

Fair Work Commission

Four Yearly Review of Modern Awards – Air Pilots Award 2010

Statement of: Ian Coxall



Address: Perth Terminal, Valentine Road, Redcliffe WA 6105

Occupation: Chief Pilot

STATEMENT OF IAN COXALL

I, Ian Coxall, Chief Pilot, of Valentine Road, Redcliffe WA 6105, state as follows:

1. I am the Chief Pilot at Skippers Aviation Pty Ltd ('Skippers'). I have been employed by Skippers for 12 years. Prior to working at Skippers, I was employed as Chief pilot and Chief Flying Instructor at the Bunbury Aero Club. In my role as Chief Pilot, I have involvement with the employment of pilots.
2. Skippers was founded in 1990 and is regional airline based in Perth with a fleet of 27 aircraft and employing approximately 200 staff of which 48 are pilots. Skippers operates charter and regular passenger transport services in Western Australia
3. The GAM fleet consists of the Cessna Conquest C441 (which seats up to 9 passengers), Fairchild Metro 23 (which seats up to 19 passengers), Embraer 'Brasilia' EMB 120 (which seats up to 30 passengers), Bombardier Dash 8-100 (which seats up to 36 passengers), Bombardier Dash 8-300 (which seats up to 50 passengers) and the Fokker 100 (which seats up to 108 passengers).

Cessna Conquest C441	Fairchild Metro 23
	

Filed on behalf of (name & role of party) Regional Aviation Association of Australia





Prepared by (name of person/lawyer) Keira Nelson, Partner

Law firm (if applicable) Norton White

Tel (02) 9230 9400 Fax (02) 9230 9499

Email Keira.nelson@nortonwhite.com

Address for service Level 4, 66 Hunter Street, Sydney NSW 2000
(include state and postcode)

Embraer Brasilia EMB 120	Bombardier Dash 8-100
	
Bombardier Dash 8-300	Fokker 100
	

Pilot Recruitment and Training


4. Skippers ordinarily hires pilots who possess the appropriate qualifications to fly the aircraft type for the relevant vacancy being hired. However, in our experience, many applicants are pilots who do not hold the appropriate aircraft type ratings to fly our aircraft. Since we have had difficulties finding appropriately qualified pilots, we have accepted applicants who are inexperienced turbo prop pilots or pilots from cadetships and smaller operators that operate light twin engine aircraft and who rarely have the type rating for one of our aircraft.
5. The training costs for pilots to obtain a relevant aircraft type rating is a major expenditure for the company and is significant. The training costs of the F100, Dash 8 and E120 are in the vicinity of \$50,000 per rating. The training costs of the Metro and C441 are in the vicinity of \$35,000 per rating.
6. Although there is an Enterprise Agreement in place (namely the Skippers Aviation pilots Enterprise Agreement 2016) which permits Skippers to introduce a written pilot bond agreement (pilots are bonded for 2 years), the training bonds do not cover the full training cost. For instance:

(a) The Fokker F100 training bond is only for \$30,000;

(b) The Dash 8-100, Dash 8-300, Embraer E120 and Metro 23 training bond is only for \$25,000; and

(c) The Cessna 441 training bond is only for \$12,000.

7. The training bonds as they stand now leave Skippers out of pocket even if the pilots stay with the company for 2 years. We have had numerous pilots leave without paying back their training bond agreements. I understand Skippers is approximately \$80,000 short because of unpaid bonds in the last 2 years. For a regional operator like Skippers, this is a significant expense given that the full training costs are not even covered by the bonds.
8. In my opinion, bond agreements provide an opportunity for pilots to progress their careers and gain experience on new aircraft types. This allows for career advancement. At the same time, it also ensures that regional operators like Skippers can have certainty in the form of a certain period of employment. Skippers, like many other operators, operate on tight profit margins. Without a bond where there is a suitable return of service, it would be very difficult to see how operators can secure the services they offer today.



