



3 November 2010

Committee Secretary
Senate Standing Committee on Rural Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

By email: rat.sen@aph.gov.au

Re: VIPA Submission

VIPA is the professional association representing Virgin Blue Group pilots and is an organisation that is registered as an employee association under the Fair Work Act. VIPA deals with workplace relations issues, safety and legal matters.

We make this submission in an endeavour to highlight worthwhile points. In doing so we wish to emphasise that VIPA understands that the airline industry needs maintain profitability to remain viable, but that this should not be prioritised above safety in any way.

In relation to the terms of reference of the inquiry we have decided to address these issues in a thematic manner. These factors include pilot training, pilot experience levels, airline resourcing and management and regulatory oversight.

PILOT TRAINING

Historically, the airline companies have completed commercial airline pilot training within Australia as part of skill development and capability building. This training is funded by the airlines as part of the cost of doing business. Underlying this history is the recognition by the airlines that the investment in capability of the pilot community within their organisation has a positive impact on the maintenance and development of flight standards, syllabus development and review, training development and overall engagement levels. All of these outcomes are consistent with what would be identifiable as components of a developed Safety Culture.

Recently, the penetration of the Low Cost Carrier (LCC) model into the Australian airline market means these historical norms have been completely turned on their head. Where once we had a system of commercial airline skills development within the airline, we now see a system in which the entry requirements for Virgin Blue and Jetstar require the applicant to gain an airliner (B737, E190/170, A320) endorsement prior to employment with those companies.

This change of practice has effectively allowed those low cost carriers to transfer the financial output for pilot training costs and responsibility to their employees directly.

The costs for endorsement on these type of airliners is upward of \$35,000 and it is now the case that this cost will be borne by an individual at the very beginning of their career, and usually with little capacity to finance this amount. In effect, it is often only the will and drive of the individual who seeks a career as a pilot who will risk the financial burden this poses and gain their necessary endorsement.

As one VIPA member put it:

“The whole industry is a disgrace. Major airlines now make you pay for your own endorsement. Some carriers make you pay for your amendments, uniform and food!”

This transfer of cost has changed the way in which the selection process for airline pilots is carried out. Historically, the airlines were able to attract the best and brightest within the non-airline pilot community for whom the opportunity of a long and stable career with an airline was reward for the commitment already made to gain the entry requirements for employment. This framework has served the industry well for well over half a century, and has proved to be an effective entry risk mitigation process. Changing the entry requirements to that in which an airliner endorsement is required prior to employment has had two significant risk impacts:

- 1) experience and suitability has been superseded by ability to “buy” or “finance” a job; and,
- 2) entry risk mitigation is severely reduced due to no syllabus or standards control of the training provider by the airline.

While VIPA acknowledges that some of the outcomes referred to above are the inevitable consequences of competition, VIPA is of the view that the related effects on flight safety, either directly through reductions in control over flight standards or indirectly as a response to changes in corporate culture and the social welfare of pilots, have not been adequately researched or debated.

It is therefore the view of VIPA that the associated operational risks and occupational stressors engendered by this approach to pilot training have not been adequately identified or mitigated by either the airlines or the regulator, thus providing the potential to undermine the achievement of the goals of the Australian Government as set out in the Aviation White Paper (Commonwealth of Australia 2009).

PILOT EXPERIENCE LEVELS

Coincident with the process of transferring the cost of training to employees, the airline industry within the Asia-Pacific region has seen significant growth in both the number of airlines and the numbers of aircraft operated. This growth has been welcome within the industry as a whole; however the competitive pressure accompanying this growth has put significant strain on pilot numbers, and

consequently, a lowering in average flying experience levels of crews. In isolation, the inherent risk of this situation could be dealt with by utilising the traditional mitigators of increased training and greater mentoring by the airlines, aligned with specific quality oversight of risk management and training by the regulator. VIPA is of the opinion that these risk control strategies are ineffective or completely non-existent.

VIPA is concerned about the effect of low experience pilots on flight standards. Underpinning operational safety in the airline crew environment is the teamwork and technical proficiency of the Flight Crew. As a consequence of the growth in the industry, we are seeing an emergent risk related to the situation in which a relatively inexperienced airline captain will be faced with a situation where a low-experienced First Officer is unable to provide the Captain with the level of operational support required. Although of reduced consequence in normal operations, the latent risks inherent in this situation may significantly reduce performance and increase the likelihood of an undesired outcome should an abnormal situation arise. VIPA believes that the obvious latent (Reason 1997) nature of this issue and the increased demand for close supervision of the First Officer by the Captain has a negative impact on operational safety.

