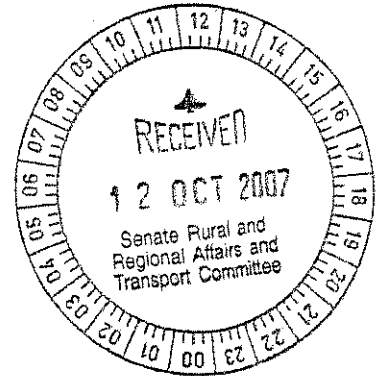


Air Bush Charter

On Wings to Serve

8th October 2007
Ms Jeanette Radcliffe
Committee Secretary
Senate Rural and Regional Affairs and Transport Committee
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600
Australia



Dear Ms Radcliffe

After receiving the attached email from Mr. Harry Evans I would like to make a formal complaint about the information provided to the Senate by Mr. Bruce Byron. As can be seen I have tried to take the matter up with Mr. Byron personally however in contradiction to CASA's Service Charter Mr. Byron would not return my calls and instead Mr. Anderson undertook to resolve the matter on his behalf. Mr. Anderson said that he would refer the matter to CASA's industry complaints commissioner.

The industry complaints commissioner has now informed me (attachment) that he is unable to investigate Mr. Byron. He instead has advised me to contact the Federal Ombudsman. I have recently taken CASA to the Federal Ombudsman on another matter involving dishonesty to the Senate. The Ombudsman had an unbelievable continual change of staff with a total lack of follow through with CASA staff who were prepared to confirm my side of the story and by the time (3 years) that the Ombudsman attempted to contact them they had left the employ of CASA.

My complaint is outlined in the letter to Mr. Hart the comments Mr. Byron made outside the Senate I believe show a pattern of behavior.

Yours truly
Robert Leonard

PO Box 1626, DUBBO NSW 2830
PH: (02) 6885 6055
Fax: (02) 6885 6088
Mobile: 0438 683 182
airbush@bigpond.net.au
ABN: 56 973 484 062

Air Bush Charter

From: "airbush" <airbush@bigpond.net.au>
To: "Air Bush Charter" <airbush@bigpond.net.au>
Sent: Tuesday, 9 October 2007 2:42 PM
Attach: RRAT Transcript 26May04.pdf
Subject: Fw: Senate estimates hearing - CASA evidence

----- Original Message -----

From: Evans, Harry (SEN)
To: airbush@bigpond.net.au
Sent: Sunday, September 16, 2007 4:27 PM
Subject: Senate estimates hearing - CASA evidence

hl.let.15622

17 September 2007

Mr Robert Leonard

airbush@bigpond.net.au

Dear Mr Leonard

Senate estimates hearing – CASA evidence

Following your contact of 6 September and our telephone conversation, I have had a search made of the evidence given before the Senate Rural and Regional Affairs and Transport Committee for evidence given by Mr Bruce Byron about CASA fees and charges.

At the estimates hearing on 26 May 2004, Mr Byron repeated a claim that CASA had not increased its regulatory fees and charges since 1995. Attached is the transcript where he makes that claim.

There is no record of Mr Byron subsequently seeking to correct that evidence.

Is this the evidence to which you refer, and is this the claim you believe to be false?

If so, the appropriate course is for you to write to the committee and support your contention that this evidence was false by providing relevant information you have, including any documentary information. The committee would then investigate the matter, in the first instance by asking Mr Byron to clarify his claim in the light of any information you provide.

Please let me know if I can be of any further assistance.

Yours sincerely

Harry Evans
Clerk of the Senate

tel: (02) 6277 3350

fax: (02) 6277 3199

Harry.Evans@aph.gov.au

<RRAT Transcript 26May04.pdf>

08/10/2007



Australian Government
Civil Aviation Safety Authority

OFFICE OF THE INDUSTRY COMPLAINTS COMMISSIONER

ICC Ref: 07/3631

3 September 2007

Mr Robert Leonard
Air Bush Charter
PO Box 1626
Dubbo NSW 2830

Dear Mr Leonard

Thank you for the material you have provided in support of your complaint to my office concerning the Chief Executive Officer Mr Bruce Byron and advice the CEO gave to the Senate in 2004 concerning cost recovery, fees and CASA.

After careful consideration I wish to advise that the matters that are not within my jurisdiction as the Commissioner for Industry Complaints to investigate. The Industry Complaints Commissioner (ICC) is not a statutory office with powers that would enable such an investigation. The ICC is an office within CASA and as such I am required to report to and respond to directions of the CEO. I am therefore unable to investigate conduct or actions of CASA involving the CEO where the CEO is the individual directly involved.

You may if you wish take the matters to the Commonwealth Ombudsman who does have the necessary powers to conduct an investigation or inquiry such as you seek.

I intend to take no further action with respect to the complaint you have made to me and regard the issues as closed as far as involvement by the ICC is concerned.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Michael Hart'.

Michael Hart
Commissioner



Australian Government
Civil Aviation Safety Authority

OFFICE OF THE CHIEF EXECUTIVE OFFICER

Trm Ref: EX07/3393
File Ref:

27 February 2007

Mr Robert Leonard
Air Bush Charter
DUBBO

Dear Robert

Thanks for the material you faxed to me. I was not in the office yesterday and will be in Melbourne for a couple of days this week, so it may not be possible to respond to what you have sent me for a few days.

However, I will get back to you with my comments on the issues you have raised, and, if appropriate, my suggestions on how your concerns might best be addressed.

Yours sincerely

A handwritten signature in cursive script that reads "David Andersen".

David Andersen
Adviser
Office of the CEO

Air Bush Charter

On Wings to Serve

Michael Hart
Industry Complaints Commissioner
CASA
GPO Box 2005
Canberra ACT 2601

Dear Mr. Hart

Following our conversation last week I have enclosed some correspondence and points in relation to the issues that we discussed.

A written complaint has been with Mr. David Anderson since 24/2 /07 as CASA has continued to state that Fees and Charges will increase for the first time since 1995. Mr. Byron would not return my calls and it was Mr. Anderson who rang on behalf of Mr. Byron. This is in contrast with your own web page and CASA's service charter, which says

"If your complaint concerns a CASA action then before coming to the Industry Complaints Commissioner you should try to resolve your problem with the CASA person who took the action or their immediate superior."