Ian Coxall

Date: 19/2/19

Fair Work Commission

Four Yearly Review of Modern Awards – Air Pilots Award 2010

Statement of: Mark Wardrop

Address: 1 Murphy Road, Darwin Airport NT 0812

Filed by: Regional Airlines Association of Australia

STATEMENT OF MARK WARDROP

I, Mark Wardrop, of 1 Murphy Road, Darwin Airport NT 0812, say:

1. I have worked in the aviation industry for 10 years. I am currently the Director of:
 - a. Chartair;
 - b. AirMed; and
 - c. Air Link Airlines.
2. Chartair is headquartered in Darwin. It has 4 other bases and is one of Australia's leading charter and low capacity regular public transport operators serving Central Australia, the Top End and Far North Queensland. The company has been operating for over 40 years employing over 100 staff, 40 of whom are pilots. I have been a Director of Chartair for 4 years.
3. AirMed is headquartered in Sydney with 2 bases in New South Wales. We operate 10 Aircraft with patient transfers being conducted across Australia. AirMed has operated for 30 years employing over 100 staff and has approximately 20 pilots. I have been a Director of AirMed since 2010.
4. Air Link Airlines is headquartered in Sydney with 2 bases in New South Wales. We operate 5 aircraft in Charter and Regular Public Transport category. AirMed have 10 staff with 5 pilots.
5. All three companies conduct their operations using a range of aircraft types, generally smaller planes. These include the:
 - a. Cessna 441 Conquest which are pressurised 9 seat twin engine turbo-prop aircraft (inclusive of pilot seat);

- b. Cessna 208 which are unpressurised 9 to 13 seat turbo-prop aircraft (inclusive of pilot seat);
- c. Cessna 402C which are 10 seat twin piston engine aircraft (inclusive of pilot seat);
- d. Cessna 310 which are 5 seat twin piston engine aircraft (inclusive of pilot seat);
- e. Beechcraft Baron which are unpressurised 6 seat twin piston engine aircraft (inclusive of pilot seat);
- f. Cessna 210 which are 5 seat single piston engine aircraft (inclusive of pilot seat); and
- g. Cessna C510 which are 6 seat jet aircraft.

6. Our advanced aircraft types include the Cessna C441 Conquest, Cessna C208 caravan and the Cessna C510 Citation Mustang.

Cessna 441



Cessna 208



Cessna 402C



Cessna 310



Beechcraft Baron	Cessna 210
	

Pilot training

7. In order to operate an aircraft on commercial operations, Part 61 of the Civil Aviation Safety Regulations imposes certain requirements in terms of qualifications eg pilots are required to hold a pilots licence, or an Airline transport licence, a class or type rating for the aircraft type being flown, an instrument rating and depending on the type of operation may require other operational ratings and endorsements.

8. The training costs associated with obtaining an aircraft class or type rating can be significant. Aircraft like the Cessna C208 require pilots to obtain an aircraft class rating for Gas turbine engines and ASEPTA training. This training consists of initial endorsement training, In command under supervision (ICUS) and line checks. Obtaining a type rating to pilot more advanced aircraft like the Cessna 510 Mustang requires more complex training. Pilots require a C510 type rating for multi-crew pilot aeroplanes under Schedule 2 of the 'Prescription of aircraft and ratings – CASR Part 61 (Edition 5) Instrument 2018' which requires training in the form of 1 Week of ground school training, 1 Week of simulator training. There is the initial endorsement flight test followed by an Instrument Proficiency Check. In addition to this we are introducing Human Factors Training. Once endorsement and IPC checks are complete we require ICUS training which currently sits on average at 100hours.

9. We typically send pilots to Flight Options on the Sunshine Coast to get their C510 training and currency checks. Alternatively we use Flight Safety in America. This is typically a more expensive option as it requires international travel.

10. C208 training can be done internally at Chartair or using Saltair as a contracted training provider. The average cost for Saltair to complete the initial training is \$10,000. Added

to this is their travel, accommodation meals and aircraft cost. Aircraft contribution costs for the C208 are \$1300per hour with approximately 10 hours required for an initial endorsement.

11. I have access to the business records of Chartair which indicate that the cost of a pilot completing a training course to obtain an aircraft type rating is in the order of \$10,000 to \$35,000, depending on the aircraft type. In addition to this there are other costs involved including airfares, hotel costs, meal expenses and paying the pilot's salary whilst the pilot completes the course, which usually takes up to 4 weeks.

