



Australian Government
Civil Aviation Safety Authority

OFFICE OF THE DIRECTOR OF AVIATION SAFETY

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Dear AOC Holder

AOC Holder Accountability – Important information for Chief Executive Officers, Directors and other ‘Accountable’ Persons

I am writing to clarify some important points about the responsibilities of the holders of Air Operator's Certificates (AOCs), and the individuals to whom the Civil Aviation Safety Authority (CASA) looks in so far as crucial aspects of an AOC holder's duties and obligations under the civil aviation legislation are concerned.

The *Civil Aviation Act 1988* (the Act) provides that an AOC may only be issued to an individual or a person having legal personality. In either case, CASA must be satisfied, amongst other things, that the *key personnel* in an AOC applicant's or holder's organisation 'have appropriate experience in air operations to conduct or to carry out the AOC operations safely'. In addition to certain other *key personnel* positions specified in the Act, an AOC holder's organisation must include a person (however described) that holds, or carries out the duties of, the *chief executive officer*.

The term 'chief executive officer' (CEO) is not defined in the Civil Aviation Act. As a practical matter, however, it is CASA's view that the CEO must be the person who has ultimate responsibility and accountability to CASA for the affairs of the operator, and is in a position to ensure that sufficient organisational resources—human, material and financial—are available and applied with a view to the safe and lawful conduct of operations under the AOC.

Where a company has a designated CEO, *that is the person CASA will regard as the CEO for the purposes of the Act*. Some companies, however, do not employ a person with the title 'CEO'. In such cases, the person having the relevant responsibility and accountability may be called the 'president', the 'managing director' or the 'chief operating officer'. Whatever designation may be used, however—and the Act expressly contemplates the possibility that a term other than CEO may well be used—CASA will regard that person as the person holding ultimate accountability and responsibility to CASA for all matters pertaining to the AOC.

It is sometimes convenient to refer to this person as the 'accountable person' or the 'accountable manager' for the purposes of the AOC. This is acceptable provided that:

- the company does not, in fact, employ another person in the designated role of the CEO of the company; and
- in the absence of a person in the designated role of the CEO of the company, the person referred to as the 'accountable manager' or 'accountable person' is, in fact, ultimately accountable and responsible as a chief executive officer would be.

In this same connection, I remind AOC holders, and the directors of a company holding an AOC in particular, of their duties under section 28BE of the Civil Aviation Act. This section of the Act, which specifies a condition to which every AOC is subject, pertinently provides as follows:

- The holder of an AOC must at all times take all reasonable steps to ensure that every activity covered by the AOC, and everything done in connection with such an activity, is done with a reasonable degree of care and diligence. See subsection 28BE(1).
- If the holder is a body having legal personality, each of its directors—which may include the CEO or the person performing the functions of a CEO, however designated—must also take the steps mentioned above. See subsection 28BE(2).
- It is evidence of a failure of a body and its directors to comply with the requirements mentioned above, if any act covered by section 28BE is done without a reasonable degree of care and diligence mainly because of:
 - inadequate corporate management, control or supervision of the conduct of any of the body's directors, servants or agents; or
 - failure to provide adequate systems for communicating relevant information to relevant people in the body. See subsection 28BE(3).

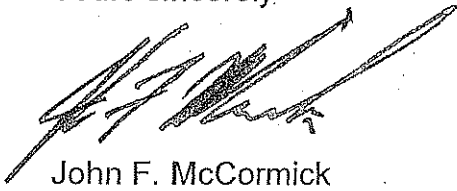
With these considerations in mind, you should understand that whomever an AOC holder may have identified or designated as its 'accountable manager', and whomever CASA may recognise and deal with as an operator's 'accountable person' for the purposes of day-to-day regulatory matters, *it is the operator's CEO (however that person may be described), and if the AOC holder is a body having legal personality, each of that body's directors, who are ultimately responsible and legally accountable to CASA for all matters related to the conduct of operations under the AOC.*

I bring these matters to your attention here, because I am concerned that there may be a measure of confusion and uncertainty amongst some members of the industry about the general responsibilities of AOC holders, and the individuals who play

important management and oversight roles in the governance of an AOC holder's organisation.

I will see to it that CASA continues to provide general information and advice about these issues in the future. In the meantime, however, if you have any questions about the nature and extent of your particular duties, obligations and responsibilities under the civil aviation legislation as an AOC holder, as the CEO or a director of an organisation holding an AOC, as the servant or agent of an organisation holding an AOC or as a person identified or recognised as an AOC holder's 'accountable manager', I encourage you to raise those questions with a qualified legal adviser.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John F. McCormick', with a long, sweeping horizontal stroke extending to the right.

John F. McCormick
Director of Aviation Safety