Enclosed is

1 The Australian 13/5/04

2 Senate 26 May 04

3 Copies of CASA invoices to reissue AOC 1997-2000. This is especially poignant as in the year 2000 CASA only issued my AOC for 6 months as they stated that they had not undertaken any 'surveillance ever' on my operation and yet they had dramatically increased charges for the previous years with no changes to my operations manual, the same operations conducted and the same aircraft.

Please note that that from 1998 the invoices state " for the subsequent issue of an AOC that would authorise the same things as your current AOC..."

4 Email from Murray Radcliffe's email 9 June 2004 where he states that Mr. Byron "recognised that he may have been caught"

Bottom half is email from Brian Chandler stating that the RAAA had not been consulted

5 Letter from ACCC

PO Box 1626, DUBBO NSW 2830
PH: (02) 6885 6055
Fax: (02) 6885 6088
Mobile: 0438 683 182
airbush@bigpond.net.au
ABN: 56 973 484 062

- 6 Cost recovery impact statement Signed by Bruce Byron.

The Aviation Safety Forum expressed concerns and CASA acknowledges those concerns page 5. I spoke personally to two Members of the ASF and they stated that Mr. Byron was left in no doubt how they felt about the burden of the fee increase on the industry. The Federal government established the ASF as a strategic advisory body to the CASA

- 7 Article in July AOPA 2004

Mr. Byron says that he has checked up and that ' In the middle of all that, the requirement for operators to lodge a compliance statement increased the amount of regulatory service activity. This meant that everyone else had an increase as well.' There may be occasions where people, because of complexity with changes to their AOC are incurring a greater cost. If you look at point 3 you will see that the invoice states " for the subsequent issue of an AOC that would authorise the same things as your current AOC"

Mr. Byron also stated to AOPA that " To a person they scoffed at the concept of any big impost of CASA requirements" Please compare this to what the ASF said to Byron in Point 6.

- 8 Email from Peter Rundle ex CASA FOI ph07 47250007

Mr. Rundle also stated that the Townsville office did not charge operators for a compliance statement whereas Mr. Byron stated that " In the middle of all that, the requirement for operators to lodge a compliance statement increased the amount of regulatory services activity. This meant that everyone else had an increase in charges as well".

Your assistance in this matter would be appreciated

Yours Sincerely
Robert Leonard



13 May 2004

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THE AUSTRALIAN

AVIATION

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Flyers face air traffic fees hike

By Steve Creedy

May 13, 2004

AVIATION operators and airlines face increases in air-traffic control and regulatory fees for the first time in up to nine years under the budget.

The Civil Aviation Safety Authority will raise fees and charges for the first time since 1995 as it moves towards greater cost recovery.

Further, Airservices Australia will boost tower fees for the first time since they were capped in 1998.

The Government argues that CASA has not increased charges since it was founded and has fallen behind in real terms.

The authority has also been ordered to review full cost-recovery.

From July 1, charges for services such as operating certificate reviews will be increased to recover an additional \$1.9 million.

CASA spokesman Peter Gibson said the increases would apply to all fees, but no additional regulatory services would attract charges.

He said some fees could double.

"Whatever the increases are on July 1, they will still be a long way below full cost recovery."

CASA will meet next week with industry to discuss the changes.

The Government is providing CASA with an extra \$29.2 million over four years, including \$9.7 million in 2004-05, to make sure it had the funding "to protect the lives of millions of Australians who travel each year", said Transport Minister John Anderson.

However, CASA sources said the extra funding included \$26 million designed to offset the loss in revenue from fuel duties, because of a drop in consumption in Australia.

The Government has provided \$7 million in the current budget to subsidise towers at 14 regional and general aviation airports where tower charges have been capped.

They are Albury, Coffs Harbour, Launceston, Mackay, Maroochydore, Rockhampton, Tamworth, Archerfield, Bankstown, Camden, Jandakot, Moorabin, Parafield and Essendon.

IN THIS SECTION:

- ▶ Flyers face air traffic fees hike
- ▶ Fuel price pressure on airfares
- ▶ More air ticket fuel rises
- ▶ Cut pilot wages or we'll crash: Delta Air
- ▶ Extra will keep CASA in the air
- ▶ Fuel slug for Qantas passengers
- ▶ Fuel threat to cheap flights
- ▶ Virgin in Kiwi holding pattern
- ▶ Fuel threat to cheap flights
- ▶ Rail chief in charge of Alitalia
- ▶ Inspect a Rex and wag the tail
- ▶ Air NZ cites the long haul for Qantas link
- ▶ Scramble for Skywest a dogfight
- ▶ Emirates will use Auckland as global hub, says Air NZ
- ▶ In-flight meal on the hop
- ▶ Airport set for take-off
- ▶ Qantas battles for trans-Tasman glory
- ▶ Budget airline hits trouble on safety
- ▶ Alitalia strike strands passengers
- ▶ \$324m airport buy in US

CATCH UP

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Mr Gemmell—The majority of that funding is the pass-through to CASA via appropriation of receipts from fuel excise. In this calendar year, there was an increase in fuel excise to provide additional funding to CASA of about 0.3c a litre. That excise was set in last year's budget only for this year. That has been continued on through to forward estimates. It is around \$6 million a year that is collected in that way and passed on to CASA.

Senator O'Brien—On the day of the budget, Minister Anderson issued a press release. On page 2 it makes the claim:

The government will also allow CASA to increase its regulatory fees and charges for the first time since it was established in 1995.

Is that true?

Mr Byron—Yes, that is correct.

Senator O'Brien—Fees and charges have not increased since 1995?

Mr Byron—That is correct.

Senator O'Brien—They must have been high in 1995! What is the situation regarding the average cost of the re-issue of an AOC?

Mr Byron—The cost of an AOC comes down to the size of the operation. For example, a general aviation company with a small fleet and small activity would be considerably different to the AOC of an airline, so an average figure might not really paint an accurate picture. We can get you a precise figure, if you wish.

