



30 June 2008

Ms Jeanette Radcliffe  
Senate Standing Committee on  
Rural and Regional Affairs and Transport  
PO Box 6100  
CANBERRA ACT 2600

Dear Ms Radcliffe

**Re: Inquiry into the administration of the Civil Aviation Safety Authority  
and related matters**

I refer to your letter of 5 June 2008 to Qantas Chief Executive Officer, Geoff Dixon inviting comments on the Standing Committee on Rural and Regional Affairs and Transport's inquiry into the administration of the Civil Aviation Safety Authority (CASA) and related matters.

Attached is a written submission addressing the terms of reference of the inquiry.

Qantas intends to provide a detailed submission to the Government's National Aviation Policy Statement (White Paper), including views in relation to the conduct of aviation safety in Australia. The attached views are consistent with those that will be outlined in Qantas' submission.

Primarily, Qantas believes that CASA should continue to focus its resources on the safety of regular passenger transport and charter operations. In addition, CASA should streamline and harmonise regulations by completing its Regulatory Reform Program as soon as possible.

We would be pleased to discuss this matter further with the Committee.

Yours sincerely

**Rob Kella**  
Chief Risk Officer

att



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**Senate Standing Committee on Rural and Regional Affairs and Transport  
Inquiry into the administration of CASA and related matters**

The Qantas Group offers the following comments in relation to issues covered by the committee's terms of reference.

**Effectiveness of administrative reforms undertaken by CASA management since 2003**

The shift by CASA to a risk based approach to safety, where the focus is on safety outcomes, with the responsibility for managing day-to-day safety risks resting with the industry, is supported. CASA's range of tasks in the implementation of this approach is to provide support and tools that the industry needs to develop systems to manage these risks. Strong focus on this support must be maintained.

Qantas would like to see greater commitment by CASA to effectively develop, finalise and implement mandated safety management system requirements. This should involve greater leadership by CASA and industry assistance for operators including practical and ongoing (regularly updated) guidance material and safety promotional activities.

Whilst a booklet entitled *Safety Management and the CEO* released to industry was a positive step, Qantas believes this aspect needs greater attention (ie. coaching and mentoring) and is a small step in a long journey of supporting industry in its management of these risks.

In terms of reform programs, the Regulatory Reform Program (RRP) is overdue (now more than 10 years old) and parts of this program are already outdated prior to its full implementation. There is a need for continual revision of the earlier Civil Aviation Safety Regulations (CASRs) in parallel with implementation of the other parts. At present there are at least three different underlying philosophies behind the existing 'new' CASRs. These need to be reviewed for consistency, ease of use by industry, and oversight and application by CASA.

A 'whole of government' approach to the introduction of the new regulatory regime is encouraged.

The recently released report on future aviation trends and emerging risks is commendable. However, the establishment of five joint CASA industry working groups to seek detailed solutions to some of the issues identified seems to be an unnecessary bureaucratic process to address problems that the global aviation industry is confronting. Strategies to address these issues will often need to be organisation specific.

One of the administrative changes undertaken by CASA has been to move operational staff from Canberra to its newly established headquarters in Brisbane. This was part of an overall strategy to base staff closer to where aviation activity is primarily located and tasks them to monitor industry operations more closely.

However, since the Air Transport Operations Group relocated to Brisbane, there has been a growing perception in industry that senior CASA executives have undertaken little direct consultation with industry. Qantas believes CASA needs to address this, and that the CEO and senior CASA executives should be more visible to industry.

It is noted that CASA is also establishing a capability to conduct safety investigations. In our view CASA should not conduct or participate in safety investigations, which ought to remain the responsibility of the ATSB.

## **Effectiveness of CASA's governance structure**

Qantas believes a restructure of the current governance arrangements and a review of the role of the CASA CEO should be early priorities. While in general the high level CASA 'vision' is supported, quite often the translation of these initiatives to workable realities is lost at the level at which CASA interacts with the industry. From time to time strained relationships and tensions between field office management and staff and strategic management activities of the Authority result in variance and inconsistency in approach to industry. This is also reflected in the different application of regulations and policy at the field office level.

A review of the current governance structure should desirably be undertaken to determine the effectiveness and ability of this structure to deliver outcomes to both the Minister and industry. This would enable a comparison with the previous governance structure that included a Board. Options might include devolution of the Minister's broader portfolio governance to a Board of suitable experts, and/or appointment of a junior Minister or Parliamentary Secretary to assist in this area of portfolio responsibility.

