



COMMONWEALTH OF AUSTRALIA

# Proof Committee Hansard

## SENATE

### RURAL AFFAIRS AND TRANSPORT REFERENCES COMMITTEE

**Reference: Pilot training, airline safety and the Transport Safety Investigation  
Amendment (Incident Reports) Bill 2010**

WEDNESDAY, 1 DECEMBER 2010

SYDNEY

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## **SENATE RURAL AFFAIRS AND TRANSPORT**

### **REFERENCES COMMITTEE**

**Wednesday, 1 December 2010**

**Members:** Senator Heffernan (Chair), Senator Sterle (Deputy Chair) and Senators Hutchins, McGauran, Milne and Nash

**Participating members:** Senators Abetz, Adams, Back, Barnett, Bernardi, Bilyk, Birmingham, Mark Bishop, Boswell, Boyce, Brandis, Bob Brown, Carol Brown, Bushby, Cameron, Cash, Colbeck, Coonan, Cormann, Crossin, Eggleston, Faulkner, Ferguson, Fielding, Fierravanti-Wells, Fifield, Fisher, Forshaw, Furner, Hanson-Young, Humphries, Hurley, Johnston, Joyce, Kroger, Ludlam, Ian Macdonald, McEwen, Marshall, Mason, Minchin, Moore, O'Brien, Parry, Payne, Polley, Pratt, Ronaldson, Ryan, Scullion, Siewert, Stephens, Troeth, Trood, Williams, Wortley and Xenophon

**Senators in attendance:** Senators Heffernan, McGauran, Sterle and Xenophon

#### **Terms of reference for the inquiry:**

To inquire into and report on:

- (a) pilot experience requirements and the consequence of any reduction in flight hour requirements on safety;
- (b) the United States of America's Federal Aviation Administration Extension Act of 2010 which requires a minimum of 1 500 flight hours before a pilot is able to operate on regular public transport services and whether a similar mandatory requirement should be applied in Australia;
- (c) current industry practices to recruit pilots, including pay-for-training schemes and the impact such schemes may have on safety;
- (d) retention of experienced pilots;
- (e) type rating and recurrent training for pilots;
- (f) the capacity of the Civil Aviation Safety Authority to appropriately oversee and update safety regulations given the ongoing and rapid development of new technologies and skills shortages in the aviation sector;
- (g) the need to provide legislative immunity to pilots and other flight crew who report on safety matters and whether the United States and European approaches would be appropriate in the Australian aviation environment;
- (h) reporting of incidents to aviation authorities by pilots, crew and operators and the handling of those reports by the authorities, including the following incidents:
  - (i) the Jetstar incident at Melbourne airport on 21 June 2007, and
  - (ii) the Tiger Airways incident, en route from Mackay to Melbourne, on 18 May 2009;
- (i) how reporting processes can be strengthened to improve safety and related training, including consideration of the Transport Safety Investigation Amendment (Incident Reports) Bill 2010; and
- (j) any other related matters.

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**Committee met at 12.34 pm**

**CHAIR (Senator Heffernan)**—I declare open this public hearing of the Senate Rural Affairs and Transport References Committee. The committee is hearing evidence on the committee's inquiry into pilot training and airline safety. I welcome you all here today. This is a public hearing, and a Hansard transcript of the proceedings is being made.

Before the committee starts taking evidence, I remind all witnesses that in giving evidence to the committee they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee, and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee.

The committee prefers all evidence to be given in public, but under the Senate's resolutions witnesses have the right to request to be heard in private session. It is important that witnesses give the committee notice if they intend to give evidence in camera. If a witness objects to answering a question, the witness should state the ground upon which the objection is taken and the committee will determine whether it will insist on an answer, having regard to the ground which is claimed. If the committee determines to insist on an answer, a witness may request that the answer be given in camera. Such a request of course may also be made at any other time.

On behalf of the committee, I would like to thank all those who have made submissions—there were a lot of them—and sent representatives here today for their cooperation with this inquiry. I welcome representatives from the Australian and International Pilots Association.

[12.36 pm]

**BOLWELL, Mr Kristian, In-house Solicitor, Australian and International Pilots Association**

**MACKERRAS, Mr Dick, Safety and Technical Consultant, Australian and International Pilots Association**

**WOODWARD, Captain Richard, Vice-President, Australian and International Pilots Association**

**CHAIR**—The Australian and International Pilots Association have lodged submissions 6 and 6a with the committee. Would you like to make any amendments or additions to those submissions?

**Capt. Woodward**—There are no amendments, Senator.

**CHAIR**—I now invite you to make a brief opening statement.

**Capt. Woodward**—Thank you. We welcome the opportunity to talk to the committee. The Australian International Pilots Association is the largest representative pilot body in the country. We consider ourselves a professional body, a bit akin to the AMA, as well as being a union. We have working groups with CASA on regulatory rule making. We participate in all the aviation industry forums. We participate internationally through our relationship with the International Federation of Airline Pilots Associations with our work with ICAO. For instance, I am the Executive Vice-President Technical Standards of IFALPA, which means I am a board member of IFALPA. We represent 105,000 pilots in over 100 countries.

I would like to deal firstly with the issue concerning some people saying we are testifying because we take an industrial view of safety. That is certainly not the case. We have a view that if we took an industrial view of safety we would lose credibility. The second thing is that we are representing our pilots. We are a major stakeholder in the industry, so it would be remiss of us not to testify before this forum. I am reminded that the aviation white paper that was recently released said:

Employment in the aviation industry should grow with more Australians training for and taking up jobs in the industry.

Also, in another reminder, it says:

A well-trained workforce, developed through partnerships between government and industry, should meet the continuing needs of Australia's aviation sector.

In that context, we see current developments in the industry as the industry killing itself from within, and I will go on to address that in a minute or so. Basically, that is to do with the offshoring of Australian jobs, training at the lowest possible standard overseas and third-party training providers. We are seeing the situation where pilots are paid salaries that are below the

basic wage in Australia and certainly below the wages of baggage handlers that are handling the bags in the aircraft.

Dealing with the safety aspects, both the UK CAA and the FAA recently recognised an increasing trend for accidents worldwide, principally due to three things. One is poor training—automation reliance by the pilots and poor manual flying skills. In fact, the UK CAA made a presentation to that end to the European Aviation Safety Agency directors' meeting in 2009, and I am sure you are all aware of the recent developments both in the FAA and in Congress, after the Colgan Air accident, to increase experience levels required for people flying aeroplanes.

We see similar elements developing in Australia. We are not necessarily predicting an accident tomorrow, but we see there is a potential in the industry to go down the same route that they have seen in Europe and in the United States—decreasing experience levels and dumbing down of training. A solution, we believe, is a top-down look at the industry both from the government and from the industry itself to see where we sit in relation to those aspects we have seen overseas and to address those issues. That is why we have made our submission. That is in fact why we wrote the statement of concern about aviation standards.

I am open to questions, Chair.

**CHAIR**—Thank you very much. I have been curious for a number of years. There has to be an incentive. I understand the woman who was a pilot of that plane in the United States lived in a caravan adjacent to the airport and was paid \$20,000 or something a year. I do not know whether that has something to do with the skill. What is the skill that relates to hours? If I am a flying instructor, I could have 2,000 hours just doing circuits. Where do you draw the line on experience through hours?

**Capt. Woodward**—That is a very good question. There is a common statement that one hour repeated 2,000 times is not much of a learning experience. In general aviation in Australia the hours experience was sort of used as a filter. It was hard work. The young pilots went up north and did cattle mustering or went to New Guinea and did things like that. It taught the young person to be responsible for their own actions and to suffer the slings and arrows of low wages and difficult working conditions. So it sort of acted as a determinant of your character in reality.

**CHAIR**—If you were Rex airlines and you knew that every time you trained a pilot that the other airlines were going to grab them when they were at the right stage in life, how in the hell do you not do what you are doing, which is have an academy and put people through it? What is the alternative?

**Capt. Woodward**—I think the low-capacity end of the aviation sector would recognise that that is going to be a perpetual problem. Pilots will seek better remuneration and better conditions of service. We think that Rex's approach through that academy is quite novel and works quite well. You have to realise that in these situations pilots will move on, especially if the wages are going down to the extent that they are. It is no longer as attractive a career as people think. In fact, my compatriots in the British Airline Pilots Association have a booklet out on how to be a pilot and the opening sentence says that some of their cadets have declared bankruptcy because they cannot afford to live on their wages.

**CHAIR**—So what do we do generically if the public expect to be able to fly return to Perth from Melbourne cheaper than they can fly from Wagga to Sydney return or expect to fly for \$50 to Port Douglas? What is the solution?

**Capt. Woodward**—That is a commercial decision for the company, but in reality you are right.

**CHAIR**—But it is a commercial decision for the airline industry, which includes the pilots. I can see the point coming where if other countries have a 35 to one labour advantage over us it might end up like the medical industry where none of them are us.

**Capt. Woodward**—That is very true. That is why I made my opening statement that the industry is killing itself. If you charge loss-leading ticket prices and have decreasing yields, the industry is eventually going to die. Yet this is at the same time that the industry is predicting worldwide growth. There is a requirement for 23,300 new pilots per annum worldwide. That is what Boeing Training and Flight Services are predicting. If we do not have a serious look at the Australian industry where the growth comes from both general aviation and those cadet schemes, we will see young people not entering the industry because why would they pay upwards of around \$200,000 for a cadet and training scheme when they are going to earn NZ\$42,000 per annum for three years as a cadet pilot? That is less than the Australian wage.

**CHAIR**—But under what you propose if I am in Wagga and have a huge desire to be a pilot, can read, write and add up and am somewhere up the scale, which I think should be an important part of it—you just cannot take people; thank God they do that for doctors—what is the option for Rex? Do you think they should have guys go into the academy with 1,500 hours or are you happy for them to go in with no hours and come out with 200 hours and get in the right-hand seat? What is your position?

**Capt. Woodward**—I think hours alone is not a determinant in this situation. There is obviously a minimum number of hours where you have enough experience to be self-reliant, as I outlined earlier, but the other thing you need is competent training and certainly a mentoring program for the pilots. I do not have any problem with the Rex cadet scheme in that it provides mentoring and training throughout the early part of the pilot's career.

One of the things that the big legacy airlines have not had in the past is a training system that caters for the inexperienced pilot. We have people coming from general aviation or cadetships and moving into the airline. In the old days the airlines recruited pilots who were experienced. So their training systems are geared for experienced pilots, not junior pilots. The hours issue will fall out naturally. I believe IATA, the International Air Transport Association, is promoting 750 hours as being a reasonable minimum. Australia is a signatory state to the annex 1 convention of the International Civil Aviation Organisation that says that an Airline Transport Pilot Licence should be 1,500 hours for both crew members that are occupying the seats. Unless we see a change to that convention then we believe that every crew member of a high-capacity airline that is occupying control should have an ATPL.

**CHAIR**—The pilot in the left-hand seat of the unfortunate Lockhart flight allegedly had some cowboy tendencies. If he had gone along to Rex and said, 'I've got 6,000 hours,' he probably would have got a job. Isn't there a middle ground position here?

**Capt. Woodward**—Do you mean a middle ground in terms of hours?

**CHAIR**—If you are desperate to employ pilots—for instance, Rex lost 50 per cent of their pilots in one go—you would tend to say: ‘Oh, here’s a bloke with 6,000 hours. We’ll take him on.’ That does not mean to say that you have got a good pilot.

**Capt. Woodward**—No, I agree. There are training standards. An individual in a body be it a local school or a group of pilots is going to have varying levels of talents and skills. A good training system will pick up that one person is not as talented as another. It does not matter how many hours you have. In the normal screening that the airline would do to take that person on board it should be fairly obvious. I remember when I was a military instructor, it took me 10 minutes to decide whether the student was going to pass and the rest of the hour making up my mind what mark I was going to give him. Any good training system worth its salt can filter out those individuals. I must say that the other requirement of an airliner is that you have multiple crew so that there seems to be a self-levelling system there.

**CHAIR**—Finally, you are concerned also, as I am, for the safety of the flying public but in competing globally—and I would not like to own an airline—keeping the planes flying physically soundly and keeping the airline financially sound is a huge hurdle. We really do not want to get to the stage where some of our pilots are living in a caravan at the end of the runway.

**Senator XENOPHON**—Is that a question or a statement?

**Capt. Woodward**—I was wondering that.

**CHAIR**—They can relate to that.

**Senator XENOPHON**—One of the issues that you have raised in your submission is with the 1,500 hours that are required to get an Airline Transport Pilot Licence at the moment the rule is that, if you have hours in a glider, it counts to the 1,500 hours, and you see that as anomalous.

**Capt. Woodward**—We certainly do. Glider pilots are perpetually in a forced landing because they do not have engines. There are some talents that you learn there in flying aeroplanes without engines but it does not relate really well to a multicrew environment. We would like to see a change in emphasis towards more multicrew training.

**Senator XENOPHON**—That is one of the things that needs to be changed.

**Capt. Woodward**—Absolutely. The theory, for instance, on the multicrew pilot’s licence is to train young pilots to be multicrew trained right from the very beginning. But there are some issues with that. People are touting the multicrew pilot’s licence as the answer to these problems but, in fact, with the beta systems where they were testing these, the pilots did not come out with 240 hours, they came out with 400 hours. and they had some issues with their training. It is not the panacea for the industry that people think.