Senator O'Brien—I have a series of letters from an AOC holder in the Bankstown district. While she kept the hourly rate the same, the number of hours involved in the re-issue kept growing, so the fee went from \$75 in 1997, to \$150 in 1998, to \$300 in 1999 and to \$600 in 2000. You did not increase the rate, but you managed to screw the fee up by 800 per cent.

Mr Byron—I would be happy to look at any case like that; I am obviously not aware of that particular case. It has been my observation in the last five months that the activity of AOC renewal and renewal of certificates of approval for maintenance organisations has been handled over the last little while in the general aviation sector—which presumably that operation would be related to—by our regulatory services division. The time taken on each case to renew or issue each AOC or C of A, on average, has come down significantly over the last two years—quite significantly. If there is a problem with a particular case, I would certainly be happy to look at it. It may be that that particular case may have been rather complex.

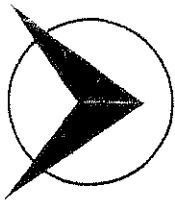
Senator O'Brien—It got more complex every year, apparently.

Mr Byron—The average figures are down; there is no question of that. I would be happy to look at that particular case.

Senator O'Brien—I am not sure whether I want to put them in. They might get an even bigger bill next time.

Mr Byron—There will be no charge.

Senator O'Brien—They might think that means they are not going to get an AOC. We heard from Airservices Australia that fundamental changes to our aviation airspace



CIVIL AVIATION
SAFETY AUTHORITY
AUSTRALIA

TO: All AOC Holders, Bankstown District

Dear Operator,

Your Air Operators Certificate (AOC) covering the operations of your company ceases to be valid after 31st MAY 1997. Should you wish to continue commercial operations you are required to apply for the issue of a new AOC.

The application is to be made by letter requesting the issue of an AOC, in accordance with provisions of section 27AA of the Civil Aviation Act. **The letter is to be accompanied by the attached pro-forma containing the required information and returned to this office by 30th APRIL 1997.**

The reissue of the AOC will attract a fee, as shown at item 5.1 of the Civil Aviation (Fees) Regulations. We estimate the cost will be \$75.00 which should be included with your request for reissue. Cheques should be made out to CIVIL AVIATION SAFETY AUTHORITY. Should the actual cost differ from this estimate we will issue either an invoice for the outstanding amount or a credit note.

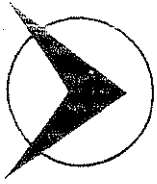
Charter and RPT operators who have obligations under the Civil Aviation Carriers Liability Insurance Act, 1959, will need to submit an application to CASA for a new certificate of compliance where there is any relevant variation to aircraft type/class or class of operations from your existing AOC.

Should you have any questions on the above, please contact this office on telephone no (02) 9795-6066.

Yours Sincerely,

Simon Fuda
Flying Operations Assistant
Bankstown District Office

97



CIVIL AVIATION
SAFETY AUTHORITY
AUSTRALIA

96/84

Robert Leonard
PO Box 1629
KUNUNURRA WA 6743

Dear Sir

AOC APPLICATION - SUBSEQUENT ISSUE

The Air Operator's Certificate (AOC) number 541205-1 issued by this office to Robert John Leonard expires on 31 May 1998. A new AOC will be required to continue commercial operations after this date.

Under section 27AA of the *Civil Aviation Act 1988*, an application for an AOC must be in a form approved by CASA. For an existing operator who is applying for a new AOC that

- a) would authorise the same things as the current AOC, and
- b) would come into force when the term of the current AOC expires;

the application is to be in the form of a letter containing the information listed in Schedules 1 and 2 to the enclosed CASA instrument.

It is recommended that you complete your application using one of the following procedures:

- if you have a word processor list each subparagraph from Schedules 1 and 2, followed by the information required;
- otherwise, complete the enclosed Schedule 1 and Schedule 2 proforma.

Full details are to be provided for the items set out in Schedule 1. For the items set out in Schedule 2 however, a reference to material already provided to this office and a short statement to the effect that no significant change has occurred to this data will suffice. Where change has occurred, full details are to be forwarded.

When supplying information about the aircraft you intend to operate you should provide information as detailed below:

- If the aircraft is to be employed in RPT operations please indicate the name of the manufacturer, the type, the model and the serial number of each aircraft.
- If the aircraft is to be employed in charter operations please indicate the name of the manufacturer, the type and the model(s) of each aircraft.

- If aeroplanes or helicopters with a maximum take-off weight greater than 5700 kg are to be employed in aerial work operations, please indicate the manufacturer, the type and the model(s) of each aircraft.
- For other aeroplanes and helicopters please indicate the class or type as shown in Part 40 of Civil Aviation Orders.
- For gliders and/or powered sailplanes please indicate the manufacturer and the type.
- For hot air balloons please indicate the class as shown in CAR 5.148.
- For gas balloons and airships please consult your District Office.

You should retain a copy of your application as the basis for future applications.

The issue of an AOC attracts a fee as shown at Item 5.1 of the Schedule to the Civil Aviation (Fees) Regulations. The current hourly rate for this service is \$75.00. For the subsequent issue of an AOC that would authorise the same things as your current AOC we estimate the time taken will be two hours, and therefore cost will be \$150.00. This fee must be included with your application. Should the actual cost differ from this estimate, we will issue either an invoice for the outstanding amount or a refund or credit note as appropriate.

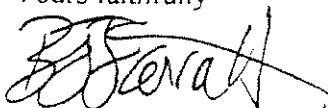
X
X
X

I would be grateful if you would arrange for the appropriate application to be sent to this office by 11 May 1998. This will allow sufficient time for the application to be processed and a new AOC issued before your current AOC expires.

Most charter and RPT operators have obligations under the *Civil Aviation Carriers Liability Act 1959*. Guidelines on this are given in the enclosed brochure.

Please contact me if you have any queries or wish to discuss your application.

