

WHY AM I APPROACHING YOU?

I've owned a Flying School for 10 years now, and worked way too hard, for way too long. The Business is becoming increasingly complex to run. There is an increasing amount of what I call "tripping hazards". I am concerned about the future of Australian Owned Businesses in the Flight Training Sector. My Business is my Superannuation, I am concerned somewhat for my family's future.

I consistently strive for perfection in my Business but increasingly I feel like I cannot keep up anymore. I am exhausted by the bureaucracy associated with simply "proving" that I am already doing the right thing. I get frustrated by the Fee Help System. I need to get focussed on my Business now, but I keep getting pulled away.

Despite all this, I love what I do, and I want to do it well. In fact, I want to make my Business the best business it can afford to be. Increasingly I have been considering how I can continue to operate my Business and operate it successfully. How can I increase its potential in a time of "doom and gloom" for our Sector? I've come up with this proposal. I want to get 10 likeminded Schools. Schools that genuinely want to survive in the new environment and "step up to the plate". A range of predominantly regional schools and some capital city Schools. Australian Owned Businesses that really have the intent to deliver on the Regulators requirements and maintain a robust Business. Owners that really do appreciate robust procedures designed to be Simple, Accountable and Effective can be both safer and more compliant. If they meet these criteria, they can potentially be more cost effective to deliver.

It is a challenge, we need to pool our resources, genuinely work collaboratively, and assemble the very best Group Head of Operation, Group HAAMC, Group Safety Manager, and Group Compliance and QA Manager. The background work is well underway, we can do this.

My proposal is to join this concept exactly as I propose you do, assuming it potentially suits your Business. My intention isn't to generate debate on why we are in this situation. This is the much "bigger picture", this is the future of the Australian owned sector of the flight training industry.

AN INTRODUCTION TO THE CONCEPT

A Group of Schools combining their Resources to share a team" of Industry leading professionals providing high levels of Safety and Regulatory Compliance. A Group Head of Operations, a Group HAAMC, a Group Safety Manager, and a Group Compliance QA Manager. Full accountability for safe and compliant operations rests entirely with me as the CEO of the organisation. I need you to be sharing the vision. By working collaboratively, we will be able to resource a pool of talent that we could not achieve individually. A team of Schools with good intent, working collaboratively together, while communicating effectively with CASA and sharing their financial and Business resources to gain access to a greater pool of talent to lead the Group. I wish to reiterate that the key to this concepts success is the Quality of those Industry Leading Personnel at the top, and the intent of all of us operating below. We recognise we need exceptional Leadership. We will be financially capable to secure it.

Each Business Operates under my AOC with the AOC Holder providing those Industry Leading Key Stakeholder positions. Each Organisations own key positions are no longer required as they move centrally and rove between the Member Organisations. The existing Chief Flying Instructor effectively becomes the Senior Base Pilot. From my own experience as a Chief Flying Instructor, I was increasingly Oversight will be facilitated by a program called "Flight School Manager "which we would share. Like many Australian Schools I am now using this program. It has been designed to be

easily expanded amongst our Schools. It contains all Rosters, Scheduling, Training Notes, Briefings, Maintenance tracking, theory delivery, Safety Management, Bookings, Flight and Duties etc. in a one stop shop. It can also deliver all briefings and Theory Courses. Obviously participants and their Personnel will be fully trained. This is how we can provide the required levels of oversight. In fact CASA could Audit our entire Organisation, live from their own as we will provide full access to them. It provides the member organisations with unmatched levels of oversight and information sharing.

Importantly, your Business remains your own Business in its entirety, including branding and all financial aspects. We will develop standardisation among the Members, with clear lines of Reporting and accountability. You keep paying your utilities and your day to day running costs. AIPT takes on all responsibility for safety and compliance.

In my own Organisation I operate with 4 new overriding, largely generic but fully compliant manuals. All Schools would adopt those compliant manuals. Lying under these 4 manuals are the Base Procedures Manuals. These are the manuals where you outline your specific requirements and Procedures at your Own Base, just as I have done for mine. This is where you retain, your Businesses unique procedures. I am currently using this System providing oversight of another large Flight Training Organisation that had difficulty securing Key Personnel. It is working now, and can be expanded. In fact it can be expanded easily via the application of the Base Procedures Manual. With appropriately qualified Personnel in your Organisation you will have the ability to offer an unparalleled range of Courses.