**Senator XENOPHON**—We do not have multicrew pilot licences here in Australia, do we?

**Capt. Woodward**—We can.

**Senator XENOPHON**—We can but we do not at the moment. None of the airlines are doing it.

**Capt. Woodward**—There have been about 66 graduates worldwide—do not hold me to these figures because they change daily—and there are more trainees but the industries recognise that they probably cost twice as much and take twice as long to train pilots. The problem with the multicrew pilot's licence is that it is very restricted. You tend to have to be sponsored by a particular airline and there have been experiences in the Philippines, for instance, where that airline went broke, so those pilots could not fly for anyone.

**Senator XENOPHON**—But we could still have pilots trained with multicrew pilot training flying into Australia?

**Capt. Woodward**—Absolutely. What you have got to remember is that if they did the bare minimum they would have about double the hours it takes to get a drivers licence in New South Wales. It is 120 hours to get a drivers licence in New South Wales. It is 240 hours to get an MPL licence as a pilot, 40 of which can be flying and 10 of which are as pilot in command—total. So we can see one of those graduates come into an airline and ultimately be given command of an airliner with no more than 10 hours ever in command of any aeroplanes.

**Senator XENOPHON**—So not much more than your P-plater?

**Capt. Woodward**—Exactly. They are basically P-plate pilots. That is the way I like to say it.

**Senator XENOPHON**—Could we go to the issue of pay-to-fly and pay-for-training models. Qantas does not do those. Are there any carriers that have a pay-for-training model here in Australia?

**Capt. Woodward**—Not that I know of. There are plenty overseas and there are indications that the industry is moving towards that in Australia.

**Senator XENOPHON**—I do not know if Mr Mackerras wants to weigh into this. Is that something that should be prevented by regulation because of the concerns that AIPA has about it?

**Capt. Woodward**—I absolutely think so. I have to differentiate, as my compatriot has reminded me, between pay for training and pay for flying. There are pay-for-training schemes. There are no pay-for-flying schemes. With one of the low-cost carriers in Europe, as I know for a fact, the young first officers have to house-share because they cannot afford on their wages to actually live in a house on their own. As I said, with one of the schemes that is currently advertised in Australia it is nearly \$200,000 to pay for your training. If you were then unfortunate enough to be posted to New Zealand, your minimum guaranteed salary would be NZ\$42,000 and out of that you would have to pay around NZ\$10,000 back for your training. So after tax your take-home pay would be below half the Australian minimum wage and certainly below that of the baggage handler being paid to put bags in the aircraft.

**Senator XENOPHON**—You mention New Zealand, and that goes to another issue of appropriate levels of qualifications. Because of the close economic relations we have between

Australia and New Zealand, my understanding is that there have been some concerns that some pilots are getting entry into the Australian domestic aviation market through the back door in a sense where their level of training is not up to the same standards we have here. Is there a concern in relation to that, or you do not have an issue with that?

**Mr Mackerras**—I do not think that there is any suggestion that the standards of training in New Zealand are any less than those in Australia.

**Senator XENOPHON**—Sorry, not New Zealand standards but that there are some pilots trained in other jurisdictions that, by virtue of being able to get a licence in New Zealand, can then fly domestically in Australia.

**Capt. Woodward**—That could be the case. In fact, any foreign carrier operating into Australia can have different levels of pilot training. That is accepted by the regulator.

**Senator XENOPHON**—Should that be accepted or should there be a minimum benchmark for Australian airspace?

**Capt. Woodward**—I think there should be a minimum benchmark. I am reminded that the Director of the Air Navigation Bureau of ICAO, Nancy Graham, has regularly said in recent forums that 49 per cent of the contracting states of ICAO have limited or no capability to introduce a full regulatory system. You can bet that that applies to their pilot training standards, so we can see people coming from some foreign jurisdictions that certainly do not meet what we consider to be basic training standards.

**Senator XENOPHON**—Does that make some of your members worried or nervous?

**Capt. Woodward**—It does, yes.

**Senator XENOPHON**—In relation to the issue of CASA and the level of training that they have, does AIPA have concerns that there are not the resources for the inspectors? I think, Mr Mackerras, you worked with CASA as well as being a checking pilot for an airline here.

**Mr Mackerras**—That is correct.

**Senator XENOPHON**—Is there an issue there in terms of CASA not having the resources to be up to speed as to the level of technical expertise in checking pilots?

**Mr Mackerras**—I think there is always a problem for the regulator in terms of the available resources. It is a matter of being a government issue, I suppose. The regulator has always faced the problem of how to adequately train its inspectors, whether they be pilots or airworthiness or aerodromes or other jurisdiction people. One of the problems that AIPA is concerned about is that, given the available funding for CASA, the ability for CASA to respond to changes in modern systems and modern aircraft—and indeed in modern business practices which they also need to supervise—

**Senator XENOPHON**—So you stand by the submission that CASA pilots are normally not current on the aircraft they are supervising and might never have actually flown the real aircraft?

**Mr Mackerras**—That is correct.

**Capt. Woodward**—They used to. There was a move afoot in the past to actually have some of the CASA pilots seamlessly integrated into some of the airlines, such as our own airline for instance. But I think it was costly and also not capable of being sustained, so they withdrew from that. I agree with Dick Mackerras that there could be a chance that the pilot who is supervising you has never actually flown that aeroplane.

**Senator XENOPHON**—Turning to the issue of the amendment that I have put up in terms of ‘a just culture’, there is some criticism of the amendment. There is a concern that it may give protection to pilots in an industrial dispute, so that if a pilot were grossly negligent they would be protected by this amendment. Obviously, that is something that I certainly had not intended. What is your view about that? To what extent is there the just culture approach in other jurisdictions? How far behind are we in Australia where pilots can be free to say they have made a mistake and it is easier to report that?

**Capt. Woodward**—Both the UK and the United States have more complex systems than we have and arguably they are better developed for safety reporting. The just culture concept is actually entrenched in ICAO standards and recommended practices. They are actually moving that way. We would like to see just culture enshrined in Australian legislation, so we actively support your amendment. One of the concepts of a just culture is that wilful negligence, disregard for standard procedures or actually breaking the law is not condoned; it is actually recognised in the just culture concept that those issues are not meant to protect an individual who deliberately or flagrantly breaks the law or is actually just negligent.

**Senator XENOPHON**—This is following on from that. One of the terms of reference relates to the Jetstar incident at Tullamarine on 21 June 2007, which was the subject of a comprehensive ATSB report. There were issues not just about the incident itself—and I think Senator Heffernan and Senator Sterle had an opportunity to see the flight simulators this morning at Qantas, which was very good of them. To what extent does AIPA have concerns about not only that particular incident itself but, more importantly, the sequence of events that followed in terms of the method of reporting?

**Capt. Woodward**—The report is subject to the ATSB’s interpretation but it seems to us from a distance it is a skill and/or training level thing. We believe that it is probably symptomatic of other incidents that the industry is having. In other words, we think that there is an under-reporting of those sorts of incidents. We have anecdotal evidence from our members that that type of incident has occurred before on that particular airline. Certainly in the regional transport sector there have been a number of incidents, not related to that but other issues.

**Senator XENOPHON**—But can you explain this to me? As to that incident, there was a report but it was not the subject of a full investigation by the ATSB. Why didn’t that happen? What is your understanding as to why that did not see the light of day initially?

**Capt. Woodward**—I think initially the airline decided not to report it because in their interpretation it was not a reportable event. The problem we see with a reportable event list is that there are always commercial interest in not reporting your dirty washing to the public because it could be misinterpreted. So having the airline interpret its own safety reports as to

whether they should be reported or not is an issue because they will reluctantly report items. The list is reasonably clear though. If you have a ground proximity warning system go off you should report it. As to the other one that you are no doubt going to ask me about, about the aileron problem with the other airline, I would say that a control issue that causes an emergency landing is a reportable incident—but both airlines chose not to report it initially.

**Senator XENOPHON**—There is the Tiger Airways flight from Mackay to Melbourne on 18 May 2009. That is the one.

**Capt. Woodward**—Absolutely.

**Senator XENOPHON**—In the US, as I understand it, there is consumer input. In other words, firstly, should there be a consumer perspective in terms of some consumer representation with those reports? Secondly, as I understand it, the final report that we see is subject to a fairly extensive process of negotiation with the airline. Is that your understanding?

**Capt. Woodward**—Yes, the ATSB has interested parties as part of a report—

**Senator XENOPHON**—Which is not unfair.

**Capt. Woodward**—That is not unfair. I myself investigated an incident or an accident, depending on your viewpoint, when some many years ago a Qantas aircraft ran off the runway, and we had interested parties involved. That is where the parties lobby for a change of wording or they believe they have been hard done by. So there is a natural levelling of the field, and we do not have any problem with that. What we do have a problem with is the under-reporting of incidents. We think that if you had a genuine safety management system and a genuine just culture then instances that are deemed to be reported should be pooled in a central database, probably under the management of the Transport Safety Bureau, and used as a mine for data.

**Senator XENOPHON**—From your members, to what extent do you think instances have been under-reported? There are about 14,000 a year, and many of those can be minor. They are not in any way threatening anyone's safety, so we will make that clear—

**Capt. Woodward**—No.

**Senator XENOPHON**—but to what extent do you think instances are being under-reported?

**Capt. Woodward**—As I said, we have anecdotal evidence. There have been a series of those so-called take-off go-round selection events in that particular case that you are talking about in Melbourne. We also have anecdotal evidence that there have been a number of stick-shaker events in some of the regional airliners. They are issues of concern. There have been other issues that we believe are symptomatic of maybe an ill in the industry. One of the things I started with was the lack of training, the lack of a situational awareness that we are seeing amongst pilots these days. We do not want to see an accident like they had in Turkish Airlines, where the aircraft had a radar altimeter failure and they crashed the aeroplane because the auto throttles went to idle and the pilots failed to notice. That is just lack of situational awareness and it is lack of training skills—and it is in a number of those accidents. We are asking that that safety data be properly reported, collated and used to give a proper, ongoing trend in the industry.

**CHAIR**—But is that really an indication of the automation of flying and the lack of human input and reliance on the computer to the point where you forget about the human element?

**Capt. Woodward**—That is true, very much so.

**CHAIR**—So would the solution to that be to be a mandatory, ‘We are going to have a fly ourselves for a change for so many hours’? Obviously there is a serious danger that you just get bored—I had better not say shitless, but you know what I mean—when you are flying and you rely on the machine and you are talking and, if the machine happens to go wrong, not by duress or whatever, just by way of routine, you become more reliant on the non-human factor and you do a belly flop.

**Capt. Woodward**—That is very true—

**CHAIR**—So what is the solution?

**Capt. Woodward**—The solution is multifolded. You have got to give the basic flying skills to the pilot to start with. The second thing is that you have got to teach them about the systems of the aeroplane so they can fault analyse and the third thing is that you have got to teach them how to use the automation of the aircraft properly and how to deal with it when it operates incorrectly. So you have got to teach people the basics of analysing what the automation is doing with aircraft right now. Modern aircraft are very complex and have many modes that you can use. As I said, there have been a number of accidents worldwide where the pilots simply got confused. There was one very recently in North Africa, flown by an airline there, where they went round after missing out on a landing. The aircraft was perfectly serviceable but the copilot that was flying the aircraft was startled by the performance of the aeroplane and disconnected the auto-thrust and stuck the nose down. Before the captain could grab the controls, they crashed and killed everyone. That to me is a sure sign that he has probably had poor training, there has been poor selection and he does not understand the automation. We think those three elements are vital: basic flying skills, training on the systems and training on how to deal with the automation of the aircraft.

**Senator XENOPHON**—Are you saying that there ought to be minimum standards for overseas pilots? How could you enforce that because of international agreements? What system is there to vet the level of training of an overseas trained pilot compared to the training we have here and in New Zealand, for instance?

**Capt. Woodward**—Every state establishes a regulation that allows foreign operators to operate into the country and in that regulation you can establish some minimum requirements. But I think this has to be addressed by Australia and some of the other signatory states such as the UK and the United States at the ICAO forum. This needs to be talked about worldwide. The paper we wrote on the statement of concern has gone to ICAO. One of my compatriots in IATA actually agreed with most of the comments we had written there. IATA has a thing called the IATA training qualification initiative, where they are looking at training standards for pilots and looking at the minimums and trying to write that down. The industry is sort of recognising worldwide that they have got a problem. We are just advocating that Australia, that is normally a leading-edge aviation country, be at the forefront of that.

**Senator STERLE**—Just before I go to questions, Captain Woodward, I just want to get it very clear today that we did do the simulator visit today on the Qantas jet base, and for our good friends in the media, who love their 10-second grabs—and we know how they can report things—on the record, I have got the fullest faith in the professionalism of our Qantas pilots.

**Capt. Woodward**—Thank you, Senator.

**Senator STERLE**—I want to make that very clear, because of their dedication and the training facilities that are available to them. For the media as well: I think the most important people in this whole argument are the pilots, because I do not think they want to jump on an aeroplane and sit next to someone who is incapable. So, when you are reporting, do not cherry-pick. I have got that off my chest.