Pilot retention and recruitment

12. I am involved in the recruitment, retention and training of pilots. In particular, I am involved in the development and implementation of policies about recruitment and retention of pilots.
13. Chartair in particular has had significant difficulties with pilot retention and recruitment in recent years. Our bases are considered remote locations, which presents challenges.
14. Chartair's policy is to hire pilots that have the required qualification for the advertised role, including the aircraft class or type rating that is required. However, often when a pilot position is advertised, Chartair receives applications from pilots who do have a pilot's licence but do not have the aircraft class or type rating that would authorise them to fly the relevant aircraft type. These applications are sometimes from younger, less experienced pilots who are new to Chartair, or from pilots already employed by Chartair who would like to learn how to fly a different aircraft type.
15. From time to time, Chartair will employ an applicant, or accept the application of a current employee, who does not hold the required aircraft type rating subject to them becoming suitably qualified to perform the role. When this occurs, Chartair will pay the costs associated with pilots obtaining the class or type rating required. This is the case regardless of whether the applicant is a new pilot who will become employed by Chartair after obtaining their type rating or a pilot already employed by Chartair.
16. In the last 3 years, Chartair has had numerous instances of pilots leaving after 4 to 6 months of receiving their aircraft type rating or line check. These include:

- (a) Two pilots who left to take a position at Cathay Pacific four months and seven months after being checked to line;
- (b) A pilot who took a position with the RFDS two months after being checked to line;
- (c) A pilot who took a new position six months after obtaining an aircraft type rating for the C208 aircraft.

17. This created significant disruption to Chartair's operations. What this means in practice is that we are significantly less likely to employ applicants who are not already qualified, or to provide these opportunities to our current employees.

Training bonds

18. Chartair does not enter into pilot bond agreement, as they are usually disputed by the Australian Federation of Air Pilots and it is uncertain whether we will be able to practically enforce them. Chartair pilots have no repayment schedules or commitments.

19. If the changes proposed by the RAAA were made to the award, Chartair would enter into pilot bond agreements for aircraft type ratings. This would provide certainty in crewing which would allow Chartair to provide a more reliable service, which is very important given the remote locations in which it operates.

20. In addition, using pilot bonds would allow Chartair to offer employment opportunities to pilots who do not hold the relevant aircraft type rating without the risk that the pilot will depart Chartair shortly after obtaining the type rating. This would make those candidates more attractive employment prospects to Chartair.

Date: 19 February 2019

Fair Work Commission

Four Yearly Review of Modern Awards – Air Pilots Award 2010

Affidavit of: Andrew Hardy

Address: 8 Slade Court, Marrara, Northern Territory 0812



Occupation: Chief Executive Officer, Hardy Aviation



STATEMENT OF ANDREW HARDY



I, Andrew Hardy, Chief Executive Officer, of 8 Slade Court, Marrara NT 0812 state as follows:



1. I am the Chief Executive Officer of Hardy Aviation (NT) Pty Ltd ('Hardy Aviation'). I have been with the company for over 15 years. I assumed the role of Chief Executive Officer in 2014. Prior to my role as CEO, I was employed as the Commercial Manager and Operations Manager at Hardy Aviation, beginning in January 2004. Prior to my roles at Hardy Aviation, I worked in the Mining Industry as an Exploration Geologist performing the role as Exploration Manager for companies in Western Australia and the Northern Territory.
2. Hardy Aviation is based in Darwin and provides air charters and regular public transport services. The company has been operating for over 25 years and employs 90 staff. Hardy Aviation operates charter and regular public transport services between regional communities and Darwin and services the health, education and infrastructure industries as well as providing general passenger transport. Hardy Aviation flies a range of aircraft types from light single piston engine aircraft (such as the Cessna C206 and C210 that have 5 seats), to larger twin piston engine aircraft (such as the Cessna C402 with 9 seats and Cessna 404 with 14 seats) and more complex aircraft (such as the Fairchild Metro with 19 seats).

Filed on behalf of (name & role of party)	Regional Aviation Association of Australia		
Prepared by (name of person/lawyer)	Keira Nelson, Partner		
Law firm (if applicable)	Norton White		
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Email	Keira.nelson@nortonwhite.com		
Address for service (include state and postcode)	Level 4, 66 Hunter Street, Sydney NSW 2000		

<p>Cessna C206</p>	<p>Cessna C208</p>
 A Cessna C206 twin-engine propeller aircraft in flight, viewed from a low angle. The aircraft is white with yellow wings and tail. The registration number VHJZL is visible on the upper surface of the right wing.	 A Cessna C208 twin-engine propeller aircraft in flight, viewed from a low angle. The aircraft is white with dark wings and tail. The registration number VH-TVV is visible on the side of the fuselage.