As mentioned previously, VIPA is cognisant of the effect of the growth within the airline sector on the experience levels of pilots. This growth has seen increased opportunity for those wishing to pursue a career in the airline industry; however VIPA believes that the subsequent low experience level of crews' in airline operations is a classic latent condition, and that it is only a matter of time or investigation before it surfaces as a primary cause of an airline safety event.

AIRLINE RESOURCING AND MANAGEMENT

With the transition to low cost methodologies within the Australian industry, the airline companies have had to rely on ruthless cost control to improve profit in what has become a competitive and low-yield market place. This has led to the situation in which traditional mitigators of risk such as pilot training, safety systems, operational staffing, and pilot wages to attract and retain experienced personnel have come under significant corporate pressure.

As a consequence of the trend in LCC operations, VIPA believes that there has been a shift away from the traditional airline practice of identifying, and developing experienced airline technical managers from within the pilot ranks. While a fundamental shift of emphasis from technical management to financial management was inevitable, VIPA is concerned that appropriately experienced technical managers are increasingly being removed from executive management and are being further isolated from the real management of risk. This situation increases the likelihood of risks being unidentified, or at worst, ignored by senior management who often dismiss claims by safety advocates as not understanding the needs of the business.

Sound technical management is critical to both direct and indirect safety outcomes. Flawed procedures are a direct safety risk, constantly amending procedures is a

direct and indirect safety risk and superficial risk assessments or underinvestment in training design are indirect risks. Unfortunately, each of these examples is becoming more commonplace in organisations with technical management structures lacking depth and talent and within which overload, stress and burnout are prevalent.

VIPA believes that the current focus of financial managers within the airlines, coupled with seemingly ineffective or disregarded technical managers, has the possibility of significantly contributing to a serious aviation incident.

One example of this business focus to all other aspects involving the pilot profession is the V Australia Enterprise Bargaining Agreement negotiations for the wide body Boeing 777 for international long haul. This proposed EBA is the first for V Australia pilots and the companies attitude is so deeply tied into business cost and negotiating the most business efficient outcome that the safety aspects and the real need for experience is forgotten in the rush to undersell pilots terms and conditions for less experienced pilots who will work for less money.

VIPA has been presented with a remuneration package in these negotiations that sets in a scale that actually starts new pilots post 1 July 2011 on \$20 000.00 less than current pilots receive on the Boeing 777. This approach, although technically legal from a human resource and financial management perspective, fails to address the issue of the type and experience of pilot that would be attracted to a salary that is significantly less than the current already relatively low salary. Problematic for the airline is that remuneration runs hand in hand with experience and that the lower the remuneration the less experienced the pilot.

VIPA is concerned that this sort of approach of negotiating down conditions that may be features of company negotiations for unskilled or semi-skilled industries is being adopted in an industry where experience, technical expertise, safety and professionalism are its hall marks, and proudly so. A race to the bottom for pilots for terms and conditions of employment may see airlines suffer 'blowback' in the form of deterioration in safety.

REGULATORY OVERSIGHT

VIPA acknowledges the global shift toward outcome-based legislation as a move to remove the strictures of prescription drafted in a demonstrably different current airline competitive environment. However, it is the observation of VIPA that in a time of transition in which outcome based management is desired by CASA without the structural support of the required legislation, airlines are able to operate in a way in which they can operate outside the restriction of the current prescriptive and outdated legislation, yet are not being held accountable to the intent of the draft CASR's which are yet to be enacted. During this time CASA has shifted the industry towards the requirement for Safety Management Systems (SMS). This shift has been taken up by the airlines, however there is little agreement between the industry and CASA on exactly what a SMS is, and how the intent is enforceable from a regulatory perspective.

While it is hoped that further discussion on the requirements of an effective SMS will help identify and control a lot of latent conditions and indirect risk, it will be some time until regulators and operators form a common view of what must actually be done in these areas outside direct statutory compliance.

This situation exacerbates the flight standards issues alluded to in the previous chapters. The airlines have been effectively self-regulating for a number of years awaiting the regulatory reform package. VIPA believes that this delay, coupled with a financial driven focus of airline managers has led to a situation in which there has been very little effective control over entry and supervision of Australian airlines.

VIPA would seek to be involved with safety regulatory oversight as much as possible into the future to ensure the safety of our members and the flying public.

Notwithstanding our belief that VIPA seeks to ensure that aviation safety is tightened in Australia, it does not seek to make it so onerous on companies so that they look elsewhere for pilots. It is a fine line.

As one of VIPAs members' articulately put it:

"I don't want the legislation changes made as a (potential) result of the inquiry to make employing Australian pilots in Australia too hard resulting in either foreign bases or foreign workers being the airlines solution."

