriously burnt. The fire service took about seven minutes to get there from the local area. There was criticism of that sort of thing. But, again, the industry is saying it's very hard to justify the cost of having the fire service there all the time.

Mr GIBBONS—Isn't that part of Airservices Australia's fees structure?

Mr Belyea—No. I understand it was actually withdrawn out of Jandakot. I am not sure how they did it—

Mr GIBBONS—But they control the fire—

Mr Belyea—They do, yes.

Mr GIBBONS—But not in those regional—

Mr Belyea—Not at those airports. In fact, if my memory serves me correctly, those airports have never had a firefighting service.

Mr SECKER—Is there a real shortage of not only pilots but also qualified aircraft mechanics? If so, what can we do or what can be done to try to fix that problem?

Mr Belyea—In regard to pilots, I think the gentlemen behind me are probably better able to answer than me. I don't believe there is a shortage of pilots. There are pilots who will transition to try to make airlines and things like that. I think the bigger issue is with the licensed aircraft maintenance engineers. The industry just wasn't attracting those people in there. I am not sure where it has got to. I believe it is still an issue but I cannot give you a detailed answer to that. My colleagues behind me would be better able to answer that. Do you have anything to add to that, Drew? It has been discussed at the Aviation Working Group.

Mr Gaynor—It is another issue that has been discussed at the Aviation Working Group. I understand that the Commonwealth has some schemes looking at the training and development of aircraft mechanics or engineers, but that is all I can add on that.

Ms O'BYRNE—Turning to the Remote Air Service Subsidy, you said that you did want to expand on that a bit further. The changes to the network have obviously had a severe impact in WA. Do you want to tell me a bit about that?

Mr Gaynor—If I could just clarify: are you saying the recent changes proposed for the Remote Air Service Subsidy scheme?

Ms O'BYRNE—Yes. You say in your submission that recently DOTARS has increased the RASS network.

Mr Gaynor—In 2000 or 2001, the Remote Air Service Subsidy scheme was increased to \$5.2 million, as I recall, which increased the networks around Australia significantly. In WA, that meant that we went from eight ports to in excess of 35. Currently that is being reviewed on the basis, as I understand it, that the funding is being brought back to its original allocation prior to 2001.

CHAIR—What was it prior to 2001?

Mr Gaynor—I can't give you the exact number across Australia but I think it was about \$2.5 million. It has been increased over the last few years to \$5.2 million. It is now being reduced and they are reviewing that. Mail is one thing that is being taken out of the criteria. I guess all we would really like to say is that we have some concerns about what impact that will have on the existing RASS ports. Queensland, Northern Territory and South Australia share those concerns, and it has been raised at the Aviation Working Group as an item of concern.

A further issue is that, when the RASS scheme was increased in 2001, it incorporated regular passenger transport—that is, passengers. The outcome of that was that a number of the airstrips needed to be upgraded. Some still need to be upgraded, but the Regional Airports Development Scheme contributed towards some of those ports being upgraded. I guess we have some concerns that, if it is going to be downgraded again, a lot of work has been done on that and now there is the potential for those routes to be reduced.

Ms O'BYRNE—So in fact you have two concerns. When it is first upgraded, there is the cost of development of airports that now need to meet a different standard or have a different service. Now, however, having spent some money in that process—although you don't believe there is enough money being provided for you to do that—if they now change it then you have gone and wasted all this money upgrading airports that now won't need that service. Is that a basic understanding?

Mr Gaynor—Potentially that could be an outcome. One of the issues that the Western Australian government has been raising with the Commonwealth is that when policy is developed, such as the elaboration of RPT with the RASS routes, then the implications of that policy, particularly in cost, need to be thought through and considered carefully because someone has to pick up the ticket on these costs.

Another issue that we have concerns about at the moment concerns the upgrade of airport security at regional airports. Mount Newman is a case in point where they have to effectively build a new terminal to accommodate passenger screening, and there has been no consideration of that onerous cost on the airport.

Ms O'BYRNE—And the airport will end up having to cover all those costs.

Mr Gaynor—At this stage it appears so. The state is making representations through the Aviation Working Group that there needs to be some consideration of that policy. One of the areas that other states, including Western Australia, have raised is that should there be a potential or possible revenue surplus from the Ansett levy that may or may not be required. That could be one potential source where money could be put into airport security on the basis that regional aviation is finding it difficult to manage all of those costs, such as the Airservices costs we talked about earlier.

Ms O'BYRNE—Why is the RASS potentially now being reduced again? It seems like a very short time frame to be making those changes.

Mr Gaynor—All we are saying at the moment is that the funding for it is being reduced. Therefore, one would say there is the potential for services to be reduced based on the fact that the funding is being reduced.