Yours faithfully



Brenda Jarratt
Administration

27 March 1998

Enclosures:

- Instrument Number: CASA 82/97 Approval of Form of Application for AOC (Annex 1.2.1)
- Schedule 1 Proforma (Attachment B to Annex 1.2.1)
- Schedule 2 Proforma (Attachment C to Annex 1.2.1)
- Carriers' Liability Brochure

- For hot air balloons please indicate the class as shown in CAR 5.148.
- For gas balloons and airships please consult your District Office.

You should retain a copy of your application as the basis for future applications.

You will note from paragraph (3) of Instrument Number CASA 413/98, that any application for an AOC lodged after 1 December 1999 will require a 'compliance statement' whether or not the operator seeks to do something different.

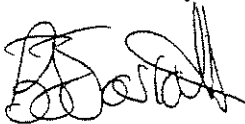
The issue of an AOC attracts a fee as shown at Item 5.1 of the Schedule to the Civil Aviation (Fees) Regulations. The current hourly rate for this service is \$75.00. For the subsequent issue of an AOC that would authorise the same things as your current AOC we estimate the time taken will be four hours, and therefore cost will be \$300.00. This fee must be included with your application. Should the actual cost differ from this estimate, we will issue either an invoice for the outstanding amount or a refund or credit note as appropriate.

I would be grateful if you would arrange for the appropriate application to be sent to this office by 7 May 1999. This will allow sufficient time for the application to be processed and a new AOC issued before your current AOC expires.

Most charter and RPT operators have obligations under the *Civil Aviation Carriers Liability Act 1959*. Guidelines on this are given in the enclosed brochure.

Please contact me if you have any queries or wish to discuss your application.

Yours faithfully



Brenda Jarratt
Administration

22 April 1999

Enclosures:

Instrument Number: CASA 413/98 Approval of Form of Application for AOC (Annex 1.2.1)

Schedule 1 Proforma (Attachment B to Annex 1.2.1)

Schedule 2 Proforma (Attachment C to Annex 1.2.1)

Carriers' Liability Brochure

- If the aircraft is to be employed in charter operations please indicate the name of the manufacturer, the type and the model(s) of each aircraft.
- If aeroplanes or helicopters with a maximum take-off weight greater than 5700 kg are to be employed in aerial work operations, please indicate the manufacturer, the type and the model(s) of each aircraft.
- For other aeroplanes, including single-engine aeroplanes, at least by type as shown in Part 40 of Civil Aviation Orders.
- For other helicopters please indicate the class or type as shown in Part 40 of Civil Aviation Orders.
- For gliders and/or powered sailplanes please indicate the manufacturer and the type.
- For hot air balloons please indicate the class as shown in CAR 5.148.
- For gas balloons and airships please consult your District Office.

You should retain a copy of your application as the basis for future applications.

The issue of an AOC attracts a fee as shown at Item 5.1 of the Schedule of the Civil Aviation (Fees) Regulations. The current hourly rate for this service is \$75.00.

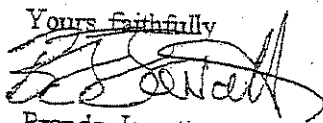
For the subsequent issue of an AOC that would authorise the same things as your current AOC CASA is required to conduct an initial assessment of your compliance statement and we estimate the total taken to issue your AOC will be 8 hours, and therefore cost will be \$600.00. This fee must be included with your application. Should the actual cost differ from this estimate, we will issue either an invoice for the outstanding amount or a refund or credit note as appropriate.

I would be grateful if you would arrange for the appropriate application to be sent to this office as soon as possible. This will allow sufficient time for the application to be processed and a new AOC issued before your current AOC expires.

Most charter and RPT operators have obligations under the *Civil Aviation Carriers Liability Act 1959*. Guidelines on this are given in the enclosed brochure.

Please contact me if you have any queries or wish to discuss your application.

Yours faithfully



Brenda Jarratt
Administration
Central Area - Darwin Office

13 March 2000

Enclosures

Instrument 48/00

Form 065 Schedule 1 Proforma

Form 066 Schedule 2 Proforma

Carriers Liability Brochure

Air Bush Charter

From: "Radcliffe, Murray (M. Ferguson, MP)" <Murray.Radcliffe@aph.gov.au>
To: "Air Bush Charter" <airbush@bigpond.com>
Sent: Wednesday, 9 June 2004 5:04 PM
Subject: RE: 1

Robert,

As discussed, we had a thorough briefing from Bruce Byron about CASA.

It appears to me that Mr Byron is changing the organisation and I think in some respects for the better.

His focus appears to be to guarantee himself of the safety outcome of every decision taken. When we first raised the upward spiral of charges he indicated that the amount of work to approve each AOC has increased as the requirements for more safe operations have rolled in over the past few years. When we pointed out that operational costs have come down, the number of AOCs have come down but revenue from charges has gone up he recognised that he may have been caught and has undertaken to review the numbers over the last three years (they claim not to have data going back more than three years) and then make industry very aware of what has happened and why.

He also indicated that the cost of regulatory functions is about \$21m and the cost recovered is about \$3.5m rising to \$5m. This is not anywhere near cost recovery.

He is firmly of the view that the Regulatory Services Centre in Brisbane is a very good thing. He believes it increases efficiency and consistency and will become more and more efficient and it frees up field officers to do their auditing business better.

Mr Byron appears to be very much into specialisation and I think you will see significant changes in this regard.

He is also setting up structures for more effective complaints mechanisms. For Whistleblowers, he has contracted a specialist company in Melbourne called Stoptime to receive the complaints, deidentify them and then get them acted upon. For people outside the organisation, he is finalising a new complaints handling mechanism that will closely involve him and his independent audit committee. He has undertaken to consult widely about what he is proposing and why it will put a stop to and perceived retributions for raising issues.

think that he is making some reforms that will make his organisation more transparent.

Murray Radcliffe

-----Original Message-----

From: Air Bush Charter [mailto:airbush@bigpond.com]
Sent: Monday, 7 June 2004 9:23 PM
To: Radcliffe, Murray (M. Ferguson, MP)
Subject: Fw: 1

----- Original Message -----

From: [Brian Candier](#)
To: 'Air Bush Charter'
Sent: Monday, June 07, 2004 3:58 PM
Subject: RE: 1

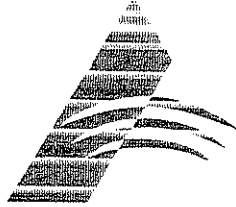
Robert

Thank you for the material attached to your email.

