



From The Righthand Seat

Paul Tyrrell
CEO

The government's carbon tax purports to encourage people to move to 'greener' forms of energy. As many members are aware for over fifty years aviation, worldwide, has spent billions of dollars on engine and airframe research to ensure expensive fuel is used as efficiently as possible.

Australian aviation emits 1.1% of Australia's total carbon emissions. Its reward for this efficiency is to be one of the first to be slapped with a carbon tax on 1 July next year.

The truth is that aviation is already very efficient with its fuel use and the carbon tax is therefore simply that, a tax. This is particularly galling for regional aviation given that international carriers, including Australian carriers, do not pay the tax. This may explain the overwhelming silence from the heavy end of the industry.

Regional aviation will suffer a triple whammy on 1 July next year with the introduction of not only the carbon tax but new security airport charges and the loss of the highly effective enroute scheme. The latter has kept a number of marginal routes from closing in recent years. These issues will be opposed at every possible opportunity by your association.

A conservative estimate is that the carbon tax will add \$11m annually to regional aviation's fuel bill. This means an extra \$11m annually to regional operators' costs for zero environmental gain.

This does not take into account increases in supplier costs which will be additional to the base \$11m. This latter point seems to have been completely overlooked by the government.

The carbon tax is bad policy and dumb politics no matter which way you look at it. An industry that barely emits carbon and is very frugal in its fuel use is labeled one of the 500 'big polluters'.

This is the industry that is bringing essential services and freight to regional towns, and connecting the bush to the major cities. It is also a major partner with the nation's engine of growth, the resources industry.

With emerging domestic and global market jitters plus another recession on the horizon a fundamentally flawed carbon tax is the wrong call by Canberra.

Domestic and regional aviation is now largely off-side with the Gillard government. Repeated requests for consultation on the carbon tax prior to the announcement were referred to Greg Combet's office and then met with stony silence.

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From The Righthand Seat

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Where were the talks with the aviation industry? At no time was the policy rationale explained.

The bottom-line remains no matter what the merits or otherwise of the carbon tax, aviation cannot change its emission behavior except to stop flying. It is just another oppressive tax slapped on the regional aviation industry. At the moment, any movement from surviving to thriving seems a very long way off.

The recent report by the Productivity Commission (PC) into Airports was a major disappointment for regional aviation. In short the PC rejected the arguments of the ACCC, the major Australian airlines, BARA and the RAAA, and accepted the status quo as proposed by the National Competition Council, the Department of Infrastructure and Transport and the airports themselves.

The PC report concentrated on protecting airport investment, rejected claims of monopoly behaviour and showed little interest in the need to encourage ongoing investment by airlines and aviation supply companies.

The RAAA will be analysing the draft report in the coming weeks and deciding whether a further response is worthwhile.

Our industry is resilient and will not rest until an understanding of the role of regional industry is clear to politicians and policy makers. ✦



RAAA Events Calendar

RAAA meetings and events are:

7 - 9 September 2011

- ✦ RAAA Annual Convention
- Hyatt Regency
- Coolum Qld

30 November 2011 - Sydney NSW

- ✦ Annual General Meeting
- ✦ Technical Working Group
- ✦ Board Meeting
- ✦ RAAA Christmas Dinner

Please mark these in your diary and we look forward to your attendance.

Don't miss your flight for the premier event in Australian regional aviation!

RAAA
12th Annual Convention
2011



Taking off:

September 7th - 9th 2011
Hyatt Regency Coolum
Queensland, Australia

Register Online Now!

www.raaa.com.au





Prosecution of Air Operator under State work safety legislation held to be invalid

by: Norton White Lawyers & Notaries

TECHNICAL UPDATE

A recent decision of the Full Court of Federal Court in Heli-Aust Pty Limited v Cahill (2011) FCAFC 62 effectively excludes state and territory occupational health and safety laws to the extent that those laws are inconsistent with the Commonwealth civil aviation legislation.

Facts

On 22 November 2004, a helicopter struck an electrical power line and crashed whilst performing locust spotting operations. The pilot and one passenger of the helicopter died in the accident and another passenger was injured. In 2010, charges were brought against the operator of the helicopter for breaches of the OH&S Act by the Public Service Association And Professional Officers' Association of New South Wales. Under the NSW OH&S Act, a union has the power to bring an action for contravention of the OH&S laws.

In summary, the charges laid under the NSW OH&S Act alleged a failure to ensure that the work premises (in this case, the helicopter) were safe and without risk to health and also that people entering the premises were not exposed to risks to their health or safety. The charges were particularised to allege failures to conduct sufficient planning in advance of the flight and failures to provide particular safety equipment for the helicopter and its occupants.

