

ALAEA

Australian Licenced Aircraft Engineers Association

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**Submission to the Senate Committee
for Qantas Sale
(Keep Jetstar Australian)
Amendment Bill 2007**

March 2007

1. Preamble

The Australian Licenced Aircraft Engineers Association (ALAEA) represents certifying Licenced Aircraft Maintenance Engineers throughout the Australian domestic, international, regional and General Aviation industries.

The ALAEA would be pleased to appear before the Committee to answer any questions the Committee might have regarding this Submission and to provide further evidence and amplification if requested.

About the ALAEA

The ALAEA is an organisation founded in 1960 to advance the professional, technical and industrial interests of Aircraft Maintenance Engineers who are licensed by the Civil Aviation Safety Authority (CASA) to certify for work performed on aircraft within Australia. Currently the ALAEA has 4200 members employed in all sectors of the industry – in the major airlines as well as in regional operations and the general aviation sector. The motto of the ALAEA is:

“To undertake, supervise and certify for the safety of all who fly”.

1. The following submission was compiled for the Australian Senate Qantas Sale (Keep Jetstar Australian) Amendment Bill 2007 by Steve Purvinas, Federal Secretary of the Australian Licenced Aircraft Engineers Association. By way of the Powers vested in me under the ALAEA rules I am authorised to act on behalf of ALAEA members for submission to Senate enquiries.
2. For the purposes of the Senate committee it would be relevant to explain the two levels of maintenance carried out by both Qantas and Jetstar. Daily safety inspections to various levels are carried out by licenced engineers in conjunction with general servicing functions such as replenishing engine oils, fuelling of aircraft, troubleshooting and rectification of identified faults. These lighter checks would provide employment for approximately half of our members in Australia. This form of maintenance is often referred to as 'Servicing' and is generally carried out during the day to day operation of the aircraft.
3. Heavier checks are carried out according to the airlines CASA approved system of maintenance at specified intervals based on flight hours and cycles at intervals of up to 6 years. These checks are carried out in aircraft hangars or Heavy Maintenance facilities and take from 5 days to 6 weeks to complete and in normal circumstances it is these heavier checks that are referred to as 'Maintenance'. Whilst some Qantas and Jetstar aircraft are being maintained in Australia this portion of our maintenance work employs the other half of our membership not working in the Servicing field.
4. In the industry 'Servicing' is commonly referred to as "Line Maintenance" and 'Maintenance' as "Heavy Maintenance".
5. Qantas currently utilise three Heavy Maintenance facilities in Australia. The Tullamarine Victoria site carries out maintenance on the 737 fleet, Brisbane maintains the 767 fleet whilst the Avalon Victoria site is predominantly used for 747 aircraft with occasional 737 or 767 maintenance. The Sydney NSW site was Australia's biggest aircraft maintenance facility and carried out Heavy Maintenance checks on 747 and 767 aircraft and some A330 work. The Sydney Heavy Maintenance B767 facility closed in November 2004 and

moved to a new Qantas hangar in Brisbane. Qantas closed the remaining B747 Sydney Heavy Maintenance facility in May 2006 with the loss of 256 Licenced Aircraft Engineer positions and several hundred additional support staff. Jetstar has a small hangar in Newcastle which acquits some A320 work.

6. When the Sydney facility closed the work that had been scheduled for the facility was transferred to overseas sites in China, Singapore and Switzerland. At this point in time most of the work previously planned for the Sydney Heavy Maintenance facility has not been returned to Australia. Over the same period Qantas and Jetstar A330 Heavy Maintenance work has been completed in Manilla.
7. An unlicenced aircraft engineer (AME) working in Australia must carry out his duties under the guidance of a licenced aircraft engineer (LAME) who checks and certifies for the unlicenced engineer on completion of his work. A LAME Certifies for his own work and in some cases requires a second licenced engineer to check his work for dual certification purposes.
8. Depending on aircraft size it would be normal at any one time (shift) that between 40-80 engineers both licenced and unlicenced would be working on the aircraft at a heavy maintenance facility. It has been discussed between the ALAEA and Qantas management that the correct mix of licenced to unlicenced engineers should not drop below 30% licenced. This provides for a minimum number of licenced engineers at any one time working in an Australian maintenance facility at 12 supervising for the work of 40 engineers including themselves or one LAME checking and certifying for his own work and up to 3 others.
9. A current snapshot of Australian facilities would currently show that the Brisbane and Avalon facilities sits somewhere near that mark with the Melbourne facility up closer to 70% licenced and 30% unlicenced. As such the Melbourne facility is slightly more expensive but completes it's aircraft checks at the fastest rate of any 737 maintenance facility in the world with an unblemished safety record. World's best practice.