Ms O'BYRNE—Are you aware of what the theory is behind the reduction in funding? Is it just a cost thing or is there some view that it was only on a short-term funding basis?

Mr Belyea—I don't think there has been any consultation with us as to why it has been reduced. It is of concern to us, particularly when the minister came out a few years ago and said that people in remote areas of Australia would not be disadvantaged in terms of travel. One of

the drivers to increase the budget was to make sure that services were provided into these very remote communities. We have tried to assist with upgrading airports. But there is a problem, too, in terms of the operator of the airports. Funding needs to go into these airports to make sure they meet CASA's standards. To see it downgraded and withdrawn—we are not sure of the reasons. I can only speculate that it is budgetary.

Our view is that we have provided subsidies—like Queensland has for years—to remote communities. We have appreciated the Commonwealth's contribution to RASS over many years. We think they should continue that, because nothing is going to really change in these communities. People are still going to be reliant on an air service to bring in fruit and vegetables—

Ms O'BYRNE—Mail—

Mr Belyea—and bring people into their communities, and particularly in the wet up there where the only way in is by air. So that is a serious concern to us. We would hope there would be better dialogue with us. I think the government should appreciate that those people are reliant on air services. Any notion to downgrade it because of funding is probably not the right way to look at it, in my view.

CHAIR—On that same point, the cost of services and the effects for people in remote and semi-remote areas, what is your view on differential charging for firefighting services?

Mr Belyea—You have been associated with this, Drew.

Mr Gaynor—Karratha and Port Hedland had firefighting services, and under the new CASA regulation part 139H they weren't required to have those firefighting services. I know a number of regional ports would possibly consider firefighting services if they had the flexibility to put in their own services. But, as we understand it, that is not a possibility at the moment.

CHAIR—That is not so much my question; it is the charges I was asking about. When you are charging differentially, it might be a matter of cents per passenger going through Sydney or Melbourne but it is dollars per head going through Geraldton or wherever.

Mr Gaynor—Yes.

CHAIR—The committee was looking at a universal charge for firefighting. We can't see why security, Ansett levies and those sorts of things should be universally applied but that firefighting, which is just another dimension of safety, should be differentially charged. I was wondering what your comment would be on that.

Mr Belyea—We would prefer to see it universally charged. I think the likes of Qantas—

CHAIR—We are not saying that we are recommending that every airport should have a firefighting service.

Mr Belyea—No, I know what you mean.

CHAIR—What we are saying is that, where there is a charge, it should be a generic charge for the whole of Australia.

Mr Belyea—Yes, in that way it is fair right across the country and the impact on the ticket price is probably reduced. We appreciate that it is going to cost a lot of money—I forget what the figure was in Port Hedland and Karratha—to provide a fire service.

Mr Gaynor—\$2.5 million.

Mr Belyea—In each of those places, and they are remote, even the likes of Qantas would probably say that they are not required. But, fundamentally, if it is differential, then it is a fairly serious impost on the ticket price.

CHAIR—On that note I would like to thank you for your evidence. We will be sending you a copy of the *Hansard* draft to which you can make any editorial corrections. Once again, we trust we can come back to you if we require any further information.

Mr Belyea—Sure.

CHAIR—We thank you for going to a lot of trouble in coming, and please convey our best wishes to the minister and thank her for her interest.

Mr Belyea—Thank you, Mr Chairman, and we will get that information on the matrix you sought.

[10.25 a.m.]

COLLINS, Mr Rob, Acting Deputy Director, Aviation Safety, Civil Aviation Safety Authority

GEMMELL, Mr Bruce Robert, Acting Director, Civil Aviation Safety Authority

ILYK, Mr Peter, General Counsel, Civil Aviation Safety Authority

McINTYRE, Mr William, Executive Manager, Aviation Safety Standards Division, Civil Aviation Safety Authority

WHITE, Mr Arthur John, Acting Executive Manager, Aviation Safety Compliance Division, Civil Aviation Safety Authority

CHAIR—I welcome to the table representatives of the Civil Aviation Safety Authority. Gentlemen, although the committee does not require you to give evidence on oath, I have to caution you that these are formal proceedings of the parliament and warrant the same respect that would attend to the House itself. It is customary to remind witnesses that the giving of false or misleading evidence is a serious matter and can be considered a contempt of the parliament. Mr Gemmell, are you going to lead?

Mr Gemmell—Yes, Chairman.