I confirm my telephone advice that to the best of my knowledge RAAA has not been consulted on the proposed increase in CASA fees.

I have taken the liberty of enclosing our flyer on the RAAA and application form for membership, should you be interested.

23/02/2007



Australian Competition & Consumer Commission

GPO Box 3649
Sydney NSW 1044

Level 7
Angel Place
123 Pitt Street
Sydney NSW 2000

Ph (02) 9230 9133
Fax (02) 9223 1092
(02) 7431 0652

www.accc.gov.au

Our Ref: MARS 388361
Contact Officer: Elizabeth Korpi
Contact Phone: 02 9230 9180

1 June 2004

Mr Robert Leonard
PO Box 1626
Dubbo NSW 2830

Dear Mr Leonard

I refer to your facsimile of 14 May 2004 to the Australian Competition and Consumer Commission (ACCC) concerning alleged misleading conduct in relation to fee increases by the Civil Aviation Safety Authority ('CASA').

The ACCC's role and priorities

The ACCC is a federal statutory body which administers and enforces the *Trade Practices Act 1974* ("the Act"). The Act contains a range of provisions designed to promote competition, protect consumers and prevent corporations from engaging in restrictive trade practices. I have enclosed a booklet for you information outlining the ACCC's roles and functions.

In general there are no price controls on the goods and services, traders are able to set prices at any level. However, the fees set by CASA come under the Civil Aviation Fees Regulations which are made under the authority of the Civil Aviation Act, a piece of Federal legislation.

The allegation that 'CASA's fees have not risen since it was founded' in the Australian article of May 13 2004 provided to the ACCC, was made by the Federal Government. It is unlikely that the Federal Government will come under the definition of a 'corporation' or is in the course of 'trade or commerce' under the Act. In addition, section 2 of the Act states that the imposing or collection of taxes, levies, or fees for licences does not amount to carrying on business under the Act. It is arguable that CASA in imposing fees is not for the purposes of the Act 'carrying on business'. Therefore any fees or charges imposed by CASA are unlikely to fall under the Act. By corollary, any statements in relation to the level of fees imposed by CASA will not fall under the misleading and deceptive provisions of the Act.

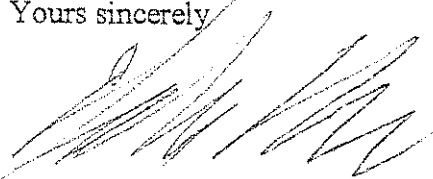
Therefore given the various reasons outlined above, the issue you have raised does not fall within the jurisdiction of the Act and is therefore not a matter which the ACCC can pursue.



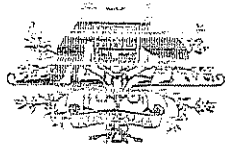
Whilst the ACCC is unable to pursue this matter, details of your concerns have been registered on the ACCC's information database and a copy of your complaint filed for future reference.

I hope the information provided is of assistance to you.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Elizabeth Korpi', written in a cursive style.

Elizabeth Korpi
Senior Investigator
Compliance/Enforcement (NSW)



Australian Government

Civil Aviation Safety Authority

COST RECOVERY IMPACT STATEMENT

Fees Review 2004-2005

Interim Cost Recovery Arrangements

for

The Civil Aviation Safety Authority (CASA)

June 2004

Scope of the CRIS

Consistent with Government policy, the Civil Aviation Safety Authority (CASA) will take an incremental approach to achieving full cost recovery. Firstly, as an interim measure from 1 July 2004 CASA proposes to increase existing fees and charges to the aviation industry, which will be the first step towards a development and implementation of a sustainable long term funding model for CASA. The Government's policy is to partially or fully cost recover for provision of consumer based services or activities.

This CRIS outlines the interim measures designed to achieve partial cost recovery through increasing the fees on the existing limited range of regulatory services.

Overview of CASA

CASA is a statutory authority within the Transport and Regional Services portfolio and was established in 1995, under the *Civil Aviation Act 1988*, to regulate aviation safety in Australian and the safety of Australian aircraft overseas.

CASA's role is to maintain, enhance and promote civil aviation safety through:

- Setting aviation standards
- Certifying aircraft, maintenance organisations and operators
- Licensing pilots and engineers
- Registering examiners
- Carrying out safety surveillance
- Enforcing safety standards
- Promoting industry awareness and understanding of aviation safety standards and safety issues
- Encouraging greater industry acceptance of its obligations to maintain high standards of aviation safety
- Consulting and communicating with all interested parties on aviation safety issues
- Managing and administering the requirement that operators' hold carriers' liability insurance
- Cooperating, upon invitation, with the Australian Transport Safety Bureau in investigating aircraft accidents and incidents
- Promoting the development of Australia's civil aviation safety capabilities, skills and services community and for export.

Background

Funding for CASA and its predecessors has been an issue with the aviation industry since the release of the report by the Independent Inquiry into Aviation Cost Recovery (1984), chaired by Henry Bosch. In 1993 the then Civil Aviation Authority (CAA), in conjunction with Andersen Consulting, undertook a detailed review of the costs of aviation safety regulation and the options available for cost recovery in the context of a long term funding strategy. This review identified the general public, the travelling public and the aviation industry as being beneficiaries of aviation safety regulation and proposed a funding strategy, which shared the recovery of CASA's costs amongst these groups.

In practice the allocation of costs between these groups have been somewhat arbitrary and the principles of the model subject to ongoing debate since CASA was established.

The aviation industry has contributed to CASA's funding through a combination of charges for regulatory services and a duty on aviation fuel. Its contribution through regulatory service fees has neither covered the full range of regulatory services CASA provides the aviation industry, or reached the full charge out levels originally anticipated. This, coupled with the fact that regulatory fees have not been increased since 1995, means that CASA is significantly short of the full cost recovery model that is now part of Government policy.

