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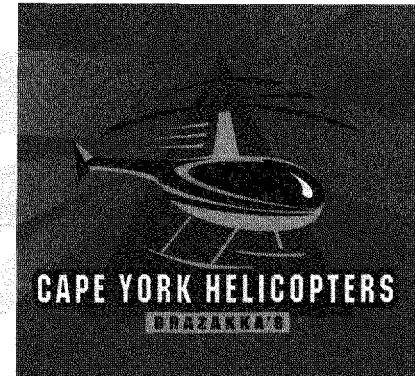
Mr. I. Dundas,
Committee Secretary,
Standing Committee on Transport and Regional Services,
Parliament House.
Canberra.
ACT. 2600.

Dear Mr. Dundas,

The enclosed letter was forwarded to several people giving our view on the current position of the Helicopter and Aviation industry in general. Martin Ferguson suggested we submit a copy of the letter to you, so our comments could be considered by your committee during the current review.

Yours sincerely,

Yvonne and Dennis Wallace



CAPE YORK HELICOPTERS
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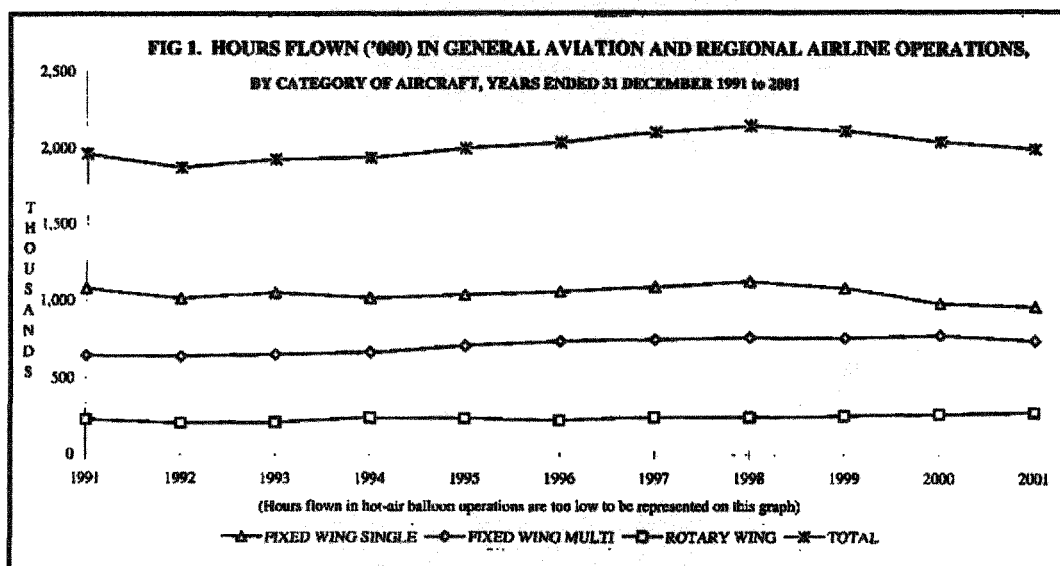
20 February 2003

The Hon. John Anderson MP
Deputy Prime Minister
Minister for Transport & Regional Services
MG:41
Parliament House
CANBERRA ACT 2600

Dear Minister,

We are holders of an Air Operator's Certificate, and have operated a helicopter charter company in North Queensland since 1994.

For some time now, we have been concerned about the health of the general aviation industry in Australia. One of the most worrying symptoms is the statistics produced by the Department of Transport which track the number of hours flown in General Aviation. As you can see in the figure below, there has been no growth in the number of hours flown by helicopters over the ten years from 1991 to 2001. (Are these accurate figures or the result of data inaccurately supplied by operators not willing to divulge information?)



The general aviation industry continues to struggle and the only way CASA seems to deal with problems is by inflicting more restrictions on operators, making it harder to function efficiently. CASA always refers back to its directions as coming from a desire to protect the public and whenever challenged, protests loudly and publicly that safety is the prime motive for all its actions. To this we strongly disagree.

