

IMPORTANT AIR SAFETY ALERT

THE DESTRUCTION OF THE GENERAL AVIATION AND FLIGHT TRAINING INDUSTRY IN AUSTRALIA

DICK SMITH WAGGA ADDRESS APRIL 26 2018



THE SYDNEY MORNING HERALD FRIDAY, DECEMBER 29, 2017

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Chinese pilots to increase tenfold

Eryk Bagshaw
Peter Hannam

A Chinese government-backed
training airport in northern NSW
will increase its numbers of pilots
by 1000 per cent

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THE WEEKEND AUSTRALIAN, DECEMBER 23-24, 2017
theaustralian.com.au

New CASA regulations blow training costs sky-high

10 THE AUSTRALIAN,
THURSDAY, DECEMBER 28, 2017
theaustralian.com.au/opinion

EMPTY-SKIES-ARE-SAFE-SKIES POLICY IS KILLING AVIATION

to Chinese buyers at bargain rates.
A federal government report last
week showed the drastic decline

VISA MOVE COMES AS REGIONAL FLIGHTS CANCELLED

Aviation is ruining an industry

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INSIDE



AIRCRAFT OWNERS AND PILOTS ASSOCIATION

This publication covers the address given by former CAA and CASA Chairman Dick Smith in Wagga, 26 April 2018.

SYNOPSIS

For over two decades the Civil Aviation Safety Authority (CASA) has wielded a one-way ratchet, by introducing aviation regulations with little consideration for the cost impact on industry.

In March 2018, Transport and Infrastructure Minister, The Hon Barnaby Joyce agreed with Shadow Minister, The Hon Anthony Albanese to amend the Australian *Civil Aviation Act 1988*, so that costs would be taken into account with aviation regulation reform. This amendment would have revitalised the general aviation and Australian flight training industry.

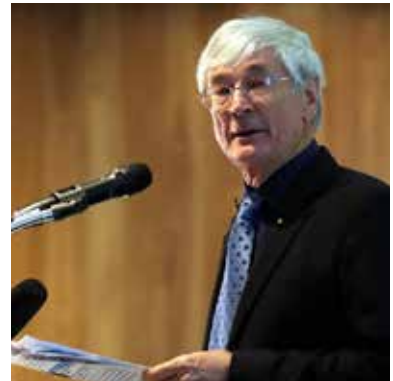
Following the resignation of Mr Joyce, new Minister, The Hon Michael McCormack said that while he appreciates the industry wants to see changes as soon as possible, *"it won't do for anyone to rush policy change, especially where there might be safety implications."*

Stop the lie - change the Act - let aviation thrive!



The destruction of the general aviation and flight training industry in Australia

Dick Smith
26 April 2018



Introduction

Historically, there has never been such disillusion with our democratic process. There is low trust in our political parties - what is going on?

I come from a business background, however, over the last 30 years or so I have had experience with the Canberra 'machine'. This gives me an insight into how that system works, or perhaps more accurately, often doesn't work.

I was appointed to the Civil Aviation Authority (CAA) Board in 1988. My focus today is on the effect the Canberra 'machine' has had on the general aviation industry in Australia

By general aviation, I mean aviation other than the major airlines and defence. That is: charter, training, private and business, maintenance, aerial agriculture, aerial ambulance, and rescue operations.

Parts of the general aviation industry are close to collapse, (see the charts on pages 12 and 13), and it has got this way due to some really poor decisions by those in charge.

We all laughed while watching 'Yes, Minister', that wonderful, insightful BBC series about politics and the Westminster System, however there is a telling message here on why our democratic system appears to be failing. Remember the hospital without any patients segment, with the famous exchange between the Minister and Mrs Rogers, the hospital superintendent?

Minister “But isn’t it appalling that it is not being used?”

Mrs Rogers “Oh no, it’s a very good thing in some ways. It prolongs its life - cuts down running costs.”

Might that be general aviation in Australia today? Could the bureaucrats be saying, *“Minister, small planes crash. If we don’t have small planes it will be safer.”*

On 3 November 1989 (nearly 30 years ago) at an Australian Made Campaign function, the then Prime Minister Bob Hawke said to me, *“Dick, I have decided to appoint you Chairman of the Civil Aviation Authority.”* I replied, *“No way, Prime Minister. We are not going to have an industry in five years the way we are going.”* He responded, *“What are you talking about?”*



With the Prime Minister and Kay Cottee at the Australian Made Campaign, November 1989 - where the Prime Minister asked if I would be Chairman of the CAA.