Increased revenues from aviation fuel duty have partially compensated for the shortfall. Reliance on the aviation fuel excise has exacerbated inequities across the aviation industry. For example, participants in some industry sectors have enjoyed virtual immunity from regulatory fees and have been cross-subsidised by high volume users of aviation fuel, often from different sectors of the industry.

In December 2002 the Government adopted a formal cost recovery policy to improve the consistency, transparency and accountability of Commonwealth cost recovery arrangements and promote the efficient allocation of resources. This policy applies to CASA as a CAC entity. The Government has issued Commonwealth Cost Recovery Guidelines for Information and Regulatory Agencies, which have been developed to assist the design and implementation of the policy. CASA is required to review its cost recovery arrangements against these guidelines. The Government has set a five-year review schedule. CASA is required to undertake its review in 2004-05.

During 2003-4 CASA, the Departments of Transport and Regional Services and Finance and Administration reviewed CASA's long term funding arrangements. As part of this examination, it was noted that CASA's current fee levels were well below the cost of providing services. As well as this, since its introduction in 2001 CASA has absorbed the Goods and Services Tax (GST), which applies to some of its current services fees.

The Minister for Transport and Regional Services issued a new charter letter to CASA in December 2003, which further sets the strategic direction for CASA regarding its fiscal management. The letter states "CASA funding and financial management remain an issue. It is essential that CASA has a rigorous strategy in place that will ensure greater certainty in CASA's underlying financial position. Funding must be more closely linked with activity levels. Any long term funding strategy must be supported by efficient and effective fiscal management and an increase in cost consciousness by all in the Authority."

The Government announced in the 2004-05 Portfolio Budget Statements measures to increase revenue from CASA's regulatory services to \$5.0m, up from the average of \$3.0m per annum over the period 1995-96 to 2003-04. The Government has agreed that CASA should increase its regulatory fees and charges. As CASA's fees and charges have not increased to take inflation into account, they have fallen steadily behind in real terms. The fee increases are to take effect from 1 July 2004.

In response to its obligations, CASA will undertake two steps. Firstly, an interim measure to adjust its existing fees and charges to achieve partial cost recovery and secondly to undertake a detailed activity based costing review to accurately cost the much broader services that CASA provides to the aviation industry with the aim of phasing in full cost recovery arrangements from 1 July 2005. The combined results will provide CASA with a strong base from which to manage its long term funding.

Interim Cost Recovery Arrangements

Since its establishment, CASA's revenue sources have been broadly based on a beneficiary model identified during the cost recovery review undertaken in 1993. This tripartite funding structure consists of direct appropriation from Government, a specially legislated levy on aviation fuel and regulatory fees charged to the aviation industry for a limited range of CASA's regulatory services.

CASA has estimated it provides between 130 and 150 different services to the aviation industry; the range of services for which it charges is currently limited to around 40 services mandated in the Civil Aviation (Fees) Regulations 1995.

The current level of fees does not equal full cost recovery. Internal analysis verified that increasing the fees to the levels proposed by this CRIS will recover only the direct labour costs and a small proportion of the overhead costs of providing the regulatory services. Guiding Principles established by Government for cost recovery arrangements advocates that charges should recover all costs of providing the services including apportioning administrative costs. These Guiding Principles allow for partial cost recovery where new arrangements are being phased in and this is the approach that CASA has taken in designing these interim arrangements.

CASA is proposing an hourly rate of \$130 for assessments of applications for certificates of airworthiness, airworthiness authorities, type certificates, production certificate, manufacture and maintenance approvals, aerodrome licences and air operator's certificates as well as a number of other smaller services. This rate represents direct labour costs for a typical mix of CASA staff that undertake regulatory services together with an overhead. This mix includes flying operations and airworthiness inspectors and administrative staff that assess and process approvals, permissions, applications and exams and that invoice and collect revenue on CASA's behalf. This rate is still below the total cost of providing these services and within industry norms. Hourly rate services are subject to a cost estimate by CASA. Once the estimate is made, this amount must be paid prior to the services commencing. On completion, the fee is adjusted if necessary, based on the actual time taken to complete the services.

CASA's fixed fees apply in the main to individual exams and applications for licences for both aircraft maintenance engineers and pilots. These fees are also proposed at levels that recover the direct labour costs of providing these services. The typical time taken to undertake these services have been identified and the direct labour costs together with a small administrative fee has been added to set the fixed fee rates. These rates are also still below the full cost of providing these services. A fixed fee is paid up-front when the service is requested.

Transition Arrangements

Transition provisions have been proposed for those hourly rate services for which CASA has quoted an estimated fee based on the current rates and which has been paid up-front prior to 1 July 2004. The new fees will not affect these services even if the service is provided after 1 July 2004. That is, services paid at the hourly rate of \$75 prior to 1 July will continue to attract the \$75 fee until the service is complete even if this is after 1 July.

Certain fees will attract Goods and Services Tax, at the current rate of 10% of the fee payable. Essentially all fees for service attract GST unless specifically exempt. CASA has received advice that most of its fees are exempt and the only fees that attract GST are exam fees under items 7 and 9, and consultancy services under item 12 of the schedule to the Fees Regulations. The fees set out for these items are GST inclusive.

Legislative basis for regulatory fees

Subsection 98 (1) of the *Civil Aviation Act 1988 (the Act)* empowers the Governor-General to make regulations prescribing matters necessary or convenient to be prescribed for carrying out or giving effect to the Act. Paragraph 98 (3) (u) of the Act provides that this power includes the power to make regulations prescribing fees in relation to services, applications or requests under the Act, the regulations or the Civil Aviation Orders.

The proposed changes to CASA's current fees will therefore be introduced through Parliament as amendments to the Civil Aviation (Fees) Regulations (the fees Regulations). The Fees Regulations are to be amended primarily to increase the hourly rate and to increase the fixed fees for various regulatory services set out in the schedule. In addition, a few minor amendments will be made for example, to change the fee for pilots exams from a per exam charge to a per subject charge, to recognise different assessment approaches for aircraft maintenance engineer endorsements and to change terminology to be consistent with that now used in the *Civil Aviation Regulations 1988* and the *Civil Aviation Safety Regulations 1998*.

Consultation

The ability to consult is limited because of the short time frame produced by the confidentiality of the budget process.