Captain Woodward, we were talking about the legislative recommendations in your submission. I go to recommendation (19), and Senator Xenophon was going along that line. Recommendation (19) is:

The Australian Parliament reviews the aviation safety reporting mechanisms to identify ways to increase their effectiveness and reduce impediments to full and open reporting ...

We touched on that, but could you take us one step further and say exactly—and your professional expertise comes in here—what shape that would take if you had the legislative powers to make it happen?

**Capt. Woodward**—There are a number of mechanisms. As I mentioned earlier, both the UK and the United States have various versions of this. In the United States they have the Aviation Safety Action Plan. Data is given on these reportable instances to NASA of all people and NASA monitor and de-identify the data and report it back to the Federal Aviation Administration. In Australia, because of the legislative drafting requirements that are put in place these days, the act is full of strict liability offences. If you look at the aviation part of the act you will see that I am legally responsible for a whole gamut of things and if I do not do some of those things I am instantly fined or put in jail. So there is a disincentive for the reporters to report. The NASA system is interesting in that you can self-report in that system and, providing, as I said earlier, you are not wilfully negligent or breaking the law, you are basically protected from action by the administration for a period of time. We would like to see a similar program in Australia to encourage open reporting. Just culture in its true sense would actually achieve that. If we see just culture enshrined in legislation and some sort of arms-length reporting program through the ATSB then we would see a more transparent industry.

I note that the 1995 parliamentary inquiry by your compatriots mentioned the same thing. Not a lot has changed since then. We have not achieved that. We have gone close. Some of the systems we have here are close, but they could go one step further. We certainly support Senator Xenophon's amendment for that reason.

**Senator STERLE**—Would I be right to assume that when you say 'at arms-length' you mean straight to the reporting body bypassing the companies?

**Capt. Woodward**—That is one option, but in a true just culture system the company would not mind at all. They would get a report and the ATSB would get a report. We often get inquiries in our offices from pilots who have had a problem asking what they should do. We advise them to report and just tick the ATSB box if they are in doubt so that it goes to them. As I said earlier, we see the potential of a big pool of safety management data that is collated by everyone. They are moving to that in the United States. All of the airlines and the industry are volunteering to put de-identified data in a central pool so that we can check for trends. I put it to you that some of these trends we mentioned earlier would have been picked up if they had actually been reported, albeit de-identified.

**Senator STERLE**—I would have thought that a responsible airline company would want to know what is going on anyway, wouldn't they?

**Capt. Woodward**—Yes. It is in everyone's interest not to crash an aeroplane—that goes from the chief executive down. I do not think there is a deliberate attempt in some ways to not report, but there is an issue about shooting the messenger here. If the messenger gives you bad news, often you do not want to hear it. There has been an element in the media lately where anything to do with Qantas and drama is the first thing you see. In reality Qantas is a big airline and it has technical issues every day—the same as Delta does and the same as Lufthansa does—but that gets widely reported because of Qantas's perceived safety record. In some ways it is a little unfair on Qantas when it is trying to do the right thing. Certainly, the conservative act of grounding the A380 fleet—and I am an A380 pilot—is to be lauded.

**Senator STERLE**—Yes, I have to agree with you. Captain Woodward, you did state that the good old way of doing things was that young men and women headed off to the Kimberley or up to the cape and started off on little planes and built up their experience and their hours, which—in my words not yours—is a fantastic learning curve.

**Capt. Woodward**—'Character building', I said.

**Senator STERLE**—That is it. I could not quite remember what it was. I was with a group of pilots once. To cut a very long story short, there is a very reputable company in Perth that happens to have road transport and airlines—a good mixture. I was talking to the pilots and they told me the wages they were paid. They were paid such a low wage that my comment was: 'My forkies get paid more than you, mate!' That was not a disparaging remark against the company. That industry, the GA industry, is low-paying. Also, I was with a group of plumbers once and they were asked: 'Why would you work for \$7 an hour in your first year?' and they said, 'Because of the rewards that come when we finally get our ticket.' Would that be the same train of thought with pilots, too—that once you get out of GA you could very well work your way up and end up with Qantas?

**Capt. Woodward**—That is true. It is an apprenticeship, really. Most young pilots realise that they are doing those things in the Northern Territory or earning such poor wages because ultimately they will be sitting where I am sitting as a 380 captain in an airline. It is a bit like doing training as a surgeon. Doctors end up doing 15 years of training to become a surgeon. They work long hours and get pitiful wages initially, but in the long term they do very well out of it, so they are rewarded. As I said at the beginning, we have a real issue with young people

paying \$200,000 for a cadet course to get pitiful wages, because they then end up with a debt that they struggle to pay off. This is not occurring just in Australia; it is occurring worldwide.

**Senator STERLE**—At the time I thought it was because the forkies had a fantastic union organiser who did a good EBA for them, but you have just killed that off!

**CHAIR**—To follow on, that is not the fault of the airline. I do not know whose fault it is. The cost of flying reflects the real cost of fuel, given that there is a global cartel in fuel. Isn't our problem that we are not reflecting the real cost of flying in the air fares?

**Capt. Woodward**—As I said, that is probably a commercial problem for the company. But you are right.

**CHAIR**—Shouldn't you be helping to solve that problem for us too? You can see where we are going to finish up.

**Capt. Woodward**—Absolutely. The basics of aviation—I am being very basic here—are that you have to buy and maintain the aircraft, you have to put fuel in them and then you have people to run them. They are the basics. Aeroplanes are quite expensive to buy and they are very expensive to run. One of the things you do is try to offshore your maintenance or do whatever is necessary, which our compatriots in the engineers association are complaining about. The companies try to move the maintenance around to the lowest possible cost and then they try to negotiate prices on fuel to minimise that. They can have very little effect on both of those, so they target human beings. They look at the workforce and say, 'You've got to show a 10 per cent cut every year because that is the only thing I can materially affect as a senior manager of the airline. I try and cut back on people because I am not willing to charge a higher fare than the opposition because a \$10 change in fare will actually cause us to lose customers.'

**CHAIR**—Shouldn't there be some sort of public awareness? I have talked about this for a number of years. The real risk in keeping an airline flying financially is that you risk it falling physically. Do not answer that!

**Senator McGAURAN**—I want some clarification if I can—this area is not my great expertise—about the requirement to obtain a licence. Is it 200 hours or 250 hours? Whatever it is, is that an arbitrary figure chosen by the airlines in agreement or is it in law?

**Capt. Woodward**—That is a good question. It is basically in law. There are various levels of licence. It depends what sort of licence you get. You can actually get what is called a commercial pilot's licence with about 170-odd hours. You can get a multicrew pilot's licence with a bare minimum of 240 hours, of which only 40 is actually in an aircraft. They are set by the Civil Aviation Safety Authority based on the Annex 1 requirements of ICAO. So the licence level is the bare minimum. My view of that is that that is a P-plate licence. It is like getting your drivers licence or being a junior doctor or lawyer: you turn up at your company with the basic requirements and then you have to be trained and mentored to achieve the skill set that is required by the organisation.

**Senator McGAURAN**—Did you say 200?

**Capt. Woodward**—It varies. Yes, say 200 as a bare minimum.

**Senator McGAURAN**—In law the minimum is 200?

**Capt. Woodward**—Yes.

**Senator McGAURAN**—Is that flying-in-the-air time? In theory, if you really wanted to, you could do it all in a simulator. Is that correct?

**Capt. Woodward**—For the new multi-crew pilot's licence that I mentioned earlier, you can do just that; it is a 240-hour minimum for that, and most of that can be simulator time. You can have 40 hours in an actual aeroplane and then 10 hours in command of the aeroplane. You are not even entitled to hold what is called a private pilot's licence when you have an MPL—

**Senator XENOPHON**—It is less than half the time for a P-plate.

**Capt. Woodward**—It is about double the time to get a P-plate licence to be a driver. Those pilots cannot go to the local aero club and hire a Cessna and fly it without further training, but they can be right-hand-seat pilots in an airliner.

**Senator McGAURAN**—Is that happening?

**Capt. Woodward**—It has happened overseas.

**Senator McGAURAN**—But not in Australia?

**Capt. Woodward**—No, not yet. Australia actually empowered a couple of companies—who are going to testify before you—to do that in Australia and they trained some Chinese students. The experience with MPL has been interesting. As I said earlier, the bare 240-hours minimum was not met. Some of those students struggled when they moved from fixed base simulators to motion based simulators and they had to get extra flying. One of the Canadian companies realised that they had trouble transitioning to the jets, so they put a midsize jet in the middle. Both of those programs are up around 400 hours of flying, so they have become quite expensive. The other issue you get with minimum-hour pilots—and I will hand this up to you later and you can read it for yourself—is that one of our companies is using those cadet-level pilots to fly in the right seat of airliners. They have clearly done a risk assessment on those pilots flying in the right-hand seat of an airliner. But that puts quite severe restrictions on the pilot for safety reasons. Our argument has always been that, if you are in charge of a high-capacity airliner, the guy or girl sitting in the other seat needs to be capable of acting as a pilot in command if necessary. If the old pilot on the other side dies of a heart attack or there is some other issue, they must take control of the aircraft in difficult circumstances. I put it to you that, when you read these restrictions, it is clear that those cadet pilots would not be capable of doing that.

**Senator McGAURAN**—So this is, on behalf of your organisation, a bit of an early warning? It is not happening now. We are not having co-pilots who have flown 250 hours at best being promoted to those positions in Tiger or Virgin—low-cost airlines.

**Capt. Woodward**—Yes, it is an early warning. The reason we wrote the statement of concern on diminishing flight standards is that we were trying to pre-empt some discussion, and we are pleased to see that the Senate has taken upon itself to have this inquiry for those reasons. As I said earlier, there had been numerous accidents worldwide where these issues have occurred. So we are asking you good senators and the government and industry in conjunction to look at where we want to go with this. There is enough concern worldwide that both IATA and the organisation I represent, IFALPA, are talking closely about those issues—and so is the International Civil Aviation Organisation. So it behoves us in Australia to look at these issues. Captain Mackerras addressed the fact that the regulatory authority is in a difficult position because they are under-resourced and they are working with regulations that are way out of date. I must compliment the CEO, Captain McCormack, on his efforts to try and reform that. I used to sit on the Standards Consultative Council, which is the industry forum there. The then chairman, in all sincerity and seriousness, looked me in the eye and said, ‘We are moving from the 15-step regulatory reform process to the fast track process’—which is 12 steps! That completely lost all credibility. I think anyone from the industry would see that regulatory reform has been glacial at best, and the industry is frustrated with it.

**Senator STERLE**—If you have a young gun, someone who really stands out and shows their smarts, the association are not against them moving forward, are they? Do they have the ability to do that or, because set hours have to be achieved, do they have to quietly do their time and accrue their hours before they can take the next step?

**Capt. Woodward**—That is a good question. Depending which airline you are with or which system you are in there are so-called merit based promotion systems. In our airline there is a seniority based promotion system. In fact, we went on strike in 1996 to get rid of a so-called merit based system, because we found that it was open to favouritism and, dare I say it, nepotism from the sons of pilots, to actual downright discrimination. So we went on strike; it is the only time we have been on strike in living history.

**Senator McGAURAN**—When was that?

**Capt. Woodward**—In 1996.

**Senator McGAURAN**—I remember the 1989 one but that was not Qantas.

**Capt. Woodward**—The Qantas pilots did not participate in 1989.

**Senator McGAURAN**—How come we could not get a plane to Canberra then?

**Capt. Woodward**—Because it was Ansett and TAA. If we thought there was a truly fair merit based system, then you are right, a young gun could be promoted. But what will happen is that the seniority based system will allow a particular pilot, whatever their background, to come up for promotion at a certain time and by then the airline will have a good handle on what they are capable of. They still have to have a certain minimum level of marks to actually commence their training. So, yes, you could argue that that sort of system might hold back a young gun, for the want of a better term, but it also allows a person who may not be in favour with the company to get their chance at promotion.

**Senator STERLE**—I think that is a very fair answer.

**CHAIR**—To maintain an international airline for Australia, against all the competitive businesses—80 per cent of the population of Bangladesh gets \$2 a day or something—we have a serious challenge. In trying to come to terms with that challenge, we are between a rock and a hard place. Isn't what has been proposed, and you are supporting, going to put pressure on our regional airlines? To solve one problem aren't you creating another? You blokes angel-pluck out of the regional airlines all the time. How do you maintain their viability?

**Capt. Woodward**—That is why we have proposed a discussion within the industry and the government to set the hours. We talked about that briefly at the beginning. We believe that to be in the control seat of a high-capacity airliner you should have an ATPL and at least 1,500 hours. To be in a low-capacity airliner there is already some hours set for the captain of one of those regional airliners and that was set by the government and the civil authority in recognition of the issues with standards and skill sets in that industry. We think that there is an argument that we should look at that for the co-pilot as well because of the issue of them operating in those systems. I heartily endorse the Rex cadet scheme system, providing there is proper mentoring and training. They are bonding those pilots for six years. We talked to the Rex people and went and looked at their facilities. They said that if they could get six or seven years out of a pilot they accept that they will move on. So they have come to grips with the constant loss to the bigger side of the industry.