I explained that with the introduction of 'user pays', the sell-off of airports and the increased regulatory costs to the industry, there were serious problems. I explained, *“The airlines will be okay. With tens of millions of passengers they can add extra costs to the air ticket and it is hardly noticeable, but general aviation, especially in the bush, will be destroyed.”*

The Prime Minister asked, *"What can we do?"* I replied, *"We have to make it clear that the money spent on aviation safety is always limited by what our society can afford. We have to remove every unnecessary cost - only a viable industry can be a safe industry. Otherwise, how could it afford the cost of implementing the best safety measures?"*

The Prime Minister then said, *"You take on the job and I will support you,"* and he did. What an extraordinary leader and Prime Minister.

The do-gooders would have had Bob Hawke sacked

We now know that our Prime Minister was in a relationship with a journalist, which was kept secret by the press. Imagine if the newspapers at the time had put his private life on the front page day after day, after day. The do-gooders would have had Bob Hawke sacked. We would have lost one of our best Prime Ministers and our country would be worse off. There is a lesson here.

I finished my term as CAA Chairman in February 1992, having started the reform process. I had sought advice, surrounded myself with capable people and received strong support from industry icons such as Don Kendell AM and Max Hazelton OBE.

The front page of The Australian on 18 February, 1992 stated: *"Good, cheap safety touches down as Dick Smith takes off."*

The copy read:

“Affordable safety may have been a controversial concept but by admitting that safety is limited by what those who pay for it can afford, the CAA and the industry has been forced to examine every regulation to see which gives the best safety and cost benefit.”

“If we could save a dollar and still maintain the level of safety, we changed to it.”

“Among the changes were more individual responsibility for pilots and operators.”

The Australian newspaper, Tuesday 18 February, 1992

I didn't realise at the time that the Canberra bureaucracy did not grasp the truism of the term 'affordable safety.' Many in the bureaucracy had military backgrounds, with costs not in their realm of thinking.

After I retired as Chairman, the Civil Aviation Act was changed, introducing the new cargo cult* regulation:

“...CASA must regard the safety of air navigation as the most important consideration...”

Civil Aviation Act (1995 amendment)

Now that sounds like a great motherhood statement. In fact, it is more a dishonest marketing slogan that would suit a fly-by-night shonky airline – or one of our major banks! It is a lie because there are many times where the most important consideration is cost. This is simple common sense.

For example, airline aircraft could be fitted with ejection capsules for each seat, that are activated in the event of a hijack. Safety would be improved but the cost of air tickets would be prohibitive. Or regulators could mandate a minimum of four engines for over-ocean travel. Once again, safety would be improved in a small way, but ticket prices would be unaffordable for many.

*cargo cult - a belief of primitive people that if they build an aerodrome and worship correctly, "cargo" will be delivered from the skies at no cost.

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Good, cheap safety touches down as Dick Smith takes off

By HARRICK BRENNAN

THE lowest number of aviation accidents and fatalities in five years supported the Civil Aviation Authority's push for "affordable safety", via chairman of the CAA Dick Smith.

Mr Dick Smith, who steps down on his pension with the CAA today, said changes to the aviation industry in the past two years had led to claims that air travel would fall but this is shown to be incorrect by latest figures.

"The introduction of economic regulation of the aviation industry, coupled with major changes in safety regulations of substantial reductions in all numbers at the CAA, has led to almost constant claims of safety would suffer," he said.

"The opposite has happened: aviation statistics have improved, from 89 in 1980 to 34 in 1991. According to the figures released yesterday, 17 people were dead in commercial aviation accidents last year, compared with 16 in 1990, 22 in 1989 and 42 in 1988. The commuter and supersonic aviation industry were accident-free.

The affordable safety proposal aimed to maintain safety levels at reduced costs in the industry, removing regulations considered unnecessary and costly.

When Mr Smith first raised the issue after taking over as chairman in 1989, the proposal came under widespread attack from industry and public alike.

"This excellent result gives support to the CAA's determination to change regulations so that the safety dollar is spent where it is most effective," Mr Smith said.

"Affordable safety may have an environmental connotation but admitting that safety is limited by what those who pay for it is what the CAA and the industry have been forced to examine every regulation to see which is the best safety and cost benefit.