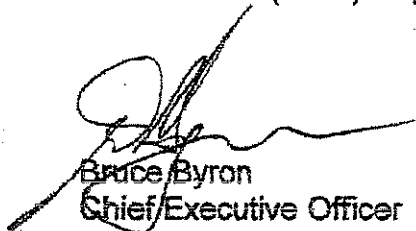
CASA briefed its strategic advisory body, the Aviation Safety Forum (ASF) and its regulatory development consultative body, the Standards Consultative Committee in mid May 2004. The ASF in particular expressed concerns that these arrangements were being introduced without full industry consultation; that CASA review its service delivery; that a significant increase in fees will be a burden on the aviation industry in its current state; and that CASA will be held responsible for the increased charges and industry impact. CASA acknowledges these concerns. However the imperatives produced by the budget process has constrained CASA's ability to address these concerns in the interim arrangements and CASA believes its costs are only a small part of the overall costs to the aviation industry and that the charges it has proposed are still below the full cost of providing its services.

In the second stage of this process, CASA intends to fully consult with the aviation industry on its full cost recovery review being undertaken in 2004-05. This review will include a review of activity levels both within the aviation industry and CASA. It will examine CASA's costs and organisational efficiency and effectiveness and ensure CASA can justify its charges both from a cost recovery perspective as well as from efficiency and service delivery perspectives.

This CRIS, together with the proposed fee rates, will be placed on CASA website at <http://rp.casa.gov.au/fees>.

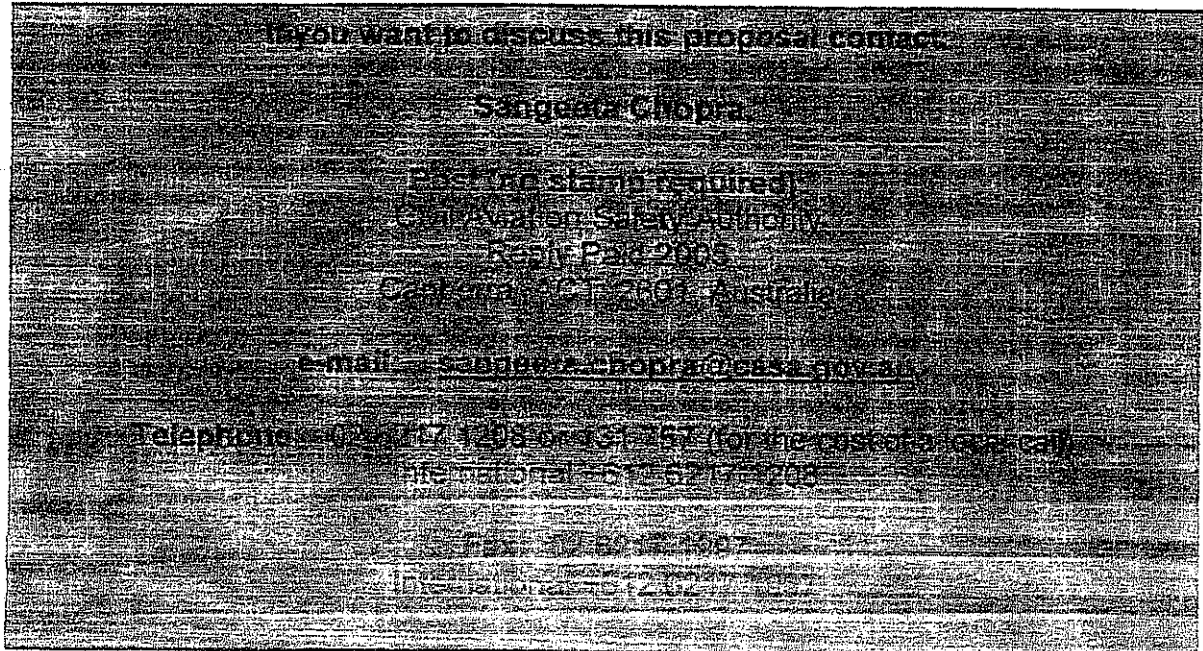
Reference Material

Commonwealth Cost Recovery Guidelines for Information and Regulatory Agencies
Portfolio Budget Statements 2004-05 Transport and Regional Services Portfolio
Civil Aviation (Fees) Regulations 1995



Bruce Byron
Chief/Executive Officer
Civil Aviation Safety Authority

16 June 2004



Clearly, air transport RPT, charter, certain types of aerial work and, I think, flying training, need to be carefully monitored from a standards point of view, because of where the products go.

"Quite clearly, CASA will be serving tax payers' interests best, and the government's policy requirements, by investing the money that is allocated to CASA in those areas where there is potential to impact on third parties the greatest.

"Extending that argument, I do not believe it is in the best interests of the use of those resources, to expend any more than I have to, on areas of aviation where the likely impact if something goes wrong on third parties is zero or minimal.

"I have given the aerial agricultural association the challenge that if they could put up a case whereby they can effectively come to me with a case for self-administration, provided all the issues that are necessary under the Civil Aviation Act can be addressed, I would be prepared to look at it.

"There may well be other areas of traditional GA where that would be possible. I have an open mind.

"But the onus has got to be on the industry sector to demonstrate how they can do it."

Spiers: Do you see possible self regulation of PPL operations?

Byron: "If there was a mechanism that satisfied the real safety issues, I would also look at the impact on third parties. I would be prepared to sit down and look at it.

"Anyone in the game of self-administration would have to apply a fair bit of rigour to the way they set up their standards, control their people who conduct their surveillance and if necessary conduct their enforcement action.

"Those things have to be part of the suite - they have to be seen to be doing it.

"If they cannot do that then I cannot have the confidence in them looking after a sector of industry.

"I would like good, responsible organisations looking after those sectors of industry. If people can demonstrate that they can do that I will give it a hearing."

Charges increases

Another major concern in industry is rumours that CASA is about to double fees.

Byron denied this. Although he admitted that some fees would rise by up to 64 per cent, he said the average increase was much lower.