CHALLENGES

The vast majority of Australian Owned Flight Training Operators would have very well-founded concerns about continued Operations in three years' time. It would be reasonable to expect that there is a preference by Authorities that there are less Flight Training Operators in Australia, as that makes the Regulators task easier. We need to protect against that.

A Challenge immediately ahead is the Transition to a 141 or a 142 Organisation. A bigger challenge will come soon after when we are audited for compliance against these complicated criteria. The Transition is not the "big issue". The challenge actually comes after the Transition in ensuring you have the resources to maintain Compliance. This approach will allow us to attend to this challenge co-operatively.

The cost of rewriting compliant manuals alone was more than \$100,000 for my Organisation and took far too much of my attention for far too long. This was extremely challenging from a resource perspective in my own Organisation. This approach will substantially free up both financial and time resources to allow you to focus on running your Business.

WHICH FLIGHT TRAINING ORGANISATIONS CAN PARTICIPATE?

The cornerstone of this concept is the protection of the Australian Owned Sector of the Flight Training Industry. It is open to current Industry participants and is not intended to "ease" new entrants into the market. Therefore, it is eligible to existing Businesses only. Those Businesses must be able to demonstrate Intent to work towards the highest standards of Safety and Compliance.

There will be two different rates. A commercial rate to businesses such as my own, but a subsidised rate for aero clubs in regional areas.

HOW IS MY BUSINESS PROTECTED, IF I JOIN?

The Business remains its own "Business Entity" with regards to Ownership and all financial aspects. There is no change. We are only pooling our financial resources to engage Industry Leading Personnel to lead us and reduce the burden on us. Your Business continues to be branded as your own name. The Group name will be Australian Integrated Pilot Training. My own Business would become AIPT-Melbourne Flight Training.

All organisations including my own will pay 3 monthly in advance. You can withdraw at any time with three months' notice,

You would be able to liaise with CASA to potentially continue your own AOC in the background for "peace of mind" should you elect to withdraw at some future date.

Our Businesses each remain 100% our Own Businesses.

The Profit and Loss of my AIPT will be open to all members within the group. There will be extremely high levels of transparency. The intention of this proposal is literally to support each other's continued existence.

Fees increases will be capped at the highest of 5% per annum or CPI, whichever is higher, for a period of 5 years. My expectation is that the rates would actually decrease significantly once membership numbers reached required levels.

Any increases after that time require approval from at least 75% of Group members.

We will work collaboratively to design procedures to ensure all Parties meet regularly.

We will have a facility for input from the Membership base to ensure they are actively involved in Group Management.

All members irrespective of size have equal voting rights in situations where required.

CASA required Roles are now filled by Industry Leading Professionals and the Business Owner can get on with the function of running a Business.

It may be that some Business Owners who act in a CFI/HOO position may be able to Retire but still allow their Business to keep running as the CFI/HOO position does not necessarily need to be held by them.

The Accountable positions now fall outside of your Business, however there will be Contractual Obligations and a high level of support and oversight provided to the Group.

Continued Membership will be assured provided you act with intent to work towards the highest standards of Safety, Ethics, and Business Standards. We will work together to design mutually agreeable criteria.

BENEFITS TO THE BUSINESS OWNER

Decrease in Operating Costs- A proposed schedule of costs is attached. A Flight School Flying 4000 hours per annum would contribute \$90,000 per annum. Considering that this is probably less than the Salary of your HOO alone, there can be no doubt that this is a cost effective option. It includes all manuals and procedures, Industry Leading Stakeholders and support. The responsibility for Key Stakeholder position such as HOO/HAAMC/Safety Manager will be managed centrally. Most Businesses will benefit with a reduction in Salaries of somewhere between \$100,000 to \$200,000 per annum. The cost savings will be Significant. Our Businesses will become more robust

Decreased workload to a more manageable size- In my own Flying School, I am trying to balance the Roles of HOO/HAAMC/ and Business Owner. Having less workload on myself will give me the opportunity to focus more of my resources on to maintaining my "Business", which is of critical importance to me, and more so than ever in the current environment.

Increased Buying Power- A co-ordinated group of Flying Schools dealing as One, will have access to better costings on Fuel prices, Office Supplies, Telecommunications, Accountancy, Bookkeeping, Legal advice, Utilities etc. on a National scale, and on a more local geographic area, smaller operators may be able to pool maintenance facilities and offer support to each other in other ways.