CHAIR—Could you give us a five- or seven-minute overview of your submission? Could I say to the witnesses that I do not want to hurry you. We perhaps were deficient in not allowing more time for this but we have to vacate the room in half an hour. I ask my colleagues to keep the questions concise, and if CASA could also respond with fairly short and to the point answers. We do not have time to flesh out issues today. It would be most helpful if you could give us a five-minute overview, Mr Gemmell.

Mr Gemmell—Mr Chairman, if you could just guide me: I have a prepared statement. Could I table that and just go through the highlights?

CHAIR—Give us the highlights. We are after an overview of your submission just to get the flavour of it.

Mr Gemmell—Thanks for the opportunity to make a statement. I just wanted to start proceedings with CASA to reflect on Australia's aviation safety record. To do so, I draw on a discussion paper that was recently released by the Australian Transport Safety Bureau, which reviewed Australia's aviation safety statistics over the last 10 years. Their conclusions were: the overall accident rate for Australian aviation shows a significant downward trend; the accident rate in the RPT sector remains very low and stable; and the overall fatality rate for Australian aviation declined at an average rate of eight per cent per year over that 10 year period. By any measure, this is a very good record. It is fragile because the numbers are actually quite small, but I think it is a record we can be proud of. To me, it says that something is working. I think it

would be difficult for even our harshest critics to argue that CASA has not played a part in that record.

We have noticed that a lot has been said to the committee about CASA and the role we play in regional aviation. In my view, some of that is fair and accurate and some of it is not. In the light of the comments, I think it is important for the committee to understand CASA's role and function. CASA was created as a safety regulator alone. Our functions, which are in section 9 of the Civil Aviation Act, are all safety related. We are told in section 9A:

In exercising its powers and performing its functions, CASA must regard the safety of air navigation as the most important consideration.

The parliament has not vested us with powers and functions beyond that. We are not an economic regulator. We have not been charged with fostering the aviation industry. Indeed, in creating CASA, the government of the day specifically rejected proposals along those lines. We do not deal with aviation security, which at the moment is a relief to us.

I will not go much into the history, but history does show you some of the problems that have arisen in the past from different approaches. To quote from a predecessor House of Representatives committee of yours from December 1995, its report said:

The Civil Aviation Authority was never captured by the aviation industry. On the contrary, the regulator offered itself as a willing captive.

It was that sort of environment that led to the creation of CASA. Again, to quote from a May 1995 report of your predecessor House of Representatives standing committee on transport, its report said:

The very real danger is one of regulatory capture. This could happen if CASA (the regulator) is or is seen to be accountable to industry (the regulated).

It is that environment against which CASA was created in the way it was.

There are many in industry who would like us to be what we are not. Perhaps reflecting that, in the course of your inquiry there has been an amount of criticism of CASA. Some of what you have been told is quite simply inaccurate. For example, you have been told that CASA is planning to ground old twin-engine piston aircraft in a few years time. We are not. I simply have no idea how this rumour started and why it keeps running around industry, but we are doing nothing of the sort. I do not propose to try to go through everything we picked up that you have been told which we would regard as inaccurate. However, if committee members have any particular issues they want to raise, we would be happy to deal with them.

I do not want to give you the impression that CASA believes the industry is wrong and CASA is always right. That is not the case. Some of the complaints by industry are valid, or at least partly valid. While we ourselves are proud of the improvements we have implemented in CASA in recent years, we recognise there is more to do. One of the areas I would mention is our regulatory services area. You have heard quite a lot of complaints about us, that we take too long to issue approvals or authorisations or certificates or that it is too expensive to do so. I would

acknowledge that three and more years ago our performance in the area was poor. There were inordinate delays—many, many complaints. We did not even have good records as to how long it was taking us to process applications.

So we created the Regulatory Services Centre, based in Brisbane. All general aviation applications now go through them. We have proper tracking, proper quality assurance processes where we give people cost and time estimates. We record progress, we farm the jobs around nationally so we do not get holed up in a particular problem in a particular area, and management has required staff to dedicate time to regulatory services tasks. I think progress has been made. Response times have declined and complaints have reduced significantly. The centre won a special commendation at the Prime Minister's 2002 awards for excellence in public sector management.

Our current data indicates that on time issue of air operator certificates is at 83 per cent and for certificates of approval—that is for maintenance organisations—at 75 per cent. So while we have improved, those figures show clearly that we still have a way to go. I suspect you have heard from a lot of people who are in the category of where we have not performed on time. We have a range of initiatives under way to continue to improve our performance in that area, and indeed I can give similar examples of initiatives from other areas to improve our performance. I will not go through them in the interest of time but we are happy to provide whatever further information you might be interested in.

I will mention that we have brought along a grab bag of materials that CASA provides to industry to promote aviation safety. It is made freely available by CASA and shows a quite extended range of things that we do to promote industry. Suffice it to say, CASA acknowledges there is work for us to do to improve our performance, and we are getting on with it.