If we could save a dollar and it maintained the level of safety achieved by it."

Among the changes was more individual responsibility for pilots and operators and Mr Smith said it was pleasing to see the results of the changes.

In the past, government intervention, through the regulatory system, spent too much money and restricted pilots in a self-perpetuating way," he said.

"Regulatory changes, such as removing operational control responsibility from air traffic controllers to pilots, had led to greater care by pilots, with corresponding safety improvements."

One of the most satisfying developments in the time as chairman had been the changes to airspace procedures, which went into operation last December.

These involved changes to flight planning, notification and reporting requirements, existing levels and air traffic control clearances.

The changes also moved Australia's airspace management procedures into line with International Civil Aviation Organisation standards, allowing Australia to more readily adopt.

"I suppose this change was almost equivalent to when Sweden went from driving on the left hand side of the road to the right."

"We had the emotions, it would have horrible results - it hasn't and in general safety will be substantially improved because this major airspace change will allow us for the first time to buy the best air traffic control



Mr Smith yesterday... aviation fatalities down - Picture: STEPHEN DUPONT

The front page of The Australian, 18 February, 1992:
"Good, cheap safety touches down as Dick Smith takes off."

Closer to home, the higher CASA regulatory costs have resulted in small towns like Gunnedah no longer having an air service. This forces Australian travellers on to far less safe roads, particularly in regional and remote areas.

To this day the bureaucrats have fought to ensure that this wording remains, and this has been the driving force behind the destruction of our once viable general aviation and flying training industry.

In May 1997, having been away from the regulator for five years, I was appointed to the CASA Board by National Party Minister John Sharp, to revitalise the cost reducing reforms.

A safety brochure was published showing the existing different regulated levels of safety due to affordability. This made it clear that there were many times when CASA did not put safety as the most important consideration. It made clear 'the lie in the wording' of the Act.

Soon after my appointment, a real aviation disaster occurred. John Anderson was appointed the Minister for Transport. He is the nicest bloke you could ever imagine. Unfortunately, John was not a supporter of change. Worse still, he denied that safety came at a price. He became our longest serving Transport Minister – six years and nine months. He not only stopped any move to reduce costs – he supported the opposite.



Let me quote what he said on 5 October 2000:



“I don’t think that you should ever regard aviation safety as what is affordable.”

“Safety is something which has the highest priority – it is not a question of cost.”

*Deputy Prime Minister, John Anderson,
Namoi Valley Independent
5 October 2000*

Amazingly, the Canberra Press Gallery made no comment. If a Deputy Prime Minister of this country made claims that the earth was flat or that the CIA organised September 11, the Gallery would go berserk – but Mr Anderson's statements, which were just as loopy, were met with silence.

These cargo cult statements were like manna from heaven for the Canberra bureaucrats. To borrow from Banjo Paterson: *"They set to work with tooth and nail and made the place a wreck, with rule after rule, cost increase after increase, they strangled the industry's neck."*

The message to the bureaucrats was clear. Ignore cost, ignore affordability - very quickly, the safety brochure was shredded.

Over the last 18 years CASA has spent more than \$150 million in writing the most expensive, gold-plated, and they would say 'safest' regulations in the world.

Let me give you just one example of the hundreds of cost increases. In the USA, retired airline pilots can set themselves up as flight instructors. 70% of American pilots are taught by independent instructors. However, in Australia, this is not permitted – CASA forced on the industry the most extraordinary additional costs, paperwork and bureaucracy. A recent email I received from a member of the Royal Federation of Aero Clubs said that flight training accreditation could cost a whopping \$200,000.

Flying schools started closing down. Yes, we were heading towards the hospital without any patients.

Politicians - forced to become actors following a dishonest ritual

Now why would Mr Anderson deny that safety has to always be affordable and why would he say that safety is not a question of cost? The statements are clearly not truthful. Why would an honourable man be sprouting such nonsense? There is an explanation. These days, our parliamentarians are forced to be 'actors' – following a ritual that has gradually evolved. We don't say that Nicole Kidman is a liar when she plays a weather girl that murders people, we just call her a damn good actor.

There is another famous 'Yes, Minister' episode, where Bernard, the Secretary, alluded to the truth.

Bernard “...but isn't it a bad idea to be associated with actors? I mean their job is pretending to be what they are not and if you're seen with them, well people might realise....”