So we do not see the industry dying at that level provided that the government recognises that and decides to set some standards. One of the things that the government has under obligation is the risk and consequence effect of what the difference is between a large aeroplane having an accident in Sydney and a small one having an accident in Sydney or out in the boondocks when you are doing crop dusting. There are levels of supervision legislation and criteria on those transport vehicles so that the populace of Australia will accept the risk. So we are legislating for minimal risk and we have no problem with that. I just want to say that we were not trying to shut down low-capacity—it reminded me of actually encouraging it.

**Senator McGAURAN**—When do you think this slide in standards began?

**Capt. Woodward**—Overseas evidence is for about the last 10 years. The UK CAA analysed data back 10 years before they made that presentation. So they were looking at up to 2005 or 2006.

**Senator McGAURAN**—In Australia?

**Capt. Woodward**—In Australia I think you would argue that it is a similar time frame. We cannot put a handle on a particular event or a particular date. The reason we raised these concerns is that we are trying to be pre-emptive about this.

**Senator McGAURAN**—Which is about the introduction of the low-cost airlines, like Tiger and Jetstar, which leads me to my next question. We are looking at the qualifications. What of the existing crews? Given that everything is about the dollar and the bottom line, are the existing flying crews—their rosters, their hours worked—being pushed beyond limits to the point where we are getting tired crews?

**Capt. Woodward**—The current civil aviation order that governs flight deck duty times and duty periods was written in the 1950s and amended in the 60s. There is a move from the International Civil Aviation Organisation to introduce what is called fatigue risk management systems. That amendment to the standard came out, I think, on 23 November. Certainly, I have been working myself on the guidance package that is going to have to be introduced in Australia because we are signatory to that convention. That will ameliorate some of those issues. But, yes, if you flew to the absolute limits of that current civil aviation order then there is plenty of scientific evidence to say that you would be seriously fatigued.

**Senator McGAURAN**—So are we flying with tired crews?

**Capt. Woodward**—Yes, we are. In the transport sector—Senator Sterle’s favourite thing—the trucking industry had lots of accidents, the train industry had some problems, they have applied some of those fatigue risk management techniques already and it has reduced the accident rate for trucks et cetera. When I participated in our research program, with a fatigue score of 80—it does not matter what the number is—a train driver was not allowed to drive a train. Arguably, if you’re going to operate an airliner, you would set that score lower and I know for a fact that some of the pilots that we tested were well over 80. If you could not drive a train, why should you be driving an aeroplane?

**Senator XENOPHON**—You have said that you believe that pilot standards are slipping in Australia. There is going to be a demand, because of the growth in aviation particularly in emerging sectors, for 400,000 new pilots in the next 20 years. Do think there is a risk that standards will slip even further because of the huge worldwide demand for new pilots?

**Capt. Woodward**—Absolutely. You will probably see a transposition of pilots. Traditionally, you might have joined your national carrier and stayed there for 40 years. You will probably see pilots migrating back and forth now between countries and airlines trying to achieve best outcomes. Especially for the bottom end of the industry—and I do not mean this disparagingly—if you are with a low cost carrier earning NZ\$42,000 and you can earn \$70,000 somewhere else, you are going to move. We will see pools of pilots coming from all over the world because there will be a period soon where, if you are warm and upright and you have a professional licence, you will get a job.

**Senator XENOPHON**—Senator Heffernan has a licence, does that mean he will get a job!

**CHAIR**—But isn’t that reflecting the GFC problem where we allowed some countries to create 100 times their credit extension to their capital base and we passed that parcel all around the world. Isn’t the same thing going to happen in the airline industry unless we do not make the mistakes. All governments of all persuasions have stuffed up the extraction of water beyond sustainability. Aren’t we because we have said that flying is cheap actually finding tricks to keep the thing viable when in fact the sustainability is going to collapse?

**Capt. Woodward**—There is the potential for that, yes, but we would like to see more help for the industry in lots of areas. We talked briefly about some but, for instance, with FEE-HELP if you are a certified institution you can get the help to do a university course of some kind. I think it is about \$83,000-odd. That would just cover basic training for a pilot. If you are a university that has a flying school you can get your pilot FEE-HELP but if you are general aviation training

organisation, unless you meet certain criteria, you cannot get that. So we are seeing the pool of available pilot talent drying up. At the other extreme we see this cadet scheme where you pay for your training.

I sit here as a very experienced pilot. I have been flying aeroplanes for 38 years but I came from a very poor background, I got a flying scholarship to learn to fly from the Air Force and joined the Air Force. I would not be sitting here now if I had to pay for training. In charging that much for flying training we are just reducing the possibility and the pool of pilots. I would like to see the government improve FEE-HELP and make it available to a registered institution. I would like the government to support the industry. They have said in the white paper that they are going to do that. I would like to see that in actuality.

**CHAIR**—I will conclude. I do not think that solves anything. If you do not have sustainability you can find all the tricks in the world for subsidies et cetera. Half the world now is insolvent. The US is technically insolvent. Aren't we going to eventually get to the point where airlines are running insolvent operations if we do not say to the public, 'The real cost of doing something is the real cost'? Who is going to have the guts to say that? Someone should do a sustainable cost-benefit analysis of the real cost of flying and extend it over 40 years. If we do what we are doing now we are going to find all these tricks but eventually we are going to end up in a custard pie.

**Capt. Woodward**—Economic rationalist theory would say that is okay—if it filters down to five airlines worldwide so be it—but in reality they then become megaliths and the nation does not have any control because your megalith airline is based somewhere else. I cannot argue the economics of aviation—I am a mere pilot—but I would say that you are right: the industry is killing itself because it is charging very low airfares while costs are constantly rising. There will be a point where it becomes unsustainable but the explosion of low-cost carriers around the world is as a direct result of the industry trying to adapt and earn more money out of the available dollars. As I said earlier, if you charge \$10 more for a ticket you are going to go backwards.

**Senator XENOPHON**—I just have two questions. I will not say anything that will identify the persons who made the submissions, but pilots have made submissions saying, 'We want it to be confidential because we are worried about reprisals.' Last week, Joseph Eakins, a Jetstar Airbus A330 first officer was sacked by Jetstar. I think that is subject to industrial dispute. To what extent is there a concern that some pilots are not coming forward because of the fear of reprisals?

**Capt. Woodward**—We have had pilots say to us that they would like to make a submission but they fear reprisal. We have had pilots say to us, 'I've put in an anonymous submission.' I am sure you have seen those. We also had pilots who wanted to put content in our submission but we decided to write it ourselves because we did not want to be alarmist but we wanted to be clear to the Senate that we have concerns over a broad gamut of areas—not just the pay of pilots and the industrial aspects that we have been accused of; we have concerns for safety. But there is a pool of pilots who are quite concerned about reprisals. I do not want to talk particularly about First Officer Eakins's case because we are filing a court case today.

**Senator XENOPHON**—Sure; I understand. Does it concern you that there is a pool of pilots who do not come forward or will not speak out because of fear of reprisals?

**Capt. Woodward**—Yes, I absolutely think so. If you could pin a pilot down you would probably get an answer. The problem with pilots—I am a pilot—is that they will complain to you in the bar overseas when you are in Los Angeles. I get harangued constantly during the once a month I go flying. Pilots say, ‘Why don’t we do this; why don’t we do that?’ I say, ‘Help me prepare the paperwork.’ ‘No, you do it.’ So the ones you are hearing from are the tip of an iceberg.

**CHAIR**—We should conclude now but I really still think the problem is that we have not learnt any lessons from the GFC et cetera. I think fundamentally the formula does not add up.

**Senator McGAURAN**—That provokes another question.

**CHAIR**—Too late.

**Senator McGAURAN**—I was going to ask you about the Singapore pool of pilots; which follows on directly from what you were saying. There is a pool of pilots that Qantas have based in Singapore. Is that correct?

**Capt. Woodward**—It is Jetstar.

**Senator McGAURAN**—Jetstar; sorry. My apologies to Qantas.

**Capt. Woodward**—They are taking Australian registered aircraft that are currently flying Melbourne-Singapore. They are moving them to Singapore, keeping them Australian registered and putting—

**Senator McGAURAN**—Foreign pilots in them?

**Capt. Woodward**—They are putting Australian and foreign pilots in that base in Singapore, arguably to compete in the Singapore market. In reality the pilots on minimum guarantee pay rates would take a 50 per cent pay cut. On a full flying rate they would take a 30 per cent pay cut to do exactly what they were doing last week.

**Senator McGAURAN**—In short, is that affecting the standards of training and flying and accident prevention?

**Capt. Woodward**—That is a long bow to draw but I made the point earlier about the 49 per cent contracting states of ICAO. If they recruit in Asia—I will not mention which countries—they are clearly going to get a pilot that is not trained to the same standard. So you will see a pool of pilots ultimately operating in and out of Australia that may be of a lesser standard. The airline will say that they filter and train to the same standard. I will let them address that, but it depends on—

**CHAIR**—But isn’t this just going to the point that we have a fundamental error in the foundations of global flying? This is to stay afloat financially. Originally, when there were Constellation aircraft and things around, it was usually mechanical failure that put a plane down—not so much pilot failure. Then we went through a bit of pilot error. At present, the pilots, despite the mechanical failures, are keeping the planes in the bloody air, for God’s sake.

The training looks all right to me, from recent experiences. But isn't this just crazy? We will not have an Australian airline if we allow what is happening to continue and we have to go to Bangladesh or somewhere to get pilots.

**Capt. Woodward**—Actually, the Bangladesh pilots association are in dispute with their management right now, and I am helping them with that.

**CHAIR**—I didn't even know if they had a pilots association! Fifty-seven rivers flow into Bangladesh out of India, 54 of them out of India; they are in serious trouble. Don't worry about their pilot trouble. Thank you very much.

**Capt. Woodward**—Thank you, Senator.

[1.37 pm]

**BERRY, Captain Tim, Director of Flight Operations, Tiger Airways**

**CHAIR**—I now welcome Captain Tim Berry from Tiger Airways. You have lodged submission No. 14 with the committee. Would you like to make any amendments or additions to that?

**Capt. Berry**—No.

**CHAIR**—What is that twang?

**Capt. Berry**—It is British, I am afraid!

**CHAIR**—God, a Pom! The real test is who you barrack for! I invite you to make an opening statement and then we will ask you some questions.

**Capt. Berry**—Thank you, Senator. It is a privilege to be able to make a contribution to your inquiry here today. I have prepared, with Tiger Airways, a short opening statement, and I would like to summarise the content of our submission to you. Before addressing the issues in question, I would like to give you bit of biographical detail about me because I will think it will help to put some of my comments in context.

I began my professional aviation career back in 1983. At the time, I had two hours of training under my belt and I had 250 hours to my credit. I was a co-pilot of a large multi-engine RAF transport aircraft, and that aircraft operated on worldwide transport operations, including operations to the Falkland Islands, which is probably the most complex flying I have done as it involved air-to-air refuelling on the way. I left the Air Force in 1989. I joined British Midland Airways in the UK; that was the start of my commercial career. Within British Midland Airways, I was a first officer, captain, training captain, fleet training manager and examiner. I managed our fleet training program and I also managed our simulator centre. I joined a low-cost carrier, bmibaby, about seven years ago, and within bmibaby I was a chief pilot, flight crew training manager and, latterly, Director of Flight Operations.

When I moved into commercial aviation back in 1989, cadet pilot programs were well and truly established in Europe and had been established for some time, so I have had experience of working with and training cadet pilots throughout my career. Cadet pilot training programs were not established by low-cost carriers; they were in fact established by the legacy carriers—British Airways, Lufthansa and Alitalia to name a few. But now the cadet pilot entry scheme within Europe is generally the preferred method of recruitment into an aviation career.

I believe that there are significant advantages of cadet pilot entry schemes, but there should be some qualifications to that. First, the schemes should be properly regulated by the regulator—in our case, CASA. There should be a pilot aptitude assessment before a student is allowed to enter into such a program, and the scheme should be tailored towards the needs and goals of the individual in the scheme. If an individual is in the scheme wanting to become an airline pilot,

there is little point in him doing 100 hours of aerobatics in the process of his training. So the scheme should be tailored towards his needs.

Currently Tiger Airways does not employ any people who would be affected by this cadet pilot restriction. However, I believe that it should be our goal to take cadet pilots into the company because, firstly, I believe from my experience that they will provide us with high-quality aviators and, secondly, I believe that within any country the aviation sector is a key part of the national infrastructure and that Australia should be providing the Australian pilot with the ability to pursue his career within Australia.

I would now like to move on to address some of the points in my submission in a little bit more detail, but before I do so I note that we have spoken a bit about P-platers here this afternoon. If I can continue the driving analogy, we are all drivers and we have all passed a driving test. I guess that we would all acknowledge that the day we passed our driving test was the day that we knew the most about how to drive properly. I do not think many of us now could put our hands on our hearts and say that we could walk out of this room today and pass a driving test, because, the day that we pass the driving test, the rot generally tends to set in. I think that that analogy really works in terms of any suggestion that one should force a pilot to go and build his character crop dusting or doing whatever on low wages. I think any suggestion of that kind, when measured against the driving analogy, would appear to be a weak one.

I will address the 1,500 hours issue first if I may. It has historically been the case that pilots have had higher levels of experience than they do today when they move into the commercial aviation sector. Experience, in my experience, is a double-edged sword. The pilot with low aptitude will always have low aptitude no matter what his level of experience is. The key determinant in terms of delivering safety within the cockpits of our airliners in Australia is the level and direction of the training that is received by the individual pilot. I want to attract the best qualified drivers into the Tiger Airways business, and I believe that in order to do so I should be looking to cadet pilot schemes to provide pilots whose training has been tailored to the needs of our airline.