Finally, I would like to draw the committee's attention to the notice of proposed rule making, NPRM, issued by us in July this year on part 121B. It covers the rules for the carriage of fare-paying passengers in small aeroplanes. This is the one that directly affects air transport operations in rural and regional Australia and is therefore the one of particular interest to the committee. The NPRM was released for public comment in July and is open until the end of this month for public comment.

Much has changed since the release of an earlier discussion paper in the light of comments we received in response to that discussion paper. We would acknowledge there are areas where some costs might be imposed on operators. For example, in having training and checking requirements for smaller operators and in having to pursue enhanced maintenance requirements. There are also areas where industry and the travelling public will be able to obtain significant benefits, particularly in the enhanced safety we believe will flow from that. Another example is the ability to use modern, 14-seat single engine turbine aircraft with one pilot, where we would lead the world under the proposals that are in this NPRM.

In addition, we have recently taken a policy decision that will enable 121B operators to continue to be able to use the airports they are currently able to use in the Torres Strait and under the government's remote air service subsidy scheme arrangements. We are confident that the proposed new 121B rules are a better fit for aviation in Australia and will produce safety benefits

at reasonable cost to industry. Of course, we remain open to how the draft rules might be further refined and improved. That is one of the purposes of the NPRM process.

I will not go on further in the interests of time. We are conscious of the impacts of our actions on operators in rural and regional Australia and the difficult environment in which they are conducting their business. For our part, we remain committed to continuing our performance improvement to aid them. Thank you.

CHAIR—Mr Gemmell, I would like Ms Ley to do most of the questioning today. But just before I do, notwithstanding what you have said, in the evidence we have received—admittedly not from the larger airlines and you heard the Western Australian government; so let's say the bigger players have few complaints about CASA—we continue to get a plethora of complaints from all sorts of people that would seem to indicate there is an endemic problem in the organisation with the methodology of approvals, giving rulings and the like, where there is an inconsistency between rulings that people get and even some contradicting previous ones.

I suppose that leads the committee to ask: what are your quality controls within CASA to make sure that that sort of thing does not happen? Because, if you can get inconsistencies in rulings, surely you can get inconsistencies in matters of safety and you are the people we look to for that. It seems to us that, unquestionably, one of the great costs to regional aviation is CASA itself not only directly but also in the hold-ups in the certifications and so on that flow from that. The case of Brindabella Airlines is really a classic example of that. Would you like to comment on that?

Mr McARTHUR—Chairman, if they could just expand on the Brindabella Airlines issue. That was my one question.

CHAIR—We received a plethora of evidence on Brindabella, which you have no doubt read. Would you like to comment on that?

Mr Gemmell—Chairman, I would make two comments. First of all, I will respond to the consistency question. We are a dispersed national organisation, and consistency has been a problem for us. A lot of the alleged inconsistencies are exactly that. I read a person railing to this committee that we dared to change something in an approved manual that was seven years old, as if nothing had changed in the last seven years.

Ms LEY—That was not Brindabella.

Mr Gemmell—No, that was not Brindabella. I am not talking about Brindabella yet.

Ms LEY—It is just that we were very concerned about the evidence of Brindabella.

Mr Gemmell—I will come to Brindabella. All I was going to say on the inconsistency point is, yes, we have work to do there. We have a various range of initiatives under way to address that, including aviation ruling systems, a rewrite of our manual to make sure we get consistent decision making. We still have more work to do to get that right.

On Brindabella, I will get my colleague Mr Collins to answer in detail on that. However, from my perspective, Brindabella is a classic case of what you were told was a little bit right—we did not do everything right with Brindabella—but it was also somewhat wrong. For example, you were told that it took us 18 months; it did not take us 18 months. Mr Collins will give you details of that. But it is certainly true that in some elements we did not do as well as you could have.

Mr Collins—Brindabella has been a particularly difficult case. I think it is very fair to say that, in this particular instance, CASA did not get it 100 per cent right. However, it is also fair to say that in this particular case the applicant also did not realise the amount of work that he had to do to upgrade his operation from essentially a charter based operation to an RPT operation. There were significant difficulties in understanding on his part and, just as significantly, there were difficulties in CASA imparting the requirements to the operator.

In the end, we coupled it up and we trialled a methodology that we are going to use for the implementation of all of the new rules but particularly for part 121B, and that is the methodology of what we call case management. To put it simply, case management means that CASA are going to be more facilitative: we are going to guide, we are going to mentor, we are going to give advice, we are going to provide the applicant with much better guidance and better tools. But what we will not be doing is the work for the applicant. That is pretty important.