It should be noted that prior to 1997, CASA field office management, ie Regional Directors, reported directly to the CEO (then Director, Aviation Safety) and were better positioned to identify issues at the coalface, thus providing more effective interaction and outcomes between the regulator and industry.

Today there are three *additional* layers of management between field office managers and the CEO, resulting in greater potential for inconsistency in the application of CASA policy and legislation, which has in our experience been borne out in practice. This is exacerbated by the requirement for the CEO to additionally undertake executive corporate governance and Ministerial responsibilities.

## **Strengthening CASA's relations with industry and ensuring it meets community expectations of a firm safety regulator**

The Standards Consultative Committee (SCC) has provided a positive consultative process over the past few years. The SCC should be continued, with its role and activity reviewed to ensure optimal outcomes can be delivered to the aviation industry. Given the size and scope of its operational activities, Qantas believes that it should not be limited to one seat on the SCC, and that several segments and areas of expertise (eg. Qantas Airlines, Qantas Engineering) merit individual representation.

As previously mentioned, the move of key personnel to Brisbane has created the perception of little direct consultation with industry. The CEO and senior CASA executives must increase their efforts to be more visible to industry.

Previous 'heavy industry' meetings were seen as successful but in our view require the presence of the CASA CEO. Meaningful and regular forums to allow dialogue between CASA and the major passenger carrying operators (ie. the six largest airlines which account for 93% of all passengers) should be regularly scheduled.

It would be appropriate to devolve more administrative activities to industry, such as re-validation of licences, thereby freeing up CASA personnel to more effectively undertake policy setting and auditing functions.

We strongly recommend simplification of current delegation processes, as under present requirements it sometimes takes months for delegations to be 'signed off' where the delegate is the CASA CEO. Delegations, according to their nature, should be held at the lowest appropriate management level within CASA.

CASA must have the requisite safety regulatory professionals, appropriate to the diverse nature of the aviation industry, and be accountable for establishing and maintaining its own quality management system.

CASA must support the goal of 'shared responsibilities' within Australia but also with other National Aviation Authorities (NAAs), such as the US FAA and EASA, as well as via Bilaterals, Mutual Agreements and cross audits for other NAA's. For this to work successfully, CASA legislation must 'look and feel' like the equivalent legislation of other NAAs. CASR Part 21 and the CAO 100.66 are good examples of where harmonisation has occurred and the move is towards best practice in our industry.

Another area of potential regulatory improvement is the development of common aviation safety rules for civilian type aircraft certificated with the state such as DGTA-ADF, DQA and civilian aircraft operated by the military. A common approach would provide significant safety and cost benefits across all aviation sectors. At present where dual standards apply, there are added costs and inconsistencies.

A 21<sup>st</sup> century aviation regulator must be able to properly develop, implement and support internationally accepted practices in a timely manner.

The establishment and maintenance of a world's best practice, safety outcomes-based, regulatory regime which provides for the safety of passenger carrying air services should remain the regulator's highest priority.

Government must ensure that regulators are adequately experienced, trained, resourced and motivated to perform their allocated tasks which relate to the particular industry segments for which they have oversight responsibilities. If suitably experienced experts cannot be recruited to CASA, then industry specialists should either be seconded to CASA or given an appropriate CASA delegation.

As indicated by the RRP, CASA has had difficulty with the timely implementation of already accepted international practice. As discussed earlier, closer relations between field office staff and strategic management will enhance the application of existing regulations. Possible greater 'exchange' of staff between the regulators and industry may provide enhanced relations and relevance by allowing each to better understand the other and thereby promote the mutual respect of professionals who have identical goals – that of providing the highest levels of air safety.

In establishing and maintaining a world best practice, safety outcomes-based, regulatory regime the aim should be to tell industry what they have to do but not how to actually do it. We believe it is important to leave the 'how' to industry, so as to allow for business flexibility and adaptability, but where appropriate provide guidance material to assist operators. For example, relevant ACs and Acceptable Means of Compliance (AMC) should be available to those operators who do not necessarily wish, or have the resources, to develop their own specific practices.

Standards should not be written in prescriptive legislative terms, but should be made so as to be amendable by the authority under strict guidelines to reflect the NAA standard. For example, CASR Part 25 still does not refer to the EASA CS but refers to JAA. Adoption of the EASA CS approach is more effective and logical.

In summary, Qantas believes CASA should:

- continue to focus resources on the safety of fare paying passengers;
- upgrade consultative processes and increase senior management's visibility to industry;
- streamline and harmonise regulations for ease of use by industry, and consistency of application and oversight by CASA;
- complete the RRP as soon as possible; and
- continue to develop and continuously improve a safety outcomes based regulatory regime.