<p>Cessna C210 Centurion</p>	<p>Cessna C402</p>
 A Cessna C210 Centurion twin-engine propeller aircraft on the ground. The aircraft is white with red and black stripes. It is parked on a grassy field with trees in the background.	 A Cessna C402 twin-engine propeller aircraft in flight, viewed from a low angle. The aircraft is white with dark wings and tail. The registration number VH-HUJ is visible on the side of the fuselage.

<p>Cessna C404</p>	<p>Cessna C441</p>
 A Cessna C404 twin-engine propeller aircraft on a tarmac. The aircraft is white with blue and red stripes. It is parked in front of a hangar.	 A Cessna C441 twin-engine propeller aircraft on a tarmac. The aircraft is white with dark wings and tail. It is parked in front of a hangar.

<p>Beechcraft B58 Baron</p>	<p>Fairchild Metro</p>
 A Beechcraft B58 Baron twin-engine propeller aircraft in flight, viewed from a low angle. The aircraft is white with blue and red stripes. The registration number VHJZL is visible on the upper surface of the right wing.	 A Fairchild Metro twin-engine propeller aircraft on a tarmac. The aircraft is white with dark wings and tail. It is parked in front of a hangar.

3. In my role as Chief Executive Officer, I oversee the recruitment of new pilots and retention and retraining of pilots employed by Hardy Aviation and am involved in policies relating to the recruitment and retention of pilots.

Training Bonds

4. Part 61 of the *Civil Aviation Safety Regulations 1998* (Cth) requires pilots to meet and hold certain qualifications before they can fly aircraft commercially. In addition to holding a pilots' licence, pilots are required to hold, amongst other qualifications, an aircraft class or aircraft type rating. Whether it is an aircraft class rating or aircraft type rating that is required depends on the type of aircraft the pilot will fly. Less complex aircraft, such as Cessna C206 require an aircraft class rating while more complex aircraft, such as the Fairchild Metro, require an aircraft type rating under Schedule 6 of the 'Prescription of aircraft and ratings – CASR Part 61 (Edition 5) Instrument 2018'.
5. A significant proportion of the business' expenditure relates to expenses attributable to pilots obtaining aircraft class ratings and aircraft type ratings. From our business records, the cost of a pilot completing a training course to obtain an aircraft class or type rating consists of \$50,000 for the Fairchild Metro, \$25,000 for the Cessna C441 Conquest, \$15,000 for the Cessna C208, C402 and C404, \$10,000 for the Beechcraft Baron and \$7,500 for a single-engine aeroplane class rating. This is in addition to other costs involved such as travel costs, meal allowances and the pilot's salary during the time training is being undertaken.
6. In about 2013, a number of pilots who had obtained an aircraft type rating, which was funded by Hardy Aviation left Hardy Aviation to work elsewhere soon after they had obtained the type rating.
7. Young pilots become more attractive employment prospects to other operators once they have obtained an aircraft type rating as the other operators do not face the financial burden of funding the aircraft type rating themselves.
8. Because of this trend of pilots departing the employment of Hardy Aviation soon after completing their aircraft type ratings, Hardy Aviation began entering into Pilot Training Bond Deeds by which Hardy Aviation would fund training that pilots wished to undergo prior to or during the course of their employment on the condition that the pilot would remain employed with Hardy Aviation for a stipulated period of time. The Pilot Training Bond Deeds were a practical solution for both Hardy Aviation and potential pilot employees because the Pilot Training Bond Deeds meant that Hardy Aviation could continue to offer opportunities to pilots who, although they did not hold the required aircraft type ratings, wished to increase their qualifications and obtain employment with Hardy Aviation. Without the Pilot Training Bond Deeds. Hardy Aviation would have been

limited to hiring pilots who already held the required aircraft type rating or who were able to independently fund the aircraft type rating prior to commencing employment, as the cost of Hardy Aviation funding the aircraft type ratings for new pilots was not sustainable.

