



9 April 2020

The Hon. Michael McCormack MP

Deputy Prime Minister

Minister for Infrastructure, Transport and Regional Development

Leader of The Nationals

Federal Member for Riverina

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Dear Deputy Prime Minister,

ESSENTIAL SUPPORT SERVICES FOR REGIONAL AVIATION

I am writing to thank you again for the support provided by your Government to ensure the continuance of essential regional air services during the current COVID-19 emergency. The Australian Airline Financial Relief Measures coupled with the Regional Airlines Network Support and Funding Assistance Programmes will help ensure that regional and remote centres retain their vital air links and that the airlines and charter companies that maintain these links will have the ability to survive this pandemic and rebuild the regional aviation network once it is over.

Such comprehensive and prompt actions are without precedent in the history of regional aviation and illustrate that the Government has understood the disastrous situation in which the industry found itself with many operators literally days away from collapse and essential air services facing closure. The Government is to be congratulated. However these same operators are totally reliant on support services to sustain their operations and the RAAA has concerns regarding their survival as follows:

- A. Maintenance and Repair Organisations (MROs)** and their associated component and parts suppliers have seen their revenue streams dry up with operators deferring or cancelling scheduled maintenance and it remains to be seen how many will survive with the assistance of the Government's funding assistance package for small and medium enterprises and the extraordinary Jobseeker Programme. We are hopeful that these generous programmes will keep critical maintenance facilities operating and available for the expected resurgence of activity during the recovery phase.

- B. Independent simulator training centres** have also seen their revenue streams vanish as operators defer normal check and training activity under CASA exemptions or simply because they have stood down flight crew. Additionally, Australia trains many pilots from the Pacific region and elsewhere and this has totally ceased with the ban on non-operational flight crew entering Australia. An unintended consequence of this is that some Pacific region airlines will be grounded due to flight crews not having current licences and it is hoped that these particular travel restrictions can be lifted as soon as possible. As with MROs it is hoped that these facilities will be able to maintain basic functionality during the emergency so that they will be ready for the recovery phase. Before ramping up to normal operations the larger regional operators will need simulators immediately available to make their flight crew recurrent.
- C. Independent privately owned flying schools.** Of great concern to the RAAA is the plight of Australian owned smaller privately operated flying schools, many of which are facing imminent closure. They have seen their revenue diminish or vanish with overseas students no longer able to come to Australia and inquiries from local students have reduced drastically. The large flying schools are in the main owned by sizeable corporate entities, typically foreign airlines and international training organisations, and can be revived to service airlines like Qantas and the Chinese carriers once the emergency is passed but the small private schools could be lost forever. The privately owned flying schools and aero clubs supply pilots to GA and regional aviation and will be needed post the pandemic. Smaller regional operators do not have the capacity to train their own pilots from ab initio and rely on these schools. The barriers of entry into the flying training industry are formidable and those schools that collapse will not necessarily be replaced and even if they are it will take time that the industry cannot afford. Many of these schools are located in regional areas whereas the large schools tend to be near large population centres.

It is essential for the future of regional aviation that we retain the expertise and experience contained in these smaller schools. They are also currently offering an employment lifeline to laid off Australian pilots from both regional and mainline airlines. They are a vital part of our aviation eco-system. As well as supplying pilots to GA and regional aviation, privately owned schools provide essential training not carried out by tertiary institutions such as training instructors and providing Instrument Proficiency Checks. They also provide community services such as working with the Scouts and the VET in schools programme.

The RAAA suggests that the following initiatives be considered by Government to assist essential support services for the regional aviation industry survive the emergency and be available for the post COVID-19 recovery:

- 1. Consider access to a funding assistance programme similar to that provided for regional airlines and charter operators providing essential regional air services:** The continued operation by regional operators due to the regional assistance programmes will help to some extent in that they will need to use essential service providers. However the scale of operations will be so small compared to pre-emergency activity that many support services will struggle. This is particularly so for flying schools that will not be needed until the recovery phase. If critical MROs or simulator centres are closed then it will prevent operators without in-house expertise from operating. Any assistance would of course only be needed once the avenues of the Jobseeker Programme and other initiatives were exhausted.
- 2. Assign VET Student Loans to the student rather than through the University or TAFE system:** This would allow students more flexibility in selecting a training institution and would funnel more business into the smaller schools. It would open opportunities to regional students to undertake aviation studies through bespoke providers at a faster completion time frame. Courses through tertiary institutions as per the current VET funding scheme can sometimes take 3 to 4 years to produce a pilot. This will not be quick enough in the post pandemic recovery phase once demand starts to pick up again.
- 3. Assist in providing a moratorium on airport fees including rents and parking charges:** Some regional airports, particularly those owned by Councils, have been sympathetic to the plight of small aviation businesses but other airports have adopted a more commercial approach. It would greatly assist if a moratorium on airport charges including rents could be instituted. Many schools in capital cities that supply pilots to regional Australia are at the mercy of commercially owned airports and have little or no say in the application of relief for such charges.
- 4. Consider funding for setting up online pilot training:** Aviation training providers have had to be agile with the recent government guidelines and have moved classes online. This has come at a cost. A fund that operators could utilise to upskill staff and acquire both hardware and software to minimise capex burdens in their business would allow cashflow to be utilised for keeping staff in jobs and businesses viable. This could be part of the funding assistance programme suggested above and would allow schools to attract students to carry out the non-flying part of their training while still self-isolating.

5. **Waive CASA Regulatory Service Charges:** These are a small part of the CASA budget but constitute a significant expense for flying schools. This will be especially so for those that incur extra costs from CASA due to staff changes involved with downsizing and then rebuilding at a later date as a result of the COVID-19 virus.

6. **Allow the entry into Australia of non-operational air crew for the purposes of simulator recurrency training as soon as possible:** For countries like Papua New Guinea and some Pacific island nations the grounding of domestic services will have a dramatic impact. Air Nuigini is one operator whose pilots can no longer carry out recurrency training due to the travel ban. Any lifting of restrictions could be done with the same safeguards currently applied to transiting operational flight crew.

The RAAA thanks you for considering these initiatives. We are happy to discuss them with you and to supply any extra information needed to achieve the best possible outcome for these essential regional aviation support industries.

Yours faithfully,



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Chairman

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