A safe industry can only come from a viable industry, and one of the major issues facing our industry is financial viability. Operators struggle to achieve a profit margin in a flat line growth situation. This alone is the major contributor to most of the operational problems in the industry. With lack of profit comes cost cutting in the form of reduced maintenance, low wages, the inability to replace an aging fleet and the lack of ongoing training - all major factors in the reduction of safety standards.

As part of its reform process CASA is not addressing this significant problem. This could be addressed by a single step.

Cease the issue of new AOCs and convert existing one into licences.

CASA continues to issue AOCs. Except now, in what they see as a way of ensuring operator viability, they require proof of liquidity, projected cash flows, profit and loss, business plans and nearly a year to issue approval if the applicant is deemed eligible. This system fails dismally as a safeguard, as any new operator who may have been liquid is soon reduced to a marginal position once in the industry due to the pressures of competition from the ever increasing number of operators.

This pressure leads to undercutting and undercharging, the single biggest contributing factor to most problems in general aviation today. Let's not mistake this with healthy competition. What we have is a situation exacerbated by cultural habits, including:

- The aviation enthusiast who just wants to own his own machine and earn his living doing what he loves most. Doesn't have to make a lot of money so long as he's flying.
- The business man who wants to claim the cost of owning his own aircraft.
- The habit of using someone else's AOC, negating the time and cost of getting your own.
- The inefficient operator whose charges are based on the value of their old second hand machines and not the replacement cost of new equipment.
- Operators who consider direct operating costs to be the sole factors in pricing with total disregard for unscheduled maintenance, replacement costs, ongoing training and office expenses, let alone the need to buy a house or replace the car.
- And the deplorable situation of pilots sweeping hangars and working for nothing in order to gain hours. The latest innovation to emerge is the practice of pilots paying property owners and operators to fly.

Unfortunately, the client who knows nothing of the machinations of GA will 90% of the time take the lowest quote. This places enormous pressure on good operators who factor in all contingencies. The effect of this culture is to reduce overall standards in the industry.

Australia does not have the population to support an uncapped industry.

We have many models to draw upon from industries already operating under a license system, including fishing, hotel, sugar, and taxis. License limitations will give operators the chance to increase profitability and lead to higher industry standards. As long as CASA continues to issue new AOC's aviation standards will remain compromised.

Upon discussing this subject with other operators we find we are not alone in our concerns and have attached a list of AOC holders who support this proposal.

We appreciate your time, and look forward to your response.

Yours faithfully

Yvonne and Dennis Wallace
Directors
Cape York Helicopters

Attachment: List of supporting AOC Holders

Copies to:

- Warren Entsch, Member for Leichhardt
- Mick Toller, Director – Aviation Safety, CASA
- Dick Smith
- Martin Ferguson, Shadow Minister for Regional and Urban Development, Transport and Infrastructure
- Bill Pike, President – AOPA (Not for publication)
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Attachment:

The following AOC holders support the proposal from Cape York Helicopters limiting the issue of new Air Operator Certificates.

AOC Holder	Address	Type of Operation	Contact Name	Phone Number
G & A Helicopters	9/1-5 Busaco Road, Mansfield NSW 2122	Helicopter charter, airwork	Gary Ticehurst	02-94364533
Skytrans Aviation	Cairns Airport Cairns QLD 4870	Fixed wing charter, RPT	David Barnard	07-40462462
WrightsAir	53 O'Neils Road Melbourne VIC 3337	Fixed wing charter, airwork	Trevor Wright	08-86707962
Barrier Aviation	PO Box 41 Stratford Qld 4870	Fixed wing charter, airwork	David Killen	07-40359207
Aerotropics	PO Box 147N Cairns Qld 4870	Fixed wing charter, airwork	Ric Lippman	07-40359138