Once we actually started going down that track with Brindabella, things started to go right. We started to create a relationship whereby we could impart information to them in a non-adversarial way. Conversely, Brindabella were accepting that information more willingly and changing the manuals and what have you to meet our requirements.

Mr McARTHUR—Brindabella told us that it was only the minister's intervention that speeded up the process. That is what he said on the record.

Mr Gemmell—That is what he said on the record. It is true that Mr Boyd attended a meeting with the minister at which I was present where he complained long and loud about that. As a result of that, I went off to find out, as requested by the minister, what was going on and realised the problems we were having and put in place the arrangements that Rob is now speaking to you about.

Ms LEY—But doesn't that indicate some underlying problems? We are not talking about a mickey mouse operation in the middle of nowhere; we are talking about a well-qualified, highly professional outfit in Brindabella that wanted to go that extra step and faced enormous road blocks to doing so.

Mr Gemmell—Firstly, they had things to do to upgrade their services, which Mr Collins said perhaps they did not understand how much they had to do. Secondly, Mr Boyd went to the minister. He could have come to me or the director with his complaints but he chose not to. So we did not know. He would have got precisely the same response.

Mr McARTHUR—He claims that it took 18 months to get the show on the road.

Mr Collins—No, that is just not correct.

Mr McARTHUR—That is what he told us.

Mr SECKER—How much was it—17, 16, 15?

Mr Collins—My understanding was that, from woe to go once we got over the initial difficulty, it was about six months. I could provide the committee with what we call the comments log that comes out of our work flow management system, the computer system, which automatically logs comments and will give you the actual times. You also have to understand that the assessment process is a complex process because it deals with very complex safety technical issues.

It also involves a number of different disciplines when you move from, say, charter to RPT. When we assess a manual, for example, it may require some editing, some improvement. It may go back to the applicant, and the applicant may take some time to get that together and then bring it back to us. In this case some of that time period, as in all cases, was a result of rework. We would expect that their manuals would be up to the required standard prior to certifying that operation for RPT services.

Mr SECKER—Mr Chairman, can we get an exact date of when Mr Boyd first approached CASA and finally got his certificate?

Mr Gemmell—I can answer that, Mr Secker. The initial application was dated 18 June 2002. The AOC was issued on 24 January 2003.

Mr SECKER—So he was not there at any time; he had not approached you before 18 June?

Mr Collins—Certainly not in an official capacity where he actually makes formal application for the variation of his certificate.

Mr SECKER—We are talking about different things here. You are talking about when a formal application was made and when you finally got a certificate. I think he is talking about when he first approached you and said, ‘What do I have to do?’

Mr GIBBONS—Throughout this inquiry the most consistent complaint we have had from these type of operators, not just Brindabella, was the almost brickwalling by your organisation. That is, when there is a certain task required to be done for a given outcome, the applicant goes about that task and fulfils it, and your people go back and say, ‘That is all very well but now we want you to do this,’ and that just continues on and on. They could be forgiven for thinking that you are deliberately putting a stone wall in front of these operators.

We can cite many examples. I am happy to do that right now, if you like, but I suspect you would be aware of them. That is the most consistent argument against your organisation, where you constantly keep moving the goal posts, putting brick walls up in front of people rather than trying to help them get through to the stage where a final decision is made.

Ms LEY—The point is that these brick walls are not related to aviation safety—that is the key. If you could demonstrate that they were, then I think the committee would have more understanding. But time after time, we hear about things such as that CASA’s standards are

higher than ICAO's on single issues that small operators have picked. Small operators cannot see why they have to do something here not related to safety that is different from the international standard. I think the emergency lighting was an example that we were given in the committee.

Mr Gemmell—This committee should be very careful because a lot of things you have been told are simply not right. People see that it is perhaps right from their perspective as far as they know—

CHAIR—But why is the view so universally held? If you had a cowboy from Western Australia and another one from Victoria who were serial complainers, you could understand it. But this is an almost universal thing we get wherever you go. You said to us, 'Why didn't they come to see me? Why didn't they come to see Mr Toller?' I will tell you why they do not. It is because there is a perception held through the industry, rightly or wrongly, that they will be treated vindictively. You might deny that but that is the perception that runs universally through the whole industry below that level of the top operators.

Mr Gemmell—I certainly deny that. We have lots of allegations made about vindictive actions. All I can say is: go and look and see where we have been criticised in a court case, in the Administrative Appeals Tribunal or anywhere else. We have put in systems within CASA to address vindictiveness. For example, there were lots of complaints that a particular CASA person took a vindictive approach to someone and, whack, knocked their licence off. They cannot do that. They have not been able to do that for years, because we centralised the decision making.