He said the increases were designed to raise cost recovery from 15 per cent to

JOHN SPIERS
AOPA JULY 04

At the senate estimates hearing, Byron pointed out that CASA fees had not been increased since 1995, but was confronted with claims that at least one organisation had paid considerable increases in AOC charges since then.

about 22 per cent on average and fore-shadows further cost increases -

"CASA only charges, as required by the regulations, for some of its regulatory services.

"It is appropriate that any regulatory service provided by CASA probably should incur some sort of fee.

"The fact that not all of them do at the moment is an issue that needs addressing in the medium term.

"With those things that CASA is allowed to charge for, such as the issue of licences and AOCs, we currently recoup about 15 per cent of what it costs us to provide the service.

"That is separate from our surveillance and standards activities - all of which are funded through government appropriation or industry fuel levies.

"The difference, between what it costs me to provide the regulatory services function, and what I get back from industry, is 85 per cent. That is still funded by the taxpayer and a bit of industry fuel levy.

"It is in my view appropriate that we close the difference."

He says he will look at further improv-

ing the business performance of CASA regulatory services centre: "But while this ideally drives the total cost of providing the service down, it is only fair and reasonable that the fees we get from industry move to try to make up the difference.

"I am not sure if we will ever get them two the same. There may be a good case where government can say that through part of the government appropriation, it would not mind the support of CASA in making up some of the difference.

"Having been in the industry for many years, I think it is unreasonable to expect that CASA only get 15 per cent of what it costs us to provide the service.

"The government is expecting us to increase our fees in the next financial year but they will only be a fraction of what they could be.

"Some fees for service are way, way short of what it actually costs us to provide it, and those are being increased by a greater amount."

At the senate estimates hearing, Byron pointed out that CASA fees had not been increased since 1995, but was confronted with claims that at least one organisation had paid considerable increases in AOC charges since then.

Byron says he has checked up and that "In the middle of all that, the requirement for operators to lodge a compliance statement increased the amount of regulatory services activity. This meant that everyone else had an increase in charges as well.

"There may be the occasion where people, because of complexity with changes to their AOC, are incurring a greater cost."

Byron says that to get a personal feel for what industry is doing he has spoken to about 30 people in maintenance and GA about impact of dealing with CASA on their operations.

"To a person they scoffed at the concept of any big impost of CASA requirements.

"Pretty unanimously, the sort of thing I got was that the actual CASA cost component of running their business compared to the cost on aviation components, parts and aeroplanes, insurance and infrastructure costs, represented a fraction of one per cent."

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Air Bush Charter

From: "Peter Rundle" <pr.p2v7@bigpond.net.au>
To: "Air Bush Charter" <airbush@bigpond.net.au>
Sent: Thursday, 10 May 2007 3:28 PM
Subject: yes David A called me

Hi Robert,

David Anderson did call me, we spent about 40 minutes on the phone.

It was a pleasant discussion.

I confirmed that in the 90's we only charged a "Set Fee" of about \$70 or \$100 for the AOC renewal.

I also explained that fee did not cover the cost of the staff hours spent on the renewal process; it was a Set Fee.

Also confirmed that the Fees were increased in the late 90's and or early 2000's.

HOWEVER I did explain that in the early 90's for about 1 and 1/2 years we were instructed to issue the AOCs "Permanently valid" - then that "cost recovery" thing was introduced and we had to re-issue all the AOCs with a 1 year period.

ALSO explained that Senior Management explained to us DFOMs as the Delegates that it was better to "refuse renewal" than to "suspend or cancel" an AOC as that would enhance the chance of winning the case in the AAT.

ALSO I advised David that I believe that the AOC "period" and "renewal" process does nothing to enhance safety - therefore all AOCs should be issued "Permanently valid" - and under Section 9 of the Act CASA is required to conduct comprehensive surveillance without any reference to "renewals" - that "visible presence" enhances the chance of ensuring operators are complying with the Regulations - getting rid of the AOC renewal process would save CASA staff time providing more CASA staff time for surveillance which would enhance safety - and also save industry money.

23/07/2007

Civil Aviation Safety Authority

Media centre

Media Release

John Anderson

Deputy Prime Minister
Leader of The Nationals
Minister for Transport and Regional Services



11 May 2004
TRS10/Budget

Coalition Government boosts aviation funding

The Government will spend an additional \$58.3 million over the next four years (\$20.5 million in 2004-05) to maintain air services to remote communities and increase aviation safety, the Deputy Prime Minister and Minister for Transport and Regional Services, John Anderson, said today.

Remote Air Services Subsidy Scheme

Mr Anderson said the Government would spend an additional \$7.7 million over the next four years (\$1.5 million in 2004-05) to maintain air services to isolated and remote communities under the Remote Air Services Subsidy Scheme (RASS).

The Government will spend a total of \$3.3 million on the scheme in 2004-05.

"The scheme subsidises air operators that fly thousands of kilometres a week, to deliver services to about 250 remote and isolated communities in the Northern Territory, Queensland, Western Australia, South Australia and Cape Barren Island in Bass Strait," Mr Anderson said.

"The communities include indigenous and other isolated communities where regular commercial air services are not viable. Their road access can be cut for weeks at a time during the wet season. The RASS operators carry passengers, educational materials, medicines, fresh food and other urgent supplies.

"The additional funding will enable RASS services to continue to all of the communities that are currently in the scheme and will enable us to start extra services to new applicants," he said.

Expanded and improved aviation safety investigation

The Australian Transport Safety Bureau (ATSB) will receive an extra \$14.4 million over the next four years - \$2.5 million in 2004-05 - to increase its ability to carry out air safety investigations and analyse safety trends in the industry.

"The funding will enable the ATSB to increase the number and scope of the independent safety investigations it conducts each year. Over time, the measure will increase the safety of our skies as the ATSB's recommendations are implemented," Mr Anderson said.

"The ATSB categorises more than 5,000 aviation safety occurrences in its database each year and investigates the ones that are more serious and where new safety lessons can be learned. The number of new aviation safety investigations each year is expected to increase from about 60 in 2003-04 to as many as 100 in 2004-05 and beyond," he said.

The funding will also enable the ATSB to replace its old and cumbersome OASIS aviation