Yes, our politicians have been forced to become actors following a dishonest ritual. Surveys show that trust in our politicians, especially by young people, has dropped dramatically – how sad.

When Mr Anderson retired after his record term, he was praised in Parliament and by the media for having done a great job. If you look at his Wikipedia entry there is no mention of one achievement or change that benefited the then struggling aviation industry.

This is a message to our parliamentarians – do little and you are less likely to be attacked.

I said Mr Anderson made no changes – however as a good actor he did make announcements about changes that were always about to happen. In true 'Yes, Minister' fashion he would send out media releases. Here is one dated 4 November 1999:

John Anderson press release – November 1999

“The new regulatory framework will make it possible for new operators to provide control tower and rescue and fire fighting services in competition with Airservices Australia.”

“We will phase in competition for these services...”

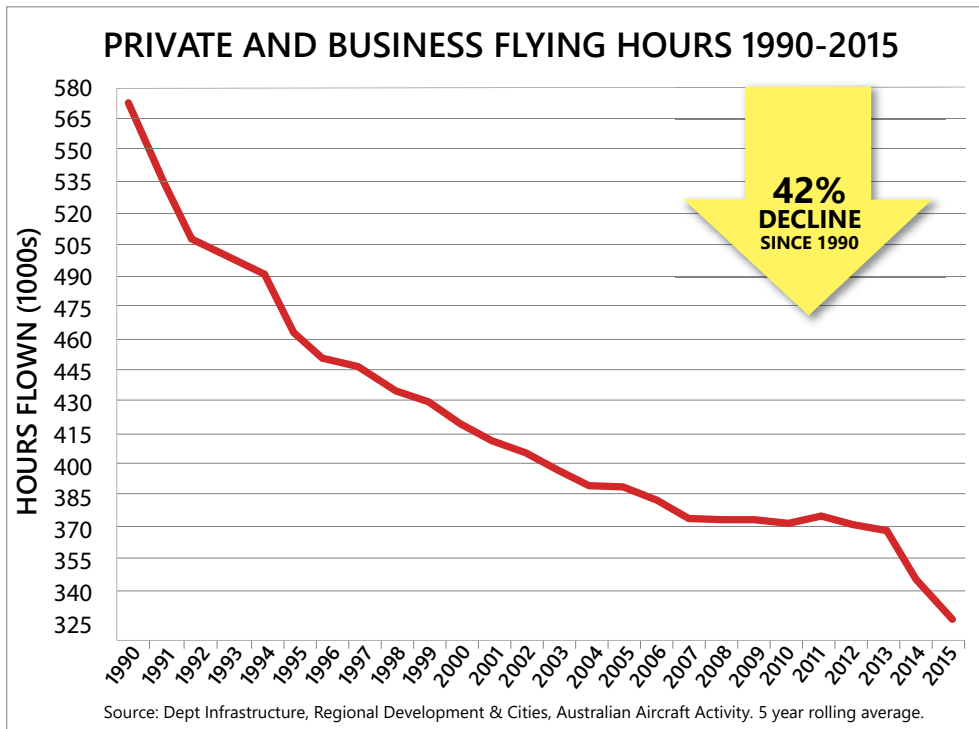
These changes would have allowed the control tower at Wagga airport to be manned again, but at an affordable cost by locally employed controllers, without the staggering overheads of the Canberra bureaucracy.

That was 19 years ago, but it never happened. Possibly the head of the department said, *“Minister, that would be a courageous decision.”* That would have stopped it in its tracks – and it did.



Above: This is the famous Navair Flying School hangar at Bankstown Airport. Once a hive of activity, full of aircraft and having trained thousands of pilots over many decades. The doors on the far end have been closed off from the airport access and the hangar has been leased by the airport authority to a machinery company. What a disaster!

Let's look at the destruction of our industry. First of all, private and business flying. The hours have dropped from 570,000 in 1990 to 330,000 in 2015. That is a drop of 42% in 25 years while our population has increased by six million.



