

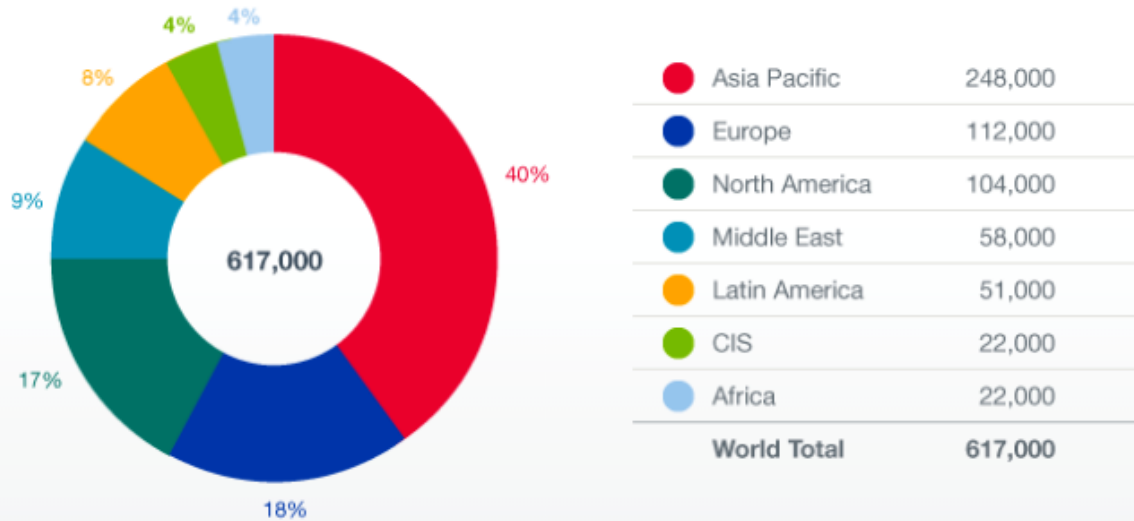
Flying Training Organisations - Great Australian Opportunity or just a Liability?

*A look at the liability of flying training organisations and the
relevance of the CASA indemnity*

NORTON WHITE

Opportunities for FTOs

New Pilots by Region (2016-2035)



**40% of the demand for new pilots are seen in the Asia Pacific region
(Graphic © Boeing)**

Opportunities for FTOs

- Demand for commercial airline pilots.
- Demand for helicopter and UAV pilots.
- Chicago Convention – recognition of pilot licence internationally.

Australia well positioned for flying training

- International reputation for high standards of training and safety.
- No airspace congestion problems.
- Part of Asia – low cost air links.
- Boeing estimates China will need 111,000 new commercial airline pilots by 2035.

Australia well positioned for flying training



MISSION AVIATION TRAINING MISSION TO CHINA 2017

Develop a deeper understanding of China's fast growing aviation sector and establish relationships with international Chinese airlines and institutions.

ABOUT THIS EVENT

China is set to become the world's largest aviation market in the mid 2020's, with the number of travellers moving through China's airports forecast to increase from 487 million in 2015 to 927 million in 2024. ¹

China has an acute shortage of trained pilots. According to Boeing, airlines in China will need 111,000 new pilots by 2035 as new plane orders and demand for air travel surges - accounting for 40 per cent of global aviator requirements during that period. ²

Domestic training capacity is constrained by a range of factors which limit the amount of time available for practical aviation training. In addition, finding pilots with sufficient experience and the appropriate qualifications to pilot China's expanding fleet of advanced commercial aircraft is proving challenging.

Opportunities exist for Australian aviation training providers, including flight training schools, simulators and training institutions to meet the sector's challenges by providing training services to major Chinese airlines, accredited Chinese pilot training providers and through university

Important information

Date:
18-22 September 2017

Location:
China
- Shanghai, Beijing and Chengdu

Application deadline:
Refer to [event page](#)

Who should attend?

Australian organisations interested in establishing valuable connections with Chinese markets in:

- General aviation
- Commercial aviation

Closure of flying schools

QLD News

Aviation firms grounded amid skyrocketing costs and regulations

Michael Wray, The Sunday Mail (Qld)

March 12, 2017 1:00am

QUEENSLAND'S general aviation industry is being throttled under skyrocketing costs and ballooning regulations, with half of the flying schools at the region's largest hub going out of business in the past two years.