9. Following the departure of some pilots who had entered into the Pilot Training Bond Deeds, we received letters from AFAP contending that the bonding arrangement was unenforceable. For instance:
 - (a) On 25 August 2014 Hardy Aviation received a letter from the AFAP, a redacted copy of which is annexed hereto and marked 'A'.
 - (b) On 26 September 2014, John Hardy, the former CEO of Hardy Aviation, responded to the letter from the AFAP and a redacted copy of my response is annexed hereto and marked 'B'.
 - (c) On 5 December 2014, Hardy Aviation received a letter from the AFAP, a copy of which is annexed hereto and marked "C".
10. After December 2014 we met with the AFAP to discuss the issue of pilot training bonds. The issue was not finally resolved because the pilots involved moved on to other organisations.
11. Hardy Aviation did not further pursue any amounts owing pursuant to training bonds.
12. After the meeting with the AFAP, Hardy Aviation stopped using pilot training bonds because I was concerned that the AFAP had indicated the bonds do not comply with the Air Pilots Award 2010.
13. Accordingly, Hardy Aviation now fully funds any type ratings undertaken by pilots who are employed by Hardy Aviation or who wish to be employed by Hardy Aviation but who do not hold the required type rating.
14. We have had a number of pilots who have left the employ of Hardy Aviation a few months after obtaining a type rating.
15. Consequently, Hardy Aviation prefers to hire pilots who already hold the type ratings required to pilot the aircraft types operated by Hardy Aviation.

Date: 20 February 2019

A

P-5

**AUSTRALIAN FEDERATION
OF AIR PILOTS**



**MEMBER OF THE
INTERNATIONAL FEDERATION OF
AIR LINE PILOTS' ASSOCIATION**

President:
Bryan Murray

Executive Director:
Simon Lutten

25 August 2014

8 Slade Court
Marrara State Postcode
Darwin International Airport

via email: ops@hardyaviation.com.au

To whom it may concern

RE: Hardy Aviation's Compliance with the Air Pilot's Award 2010

We write on behalf of AFAP members.

A number of concerns have been raised regarding Hardy Aviation's compliance with certain aspects of the Air Pilots Award 2010 (the Award), namely
the training provisions in clause 16.

In addition to the above, we have in our possession a copy of a pilot's Letter of Appointment from Hardy Aviation and an accompanying signed "Pilot Training Bond Deed" (the Training Bond).

From our discussions with pilots and documents in our possession, there appear to be issues at hand:

2. The enforceability of common law training bonds

Level 4, 132-136 Albert Road, South Melbourne, Victoria 3205
Tel: (03) 9928 5737 Fax: (03) 9699 8199
Email: admin@afap.org.au

Common Law Training Bonds

The Training Bond purports to provide an opportunity to Employees to undertake "conversion training" to enhance personal qualifications and experience, with Hardy Aviation agreeing to pay the costs associated with said training. This is made on the proviso that an Employee remain in employment for a minimum period of time. Should an Employee resign or be dismissed from employment, the Training Bond authorises Hardy Aviation to deduct the conversion training amount owed by the Employee from their final payment upon termination.

This form of training bond is not enforceable as it is inconsistent with the Award provisions.

As you would appreciate, Hardy Aviation is an employer bound by the Award and pilots employed at Hardy Aviation are entitled to the benefits of the Award.

Clause 16.2 of the Air Pilots Award provides:

16.2 Where the employer requires a pilot to reach and maintain minimum qualifications for a particular aircraft type in accordance with this award, all facilities and other costs associated with attaining and maintaining those qualifications will be the responsibility of the employer.

It is a fundamental principle of industrial law that contracting out of an Award is impermissible. Hardy Aviation cannot contract out of the obligations imposed by clause 16.2 via a common law bond agreement. This view is supported by the Full Court of the Federal Court's decision in *McLennan v Surveillance Australia Pty Ltd [2005]*, where it was held that a training bond contract that was inconsistent with an industrial instrument, or that imposed additional obligations on employees to whom such an instrument applied, was unenforceable. This view was relied on in a Magistrate's Court case similarly concerning the imposition of a training bond in the employment of a pilot (*Regional Express Holdings Ltd v Clarke*).

In light of the above, it is clear that Hardy Aviation cannot enforce the bond agreement.

Putting aside any issues surrounding misrepresentation of pilot's rights under the Award, we advise you that should you deduct monies from any entitlements owing to a pilot at cessation of their employment with Hardy Aviation, Hardy Aviation will be in breach of both the unlawful deduction provisions and the adverse action provisions of the *Fair Work Act 2009* (Cth).