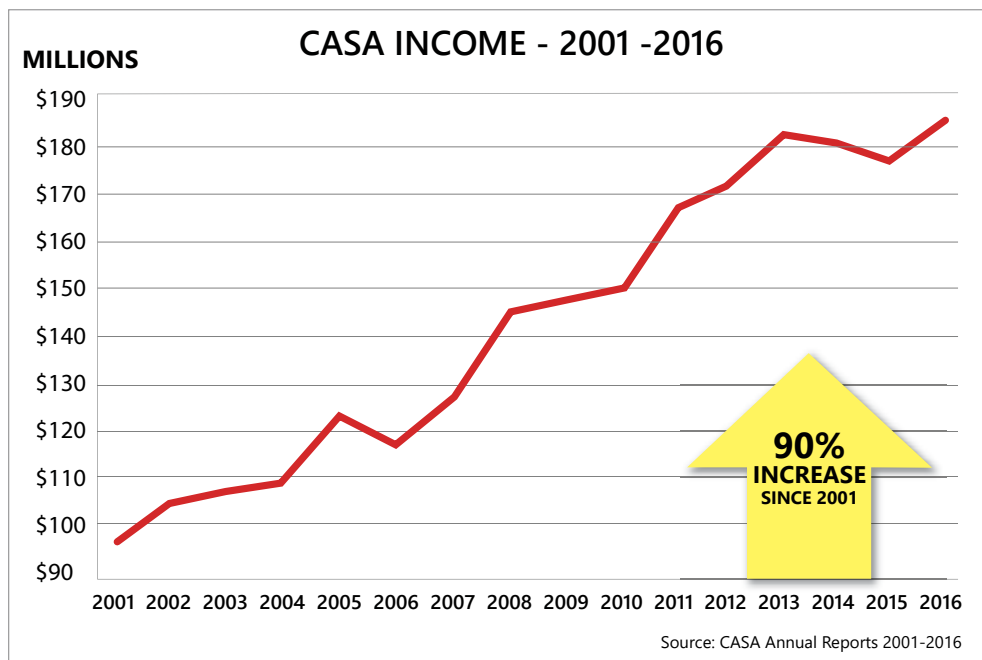
Let's look at general aviation pilot numbers. They have dropped from 26,000 in 2001 to 18,000 in 2015 – a staggering 34% decline.



Flying training down 30% in five years

Most importantly, the Regional Aviation Association says that flying training is down 30% in the last five years, when it should be up dramatically because of the shortage of pilots. After all, Australian trained pilots are the backbone of our very safe air transport industry. Many flying schools have gone broke because of the increased costs imposed by CASA. Now wealthy Chinese companies have been purchasing the schools and are primarily training Chinese nationals – not Aussie pilots. Flying training for most young Australians, other than those with wealthy parents, has become unaffordable.

Every graph does not go down, however. The CASA budget between 2001 and 2016 has increased by 90% from \$97.3 million to \$184.4 million. Wow! More money to provide more staff to write more complex and expensive regulations.



Just part of that cost would be the estimated salary of \$600,000 paid to the Director of Aviation Safety who is ex-military, with no flying or industry experience. Over the last decade a number of industry professionals, with vision on how to solve the CASA problems, have applied for the director's position but have not got past the first interview.



Former Deputy Prime Minister
Barnaby Joyce

Good news with Minister Barnaby Joyce

In December 2017 there was some good news. Barnaby Joyce – clearly a Bob Hawke in many ways – was appointed the Minister. What a difference.

I had a breakfast meeting with Mr Joyce and pointed out that the Civil Aviation Act didn't mention that cost had to be considered. He instantly said, *"That is ridiculous, you always have to look at cost."*

It was a fantastic breakthrough. He asked me, *"Dick, if you were a dictator what would you do to get the industry going again – especially aviation in the bush."*

I replied, *"The first thing I would do is fix the Act so costs are considered, and I believe we can get the Shadow Minister, Anthony Albanese, to agree with this."* Mr Joyce told me to go ahead and have a go, so I asked an industry expert to come up with the new, effective wording, which says:

"CASA must seek to achieve the highest level of safety in air navigation that is consistent with:

(a) Maintaining an efficient and sustainable Australian aviation industry, including a viable general aviation and training sector

(b) The need for more people to benefit from civil aviation."

It was just common sense. Who could possibly be against such wording? Legislation that allows cost to be considered is not a unique idea. Let's look at the equivalent wording in the British Civil Aviation Act:

"...provide air transport services which satisfy... public demand at the lowest charges consistent with a high standard of safety... and an economic return to efficient operators... "

British CAA Act (2012)

Yes, totally different to our existing 'safety as the most important consideration' lie. Mr Joyce agreed with the proposed changes and asked me to discuss them with the Shadow Minister. Within days, Mr Albanese suggested a couple of adjustments and supported the change – fantastic.