There is more complexity to the US legislation around which I propose this frame than a simple 1,500 hours requirement. The CASA submission, I think, sets out well the differences between the training regimes in the United States and the training regimes in Australia and other parts of the world. Pilots who enter into commercial aviation in the United States simply do not have to have the same level of qualification as they do in Australia or in other parts of the world.

I would like you also to consider, please, a more political dimension to this particular question. Cadet pilot schemes are very well established in Europe, and they are now becoming established across Asia. These countries will not change. The ICAO guidance is well established in terms of pilot training, so these cadet schemes within Europe and the rest of the world will remain in place.

If the recommendation of 1,500 hours was adopted within Australia then the budding pilot in Australia would have no choice but to go and seek his training elsewhere. There is simply not sufficient non-commercial aviation activity available in Australia for a pilot to gain 1,500 hours of experience before entry to the commercial sector. So if I was to advise a pilot under a 1,500 hours restriction scheme what to do, my advice to him would have to be to take his dollars,

spend those in a European flying school, gain his experience in Europe and then at some point in the future he may get the opportunity to return to his home country. Meanwhile as the airline manager I would be seeking experience wherever I could find it. The experience in Australia would dry up quickly and I would be forced to cast the net to a wider audience probably in Europe and Asia in order to find pilots with this simple 1,500 hours of experience. I do not believe this is an unlikely scenario and it surprises me that pilots within Australia are generally supportive of it.

I would like now to skip through to point 7 in our submission, which talks about pilot immunity. Tiger Airways maintains a safety reporting system and promotes a just safety culture. We encourage open and honest reporting within a non-jeopardy culture. We believe that the culture should extend to the reporting of incidents to the regulator and that the authorities should not take action against an individual who makes a report purely on the basis of that report. There are schemes in other parts of the world which encapsulate well that requirement. Pilots hold down very important jobs and they have a high degree of responsibility. However, they are not unique in that regard. Nurses, doctors, lorry drivers and all sorts of people who have a safety related role have levels of responsibility and I do not believe pilots should have a unique and special privilege in terms of enjoying immunity from responsibility for their actions.

There is a matter in the proposals before you which relates directly to Tiger Airways, and that relates to the failure of reporting of a particular incident. As I have said before, Tiger Airways has an open reporting culture but the ATSB does rely to a certain extent on operators filtering reports simply to get the number of reports to a manageable level. It does not want us to report everything although we would be very willing to do so. It was the judgment of Tiger Airways of the first of the incidents, which was not reported to the ATSB, that this matter was non-reportable. A similar incident occurred several months later and we took the judgment—

**Senator XENOPHON**—Could you say that again? It was your advice that it was not a reportable incident?

**Capt. Berry**—It was the view of Tiger Airways that the first incident was not a reportable incident.

**Senator XENOPHON**—This is the aileron on the A320.

**Capt. Berry**—Yes.

**Senator XENOPHON**—Which was not a maintenance issue, it was a manufacturing issue with the aircraft.

**Capt. Berry**—It was a manufacturing problem with the aircraft. We had two incidents which were related to that particular problem. The first incident occurred and was not reported. The second incident occurred several months later and was reported. The distinction between the two incidents was that the first incident did not lead to an emergency diversion and the second incident did. So the first incident was not reported but the second incident was.

**CHAIR**—What individual made that judgment on the first incident?

**Capt. Berry**—We have a safety manager within the organisation and the judgment was made by him at the time. We accept that there was a failure in the reporting. However, the airline strongly refutes any suggestion that there was any attempt to hide or cover up that incident. The matter of imposing penalties as proposed within this proposal would have no impact on this series of events.

**CHAIR**—But it may have had an impact on the second event if the first one had been reported. Continue.

**Capt. Berry**—In conclusion, I hope you will see me as a strong supporter of the cadet pilot entry scheme into the airlines. One of the key determining factors in promoting aviation safety is the quality of training. Imposing a simple hours limit is, in my view, arbitrary and would have some of the disadvantages that I have described. Once again, I thank you for the privilege of being able to address you today.

**CHAIR**—If the first incident, which the man deemed not reportable, had been reported then the second incident may have been seen in a different light or not have occurred at all?

**Capt. Berry**—No, that is not the case.

**CHAIR**—If it was a physical problem with the plane—

**Capt. Berry**—Let us just be very clear: the first incident was reported within the organisation by the captain. The aircraft was rectified and the safety report was kept within our own internal safety reporting system.

**CHAIR**—What sort of plane was it?

**Capt. Berry**—An A320.

**CHAIR**—By keeping it internal every other airline with planes of the same manufacture did not get to know about it. Isn't that a serious failure of the system? By not reporting it, you do not alert other airlines with the same planes that there is a physical problem with an aileron.

**Capt. Berry**—Aircraft have defects but not all defects get reported to everyone. In this case there was a defect in the aileron system.

**CHAIR**—Did I hear you say it was a manufacturing defect?

**Capt. Berry**—Yes.

**CHAIR**—Then surely that applies to the lot of them?

**Capt. Berry**—The second incident was a manufacturing defect. The first incident was unrelated in that respect.

**Senator XENOPHON**—It was an aileron issue?

**Capt. Berry**—Yes, it was.

**Senator XENOPHON**—So the two were not linked in any way?

**Capt. Berry**—Both of the failures were related to a failure of the aileron computer.

**Senator XENOPHON**—I want to quote from the summary of the ATSB report. It says that during the investigation it was found that an identical fault had occurred in the same aircraft eight months prior to this incident. So there is a link between the two, isn't there?

**Capt. Berry**—The failure was a failure of the aileron computer in that aircraft and we had a subsequent fault with the aileron computer in the same aircraft. I am sorry, but this gets a bit complex: when the aileron computer failed, it reverted to a standby hydraulic system, and the fault was in the standby hydraulic system.

**CHAIR**—Doesn't this go to sustainability? Part of the problem of vetting the reporting further down the chain is the sustainability of the ATSB. This is a bit like community affairs or something: where there are not enough people working out there to deal with all the child abuse in the system, you turn a blind eye to it and then it is not there. Haven't we got a serious fundamental problem with the sustainability of aviation under the present global model? At the present time we have pilots worried that they will have to live in a caravan at the end of the runway, as that woman did in the United States, and be paid \$20,000-odd. That is not really a way of solving the sustainability problem.

**Capt. Berry**—I think there are two questions there. The safety management systems in aviation are the model for safety management systems in all sorts of other industries. They have been in existence for a long time and they are well tried and tested. The aviation industry has the longest history and the most maturity in dealing with safety management systems.

**CHAIR**—Pilots have passed the test in recent times, despite the system, but I am worried about where all of this is going to finish up. To give an analogy: 40 years ago you had to have a reasonable deposit for the bank to lend you money to buy a home, a business or something and then it got to the stage where they would lend you 100 per cent of the money and they had 100 times the extension of credit to their asset base and they wondered why the thing all went to custard. Aren't we using the same model in flying where no-one wants to reflect the real cost of flying?

**Capt. Berry**—No, I do not believe we are. If you look to other parts of the world, probably three of the most profitable airlines in the world at this point in time are low-cost carriers.

**CHAIR**—We have 20-odd million people in Australia and we cannot afford to maintain bridges on back roads because no-one drives over them often enough. Isn't what we are doing not sustainable?

**Capt. Berry**—No, I do not believe—

**CHAIR**—You think it is sustainable? I wish you well. Do you think the real cost of flying from Perth and back—and I do not know the exact cost—is about \$280? Do you think that is a fair dinkum reflection of the real costs of doing it all?

**Capt. Berry**—Yes, it is.

**Senator STERLE**—This is interesting. Chair, from where I am sitting the argument I think you are putting is that low-cost airfares will lead to degradation of air safety. Is that where you are coming from? I am struggling a little bit with it. I have dealt with some of the best rogues in the industry—not in this industry, but in transport and road—and it is all about volume. I would be very careful to suggest that, as long as safety is not compromised, it is pretty obvious from what Captain Berry has put to us that there is a market for low-cost. If there was not, Qantas would not have diverted into it anyway.

**CHAIR**—I wish you all well.

**Senator STERLE**—You are assuming that that is at the expense of safety, and I hope you are wrong.

**CHAIR**—You expect to go from here to Port Douglas for \$50 and it will be okay and it will work; I wish you all well.

**Senator STERLE**—Someone was obviously making some good money before the low-cost carriers came in.

**CHAIR**—No. The people doing the baggage handling get paid more than the pilots to sustain that.

**Senator XENOPHON**—I would like to disclose, Captain Berry, that I actually fly Tiger a reasonable amount and you have only been late once I think and only by about an hour. One of the reasons why the inquiry put in 1,500 hours is that that is what they have done in the US. There are some exceptions to that and that is a result of the Colgan Air tragedy, which spurred Congress and the Senate into action. Is it fair to say that there ought to be some minimum hours? The submission from AIPA says that, half of the minimum 1,500 hours flight time for an airline transport pilot licence can come from other aircraft, including gliders and ultralight aircraft. Does it concern you that gliders and ultralight aircraft could be included in the requirements for an airline transport pilot licence in terms of the hours?

**Capt. Berry**—I think aviation experience wherever it is gained is useful as a pilot; however, I would question whether any time at the controls of a glider has any relevance to being a member of a multicrew on an advanced airline.

**Senator XENOPHON**—I think the pilots association said as much. You would not have an issue if that were tightened up in terms of glider pilot hours?

**Capt. Berry**—I think no consideration should be given in this context to glider pilot hours, ultralight pilot hours or anything of that kind.

**Senator XENOPHON**—You have said that it is Tiger Airways' view that the quality of the training is the best determinant of the safety of the pilot and that modern training systems provide the best means of securing aviation safety for the future, but does not quality inherently in this area also involve some level of quantity in terms of hours actually flying and not just in a simulator?

**Capt. Berry**—I think we need to be clear about what is included within 250 hours. It is not 250 hours of you simply flying around by yourself; it is 250 hours of training. In my case in military aviation the 250 hours was regarded as being the absolute norm. It has been demonstrated over many years that, provided the level of training is suitable, the quality of the pilot is assured.

The question about imposing an arbitrary hours limit is: where does that subsequent experience come from? Is it crop dusting? Is it flying around in a Cessna 172? Is it in an ultralight? And what is happening whilst that pilot is gaining that experience? He is flying on his own, he is unmentored, he is untutored. If you put him in an airline environment, first of all he gets quality training and, secondly, he always flies with a mentor.

**Senator XENOPHON**—Do you have any issue with the pay-for-training models? At the moment, if someone wants to work with Tiger as a pilot, how do they get entry level into Tiger to fly in the right-hand seat?

**Capt. Berry**—Despite my advocacy on the subject, we do not have any cadet pilots within Tiger at this moment in time. But, as I said in my earlier statement, I would like to encourage pilots with that level of experience into our organisation because I think it is fundamentally healthy for Australian aviation. I am sorry—I have lost the track of your question.

**Senator XENOPHON**—It was about the pay-for-training model. Some concerns have been expressed about the fact that if you have got a couple of hundred thousand dollars you can go to a flying school. There is some concern that in some cases pressure could be put on the flying school and they would feel as though they needed to get that person across the line because they had paid a lot of money.

**Capt. Berry**—Again, whatever training is paid for, it does not matter whether it is by the airline, the government or the individual concerned, there will always be an element of pressure to get the pilot across the line because there is a cost implication. It does not really matter who is paying for that training. In my experience, cadet pilots are incredibly demanding in ensuring that they get the training that they have paid for, because they have paid for it out of their own pockets. There needs to be a clear piece of 'blue water' between the training organisation within an airline and the operational part of the airline such that the training organisation delivers the product as required by the operational side of the business and then the operational side of the business takes it on. I do not fundamentally believe that the pay-for-training schemes have any particular influence in that regard.

**CHAIR**—To your best knowledge of the 'buy the licence' proposition, what is the failure rate of people who have put up \$90,000 or \$190,000 to learn to fly?

**Capt. Berry**—The failure rates are actually quite low. One of the reasons that the failure rates are low is that one of the things that mature organisations that are delivering this kind of training generally insist on is that the pilot undertakes a series of demanding aptitude tests prior to entering the course. Those tests are modelled on military flying aptitude tests. Certainly in Europe in some cases those aptitude tests have been refined to such a degree that passing the aptitude test means that you can take a piece of paper along to your bank manager and he will give you a loan for the training on the basis of that. You have passed the test; therefore, you are extremely likely to pass the course.

**CHAIR**—So it is a sort of entrance exam?

**Capt. Berry**—Indeed.

**Senator XENOPHON**—The question still is: are you aware of the statistics for the failure rate if, say, you go into a cadet scheme or a flying school? Do some flying schools have different pass rates?

**CHAIR**—In other words, has anyone put up the money and failed?

**Capt. Berry**—I do not know the comparison. It is not a number I know, but I would say that the failure rate is less than five per cent.