It was argued on behalf of Heli-Aust that those are the very issues with which the civil aviation legislation is concerned and that the NSW OH&S Act was excluded from operation on constitutional grounds.

Decision

On 11 May 2011, the Full Court of the Federal Court of Australia held that Commonwealth legislation regulated civil aviation in flight to the exclusion of the NSW OH&S Act. The effect of this decision is that airlines and aircraft operators, although still required to meet the safety standards imposed by Commonwealth legislation, cannot be prosecuted under State work safety legislation in connection with civil aviation accidents during flight.

The Full Court unanimously held that the Commonwealth civil aviation legislation covered the field with respect to the safety of civil aviation in flight. Moore and Stone JJ delivered a joint judgment, and found:

The Commonwealth regime for the regulation and the safety of civil aviation in flight in Australia is comprehensive and exclusive, it is not supplementary or cumulative on State law or Commonwealth law. There is a direct conflict between the State and Commonwealth legislative schemes. A State law, to the extent of the inconsistency, is invalid.

Flick J, in a separate judgment, essentially reached the same conclusion.

Impact of Decision

The decision of the Full Court means that the NSW OH&S Act, and by extension corresponding legislation in other States and Territories, insofar as they purport to apply to matters concerning the safety of civil aviation in flight, are invalid. Occupational health and safety laws continue to apply to matters occurring in or around aircraft that are not strictly related to the safe operation of the aircraft.

Despite this limitation, the judgment represents a significant victory for airlines and aircraft operators insofar as it permits certainty about the standards to which they are required to operate and eliminates exposure to the significant penalties under State work safety legislation in the event of civil air accidents. The time by which an appeal of this decision must be lodged has expired and the related proceeding in the Industrial Court of NSW has been dismissed.

If you have any questions or comments about the matters raised in this article please do not hesitate to contact Ben Martin or Michael Wytcherley on 02 9230 9400.

This article is not intended to be a substitute for legal advice.



NORTON WHITE

LAWYERS & NOTARIES



Finance brokers picking up where the banks are leaving off

by: Amit Choksi, Aircraft Finance Specialist, Finlease

The use of specialist finance brokers by business operators is becoming an increasing trend. Some see this as a changing of the guard where banks are tending to leave the client service and all the associated paperwork to a business finance specialists. Or is there more to this trend than meets the eye?

Some business operators who need finance less frequently are asking, what is the role of a finance broker? Surely if banks are servicing the needs of a business, why do they need a specialist broker to handle equipment finance, fleet leasing or other business finance needs? That is precisely the point, the needs of businesses aren't being adequately serviced by the major banks.

Recent research has indicated that one of the biggest stumbling blocks to the growth of an average business after the global financial crisis is access to finance. Banks have tightened up lending practices and typically it's the small to medium businesses that are missing out. They're also neglecting to provide adequate service to business operators in helping them access the right finance solution to suit their needs.

So who can business operators turn to for help?

Specialist business finance brokers can source funds from a wide range of financial institutions all around the country. The broker, who typically has or will have a long term relationship with the client, has or will develop an in depth understanding of the client's business.

This enables them to prepare each finance application in a manner which best represents the client's case to a prospective lender. So the broker serves as the advocate for the business. Not a 'devil's advocate' which is a term we may be more familiar with. The broker takes the more positive ground, showing the business operator in a balanced 'best light' to lenders.

In this way brokers are able to give banks and other financiers greater insight and resultant confidence in that business. Finance brokers typically present the client in a manner which provides not only a concise financial and operational summary of the client's business, but give a reason why they are seeking the additional finance.

Most people have already approved the purchase of the additional equipment in their own heads. They know why they are buying it, what income gains or expense reductions it will achieve and how much it will cost. Our job is simply to extract that information from the individual, put those thoughts into "financier speak", wrap a concise and compelling finance submission around it and present to the best lender available on the market for that client. Simple if you say it fast!

Spreading loans across different financiers is also important, as a business shouldn't be too geared with a particular lender, which can restrict access to funding in the future. Additionally, a broader spread of lenders means that if the answer is no from one, it may well be yes from another.



A finance broker can save business operators time, freeing them up to do what they do best – running their businesses. Once a broker has an understanding of your business they can represent your financial needs to a wide range of lenders. Any decent broker will have 10 – 20 year relationships with their clients, which means no more revolving doors of account managers from the banks who may only meet the client 2 – 3 times before disappearing, only to be followed by another in quick succession.