Mr SCHULTZ—So you are saying that you can give an absolute guarantee that every individual in your organisation plays by the rules and does not intimidate any operators in Australia. Is that what you are saying? That is an absolute nonsense.

Mr Gemmell—I cannot give these widespread guarantees, and we do not get everything right.

Mr SCHULTZ—How can you sit there and make a definitive statement like you just made before—that it is wrong and that you have proven it is wrong in a court of law. We are getting individual people coming to us from all over this country telling us similar stories.

CHAIR—Let's cool it.

Mr SCHULTZ—I have been around long enough to know that where there is smoke there is fire.

Mr Ilyk—Most of that is not true, I am afraid.

CHAIR—All right. Let's go back to Ms Ley.

Mr Ilyk—It is not true. You can laugh but it is mostly not true.

CHAIR—Let's cool it a bit.

Mr SECKER—The perception is there, and I will laugh or I will smile or I will cry whenever I like.

CHAIR—Let's get the personality out of it and get down to the questions.

Ms LEY—Chair, recognising limited time, perhaps we can talk to some broadbrush issues. In your opening remarks you said that you are a regulator. It is almost as though you are using that as a defensive position, but your charter does mention industry leadership and education.

Mr Gemmell—Yes, in safety matters.

Ms LEY—Yes, of course. And we do see that missing in regional issues with regional airlines. You talk about the flight manual and how we have to get the ops manual right. But the detail of the wording on 100 new pages to be added to the ops manual, the relationship between that and the safety of that operator is not strong. The requirements that you are putting on small operators are not related to safety. They are bureaucratic requirements. They are paper chases that they have to be involved in. We just want CASA to see these are small businesses and they do not have specific people dedicated to such tasks. The person that answers the phone flies the aircraft, washes them and turns their hand to whatever at the end of the day. It does not mean they are inefficient; it just means that they are small businesses that are running on a fairly tight budget. It does not make them inherently unsafe. It is a pity that CASA does not recognise some of that.

Mr Ilyk—All I can say to that is that you really do need to read the reports of the royal commission into Seaview, into Monarch—all of those things where these issues have been addressed—

Mr SECKER—And Whyalla?

Mr Ilyk—There was no royal commission, there was the coronial—

Mr SECKER—No, but I have read the report.

Mr Ilyk—Yes, there is the coronial inquiry. There is no criticism of CASA in that, I am afraid.

Mr SECKER—Is that right?

Mr Ilyk—Yes, absolutely.

Mr SECKER—Well, I will go and get it and I will show you where there is.

Mr Ilyk—If you can get it, you can show me where there is criticism. There isn't any.

Mr McIntyre—Mr Chairman, the part of the organisation that I have stewardship of is the rewrite of the regulations, the generation and the maintenance of aviation standards. We have a very long and involved consultative process that we go through with industry. What I do notice is that the majority of people who are satisfied never make comment. We do not hear from the happy 85, 90 or 95 per cent of people. They just never bother because they consider that there is

no point. In other words, we do not get letters of support from industry saying what a wonderful job we are doing. It is rare. People just do not bother.

What we do get is that those people who are desperately unhappy about what has happened to them will make comment. When you go around the country and you hold a freely available forum for people to come and slag at CASA, as they will if they have had a bad experience, that is what you will get.

Ms LEY—Yes, but our regional operators cannot afford to go to Sydney from the middle of nowhere. Many of them have just switched off because they have been exposed to this NPRM process before. They might have had their say but it is very rarely reflected in the final document. You have given the industry two months to comment on this. I do not think that is enough. I think you are expecting them to be able to say, ‘Right, we’ll put aside two days this week to study these proposals and make submissions.’ They do not necessarily have that time. I think you need to be seeking them out and talking to the key people in regional aviation that you know are good people and getting their opinions, rather than holding something in Sydney that everybody is expected to get to in one day.

Mr McIntyre—With all due respect, I think you have a misunderstanding of the process that we go through. The belief might be that part 121B is the brainchild of one person within CASA. Well, that is not the case. CASA deliberately went through the process of, first of all, a discussion paper to air some of the views that we had. Then we went through a process of going to a consultative body, which has representatives from all aspects of aviation in this country, a committee which is not run by CASA but is run by industry. It is their committee, and their advice comes to me as the maker of the rules. The FLOT conference was one just avenue. We wanted to get that final view.

Ms LEY—Sure. I was not talking about the FLOT conference but another NPRM process that an engineer in my area went to. They said that, having made the big effort to travel all day, they just were not listened to. They did not have an opportunity. But they did say that, when the final report came out, they were listed as having been consulted in order to give the impression that they had been, but they were not.