**CHAIR**—But there are some?

**Capt. Berry**—Yes.

**Senator XENOPHON**—Perhaps the committee could look at that, Chair. Can I go to the incident that is a subject of the terms of reference—the flight control system event 520 kilometres north-west of the Gold Coast aerodrome, where there was an emergency landing because of some vibration with the aileron. The ATSB made it clear that there was no risk to the passengers or crew. The criticism that has been made publicly about that following that report is that the non-reporting by your airline for the first incident meant that the ATSB could not play its role in maintaining an internationally compiled and potentially available database of airliner faults and incidents. Again, we know that it was not a maintenance issue; it was a design issue, a manufacturing issue with Airbus—a minor one, but it could have been troublesome. Is that a fair cop? Is it fair criticism that things should have been done differently, and are things being done differently now so that, if we wound back time, there are now procedures in place that would have ensured a proper reporting of that to the ATSB?

**Capt. Berry**—Absolutely. There are procedures within the airline to report those matters. We have made alterations to our procedures to ensure that those matters do get reported.

**Senator XENOPHON**—So things have changed in terms of the way you report things.

**Capt. Berry**—And we accept the criticism of the ATSB over the non-reporting.

**Senator XENOPHON**—In a nutshell, how has it changed?

**Capt. Berry**—On a weekly basis we review all of the safety reports in a safety meeting with the airline, which is attended by all of the airline's senior executives. We analyse all of the safety reports to ensure that reports have been properly reported to the authorities.

**CHAIR**—For comparative purposes, when you fly into Asia—I presume you do that—is it a different set of high-jumps, reporting bars?

**Capt. Berry**—We are only a domestic airline at the moment. But in terms of where we fly, were we to fly internationally, the reporting requirements would be Australian reporting requirements, so they would be reported in Australia.

**Senator XENOPHON**—The Tiger flights from Darwin to Singapore and Perth to Singapore are Tiger Singapore, so it is a separate airline?

**Capt. Berry**—Yes.

**CHAIR**—A different set of reporting conditions?

**Capt. Berry**—Any reports of flights on the Singapore-Darwin leg would be reported within Singapore. That would be the same as British Airways flying into Sydney.

**Senator XENOPHON**—So we would find out about it. What about if it is Singapore-Darwin—because it lands here, would it be reported to the ATSB?

**Capt. Berry**—No, each national authority, if you like, has its own reporting systems, and the national carrier reports within those national reporting systems.

**CHAIR**—Isn't this a bit like a tax haven? You have this little curious paper company based somewhere because the reporting conditions are different to ours.

*[inaudible]*

**CHAIR**—Not necessarily, he said.

**Capt. Berry**—I did not catch that. I think I have got the question, but I did not catch what was said.

**CHAIR**—It seems a bit quaint to me that you could have Tiger Airways Australia, based here, with a certain set of conditions, Tiger Airways Singapore—the paper trail in Singapore—which has a different set of conditions and one does not touch the other. If something goes wrong between here and Singapore, we do not get to know about it because it is the same plane that will be flying.

**Capt. Berry**—I think I have described the way that reporting works. It works by the state of the airline having its reporting system. So Tiger Singapore is based in Singapore and British Airways is based in London.

**CHAIR**—Pardon my ignorance. Is Tiger Airways based in Singapore part government owned?

**Capt. Berry**—No.

**Senator XENOPHON**—But there is a link with Singapore Airlines, which is a shareholder?

**Capt. Berry**—Yes, it is.

**CHAIR**—To government?

**Capt. Berry**—No, Singapore Airlines owns a stake in Tiger Airways, but you are moving outside of my knowledge—

**CHAIR**—That is why it is curious.

**Senator XENOPHON**—Following up from what Senator Heffernan asked, what is your view if an airline that had flights originating either out of Australia or flights into Australia had to comply with any ATSB issues—in other words to report in the same way that you need to report any incidents for any domestic flights? That surely could not be onerous.

**Capt. Berry**—Absolutely not. To be perfectly honest I do not know that that is not the case. If another national airline was operating into Australia I do not know that it is not the case that that would not be reported.

**CHAIR**—If a plane flies from Singapore to Darwin, does it then often fly another leg internally in Australia?

**Capt. Berry**—No.

**Senator STERLE**—How long has Tiger been operating domestically in Australia?

**Capt. Berry**—Three years.

**Senator STERLE**—Have you been with them from the beginning?

**Capt. Berry**—No, I joined four months ago.

**Senator STERLE**—So it is probably not fair for me to ask you this question: do you have a direct say in the employment or recruitment of pilots? Is that your role?

**Capt. Berry**—It falls under my remit, but the recruitment manager reports to me.

**Senator STERLE**—What do you look for when you are recruiting pilots?

**Capt. Berry**—We look for a pilot who is qualified to fly the aeroplane—the first measure is that the pilot is qualified to fly the aircraft that we operate. We look for a certain level of airline experience and we look for a well rounded individual with a good level of experience.

**Senator STERLE**—Do you take into account where they were employed before—which airline or which country?

**Capt. Berry**—It has a bearing, yes.

**Senator STERLE**—What weight does it have if they are pilots that were trained in Australia as opposed to, say, a pilot trained in the US or Asia? Is there any weighting on that?

**Capt. Berry**—I would say that our preference is to employ Australian pilots.

**Senator STERLE**—Why?

**Capt. Berry**—Because I think we have a natural inclination to employ Australian nationals and because we know and understand the Australian training and regulation system.

**Senator STERLE**—So could I take away from that that Tiger recognises that Australia's training regime is second to none.

**Capt. Berry**—Yes.

**CHAIR**—Did I hear you say that you only take on pilots who are trained? You do not train them?

**Capt. Berry**—We take on pilots who are trained to fly the aircraft that we have.

**CHAIR**—So Qantas or someone has put them through all the rigmarole of simulators and things. Do you do that?

**Capt. Berry**—Yes, we do.

**CHAIR**—But they have to be qualified before they get there.

**Capt. Berry**—They will be qualified to fly the aircraft that we fly, which means that they will have undertaken a course to fly the A320. Once they join the airline we will put them through a further process of training, which involves training them to operate the aircraft according to our standard operating procedures.

**CHAIR**—Where do they generally get the training, before they get to you?

**Capt. Berry**—They will have gained their experience in other parts of the world. They may have been trained to fly the A320 by another operator. If they have not been trained the A320 by another operator—

**CHAIR**—So in a way you are harvesting someone else’s training to give a discount.

**Capt. Berry**—Some pilots may not be experienced on the aircraft type that we operate, in which case they will put themselves through a process of training to do that.

**CHAIR**—It is a sort of a Ponzi scheme.

**Senator STERLE**—Forgive me for this and pull me up if I am off the mark, Captain Berry. This is unfair, but I have spent six months travelling the country talking to miners and that. Would I be right in assuming that this is leading to poaching? We watch one company invest in training and in equipment to train and pour millions and millions of dollars into it but a company can offer a few more bob per hour for a job—and I am not suggesting it for one minute for Tiger—you do not have to invest in training. Like the mining companies—and I have no problem being quoted on this because I have had my fair share of blues with the mining companies—it all come down to who is paying a bigger dollar at the end of the day. Is that an unfair assumption?

**Capt. Berry**—I think it is characterised in a slightly extreme way. What I would say is that aviation has always been a career ladder. Pilots have generally progressed from flying smaller aircraft to flying larger aircraft. Pilots hold various ambitions, but to be a captain of an A380 one day is probably on a lot of people’s lists. There is an element of one airline feeding upon the other, if you like, when seeking pilots for employment. How you deal with that and how you regulate it is a challenging matter. We do not knowingly go out and ‘poach’, to use the term, but where a pilot presents himself to us, if he has discharged himself of his obligations to his previous employer, we are very happy to take him on.

**CHAIR**—So you have your own simulator somewhere or access to someone else’s simulators?

**Capt. Berry**—Yes.

**Senator XENOPHON**—How often do you check your pilots through the simulators?

**Capt. Berry**—In broad terms, it is once every six months.

**CHAIR**—Whose simulators do you use?

**Capt. Berry**—We use Ansett Aviation Training at Tullamarine.

**Senator McGAURAN**—Following on from Senator Sterle, can you not contract your pilots for some five years or something?

**Capt. Berry**—Carriers who are operating smaller aircraft do bond their pilots. In effect there is a financial penalty if they leave the airline early.

**Senator McGAURAN**—You do not?

**Capt. Berry**—No, we do not.

**Senator McGAURAN**—You not even have 12-month contracts?

**Capt. Berry**—No, because the pilots pay for the training themselves we do not bond them.

**Senator McGAURAN**—Just to clarify in your submission on page 130 you say:

Applying a minimum hours requirement is an entirely arbitrary approach.

You said that in your introduction. So you want a very laissez-faire approach to flying hours qualifications?

**Capt. Berry**—No, what I want—I guess I am arguing in favour of cadet pilot schemes here—is for there to be a range of routes into the airline for the individual pilot, one of which is the cadet pilot scheme. One of the benefits of cadet pilot schemes is that they are well regulated and they can be tailored to the needs of the airline. What the cadet pilot scheme delivers to the airline is a pilot who is well qualified to do the job that will be demanded of them.

**Senator McGAURAN**—They could be a co-pilot or a first officer at 100 hours if that were Tiger's cadet scheme? You could go below the 200 hours.

**Capt. Berry**—No, in essence the schemes themselves demand that a pilot completes either 200 hours or 250 hours dependent on the construct of the particular program the pilot goes through.

**Senator McGAURAN**—Then that is not arbitrary, that is a floor.

**Capt. Berry**—That is a floor but it is 250 hours not of experience but of training.

**Senator McGAURAN**—I am not clear when you say applying a minimum is entirely arbitrary. Are you saying you want less than that ideally if you could?

**Capt. Berry**—No, sorry, I perhaps used confusing language there. The 1,500 hours requirement, in my view, is arbitrary. However, there is a minimum level of experience that one will gain going through a training program and that is somewhere between 200 and 250 hours.

**Senator McGAURAN**—You are not looking at making that arbitrary?

**Capt. Berry**—No.

**Senator McGAURAN**—Okay.

**Senator XENOPHON**—On the issue of changing the reporting requirements of giving some immunity to pilots, Tiger has said:

... the needs of safety are best achieved through voluntary collaboration ...

Clearly, it is better if it is voluntary but there ought to be a mandatory scheme in place shouldn't there? When it comes to safety, you would have certain mandated requirements for reporting wouldn't you?

**Capt. Berry**—Yes. That is not the intention of that sentence. There should be mandatory reporting requirements. There are mandatory reporting systems around the world and there is one in Australia. But I think the point in the sentence you are referring to is that we do not believe that pilot immunity, if you like, should be overly extended, to put it that way.

**Senator XENOPHON**—But there is some scope to change it so that we are closer to, say, the US and European model where the protections are strengthened without giving protection of pilots for gross negligence or deliberate misconduct. No-one wants that.

**Capt. Berry**—I am obviously familiar with the UK model. The UK model to me is one that I think is highly worthy of consideration.

**Senator XENOPHON**—Perhaps on notice you could provide some details to the committee in relation to that, in terms of your perspectives on it.

**Capt. Berry**—Yes.

**CHAIR**—Thank you very much. As I say, I am worried that, like the railways, where half the passengers are either not paying or pay some sort of seriously discounted fare, with airlines the expectation of the public is the same thing.

**Senator STERLE**—But you will empty the airports.

**CHAIR**—We have a long-term structural problem. Thank you for your evidence.

**Proceedings suspended from 2.21 pm to 2.31 pm**

**DAVIS, Mr Jim, Managing Director, Operations, Regional Express (Rex) Airlines**

**HINE, Mr Chris, Flight Operations General Manager, Regional Express (Rex) Airlines**

**CHAIR**—I now welcome representatives from Regional Express Airlines. Do you have anything to say about the capacity in which you appear?

**Mr Davis**—I am the managing director of Rex. I am also the chairman of the Australian Airline Pilot Academy, which is a flying school that is wholly owned by Rex. I would like to add that before this I was an airline pilot for 25 years, mainly as a training captain in Australia and overseas. I also worked for four years with the Civil Aviation Safety Authority.

**Mr Hine**—I am the general manager of flight operations and also chief pilot with Regional Express. I am also a director of the Australian Airline Pilot Academy. Prior to that, I also had experience as a flying instructor in general aviation and also some experience as a lecturer at the University of South Australia in cockpit systems management.

**CHAIR**—You both look far too young for all of that! Regional Express Airlines has lodged submission 24 with the committee. Would you like to make any amendments or add anything to that submission?

**Mr Davis**—No.

**CHAIR**—Would you now like to make an opening statement?

**Mr Davis**—I would. I would like to say a few words about Rex before I make my statement. For those that are not familiar with Rex, we are a publicly listed company. We are one of the 500 largest listed companies in Australia. We have a staff of just under 1,000 people, including over 300 pilots. We carry about 1.2 million people a year to 31 destinations around Australia, operating over 90 aircraft, and we are Australia's largest independent regional airline.

Our main concern in coming here today is the proposition of a mandated minimum experience level for copilots in airline operations. We are very concerned by that. We see that as a backward step and as actually reducing the quality and standard of pilot that we would be bringing into Rex. Just to elaborate a bit on that, a few years ago we did recruit from general aviation using minimum experience requirements. We typically required 2,000 or 3,000 hours to get a pilot into Rex. We were not happy with what we were getting—we saw some standards there that did not meet our requirements—and we started looking at a cadet scheme. Of course, two years ago the pilot shortage came along, which provided even greater impetus to start our own pilot training scheme.