Funds can often be sourced at better rates and at more flexible terms because of the finance broker's advocacy skills, spread of lenders and buying power. It's also nice to have a long term associate/mentor in your business journey. A capable broker will have a clear perspective on your business, challenges and opportunities as they spend their lives assisting SME clients.

Finally, as the broker's income is paid for via the lender and absorbed within the overall funding costs, similar to an insurance broker, all of the assistance from your long term finance broker comes at minimal and often no additional cost to you.

If you would like more information feel free to give Amit a phone call on 07 3324 2655 or email him at qldsales@finlease.com.au. ✦



EASA APPROVAL RECOGNISES HALF A CENTURY OF AEOS SUPPORT

Aircraft Equipment Overhaul and Sales (AEOS) recent European Aviation Safety Agency (EASA) certification recognises five decades of exceptional support to the aviation industry.

The company's two-year progression to secure the internationally coveted industry approval will allow AEOS to further enhance their service capabilities across a global market.

The certification complements their existing approvals and assists AEOS with their transformation towards the new CASA regulations.

Established in 1961, the privately-owned family business employs a dedicated team of skilled technicians and qualified engineers to provide maintenance services for a diverse range of aircraft components and associated products.

With a strong motivation to perpetually develop the company in alignment with industry standards, AEOS's recent certification demonstrates their commitment to the commercial aviation industry with particular focus on regional carriers.

In their 50th year of operation AEOS emphasise their success lies in an uncompromising approach to quality and exceeding industry standards by focusing on dedicated customer service, efficient turn-around time and value for money.

"We take a lot of pride in maintaining a quality of service for our clients but on top of that being a small business also allows us to offer unique access to our team," Operations Director Glenn Jarman said.

AEOS mandate a proactive approach to information showcased through their customised computer management system.

The sophisticated system allows the company to tailor services to individual clients by tracking of component reliability and reporting, providing detailed trend analysis and component history.

The provision of reliable product information coupled with quality workmanship sees AEOS consistently ranked high in customer satisfaction.

AEOS invest unprecedented time and resources to establish direct contact with the OEM's for the components they provide repairs, overhauls and testing.

AEOS provides:

- ✦ electrical and electronic support including starter generators, GCU's, actuators and valves;
- ✦ gaseous equipment maintenance for oxygen cylinders – fixed and portable – oxygen masks;
- ✦ fire extinguishers;
- ✦ cylinders including slides, floats and life rafts;
- ✦ pneumatic systems including de-ice, ditching, bleed air; and
- ✦ hydraulic components installed in skydrol and mineral oil systems.

To further assist customers in their overall component reliability AEOS also represent Honeywell, Zodiac (Aerazur), and BE Aerospace as service centres.

THROUGH THE DECADES

Founded by Robert Jarman in 1961, AEOS has constantly developed with the industry to maintain their leading position and solid reputation.

Today the business is run by the patriarch's sons Mark, Glenn and Ross and a dedicated management team alligned with skilled and experienced technicians and engineers.

From the company's first growth period during the mining resources boom in the 60s to their orientation on defence work during the 80s, AEOS has become firmly centred on regional and low cost carriers in the last decade.

Obtaining the EASA certification verifies their long-term commitment to the airline industry and regional carriers.

AEOS' vision to be the first choice of aviation component support services to airline, helicopter and military operators is supported within AEOS' employee ranks.

"Our 20-strong team are invaluable to the successful operation of AEOS and somewhat unique in that most have been with the company for a long time demonstrating not only their specialised experience but also their loyalty and commitment to our mandate of quality service," Administration Director Ross Jarman said.

AEOS joined the RAAA in 1994. Its great to see this long time supporter of the Association reach this magnificent milestone. Congratulations to Glenn and your entire team at AEOS!





Welcome Aboard Nordic Aviation Capital



IN THE CABIN

It is our pleasure to announce that the world's largest lessor of turboprop aircraft has spread its wings to Australia

Nordic Aviation Capital, the world's largest lessor of turboprop aircraft, has joined the Regional Airlines Association of Australia (RAAA).

Its decision coincides with a continued surge of interest for new and pre-owned turboprop aircraft in Australia, needed to operate a growing number of flights within the regional and charter sector.

Nordic Aviation Capital currently offers a fleet of 160 aircraft to 30 customer companies in 20 countries, and the Danish-headquartered company, now in its 21st year, is committed to further international expansion.

At this year's Paris Air Show the company confirmed a US\$450 million order for 10 all new ATR 72-600s, plus 10 options. Deliveries are scheduled from late 2012 through to 2015, bolstering its ATR fleet to over 100 aircraft and reaffirming NAC as the largest lessor of the type.