Increased flexibility with deployment of Resources. Ability to temporarily transfer highly standardised staff between facilities to meet fluctuations in demand, or loss of Personnel due career progression. No long term commitment required regarding Salary costs. Sharing of highly standardised, fully inducted Instructors at relatively short notice when required. The opportunity to mentor and train junior Staff will be exceptional.

Increased Business Opportunities will become available as the Group will have access to Overseas Student Training approvals by way of CRICOS, as well as FEE HELP for Domestic Applicants. The Group can share marketing on International Opportunities. Together we could market appealing Flight Training in different Geographic areas. An RPL in one location, an IFR in another. Consider the capability of up to 20 Schools delivering highly standardised training between varying Geographic Locations across Australia. The Australian Owned Sector would now be able to seriously compete with our Internationally Owned Flight Training Organisations

Maintain your Business "Feel" Your Business will continue presenting the same way to your customers and will maintain its own feel. This is not your Business being taken over. This is your Business working collaboratively with like-minded Businesses to gain access to greater resources. Your Business remains entirely your own Business and does not require a name change. Your Business remains its own standalone Business.

Retaining Key Personnel is always of concern to Business Owners. In fact increasingly it is difficult to attract and retain Key Personnel and I only anticipate this becoming more challenging in the future. This approach will provide extremely high levels of Key Personnel redundancy. Many Businesses including my own, are heavily reliant on my own health. We gain access to Quality Personnel that an Organisation acting alone could not fund. The Key roles will have CASA approved Deputies. Further redundancy is provided by the experience of the Senior Base Pilots (predominantly ex-CFLs)

The Group sharing of Safety related information and resources has significant Safety Benefits to your Business. Traditionally Safety related information has moved vertically, but now we will have the Opportunity to share Safety information laterally between organisations.

Audits will be centrally managed. Many of the traditional "headaches" to the Business Owner can be moved off site, with the "on site" time requiring less of CASAs and the Businesses resources. The time allocated to face to face contact with the Regulator can be used more effectively.

A United Voice when dealing with CASA will make engagement more effective and potentially have more capability to engage. The Group will have the Business Owners forming a Committee. The Committee liaises with the CASA approved Key Personnel and the Power Team communicates to the Personnel via the respective Senior Base Pilot.

Change Management is a major challenge for Industry at present. We can address that more effectively in a collaborative manner.

Compliant manuals to the new regulations will be provided. These will facilitate your Transition to a Part 142 Organisation. The Cost of doing this alone will potentially save organisations significant financial resources. The cost of writing our new Part 61/141/142 manuals for my own Business has exceeded \$100,000. These costs are only part of the costs associated with the Transition.

New Courses can be added. We have an extensive range of Approved Courses, and have the ability to add on more. You will gain access to a full range of Courses that you may not have been able to offer previously. With Support and appropriately qualified personnel you will have the opportunity to pursue new revenue streams.

Access to resources, not so easily available to individual Organisations, such as Legal Advice. Accounting Advice, Technology upgrades

BENEFITS TO CASA

Increased Safety Outcomes- The points below will provide a strong case for Improved Safety Outcomes,

Industry Leading Professionals, quite possible ex-CASA, Experts, heading up senior positions. This Power Team will be capable of engaging CASA in the highest Professional manner. They will be well networked and will have an appreciation of the Regulators expectations. They will be highly experienced and experts in their field. The calibre of these Personnel could not be attracted by an Organisation acting alone.

More efficient and effective engagement-The ability for CASA to deal primarily with one AOC Holder, rather than a wide ranging group of Individual Stakeholders can only improve Communication. Putting the "blame" argument completely to one side, for the sake of the "concept". CASA is now in an impossible situation. A finite resource can only continue to be effective for a limited time. CASA needs results as much as Industry does. More streamlined communication is in everyone's interest.

Increased sharing of Safety Information. This concept will provide unparalleled levels of lateral sharing of Safety Information. These levels of sharing are exceptional and can only be achieved by the Industry working collaboratively. AIPT will commit to providing the most well funded safety department of any flying school in Australia.