Summary

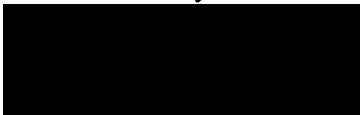
It is apparent that there are some issues present with Award compliance.

In relation to the Training Bond, in order to mitigate Hardy Aviation's risk, the AFAP proposes that we engage in discussions for the creation of an enterprise agreement. Under the *Fair Work Act 2009* (Cth) employers and employees may move away from award coverage by making an enterprise (collective) agreement, providing employees are better off overall. This poses an opportunity for Hardy Aviation to create training bonds without risk of breaching the Award.

Enterprise agreements are negotiated by bargaining representatives who may include an employer and a union designated as a bargaining representative under the Act.

With respect to our members, the AFAP is such a bargaining representative. Accordingly I invite you to contact me at the AFAP on (03) 9928 5737 or dkelly@afap.org.au to discuss options for an enterprise agreement covering pilots employed by your organisation.

Yours sincerely



David Kelly
Industrial Advisor

B

P.8



29 SEP 2014

26th September 2014

Mr David Kelly
Industrial Advisor
Australian Federation of Air Pilots
Level 4, 132-136 Albert Road
South Melbourne VIC 3205

Dear David,

I am replying to your letter of the 25th August 2014 in which you raise some concerns regarding training provisions.

Common Law Training Deed

I believe our offer of providing training for pilots to learn to fly another type of aircraft who, in return for the costs involved commit to remain in our employ for an agreed period of time does not violate the provisions of the current pilot's award. The pilots continued employment on the type of aircraft they currently fly is not part of this negotiation, their employment continues whether or not they accept the offer of training on a new type. We are offering a training program, which if undertaken can lead to a improvement in their type of employment leading to an upgraded pay package and an agreed continuation of employment for a nominated period of time. There are no threats to existing employment and it is up to the pilot as to whether or not they find our offer acceptable.

PO BOX 26
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ABN 53 009 651 521 ACN 009651521

Slade Court
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HARDY AVIATION

This is not inconsistent with a pilot independently of his current employment seeking leave to engage a training organisation to receive training on another aircraft type when his current employer may not have the facility to do that training or have the time, but would find it convenient if the pilot in question gained that qualification. Obviously this pilot would wish to stay employed at the higher pay rate consistent with the new qualification to recoup the cost of the training. It would not be unreasonable of the employer to offer continuing employment so both parties would be advantaged by the pilot's initiative to take leave and receive training.

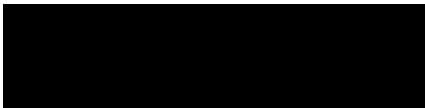
Another scenario would be where the employer in conjunction with others (a simulation training organisation) is able to provide the training to a pilot, who accepts an offer for this to happen. There is a lot of cost involved and if the training is to take place, someone has to pay for a whole raft of costs such as airfares to and from the training site (in this case Darwin to Melbourne), accommodation in Melbourne, meals, ground transport from the living quarters to the Simulator site, operators fees, hire fees for the use of the simulator, administration costs and use of company aircraft. So the trainee pilot and the company acknowledge there are substantial costs involved and it is agreed that if the company foots the bill and extends a line of credit to the trainee the trainee would need to repay the amount borrowed or advanced to the trainee. The trainee agrees to continue his employment, at the higher rate of pay brought about by the use of his new qualification. The employer expects continued employment for a period at least until he determines that the training costs have been absorbed.

We are careful to disassociate the pilots pay and entitlement from the advance he has to repay after the training has been provided, even if the pilot resigns prematurely. In other words the final pay after resignation is not garnished by the company, for the unpaid training costs.

In conclusion, it should be known that Hardy Aviation has over the years provided expensive turbine training to a number of pilots who have left our employ shortly there afterwards and have given no return of service. Rarely have we received restitution and have balanced our losses with the knowledge that many pilots have given long and loyal service.

Please let me know if this explanation is unacceptable and I will be happy to commence discussion for the possible creation of an enterprise agreement, as you have suggested.