10. Some members of the ALAEA have recently visited the two current facilities in Asia maintaining Qantas and Jetstar aircraft. At the Manilla facility where A330 aircraft are maintained it is reported that at any one time only 2 Licenced engineers are working alongside 44 unlicenced engineers. These 2 locally employed licenced engineers are required to check and certify for their own work and that of 21 others at the same time.
11. The Singapore site that has been maintaining a constant stream of Qantas 747 aircraft since May last year will have up to 60 engineers working at any one time of which a maximum of 5 are licenced. The 5 locally employed licenced engineers are required to check and certify for their own work and that of 11 others at the same time. From time to time LAMEs in Singapore are required to supervise the work of prisoners brought in from Singaporean prison to supplement the workforce as free labour working on aircraft.
12. A number of incidents relating to maintenance errors in Asian facilities have been reported to our office. As an example of a typical report by a member he advised that – *I observed an unlicenced engineer being handed a job card by his supervisor to carry out an inspection of wiring behind cargo area panels. In the Sydney Heavy Maintenance facility I was aware that this task would take around 4 hours. The unlicenced engineer returned 30 minutes later with the card signed by him and asked the Chinese Supervisor to certify for his work. The Supervisor was overseeing the work of over a dozen other engineers concurrently and did not have enough time to check the work. I decided to have a quick look myself only to find that the cargo area panels that needed to be removed to carry out the inspection had not been moved and the work not done.*
13. In the opinion of the ALAEA both the Singapore and Manilla sites are operating at unsafe levels with regards to the number of licenced engineers. Additionally, all maintenance documents are written in English, both sites employ a substantial number of locals whose first language is not English. This increases the chances of an error based on interpretation of maintenance procedures.
14. Qantas by using USA based Scabury consultants are currently reviewing the viability of all Heavy Maintenance sites in Australia and comparing them to a number of overseas facilities based on price for a completed product. I have met with Qantas CEO Mr Geoff

Dixon who has explained that the costs in Australia were 20% higher than overseas facilities 18 months ago and that figure has now been reduced to approximately 12%. Mr Dixon also acknowledged that the quality of the Australian product was superior to overseas facilities and that the expectation from Qantas Executives was for us to continue to reduce the cost gap between Australian and overseas maintenance facilities to remain viable. Qantas engineering management in discussions over outsourcing has admitted to the ALAEA they recognise there is significant quality (hence safety) issues with work done on its aircraft in offshore facilities. However Seabury and Qantas has identified possible large savings by offshoring which on takeover by APA may be realised at the expense of any Heavy Maintenance being performed in Australia.

15. Through documents released by the Airline Partners Australia consortium it has been revealed that the proposed future management team will be entitled to substantial bonuses of up to 400 million dollars for creating a more profitable Qantas Airways Group for it's new owners. The ALAEA is concerned that the board members of Qantas may not be able to make impartial decisions with respect to safety and the maintenance of the Qantas/Jetstar fleet of aircraft. We are concerned that these decisions will now be based solely on cost with little regard for the medium to long term impact on quality of maintenance hence safety of the Australian travelling public.

16. The Amendment Bill in question here states in Schedule 1 paragraph 2. 5(b) that – *“the facilities taken in aggregate which are used by Qantas and by any associated entity in the provision of scheduled international air transport services (for example facilities for the maintenance and housing of aircraft, catering, flight operations, training and administration), located in Australia, when compared with those located in any other country, represent the principle operation centre for Qantas and its associated entities;”* (Our emphasis added). The provision is similar to the wording in The Qantas Sale Act and the APA Deed of Undertakings and provides little protection to keep core work in Australia and maintain high technology expertise and the best skilled aircraft maintenance workforce in the world.

17. If such words are accepted then Qantas management will be able to shift all maintenance of its fleet offshore so long as half of the remaining (non engineering) combined facilities remain in Australia.
18. We consider that the likelihood of Qantas accepting this option would be high and today information was received in our office showing that Qantas has started advertising internally for engineers and aircraft planners (who plan aircraft maintenance work) to move to Asia. The advert includes – *The Qantas Group is expanding and exploring new growth options, and this means an exciting opportunity for staff to work for us in Asia!* The ALAEA has sighted Seabury/Qantas documentation recommending all heavy maintenance be offshored albeit some of that may be Qantas foreign joint ventures.
19. We note from the Decd of Undertaking submitted to the Commonwealth of Australia that – *the Qantas Group's historical commitment to the safety of its operations will remain unchanged;* Such a commitment cannot remain unchanged if the quality of maintenance is lowered. Qantas safety record is currently renowned throughout the world for being the world's best and the reason why is because of the diligence, expertise, training and competence of it's Australian based maintenance workforce.
20. In order to meet such a commitment we consider it crucial that the Qantas Group aircraft must continue to be maintained in Australian facilities where a far higher number of Licenced engineers are employed to supervise, check and certify the work of unlicenced engineers. To allow more aircraft to be maintained in overseas facilities may and on reports to this office will compromise the safety of the Qantas fleet.
21. Although the ALAEA would like the Bill amended to ensure that all Qantas Group aircraft are maintained solely in Australia we are aware that such constraint may be unrealistic considering that there are times where the required workload exceeds the capacity of Australian facilities due to unforeseen "blips" in the maintenance schedule.
22. Therefore the ALAEA recommends that the following amendments to the Bill – Schedule 1 paragraph 2. 5(b) as follows:

- a. The removal of the words "*taken in aggregate*" and inclusion of the words "each of" at the start of section (5) (b) of the amendment so the section reads –

" each of the facilities which are used by Qantas and by any associated entity in the provision of scheduled international air transport services (for example facilities for the maintenance and housing of aircraft, catering, flight operations, training and administration), located in Australia, when compared with those located in any other country, represent the principle operation centre for Qantas and its associated entities;"

I. Authorship



Stephen Purvinas – Federal Secretary ALAEA