**The Courier Mail*

Closure of flying schools

- Schools have suffered enormously due to regulatory changes.
- 2014 – Change with Part 61 of the CASR.
- Royal Queensland Aeroclub closed.
- Singapore Airlines' training college at Maroochydore Airport closed.

CAAP Admin 1 Changes

- **Prior to September 2014** – CASA indemnified holders of delegations against any liability of loss arising from the exercise of powers or the performance of functions carried out on behalf of CASA.
- **Post September 2014** - Approved Testing Officer delegations issued by CASA were replaced with the grant of flight examiner ratings under Part 61 of CASR.

EFFECT = Flight examiners now conduct flight tests under the authority of their rating, rather than as delegates of CASA and will no longer be covered by CASA's indemnity insurance.

Liability Risks in Australia

POST SEPTEMBER 2014

Legislation	Who does it effect and how?
CAAP Admin 1	Part 61 introduced – Save for any extensions, CAAP no longer covers Approved Testing Officer delegations.
Common Law Claims (ie negligence)	Third party training organisations exposed with no CAAP Admin 1 cover.

Insurance Coverage

FTOs use insurance as the primary means of protection.

Training flight accidents

- Insurance coverage is linked to aircraft and any loss or damage flowing from accident

Negligent Examination

- Coverage is limited and expensive
- Low cover limits
- High premium linked to individual examiners

CAAP Admin 1 – Low cost to the Government

- Handful of claims for indemnity under CAAP Admin 1 regarding FTOs
- Claims relate to training/check flight accidents.
- A search of databases of Australian Court decisions does not disclose any cases against flying training organisations for inadequate examinations leading to subsequent accidents.

For Immediate Release

**Deliberate Crash of Germanwings Flight 4U9525:
Federal Lawsuit Filed on Behalf of 80 Victims' Families Against Suicide Pilot's Flight
Training School, a Lufthansa Company**

New York, NY, April 13, 2016 . . . A federal wrongful death lawsuit was filed today in Phoenix, AZ, by the law firm [Kreindler & Kreindler LLP](#), along with co-counsel from law firms in Germany, Holland and the United Kingdom,¹ on behalf of 80 families of victims of the March 24, 2015, Germanwings Flight 4U9525 pilot-suicide disaster in the French Alps that took 150 lives. The defendant in the case is the Airline Training Center Arizona, Inc. ("ATCA"), a company of the Lufthansa global airline organization. The lawsuit was filed in the United States District Court for the District of Arizona.

Brian Alexander, a Kreindler partner and military-trained pilot who represents the plaintiffs, said, "Andreas Lubitz, the suicidal pilot, should never have been allowed to enter ATCA's commercial airline pilot training program. ATCA was one of the most important gateways or checkpoints in Lubitz's desire to become a Lufthansa commercial pilot. ATCA was not just negligent, but also careless, and even reckless, in failing to apply its own well-advertised 'stringent' standards to discover the history of Lubitz's severe mental illness that should have kept Lubitz from admission to ATCA's flight school. The company missed several readily-apparent red flags, including that Lubitz's German medical certificate had a restricting legend on

¹ The Kreindler team of attorneys consists of Dr. Elmar Giemulla, Germany; Dr. Marcus Backes and Dr. Christof Wellens of Dr. Backes + Partner, Germany; Maya Spetter of Spetter Advocaat & Mediator, The Netherlands; Evert Wytema of Van Wassenaer Wytema, The Netherlands; and Jim Morris of Irwin Mitchell LLP, United Kingdom.

Claims against FTOs are rare but when they do occur they can be *catastrophic*.

Reinstatement of CAAP Admin 1

- Australian government recognises enormous export potential for flying training.
- Indemnity cost is low.
- Indemnity supports expansion and growth of export industry.



List of recommendations

15. The Civil Aviation Safety Authority continues to provide appropriate indemnity to all industry personnel with delegations of authority.

NORTON WHITE