Dean Osborne
Vice President
Sales & Acquisitions
Nordic Aviation Capital



Nordic Aviation Capital

NAC's fleet is largely comprised of turboprops including ATR 42 and ATR 72 series, Bombardier Dash 8-300 and Q400 series, Fokker 50s and Saab 2000s, plus jets including Bombardier CRJ, Boeing 737 and Airbus 320 models. International customers include Lufthansa, American Airlines, US Airways, SAS, Flybe, Air Berlin and TACA.

"As fuel prices continue to rise and airline operators seek new ways to grow while cutting costs, large turboprop airliners are coming back into vogue around the world," said Dean Osborne, newly appointed Vice President, Sales and Acquisitions for Nordic Aviation Capital.

"In Australia, there is significant growth occurring on regional and resources routes, as carriers launch new services, expand their existing operations or introduce turboprops in place of less efficient jets," he added.

"We see significant opportunities to structure operating and finance leases for pre-owned and new turboprop aircraft in Australia, and are delighted to have been accepted as a member of the RAAA, the premier representative body for Australia's main turboprop operators."

NAC is a long term member of the European Regions Airlines Association and the US Regional Airline Association.

Nordic Aviation Capital offers various leasing services and solutions including.

Operating Leases

- ✈ Substantial capital savings
- ✈ No exposure to residual value risks
- ✈ Fleet flexibility

Sale and Leaseback

- ✈ A sale and leaseback solution paves the way for prudent fleet planning, generating cash flow and increasing flexibility while the aircraft continues to generate profits

Finance Leases

- ✈ No large up-front payments
- ✈ Payments spread out in order to align the cost of the aircraft with the benefit derived from the investment.

I am sure that all RAAA members are delighted with the addition of Nordic Aviation Capital to the ranks of our Association.

If you would like to discuss how Nordic Aviation Capital may be of help, Dean will be present at the 12th Annual RAAA Convention. Alternatively, you can email him at do@nac.dk.



NAVIGATION LOG														
Date	Time	Altitude	Speed	Fuel	Temp	Wind	Visibility	Climb	Descent	Level	Time	Dist	Accel	Decel



FLIGHT BRIEFING

RAAA 2011 Scholarships Winners

2011 saw a large number of high quality applications being received for the scholarships on offer. After much deliberation by the scholarship sponsors we are pleased to announce the 2011 winners for the scholarships available through the RAAA.

The scholarship winners for 2011 are:

Ansett Aviation Training Pilot Scholarship:

Alexander Jones, University of SA Aviation Academy/Flight Training Adelaide

Jason Sedlock, Australian Airline Pilot Academy

Alexander and Jason will receive a certificate and a complete endorsement on either the Beechcraft Super Kingair B200 or Fairchild Metroliner III/23 aircraft types at Ansett Aviation Training in Melbourne.

Jeppesen Pilot Scholarship

Aaron Pitcaithly, Sharp Airlines/Brindabella Airlines.

Aaron will receive a certificate and a cheque for \$5,000 to go towards his ongoing training as a pilot.

Jeppesen Aircraft Maintenance (Avionics) Scholarship

Samuel Cowen, Regional Express (Rex).

Samuel will receive a certificate and a cheque for \$5,000 to go towards his training as a Licenced Aircraft Maintenance Engineer (LAME).

Lufthansa Technik AERO Alzey Powerplant Maintenance & Overhaul Scholarship:

Peter Campbell, Mechanical Type Specialist, Airnorth/Aircraft Logistics.

Peter will receive a certificate and 14 days of orientation training in Germany by Lufthansa Technik AERO Alzey on either the CF34 or PW100 engine.

Michelin Aircraft Maintenance (Airframe) Scholarship

Jesse Maybury, Arena Aircraft Maintenance

Jesse will receive a certificate and a cheque for \$5,000 to go towards his training as a Licenced Aircraft Maintenance Engineer (LAME).

The scholarship winners will be formally awarded during the RAAA Convention Gala Dinner. We are sure you all join us in congratulating the winners on their achievement and look forward to meeting them during the Convention Gala Dinner.

Futher strength for our Association

The past several months have seen your association grow even further. Due to workload over this period we are yet to provide you with a initial overview of their operations and people.

We hope to rectify this in our next edition of the newsletter.

Members joining over this period are:

Ordinary Members

- ➔ Skypac Aviation Pty Ltd (July 2011)
- ➔ The University of NSW School of Aviation (July 2011)

Associate Members

- ➔ Independent Aviation Pty Ltd (August 2011)

Affiliate members

- ➔ Queensland University of Technology (May 2011)

I am sure you all join me in welcoming these organisations to the ranks of the RAAA and look forward to catching up with their representatives at the forthcoming 2011 Convention at the Hyatt Regency Coolum Qld from the 7th to 9th September.