Yours sincerely,



JOHN HARDY OAM

C

P.10



5 December 2014

Mr Andrew Hardy
8 Slade Court
Marrara State Postcode
Darwin International Airport

By email: ops@hardyaviation.com.au

Dear Mr Hardy,

Re: Enterprise Agreement

I write in response to Mr John Hardy's letter to my colleague, David Kelly, dated 26 September 2014. I understand you have assumed Mr Hardy's role. We thank the company for the explanations provided in that letter, in respect of the training bond arrangements. Unfortunately we do not agree with either position put forward by the company. In particular, we believe that if it were to attempt to enforce a training bond arrangement, the Company would be in breach of the training provisions of the Award.

Having said this, our preferred approach is to negotiate an enterprise agreement to cover the pilot group. On this point, I note that in your letter, you state you are 'happy to commence discussion for the possible creation of an enterprise agreement'.

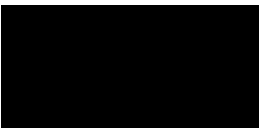
Further to this, through pilot meetings and other discussions, we have determined that the majority of the pilot group supports this approach.

We seek a date between 19 and 31 January 2015 to meet with the company to commence bargaining for an enterprise agreement under Part 2-4 of the *Fair Work Act 2009* (Cth). At this meeting, the AFAP will outline the concerns of pilots and present the company with our bargaining position. Please suggest your preferred dates.

We believe that a genuine commitment by the company and the AFAP to conclude an enterprise agreement will provide Pilots and the company with stability and confidence in the immediate and long term future.

Please contact me on (03) 9928 5787 or email at james@afap.org.au to arrange initial discussions.

Yours sincerely,



James Lauchland
Industrial Officer
Australian Federation of Air Pilots

Fair Work Commission

Four Yearly Review of Modern Awards – Air Pilots Award 2010

Statement of: Malcolm Sharp

Address: PO Box 710, Hamilton VIC 3300

Occupation: Managing Director and Chief Pilot

STATEMENT OF MALCOLM SHARP

I, Malcolm Sharp, Managing Director and Chief Pilot, PO Box 710, Hamilton VIC 3300 state as follows:

1. I am the Managing Director and Chief Pilot of Sharp Airlines, a company which I established in 1990. Before I established Sharp Airlines, I was employed as a Flight Instructor with the Wimmera Aero Club for 3 years. In total, I have worked in the aviation industry for 34 years.
2. Sharp Airlines is headquartered in Hamilton with bases at Essendon, Adelaide and Launceston and is one of Australia's leading regional aircraft operators serving Southeast Australia. The company has been operating for almost 30 years and currently employs over 80 staff. Sharp Airlines is a charter operator as well as a provider of regular public transport services with a fleet consisting of the Cessna 441 (that can seat 8 passengers) and the larger Fairchild SA227 Metros (that can seat 19 passengers). Pictures of these two planes are below.

Filed on behalf of (name & role of party) Regional Aviation Association of Australia

Prepared by (name of person/lawyer) Keira Nelson, Partner

Law firm (if applicable) Norton White

Tel (02) 9230 9400 Fax (02) 9230 9499

Email Keira.nelson@nortonwhite.com

Address for service Level 4, 66 Hunter Street, Sydney NSW 2000
(include state and postcode)

Cessna 441	Fairchild SA227 Metro
	

Pilot Recruitment and Training

3. I oversee the recruitment of new pilots and training of pilots employed by Sharp Airlines.
4. Part 61 of the *Civil Aviation Safety Regulations* requires pilots to hold certain qualifications before they can operate aircraft as pilot in command. Pursuant to Part 61 pilots are required to hold a current pilot's licence and also need to hold an aircraft class or type rating for the aircraft being flown. In addition, depending on the operation pilots may need other qualifications including operational ratings and endorsements that may be required.
5. There is also a requirement for pilots to have met the recency requirements contained in Part 61, which involves undertaking two flight or simulator checks annually.
6. In addition, pilots also need to undergo company specific training prior to being pilot in command of aircraft operated by Sharp Airlines. This includes training on Sharp Airlines' emergency procedures pursuant to Civil Aviation Order 20.11. Pilots also need to be familiar with Sharp Airlines procedures and Operations Manual, and depending on the operation, the pilot may need to have been certified as competent on the particular route being operated pursuant to Regulation 218 of the Civil Aviation Regulations.