VIPA is cognisant that a fine line is to be walked with relation to legislative proposals for this inquiry. VIPA is a professional organisation that deals with safety issues as part of its core functions and as a stakeholder. As a consequence, VIPA suggest that it should be more involved with the Virgin Blue Group's safety personnel and also its dealings with CASA.

It is with this in mind that and after consultation with our sister union, AIPA, VIPA would make the following recommendations:

VIPA recommends that:

- (1) CASA formally conducts an Industry Risk Profile Assessment for each area of its regulatory responsibility;
- (2) CASA establishes Industry Risk Management Teams that include demographically relevant representatives by industry sector, in particular industrial representative bodies such as AIPA;
- (3) CASA reviews the experience requirements for Captains of LCRPT as set out in CAO 82.3, particularly the AICUS provisions in light of the change in approach by both CASA and operators to the meaningful conduct of AICUS;
- (4) CASA reviews the need to establish minimum experience requirements for Captains of High Capacity RPT, conceptually similar to that published for Low Capacity RPT;

- (5) CASA considers adopting through a CAAP the selection processes published by IATA as a means of establishing an industry best practice model for pilot selection for commercial purposes licences;
- (6) CASA considers treating those operators who require “pay for training” or who offer “pay to fly” schemes as higher risk operations for surveillance purposes than those that do not;
- (7) CASA continues with its excellent work improving standards of instructor training and instrument flying training and extends the work to include CAR 217 training and check pilots as soon as practicable;
- (8) CASA extends the improvements identified in the MPL training design across the traditional pilot licences and reviews the adequacy of the theory training in light of modern aircraft and systems development;
- (9) CASA prepares a public Position Paper on the strategic management of aircraft endorsement training for all industry sectors, including:
 - (a) simulation policy covering all industry sectors;
 - (b) the relevance and progress on Part 142 of the CASRs,
 - (c) the safety implications of self-funded training on Part 25 aircraft,
 - (d) the procedures for syllabus review and quality assurance of training, and
 - (e) the quality control of ATOs and CAR 217 Check pilots;
- (10) CASA prepares a public Position Paper on the strategic management of IOE/LT and recurrent T&C requirements that is appropriate to:
 - (a) the experience levels,
 - (b) training source, and
 - (c) cultural background of pilots;
- (11) CASA develops a best practice model for automation training and usage in line operations, as well as a review process for extant automation training;
- (12) CASA considers processes to monitor occupational stress within an operator’s technical employees as a flight safety risk factor, including:
 - (a) remuneration and conditions of service,
 - (b) management training and development schemes,
 - (c) rostering practices,
 - (d) commuting rules, and
 - (e) the implementation of “Just Culture” or similar schemes;
- (13) CASA prepares a public Position Paper on its ability to:
 - (a) attract, train and retain quality technical personnel;
 - (b) develop and implement more contemporary and future-looking regulatory models to protect flight standards; and
 - (c) adequately protect the public interest through its supervisory mechanisms;

- (14) CASA extends its internal staff training requirements for inspectors to develop model training and experience requirements for operators' technical managers;
- (15) CASA establishes an Industry Training Support Team with appropriate government funding support to identify and develop industry wide training material specific to identified high risk issues, similar to the FAA and OEM groups that dealt with Aircraft Upset and Takeoff Safety; and
- (16) CASA prepares a public Position Paper on the intended outcomes, including privacy protection and employment consequences, underpinning the recent CASA demand for the CAR 217 records of individual pilots.

VIPA also recommends that:

- (17) The Australian Government reviews their financial incentives and support mechanisms for aviation training to identify if the those mechanisms should be targeted at the employer or the employee;
- (18) Industry representative bodies consider adopting common best practice models for selection and training, to the extent of providing joint venture or other collaborative arrangements to conduct these activities on behalf of a number of operators;
- (19) The Australian Parliament reviews the aviation safety reporting mechanisms to identify ways to increase their effectiveness and reduce impediments to full and open reporting;
- (20) The Australian Parliament adopts legislative changes that make it an offence to interfere with a report of an aviation safety event or a reporter;
- (21) The Australian Parliament adopts legislative changes that provide for court-imposed exclusion periods for any person found guilty of an offence under the Civil Aviation and related acts;
- (22) The Australian Parliament reviews the safety consequences of transferring costs which are legitimate costs of business onto employees; and
- (23) Employers consider financial support supplements based on the cost of living at each of their bases.

We thank for the opportunity of being able to make a submission and our Executive would be happy to elaborate on the submission in person.

Yours sincerely

Simon O'Hara

Executive Director
VIPA