We started out feeling that the cadet scheme would supplement our direct-entry intakes and maybe 50 per cent of our pilots would be cadets. However, we now have 100 per cent of our pilots being cadets because we have been so impressed with the outcomes we have been achieving through that pilot training scheme. We are not the only airline to do this; a lot of airlines are now progressing towards training their own pilots. If I go back 20 or 30 years, pilots

were trained by aero clubs and mum-and-dad flying schools. The trend now is for large, professional training organisations like Oxford aviation training and, of course, for airlines to train their own pilots. I see this as a very positive trend, I see this as an increase in safety, because we are getting the standard of pilot that we want out of our own training schemes when we start from day one, ab initio.

Bringing in a minimum experience requirement would kill these cadet schemes and would largely take the airlines out of the training of their own pilots. We see this as a backward step in terms of safety. With the chair's permission, perhaps Captain Hine could elaborate a bit on our cadet scheme.

**Mr Hine**—Thanks, Chair and senators. To elaborate on what Mr Davis said, I guess what brought this to a head for us was what we call the 2007-08 pilot shortage—it certainly was for us. In that financial year, we lost exactly 50 per cent of our pilots.

**Senator XENOPHON**—Did you take planes out of the air?

**Mr Hine**—Yes, we did, and we cancelled significant numbers of services—or, at least, certainly much more than we would normally. That highlighted the problem for us, in that we needed to find replacements for those pilots. Despite the incredible efforts we went to, including several journeys around the country in order to take us to the crew that we wanted to meet in case they were unable to make interview dates, we were simply unable to get enough suitable candidates. Now, those candidates were all people that met the minimum requirements. We would not have bothered meeting with them if they did not.

**Senator XENOPHON**—Is that 200 hours or 250 hours?

**Mr Hine**—In those days, we were talking about around 2,000 hours total. We used that as our paper benchmark. If they had 2,000 hours out in general aviation, we were happy to meet with them and put them through the various recruitment processes. We were so concerned about our ability to find suitable candidates, but we also got to the point where we were so concerned from a duty-of-care point of view about some of the things that we were finding in the interviews that we came back from one road show and met with our local CASA office and said, 'We wish to at least advise you that these are the standards we've seen.' It raised for us the fact that these were pilots who had what would be considered considerable experience levels, yet they did not have the standards that we felt were required. We did not hire those pilots. That, coupled with the fact that we needed to take away the chances of us getting enough pilots out of just the normal, organic growth that GA could provide, meant we had to start our own cadet program—so that we could, firstly, be the masters of our own destiny and, secondly, make sure that we got the standard we wanted.

I recall that, back in 2008, I was asked to give a presentation at the CASA examiner induction and standards seminar that was held out in Camden. My presentation back then was an example of two questions that had been asked of candidates in general aviation who had, from memory, 5,000 hours and 3,500 hours respectively, and the answers they gave—which were clearly incorrect and so far out of date—to illustrate the fact that your standards do not necessarily change if you are in an environment which allows that standard to continue. So that was something we raised more than two years ago.

We have found that, with 87 cadets having now been taken into the cadet program, we have done what we thought we would be able to do, and that is to produce a highly disciplined, professional pilot—and I use the word ‘disciplined’ because I think that is fundamental to the problem that is faced. What does it mean if you have gone out and spent 2,000 hours in general aviation and come back down and applied for a job with an airline? It simply means, to a certain extent, that you survived. It does not mean that you were operating in an environment which fostered a high degree of personal discipline or had a very high standard.

Another example of where we saw this as being fundamental concerns an airline, smaller than us, from which we recruited several pilots. It got to the point where if a pilot from that airline attended an interview and looked like a reasonable guy or girl I would generally tick the box. The reason I was able to do that is I had significant knowledge of the standard of those pilots. It was not driven by experience; it was driven by my knowledge of the standard of environment that they had operated within. I think if we were not able to recruit pilots and put them through a cadet type scheme it would take us back to the randomness of trying to find suitable candidates that would be of a high standard to join our airline or, in fact, any other airline.

**Senator XENOPHON**—Just on that, even in the United States—and these terms of reference were taken from what occurred in the US following the Colgan airlines disaster—there are exemptions if you have appropriate levels of training.

**Mr Hine**—That is correct. You were referring to the Colgan incident, I assume.

**Senator XENOPHON**—Yes.

**Mr Hine**—It was interesting for me to read some of the material with reference to the Colgan incident and the connection that that has with the US 1,500 hours. It was interesting for me particularly because when the Colgan incident occurred and the report was submitted I personally used that report as a case study as part of my contribution to our check and training organisation. I recall—and, in fact, I double-checked this recently—that the NTSB made 46 findings with regard to the Colgan incident. Five were simply statements of fact and 41 were judgmental findings. The word ‘experience’ does not appear once in any of those findings. Those findings centre on lack of crew discipline, a lack of standards and a lack of maintenance of those standards. I found that a particularly interesting connection. Sure, the Colgan incident was probably a catalyst for review but I found nothing in that Colgan incident report which in any way connected the event with the experience levels of the crew. In fact, both crew members each had in excess of 1,500 hours.

**Senator XENOPHON**—That is right. They had the hours but they did not have the requisite experience, did they? They did not know what to do in that particular critical incident, a quite salvageable incident that turned into a disaster. Is that so?

**Mr Hine**—It was found that they did not have the required skills, fundamentally because the training and the assessment of skills were found to be lacking. Indeed in a lot of areas the company’s operating policies were not robust enough.

**CHAIR**—I want to go with quite a few questions. In terms of learning from the Lockhart River experience—and the whole exercise would have passed the hours test but it would not

have passed the cowboy test—is that some sort of a reflection on the resources of CASA or someone else? You do not have to answer it.

**Mr Hine**—I will answer it but I will say I don't—

**CHAIR**—I will give you a better way to answer it. Is that what is wrong with having just the minimum hours thing?

**Mr Hine**—I would not go so far as to say it is an issue with CASA. I will go so far to say that if I look at the Lockhart River incident I see it was fundamentally to do with policies, procedures, maintenance of those policies and procedures and standards, and flight crew discipline. Whether that falls as purely CASA's fault or whether that falls on the operator, I think—

**CHAIR**—There was a sort of culture that had built up inside a particular environment.

**Mr Hine**—Yes, that is correct. That partially goes to illustrate my example of the company that we took a lot of pilots from, because I knew that those pilots would be of an exceptionally high standard and that in particular they would have a discipline which was going to mean that that high standard would be easily translatable into our organisation.

**CHAIR**—So in terms of 1,500 hours is there some middle ground? Can you couple hours with training in your schemes?

**Mr Hine**—To answer your question, there is some ground with regard to experience versus standards, but I do not see any problem with the current statutory minimums. If we were to arbitrarily say, 'Let's cut the 1,500 hours into 750', I have no idea what that would do. I could not say that that would provide any benefit whatsoever. If I look at using us as a baseline, perhaps, for a cadet that leaves the academy with 200 hours, I cannot see anything that that cadet would gain if I were to allow him to disappear, for argument's sake, into the Northern Territory for six months, 12 months or two years and come back. In fact I would probably have a greater concern about what he did for that 200 hours, or in fact 1,300 hours. I would, to a certain extent, have to go back and make sure that he was as pure as when he left.

**CHAIR**—For how long have you been putting out cadet pilots?

**Mr Hine**—Just over two years.

**CHAIR**—What is your experience with what is coming out at the delivery end?

**Mr Hine**—Our experience has been exceptionally good. Our submission certainly gave some of that empirical data. We have a system within the company which we have had since day one of Rex but which we have been analysing particularly for the last five years. To a certain extent the system digitises all of our check reports. Every pilot that does a check is scored on a range of variables from 1 to 5, 1 being unsatisfactory and 5 being the highest standard. For the last five years all of the data from every single check report that is completed has gone into an electronic database. We are able to query that database and ask it to give us the average scores of cadets versus what we will call 'traditional' first officers. We found that the scores were almost

identical. In the first year there was a less than three per cent variation across the board, and certainly into the second year we found that the data showed that the cadet pilots started to outperform the traditional, more experienced pilots.

**CHAIR**—This is a drop-dead question, I suppose. What is the failure rate?

**Mr Hine**—Within the cadet program, we have what would be considered a low failure rate. I think we sit on around five per cent. It would be concerning to us if we had a zero failure rate. Equally, it would be concerning to us if we had a high failure rate, fundamentally because we have to have assessed our recruitment policy—in that this is not a flying school which takes in anybody who wants to learn to fly and then has a failure rate associated with it.

**Senator XENOPHON**—Just on that, what are the failure rates of flying schools? You have your independent flying school, which has got a terrific reputation. I think the pilots' association is very praising of it, as are many others in the industry. But what are the failure rates in some private flying schools? I do not want any names. You would have strict screening.

**Mr Hine**—Yes.

**Senator XENOPHON**—Before someone goes in you would screen them.

**Mr Hine**—We would.

**Senator XENOPHON**—You do not want to be spending tens of thousands or hundreds of thousands of dollars training them unless you think they have a high chance of succeeding.

**Mr Hine**—Yes.

**Senator XENOPHON**—Senator Heffernan has alluded to this previously. What happens in the circumstances where you go to another pilot training school where you fork out the cash and it is your money—\$100,000 or \$150,000 or whatever it is? What are the failure rates there? It seems that your failure rate is a pretty good benchmark in terms of people being screened before they go in.

**Mr Hine**—Yes. I can answer that question from a little bit of experience, having been a flying instructor in a general aviation flying school, specifically an aeroclub in Darwin. Even if you were able to get access to that data, it would be a little bit artificial. We have a system whereby our pilots will undergo a series of training modules and then be assessed, whereas with the flying school to a certain extent the data would be collective, in the sense that I would train a student and I would not put them up for a test unless I felt that they were acceptable. I would say, 'Look, Fred, I think you're going to need to do that lesson and that lesson and that lesson again' and they might be prepared to keep paying. So to a certain extent there is not a situation of: 'you will be assessed at this lesson and therefore the data is indicative of your standard.' There would be a skewing towards the fact of the failure rate indeed being that or even less, but it would not necessarily show that they had spent 300 hours getting to the standard instead of 200.

**Senator XENOPHON**—Do people drop out?

**Mr Hine**—People drop out because they seem to realise it is all too hard. If it is a good, reputable flying school they will be given advice.

**Senator XENOPHON**—That is the proviso, isn't it? If some flying schools just want to take the money—

**Mr Hine**—To a certain extent, as a flying school, if somebody wants to learn to fly for a specific reason—I trained a chap in his very senior years who just wanted to go solo; he was happy to go for three years if it took him that long. So you just keep taking his money.

**Senator XENOPHON**—Did he get his licence in the end?

**Mr Hine**—No, he didn't. Unfortunately he passed away.

**CHAIR**—So there is a selection committee when you are ready to be put up. I can relate to that. I can remember the day when I think Dick Cuthbert and I pulled up at the end of the runway and all of a sudden he jumped out and said, 'I think you're ready to go on your own.' I thought, 'Holy cow—here we go.' But they have to make that judgment when you are ready to fly solo. So is there a way to give the public confidence that your cadet pilots are as good as experienced pilots? Do you have some sort of measurement? How do you recruit and train them? Can you take us through what happens to a bloke who comes in raw?

**Mr Davis**—When we started the cadet scheme we did change our recruitment methods. We became far more selective. We introduced a different simulator test, we introduced the pilot aptitude test, we introduced an academic test and we also introduced several ranges of interviews. They do two or three interviews. The reason we got far more strict with selection was that we had over 8,000 applicants for our scheme.

**Senator XENOPHON**—For how many positions?

**Mr Davis**—At the time there were only 30 positions when we started the program. As Chris said, we have now put 85 cadets in. We have just started two more courses, so we are up to 105 cadets.

**Senator XENOPHON**—How many applicants are you getting now?

**Mr Davis**—We have over 8,000 now. That is our total applicants over the two years we have been running.

**Senator HEFFERNAN**—So the incentive for you, because you are footing the bill, is to pick the right blokes, and the incentive for the others is that they have got a career.

**Mr Davis**—Absolutely. But having such a large range to select from, we pick some very bright, young, capable pilots. They are not the sort of person we would always get out of general aviation, where you have got a much smaller sample to pick from.

**CHAIR**—Going back to the fundamentals once again of getting everyone flying, both financially and physically, and your model of going to the trouble of training pilots versus a

model where it is cheap flying and we pinch pilots, it would be very helpful in the long-term if there were more training.

**Mr Davis**—Airlines are the organisations that know how to train airline pilots. They know what they want. I believe that they should be doing their own training, and that is what Rex does. When we train them from day one right through to the right-hand seat of a Saab, we see the results that we get. It is more effective than having a flying school train outside and then we have to go and try and pick somebody from that graduate class.

**CHAIR**—In order to avoid the Colgan event, is this a way to do that? What do other jurisdictions do with this 1,500-hour thing, which seems to me to be just a political fix?