7. The cost of training for pilots to attain and maintain the appropriate qualifications to operate our aircraft is substantial. For example, the costs excluding sundry expenses for accommodation, travel and lost earnings can be in the order of \$34,100 per employee for a Metroliner Type Rating. See table below.

	Units	Unit Cost (\$)	Total (\$)
Metro Endorsement			
Ground School/briefings	1	2,000	2,000
Training Manuals	1	150	150
Simulator Component	12	1,000	12,000
Aircraft Component	1	2,450	2,450
Flight Test Fee	1	1,000	1,000
ATPL Flight Test			
Ground School/briefings	0	2,000	-
Training Manuals	0	150	-
Simulator Component	4	500	2,000
Aircraft Component	0	2,450	-
Flight Test Fee	1	1,500	1,500
Command Upgrade			
Ground School/briefings	0.5	2,000	1,000
Training Manuals	0	150	-
Simulator Component	12	1,000	12,000
Aircraft Component	0	2,450	-
Flight Test Fee	0	1,000	-
Total Actual Training Costs			\$34,100

Training Bonds

8. If pilots who are or wish to be employed by Sharp Airlines do not hold the required aircraft type rating to operate our aircraft, Sharp Airlines will normally advance the cost of obtaining the aircraft type rating to the pilot along with the cost of obtaining an Airline Pilots Licence (ATPL) and the Command Upgrade.
9. Prior to about 2017, these costs were advanced to pilots on the basis of an oral training bond agreements with pilots whereby Sharp Airlines and the pilot would discuss a return to service period during the hiring process and would reach an agreement that the pilot would stay for a set period following the completion of training or be required to repay certain training costs. This arrangement was successful for a long period as all pilots with the exception of one abided by the oral training bond agreement and completed the bond period.

10. This type of agreement was necessary as it was my experience at Sharp Airlines that once pilots obtained an aircraft type rating, they became attractive to other operators. The effect of this is that another operator could pay a slightly higher wage to the pilot to convince the pilot to come and work for them, because that other operator does not need to bear the cost of funding the pilot to obtain the aircraft type rating. When this occurred, it would leave Sharp Airlines out of pocket for the significant training costs, and without a pilot to ensure reliability of services.
11. In about 2017, after noticing that the proportion of applicants who applied for pilot positions who did not have the necessary ratings to operate the types of aircraft in the Sharp Airlines fleet was increasing, Sharp Airlines introduced a written pilot bond agreement for new pilots who are hired in circumstances where the pilot does not hold the aircraft class or type rating required.
12. The written pilot bond agreement states that Sharp Airlines will loan the pilot the cost of completing training to obtain the aircraft class rating or aircraft type rating and that if the pilot remains with the company for 2 years from reaching 2,000 hours aeronautical experience or Regular Public Transport Command, the loan will be discharged. If the pilot leaves before the expiration of 2 years, the cost of the training is required to be repaid on a pro rata basis.
13. In about 2017, a written pilot bond agreement was also introduced for existing pilots who wanted to undertake additional training to obtain additional qualifications with funding from the airline. This includes when a pilot wishes to obtain an aircraft type rating to switch from operating the Cessna 441 to the Metro SA227.
14. The amount which is loaned to pilots pursuant to the training bond is the cost of the training course for the aircraft type rating. Additional costs incurred by Sharp Airlines such as transport, accommodation and other per diem expenses are not included in the amount of the loan and instead these expenses are paid by Sharp Airlines.
15. Since the introduction of written pilot bond agreements, 6 pilots have left during their bond period of which:
 - a. 3 pilots have repaid the remaining bond amount in full; and
 - b. 3 pilots have refused to pay the outstanding bond amount.
16. Sharp Airlines is currently considering actions to recover the outstanding bond amounts from those pilots who have refused to pay.

17. In my experience, pilot bond agreements have been industry practice in the regional aviation industry for a long time. The bond agreements provide benefits to both the pilot and the aircraft operator. Pilots are provided with the opportunity to have training to advance their careers through an aircraft class or type rating that they can retain for the rest of their professional career. These opportunities, which are funded by the aircraft operator, are often not otherwise available to pilots given the significant costs involved.
18. If pilot bond agreements were not used by Sharp Airlines, we would not be in a position to offer as many training opportunities (if any at all) to new pilots or existing employees. We cannot afford to train people just for them to leave immediately.

Date: 20 February 2019