That was all to change. Within two weeks, Barnaby Joyce had resigned, clearly because he did not live in Bob Hawke times!



Shadow Minister
Anthony Albanese

Change not supported by new minister, Mr McCormack

Now let's move to the present time. I was fortunate to be able to arrange a meeting with the new Deputy Prime Minister, and now Transport and Infrastructure Minister, The Hon Michael McCormack. When I asked if he would support the change of the Act, he was undecided and said:

“I would like more information. I think there should be more discussion and more consultation.”

Now why wouldn't he have said:

“Dick, this is just common sense - of course I will support the change - cost always has to be considered and I have read so much about the destruction of general aviation, particularly in the bush.”



Deputy Prime Minister
Michael McCormack

It is very likely that Mr McCormack would have liked to have said that, but with his six years as a politician, I think his 'actor' training came in. He knew that any changes to the Act that even hinted that costs should be looked at would be considered by some as reducing safety – and be beaten up accordingly in the media.

However, I really hope he will support the change in the future.

We laughed at the 'Yes, Minister' segments, however, let's think about it. The 'Yes, Minister' show is an example of how our politicians have become actors not doers. I was shocked each time I was Chair of the safety regulator in Canberra to see how people – once the emotive word 'safety' came up – were not game to apply the common sense that I had experienced in private enterprise for over 30 years.

You can't blame individual politicians for this. The vast majority are as honest as any Australians. It is the system we have evolved into and we have to fix it.

Even though I have concentrated on a story about aviation, this is also the explanation of why so many are disillusioned with our democratic systems. No wonder Mr Trump was elected, with his call to drain the dishonest swamp.

How can you revitalise general aviation?

So how can we revitalise general aviation so we become world leaders, especially in flying training?

1. **We need to change the Act as agreed by Mr Joyce and Mr Albanese – 'Stop the lie – change the Act – let aviation thrive!' This should be our motto.**
2. **We must ensure that CASA concentrates on the regulatory rewrite to remove every unnecessary cost.**
3. **We should harmonise with the simpler and lower cost FAA regulations which allow a successful, safe, general aviation industry.**
4. **We must ensure that people with talent and industry experience are advisers to the Minister and appointed to the CASA Board. For the last 15 years, no one advising the Minister on aviation has had the relevant skills or experience, or ever stated any vision on how to grow aviation.**
5. **We need to transfer experienced experts from the industry to CASA for one or two years to get the general aviation industry thriving again.**
6. **We must convince governments to treat aviation safety in a bipartisan way, not the point-scoring that clearly damages our country.**

The major parties agree on our alliance with the USA. Why? Because it is of such national interest. What could be of more 'national interest' than having a safe and viable aviation industry? We need the major parties to join in supporting aviation reform. The agreement between Mr Joyce and Mr Albanese is an example of what can be achieved.

Mr McCormack has a huge opportunity

Tens of millions of dollars of additional export income

In closing - the Deputy Prime Minister, Mr Michael McCormack, has a huge opportunity to support these common-sense changes to get aviation, especially in the bush, thriving again.

We could become world leaders in flight training and recreational aviation – tens of millions of dollars of additional export income could be earned – promoting massive investment in both infrastructure and services in our country towns and regional centres.

The problems I have mentioned do not affect me personally, I'm fortunate. I can afford the high costs. It's others and my country I am concerned about.

Call to action

This is my call to action. I ask you to contact the Minister, your Local Member, the media – everyone – and ask for the **Dick Smith Wagga Proposals** to go ahead. They are on my website.

Sir Henry Parkes gave the Tenterfield Oration in 1889, which was a trigger for our Federation. Well, this is the 'Dick Smith Wagga Oration' which I hope will trigger the revitalisation of general aviation in Australia.

Aviation call for action

www.dicksmithfairgo.com.au

Postscript

On the morning I gave the Wagga presentation, Mr McCormack was quoted in the Wagga Daily Advertiser:

“I’ve had a number of discussions with Dick Smith, and I appreciate that the industry wants to see changes made as soon as possible, but what I won’t do for anyone is rush policy change, especially when there might be safety implications,” Mr McCormack said.

He continued, “It’s all well and good to bind me to the Barnaby Joyce agreement, but the fact is Barnaby is not Transport Minister anymore and, while I appreciate that he had discussions with Anthony Albanese, I was not in on those discussions.”