Mr McIntyre—That is probably because they did not see reflected in the rule what they wanted. They were consulted, their view was considered and finally it did not make it into the rule set as being acceptable to CASA as the safety regulator. Can I just say that that maintenance package will be coming before the House soon. It is a huge body of work to rewrite all of that legislation. We have just had four straight days with the industry with CASA in Canberra. This is an industry group. It is the industry coming and commenting to us. They are happy and satisfied with the standards that apply in that package. From my perspective, it is interesting to hear about this one individual, but I do not want to disenfranchise—

Ms LEY—It is never just one individual.

Mr McIntyre—There may be even a group of people. But what I am saying to you is that the majority of people who have been involved in the process and who have looked at what CASA is proposing deem it to be acceptable and reasonable.

Ms LEY—To what extent on that industry group are small operators or, for example, agricultural operators represented?

Mr McIntyre—We have the AAAA, the Aerial Agricultural Association of Australia; we have the Regional Aviation Association of Australia; we have the Australian Airports Association; and we have Aircraft Owners and Pilots Association—they are all represented. They have all nominated people from within industry who have a good understanding of what is involved.

Ms LEY—They are all happy with the maintenance changes?

Mr McIntyre—Yes.

Ms LEY—Good.

Mr McIntyre—In fact, there is a body now established representing all of the maintenance organisations in Australia. They were strident critics of what we were doing and they are now comfortable with where we have got to. Going back to the point I was trying to make, you have a very silent group of people out there saying nothing. When you open the committee up and make it quite obvious that here is an opportunity to lay your concerns out, you will only hear from those people who have concerns. You will not hear from the large numbers of people in our community who are happy.

Mr SECKER—I think you are actually ignoring the fact that the reason we opened it up is that we were getting complaints. The complaints were coming to us as local members all around Australia about how they felt about CASA. So the fact that we have had the forums and this sort of inquiry is in response to the complaints. We have not just decided that we will have an inquiry for the hell of it; we are having an inquiry into this because we are getting the complaints.

It is all right for one person to say, ‘They’re all not true,’ but we are getting different stories all the time. Your first speaker, Mr Gemmell, said you are trying to fix it up, but there must be something wrong if all these complaints are coming through to us in the way things are being handled. It is more on a personal basis where people are saying, ‘This one has done this,’ or ‘This one has been vindictive to me.’ You really need to look at why it is happening and try to fix it up. I am glad to hear that you are trying to do that. But I do not think you can go along this line and say, ‘None of it is true,’ or ‘Most of it is not true,’ or ‘This has only happened because you have had the inquiry.’ I think you have to see where the problem lies and try to fix it, and take that attitude.

CHAIR—For example, while they are not responsible for small vessels to the same degree as you are responsible for small aircraft, we would not get one-tenth of the complaints about AMSA.

Mr Gemmell—I have spent a lot of time with AMSA. I agree with you that we get a lot of complaints and they do not. I said, ‘How the hell do you do it?’ The answer is quite simple: they deal with the commercial end of the market. You have heard from the commercial end of the market. We have a very good relationship there, and they are not saying these things about us. I hope they have not said that to you. I have not read that they have said it to you anyway. I hope

they have not said it privately—but I doubt it because we meet with them regularly and we have a good relationship with the commercial end.

The problem we have as at the private end, for want of a better word, at the lower end of the market. And AMSA does not deal with that at all. They have no responsibility there. Small boats is a state responsibility. In our case, it is that mix of big and small that creates a lot of the problems, both in air space and in activities, and in things we do and how we do them.

Ms LEY—Because you want this ‘one size fits all’ answer. Would you consider a small charter operator at the commercial end of the market?

Mr Gemmell—A small charter operator is a commercial—

Ms LEY—Yes, I know they are commercial operator.

Mr Gemmell—They are carrying passengers.

Ms LEY—But do you treat them like a commercial operator?

Mr Gemmell—Yes, they are a commercial operator; they are carrying passengers. So if I distinguish between a professional passenger carrying operation, which would include charter, and a private pilot flying himself around for the weekend—that sort of distinction.

Ms LEY—With great respect, Mr Gemmell, in your answer there you did sort of indicate that the private people are a problem. There was a somewhat dismissive attitude that these guys are difficult, and I know they probably are in many cases thorns in your side. But I think it is not enough for the big end of town to be happy with you.

Mr Gemmell—I agree. What I was trying to say in the opening statement—I do not mean to be dismissive of them and I am sorry if I was—is that, yes, we have not got things right at that level. We do not have good relations and we have to improve them. To go back to a question Mr Gibbons asked, what we are trying to say is that we do acknowledge there are times when we have not been at all helpful with people trying to do business things; hence the case management approach that we are trying to move forward.