People update from BP



Air BP welcomes Kartini Oei as the new head of General Aviation across Australia.

Kartini has been with BP for over 10 years and brings to the aviation team a wealth of commercial oil industry experience and a passion for the aviation industry. "I see huge potential for growth and investment in the industry and I am excited about supporting our valued Regional

Airline and GA customers across Australia" Kartini said. Your local Air BP contact remains the same and the team look forward to working with our customers to meet their needs into the future.

Kartini is a Queenslander from way back and will be based in the Brisbane office.



NAVIGATION LOG																			
Date		Time		Altitude		Speed		Fuel		Temp		Wind		Cloud		Visibility		Remarks	

FLIGHT BRIEFING

Alliance acquires 4 additional aircraft for FIFO operations

Alliance Airlines announced in July they are acquiring 2 x 100-seat Fokker F100 twinjets and 2 x 70 seat Fokker F70 long range jets.

The additional aircraft are being introduced specifically to support the rapid expansion currently being experienced by the resource industry.

Scott McMillan, Managing Director of Alliance Airlines, said "the decision to buy the Fokker F70LR aircraft was made after reviewing the capabilities of a number of aircraft types". Scott went on to say, "the capabilities of the Fokker F70LR and the ability to easily integrate the aircraft into our fleet made the F70LR a natural choice".

Following the delivery of the additional aircraft, the Alliance fleet will comprise 18 x 100-seat Fokker F100, 2 x 75-seat Fokker F70LR jets, and 5 x 50-seat Fokker F50 turboprops.

Brindabella expands service

The 15 August saw Brindabella Airlines commence regular passenger services between Brisbane and Armidale.

CEO of Brindabella, Jeff Boyd, said the airline is very pleased to be able to re-introduce direct Brisbane Services for the Armidale community.

Armidale Dumaresq Mayor, Peter Ducat, said the council and the community were very pleased to welcome Brindabella Airlines. "This will enhance Armidale's reputation as a great place to live, create better travel connections for families, and will strengthen business, tourism and leisure opportunities in the region" said Mayor Ducat.

Lufthansa Technik AERO Alzey downunder

Lufthansa Technik AERO Alzey (LTAA) has announce the appointment of Joseph Giarrusso to the position of Regional Sales Manager, responsible for LTAA sales & marketing activities in Pacific Region.

Joe brings a wealth of aerospace experience and understanding to support LTAA's ongoing commitment to the Australia and Pacific regional airline customer base.

LTAA's commitment to a full time regional sales manager based in Melbourne Australia, strengthens their global position to respond to customers' needs. Joe can be reached by:

Ph: (03) 9551 9064
Email: j.giarrusso@lhaereo.com

We look forward to catching up with Joe and the LTAA team during this years RAAA Convention in September.

Remote tower being trialled by Airservices Australia

Airservices Australia has committed to trialling remote tower technology in Australia with a signing of a contract with SAAB in June 2011.

The technology will be trialled at Alice Springs in Central Australia from late 2012, with the control centre more than 1500 km away in Adelaide.

Airservices Acting General Manager, Mark Rowell, said: "The proposed evaluation of the technology would provide a good test of its viability in remote harsh conditions". He said: "Continued engagement with regulators, the industry, air traffic controllers and the community would also be required".

Skywest to operate ATR72's for Virgin.

In August Skywest Airlines took delivery of its first ATR 72-500, which is also the first ATR 72 aircraft in Australia.

This delivery will be followed by a further 3 ATR 72-500s to be delivered this year and 4 ATR 72-600s to enter into service in 2012. There is an option for a further 5 aircraft in the agreement between Skywest and Virgin Australia. All of the ATR 72s will wear the new white and red markings of Virgin Australia.

Jeff Chatfield, Executive Chairman of Aviation PLC and Skywest, said: "We are proud to be contributing to the expansion of Virgin Australia and the growth of regional aviation across the country".

Filippo Bagnato, CEO of ATR, said: "The introduction and entry into service of the ATR 72 in Australia is an important milestone for ATR. Our new client and partners will benefit from a fuel efficient, environmental friendliness and low operating costs for the ATR".

REX ranked top performing regional airline for third consecutive year running

August 2011 saw Regional Express (Rex) once again ranked as the world's Top Performing Regional Airline by Aviation Week and Space Technology (AWST) for the third consecutive year.

AWST conducted the rankings on all publicly traded airlines worldwide with scores based on performance categories covering financial fitness and earnings performance from a selection of 18 ratios over a 10-year period.

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