Australian aviation organisations that have confirmed with Dick Smith their support of the Barnaby Joyce and Anthony Albanese changes to the Act.

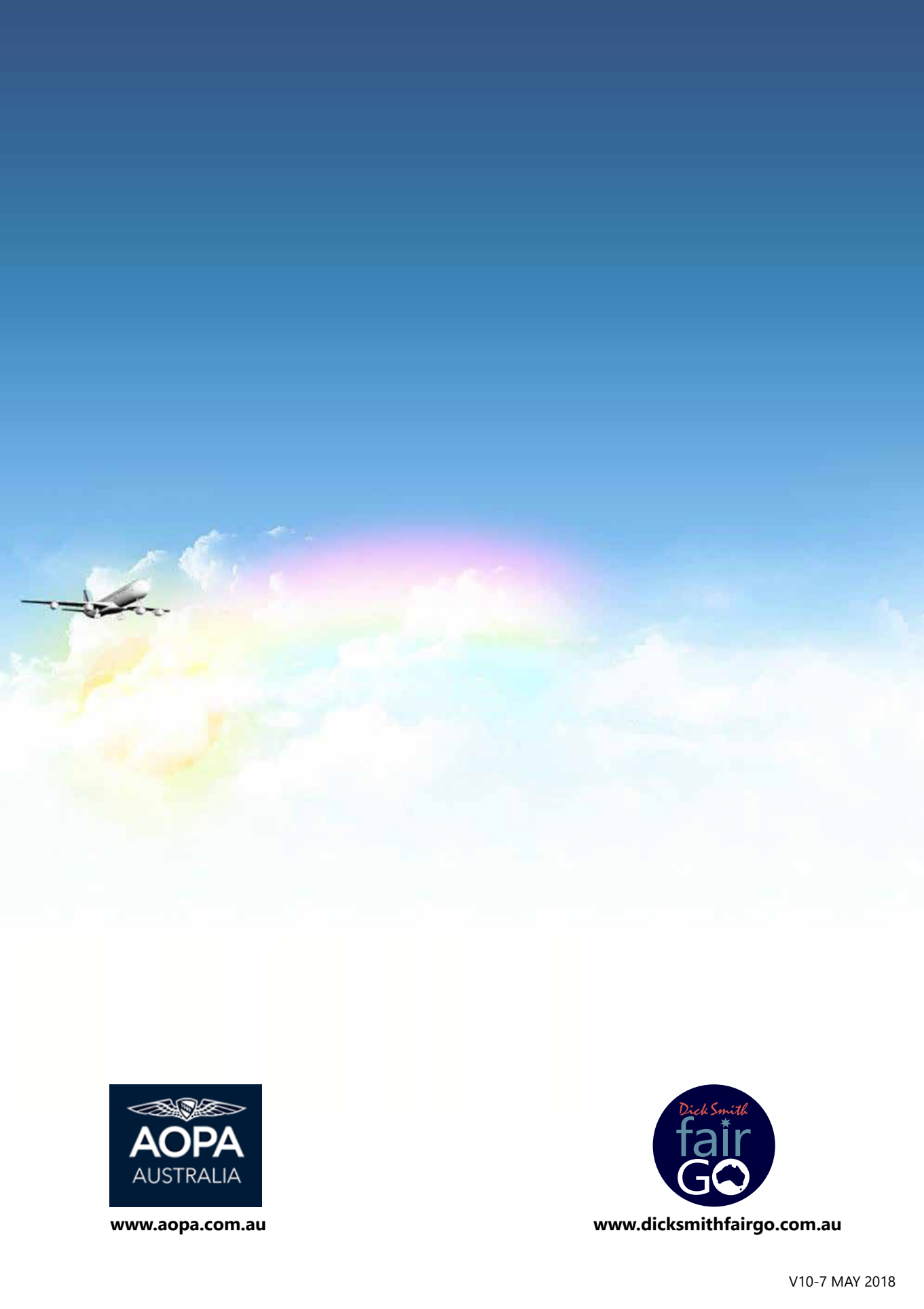
Aircraft Owners and Pilots Association of Australia
Australian Business Aviation Association
Australian Parachute Federation
Australian Warbirds Association
Aviation Maintenance Repair and Overhaul Business Association
Hang Gliding Federation of Australia
Recreational Aviation Australia
Regional Aviation Association of Australia
Sport Aircraft Association of Australia
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