**Mr Davis**—To me it is unique to the US. In Europe there is nothing like this. In Europe, for years and years they have had pilot cadet schemes. I personally was involved with the KLM pilot cadet scheme. They produce very high quality pilots. Lufthansa, Air France, British Airways and further afield, Emirates, Cathay and Singapore Airlines all have pilot cadet schemes, take pilots off the street and train them up to the standard they want and put them in their aircraft. And they have all been highly successful.

**Senator XENOPHON**—How do you get to keep pilots? How do you stop that 50 per cent attrition rate? We have heard the forecast: in 20 years another 400,000 new pilots are needed around the world. How are you going to stop that attrition?

**Mr Davis**—If we have to take pilots off the street, if we have to take pilots for 1,500 hours, we cannot stop it.

**Senator XENOPHON**—Now with your cadet scheme, how do you stop that attrition?

**Mr Davis**—The cadet scheme has changed that. Because the cadets enter into a financing arrangement with the company, we actually supply three-quarters of the cost of training. They supply one-quarter up front. After six years, we will forgive a quarter of the cost of training, so the cadet then only has to pay three-quarters of the total cost of training, but half of that total cost is a HECS type scheme. They pay it back to us at low interest. So the incentive to stay with Rex is because, as soon as they leave us, at whatever stage of the repayment schedule they are at, they have to pay us what they owe.

**Senator XENOPHON**—How much does it cost generally?

**Mr Davis**—The current cost is \$88,000.

**Senator XENOPHON**—So the longer they stay with you the less there is to pay.

**Mr Davis**—Absolutely.

**Senator XENOPHON**—What period of time is it over? Four years? Five years?

**Mr Davis**—The total repayment period is seven years.

**Senator XENOPHON**—So, if they stay with you for seven years, you are pretty happy with that?

**Mr Davis**—We are very happy with that, given that a couple of years ago we had pilots joining us and leaving us before they were even checked alone. They would leave us within weeks.

**CHAIR**—Generally speaking, how many hours would a pilot have up after seven years, just out of interest?

**Mr Davis**—He would have 3,000 to 4,000 hours—probably close to 4,000 hours.

**CHAIR**—What are the consequences of introducing hours as a requirement? What is there to lose? What are the safety—

**Mr Davis**—The main problem for us is that we would have to close down the cadet scheme. What would be the point of training a pilot, as Chris said, and then sending him out into general aviation even to get 500 or 700 hours? What is the point of doing that? We cannot supply those hours ourselves. To supply 1,500 hours of experience on top of the basic training would cost us half a million dollars per pilot. So we cannot do it. We do not think it is appropriate for general aviation to do it; we have been down that track and we did not like it.

**CHAIR**—So, if you had to abolish your flying school, would that in a way be the end of regional airlines under the present coaching arrangements?

**Mr Davis**—It would be a tremendous blow. If we go back two years, we suffered tremendous attrition of pilots. It would obviously be worse if it happened again with this mandated experience requirement in place, because the larger airlines would also stop their cadet schemes. They would be looking for experienced pilots and they would come to people like Rex.

**Mr Hine**—If I may, I will add a little bit to that. We do not for a moment have any issue with the fundamental nature of the industry, by which pilots will join at a certain level and continue to progress their career with the hope to fly 737s, A330s, A380s or whatever the case might be. Our business has survived for many, many years, even back into the Kendell days, with attrition around 15 per cent or even up to 20 per cent. Of course, no business can survive 50 per cent attrition in one year—certainly not survive untouched. So, to a certain extent, that desire of a professional pilot to progress through the industry is valuable to us, and we see that as a terrific motivator for them to foster as a professional. So we do not have an issue with any of that. In fact, we forecast that at some point in the near future there will be another growth within the major airline sector and we will have to cope with an increase over and above the 10 to 15 per cent. The cadet scheme is what I was referring to as enabling us to be the master of our own destiny. We can hopefully forecast some of that about eight to 12 months ahead and start to invest in more cadets. So we do not for a moment suggest that that whole issue of pilots moving through regional aviation into majors is a—

**CHAIR**—You just maintain critical masses in the transition.

**Mr Hine**—Yes. We would prefer not to go back to 50 per cent, of course, but there is a limit to what we can control.

**CHAIR**—So if, for some strange reason, there were an imposition of hours—1,500 hours or whatever—what would happen to you fellows? Where would you not go?

**Mr Davis**—It would have a tremendous effect on the airline. Putting aside the flying school for a moment, we would suffer a severe shortage of pilots—probably worse than we did two years ago. Two years ago we did exit some routes. We would exit more routes this time. I can foresee that with up to a dozen destinations on the Rex network where we have thin passenger numbers we would just have to pull out. We simply could not do the job we are doing now. We could not get enough pilots.

**CHAIR**—To get a broader picture, what other airlines run academies in much the same way as you do?

**Mr Davis**—There are very few that do what we do and have their own flying school. Most cadet schemes use third party trainers, the professional flying schools that are in existence. There are one or two small regional airlines that have their own schools.

**Senator McGAURAN**—The other airlines would use them exclusively, though, wouldn't they? Am I right or wrong? In effect, are they basically Qantas's flying school anyway?

**Mr Davis**—No, I believe the larger schools, like Oxford Aviation Academy or Flight Training Adelaide, cater for several airlines.

**CHAIR**—Is the difference that they are not bonded and they have to pay their own way with no HECS.

**Mr Davis**—That is correct.

**CHAIR**—So if this turned to custard for you and you could not get your pilots in Australia, what happens? Do you then bring them in from overseas as a desperation measure?

**Mr Davis**—We tried that two years ago. We imported some pilots from South Africa. It is a very long painful process and it is not necessarily the answer. To be honest I do not think there is an answer. If we could not have our own training scheme we would have to downsize.

**CHAIR**—I think Don Kendell would be very proud of what is going on.

**Senator XENOPHON**—Going to your submission and the subject of the competence level achieved. I think you have indicated that Rex cadets just pipped year 2 direct entry first officers by 0.01. What is the measure? How do you measure the competence levels? Do you do a like for like comparison?

**Mr Davis**—Yes, there is a direct comparison. All the pilots do exactly the same proficiency check in the simulator and it is scored the same way.

**Senator XENOPHON**—How often do your pilots have retraining or checking with the simulator each year?

**Mr Hine**—From a simulator perspective, the pilots make four visits to the simulator in two days, six months apart. The first day is what we call a ‘training exercise’ and the second day is the check, so they are checked twice a year in the simulator and trained twice a year as part of that visit.

**Senator XENOPHON**—You mentioned in terms of retention of experience pilots that in the system in place in China there is a transfer fee of about A\$200,000 payable, which defrays the expense of training a new pilot. What is your view of that system? Does it work?

**Mr Davis**—I believe it works in China. It would encourage airlines to train their own pilots rather than just go and poach them off other airlines, because it is going to cost them the same.

**Senator XENOPHON**—Going to the issue of the ‘just culture’. I think you have been critical of that change. You are saying that there should not be any changes? Some of the other witnesses today have said, ‘We need to improve the “just culture” so that there is an immunity to encourage people to report incidents, but of course you do not protect a grossly negligent pilot or someone who is wilfully done something wrong, or for misconduct.’ Are you satisfied with the status quo or is there room to improve it?

**Mr Davis**—We do not have any large problems with the status quo at Rex. Our reporting system seems to work very well. We are not against any change that may come in as long as the ‘just culture’ principles are preserved.

**Senator XENOPHON**—Considering the terms of reference and that you are not commenting on the Jetstar or Tiger incidents, how do you work out what should go to the ATSB? That is one of the issues of controversy in some other incidents that have been reported or found their way to the ATSB. How is a judgement made? Do you encourage pilots to go direct to the ATSB or do you go direct to the ATSB or both?

**Mr Davis**—It is combination of both. We have an electronic reporting system. When the pilot or any other staff member goes into the system a question is asked: is this an ATSB reportable event? If they tick that box the program will automatically populate an ATSB reporting form with the pilot’s report and send it to them, and it will get there before even we see it. So the pilot has the option. If he wishes not to tick it because he does not want to or because he has made an error of judgement and does not realise it is a reportable event, every morning the safety group in Rex will review every report that comes in and if they see one that slipped through the net they will forward it on. They will do the same thing: they tick the box and off it goes. So we have a direct reporting line. I guess you could say we do encourage our staff to report direct to the ATSB.

**CHAIR**—Teaming experience with the right-hand seat. Are conscious of the need to have a captain in the left-hand seat who will mentor the cadet in the right-hand seat. These guys physically step into your plane from out of the training academy with how many hours of flight?

**Mr Hine**—A total of 200 hours.

**CHAIR**—You begin to wonder until you see some of the training they go through. We had an excellent crack at the simulators here this morning.

**Senator STERLE**—Speak for yourself.

**CHAIR**—Some not so. It is important that a student is not treated as a down-the-slope underling by the seniority and the experience of the captain. Do you monitor that sort of thing where you may have a cadet or a junior pilot in the right-hand seat who is frightened to ask the captain, what about this or what about that; he does not want to show that he does not know or whatever?

**Mr Hine**—Yes. I guess we traditionally would refer to that as things like cockpit gradients where the gradient is excessively steep. This is where the industry has put a considerable amount of work in in the last 15-20 years around terms such as cockpit resource management and then moving into threat and error management. This is an example where we put a lot of emphasis right from day one with our cadet pilots in that they are a fundamental part of that team. We start the cadets at the academy with zero hours knowing where they are going to end up. There is no ‘You might go crop-dusting, you might do this’. We start them off with this philosophy and then we support that within the organisation in various ways, including threat and error management, CRM, airline human factors training, and we support it via our reaction to any event that might be brought to our attention. So we like to think we have got a culture in the airline in which the first officers feel very supported in coming forward and indeed the captains feel, I guess, open to that feedback. That has been one of the fundamental changes in the last 20-30 years in aviation, that the FO should not just sit there and say nothing and make the captain look good.

**CHAIR**—In terms of experience coming through the cadetship, I do not know whether you have experienced this but often if you get in a taxi and you say take me to wherever it is, you end up wherever it is but you could not actually do it yourself because you did not drive the cab and you did not register where he turned left and where he turned right. In terms of the cadets, when they come out of your academy—which is pretty flash looking, I have got to say—can they fly a plane solo?

**Mr Hine**—Yes, they can. They have a full commercial pilot licence—

**CHAIR**—So they have a commercial licence before they go to the academy?

**Mr Hine**—No, we give them that. That is the training that they do. They train ride through to their first solo. Some of our cadets we choose that have already had—

**CHAIR**—So what to they do their solo in?

**Mr Hine**—In a Piper Warrior, single engine.

**Senator XENOPHON**—What proportion of your cadets have got zero flying experience, have not got a pilot’s licence at all?

**Mr Hine**—Zero flying experience as in no hours in log books, they would probably be quite the minority. The reason is that it is one of the fundamental aspects we look for in choosing the

cadet, that they have in some way demonstrated to us that they had this inherent desire before we put this opportunity out there into the marketplace. We take a very suspicious view of potential applicants that come to us and say, 'I have always loved aviation and I'm a passionate aeroplane nut but I have never flown one. That enables me to answer that question and say it would be the minority because, whether it be one hour or 15 hours, we like to see that they have entertained that passion if it was indeed there.

**CHAIR**—So as part of the academy they do 30 hours training and 20 solo or something and cross-country, or what do they do?

**Mr Hine**—They do the normal CASA syllabus, which takes them through first solo, an area solo where they can travel out into the training area on their own. They then do what is called a general flying progress test, a GFPT, for want of a better word, that used to be the restricted private pilot licence. Then they add to that to get a full private pilot licence. Then they add to that to get a commercial pilot licence and ultimately a multi-engine endorsement, then culminating in a multi-engine commercial.

**CHAIR**—I presume cross-country these days is a lot easier than it used to be because it was an aluminium—

**Mr Hine**—They are still required to meet those standards.

**CHAIR**—That is good—so they're not just like kids who can't add up without a calculator?

**Mr Hine**—No. There is a balance: they need to be able to successfully utilise the equipment, which is quite sophisticated in these training aeroplanes compared to some of the older ones, but they must still meet the fundamental requirements of things like navigation techniques.

**Senator XENOPHON**—What is the average age of your cadets?

**Mr Hine**—The average age would be in the 20s; however—

**Senator XENOPHON**—Low 20s, high 20s?

**Mr Hine**—Probably mid-20s. Our youngest cadet, when they start, would be 18 and our oldest would be 41.

**Mr Davis**—I should add that we do use the CASA Day VFR integrated syllabus, but we have modified it—we have added ours into it. We have put more multi-engine work into it and we have put more instrument flying into it. That is a direct feedback from what Chris sees in the airline when he gets the cadets. So it is a continuous improvement program which enables us to keep improving the standard as they come out.

**CHAIR**—Just out of interest, is the training area still out at the old 2WG aerial—out there somewhere?

**Mr Hine**—It is just out to the north-west of Wagga Wagga.

**CHAIR**—Yes, so it's still there—there you go! Senator McGauran?

**Senator McGAURAN**—No, I am right.

**CHAIR**—Senator Sterle is right. Senator Xenophon, do you have anything further to add, any words of wisdom?

**Senator XENOPHON**—I do not have any further to add, including words of wisdom, Chair.

**CHAIR**—Thank you very much to Rex airlines and congratulations on your industrious approach. I would not like to own an airline—it is too difficult.

**Committee adjourned at 3.11 pm**