Mr McARTHUR—It is pretty late though to take this case management approach.

Mr Collins—It actually started, with respect, about 2½ years ago when we started the regulatory service division. We have technical people in the service centre whose job primarily is to give guidance to applicants, whether it is over-the-phone guidance or web guidance or what have you.

I would like to put the complaints into perspective. I agree we have complaints, and some of those complaints frankly are justified, for whatever reason. Last year, for example, we had approximately 1,500 transactions and two per cent of people across the board were complainants. Two per cent of 1,500 is about 30 complainants. We acknowledge that, in a lot of cases, they have quite rightly complained. There has been something that has not been quite right—whether it has been that we have been not helpful enough or whether it has been that they

did not fully understand the process that they have had to go through, that actually sheets back to CASA. We acknowledge that. That is something we are still working on to try to get right. But I think you have to look at the number of complaints you are getting in the context of the total number of transactions. This is only talking about certificates of approval and air operator certificates; it is not talking about all of the other types of approvals that CASA has to issue. There are thousands.

Mr GIBBONS—The chairman has a superb example in the prototype and design aspect that you are responsible for. The Gippsland aeronautics example is a classic one, which your predecessors acknowledged was a major problem for CASA, and that was addressed. That is good. I know of one where a company in my electorate lost \$1 million because they were being bugged around, for want of a better term. We have a letter from Mr Toller acknowledging that and saying CASA is going to do better in the future. This company have almost gone broke. They have lost \$1 million.

CHAIR—I know that Jabiru missed the window in the European market because they could not get the European certification done here, which the European safety authority required you to do. When they rang up to find out how it was going, the person who was handling it said, ‘Oh, yes, that is a very interesting case, that one of yours. It has been sitting on my desk for six months.’ It was in Australia’s interest to obtain this unique window in the international market, which now the Germans have taken because our authority could not respond in time.

Ms LEY—You said that it is not your task to consider the economics—of course it is your task. The economics affect everything. You said in your opening statement that you were not there to foster the industry, and I agree, but you must have this awareness of the economic flow-on effects of such cases as we have just heard.

Mr Gemmell—And we do. I shied away from saying, ‘Look, commercial interests aren’t our thing.’ A safety regulator, in essence, is not supposed to worry too much about the commercial stuff. But you have to worry about it. If we go too hard on some of these rules—the 121B rules are a classic example of how we are trying to pitch it so that the operations can continue at a reasonable level, noting that they cannot be of the same standard as a major airline.

Ms LEY—I do not know, because part 121B goes to the heart of our aviation inquiry. We have heard evidence in central Australia that charter operations are going to be regulated to the same standards as RPT or stricter standards, and it is actually going to push the smaller local charters out the back door. I suppose you are going to tell me that they have been inherently unsafe for years. You cannot carry baggage and passengers, which is a huge impost to these tiny little communities.

Mr Gemmell—That is another one you should check. You were told we had recently taken a decision that you cannot carry passengers and baggage.

Ms LEY—Yes, we were told that in evidence. Under what circumstances can a charter carry baggage and passengers?

CHAIR—I think the word is ‘freight’, not baggage.

Ms LEY—Sorry, I am not using the correct term.

Mr Gemmell—In the hold and where it is properly restrained in the cabinet. That has been the long rule. You cannot have unrestrained freight in the cabin.

Ms LEY—Sorry, the chair is correct. You may have misunderstood. Is an aircraft that principally carries the mail and does a small mail run allowed also to carry a passenger?

Mr Collins—Yes.

Mr McIntyre—Yes, of course.

Ms LEY—Under what certification? Does it have to have the same level of certification as an RPT operator?

Mr Gemmell—Do you mean currently or under the new rules?

Ms LEY—Under the new rules.

Mr Gemmell—Under the new rules there will be no differentiation. There will be none whatsoever between them.

Ms LEY—I know there will be no differentiation, but where will the bar be set.

Mr Gemmell—The bar will be set, as set out in the 121B proposals. You will find that we have made concessions for the smaller operators. So if they are really big, the bar is high; if they are really small, the bar is not as high.

CHAIR—It looks like we have a division and I think we will have to wind up because the room is required. Mr Gemmell, I would like to thank you and your team. We will be providing you with a copy of the *Hansard* draft to which you may make editorial changes. We might have to get you back. Thank you very much for your attendance.

Resolved (on motion by **Mr Schultz**):

That this committee authorises publication of the proof transcript of the evidence given before it at public hearing this day.

Committee adjourned at 11.04 a.m.