Improved Utilisation of Limited CASA resources-CASA is understandably resource stretched maintaining oversight of 250 different schools whilst meeting its other Industry obligations. If CASA Personnel could deal with one effective team of Key personnel instead of 10, 20, or 30 different Schools there will be significant Productivity gains.

Increased Financial stability to AOC holders can only improve Safety Outcomes.

Experienced Staff to easily redeploy between Bases to address Experience and Oversight deficiencies. Resources can be shared. An experienced Aerobatics Instructor can be redeployed to upskill another Base etc.

A Positive public relations opportunity exists for CASA to work collaboratively with Industry in an innovative approach to improve Safety and Business Outcomes and arrest the failure of Australian Owned Businesses. An extremely attractive Opportunity for CASA to actually provide some very meaningful support to Industry.

Request formal CASA involvement. The Funding model will allow for the Group to meet 75% of the costs for a CASA Flight Operations Inspector or Similar to do a 12 Month placement with us, to ensure the System works to their Satisfaction. If CASA can work closely with the Members through the CASA approved Key Personnel, we can effectively design procedures that are Simple, Accountable, and Effective to the satisfaction of all Stakeholders.

A rigorous 'Continuous Improvement Program will be implemented" throughout the Group. We will work collaboratively to high levels of Standardisation and improvement.

Test feedback can be captured across a broader range of candidates and that feedback can be directed back into improving Group Training.

Auditing will become significantly easier. The majority of the Auditing could be completed off site by way of Flight School Manager. It will reduce time spent on location. The time spent on location can now be used for more effective engagement.

WHAT INPUT WILL MEMBERS HAVE INTO TEAM OF KEY PERSONNEL

We will present you with what we refer to as a "POWER TEAM". They will consist of an Industry Leading Head of Operations, an Industry Leading HAAMC, an Industry Leading Safety Manager, and an Industry Leading Audit and Quality Control Manager. That Team will have your confidence. If not, you are under no obligation to join.

As a Group we are offering Salary Packages unmatched in the Industry to date. This Package will ensure we can select the Leaders in their Respective Fields. I envisage the HOO being on a package in the range of \$180K to \$220K, with the other three roles Safety, HAAMC, and QA being in the range of \$150K to \$180K. On those packages, I am confident we can attract Industry Leaders. We have already shortlisted potential Applicants but will not commit until we can assure ourselves, we have the best Personnel available to achieve our goals.

WHAT DO WE EXPECT FROM TEAM OF KEY PERSONNEL

- They will be demonstrated leaders in their Field. They will have a Proven Track Record,
- They will be well regarded within our Industry.
- They will have the respect of both the Regulator and Industry.

- We expect them to be a Professional in all dealings with all stakeholders.
- The positions will be rewarding but challenging. The Team will have to be able to communicate effectively to all Stakeholders, being CASA, the Personnel through the Organisational Structure, and the Business Owner.
- Applicants would be highly experienced commensurate with the Salaries being offered. They are a unique opportunity for the right Individuals to gain high levels of Job Satisfaction and a new challenge
- We expect that they have demonstrated achievement in Project Management.
- The ability to develop procedures that are Simple, Accountable, and Effective, while maintaining high levels of Safety and Compliance. At all times being aware that a robust Business is more likely to be a safe Business. Appreciate that a financially viable Industry is a Safer Industry, and be able to demonstrate a commitment to the Australian Owned Sector of the Flight Training Industry. Our procedures cannot have "tripping hazards"
- They need to be prepared to travel to ensure they maintain high levels of face to face engagement.
- They need to have a Vision and be prepared to design and implement that Vision in conjunction with the Team.
- A high level of communication skill.

WHAT WILL MY BUSINESS PAY FOR THIS?

There should be no increase in costs to the Business. In fact the ability to have Key Personnel centrally located and "shared" will significantly reduce costs.

Rather than 10 separate schools paying \$100,000 each per annum for their Head of Operations, ten Schools working seamlessly and colboartively,could attract the "Super HOO" for \$25,000 each or a total of \$250,000.

Our Buying power will depend on how many participants we can attract, and this will in turn effect the charging.

My objective is to have a cost of \$25 per hour for the first 2000 Flight Training Hours p.a.

\$20 per hour flown for 2000 to 6000 Flight Training Hours p.a.

\$10 per hour in excess of 6000 Flight Training Hours p.a.

Some typical cost scenarios

2000 hour school pays \$50,000 per annum

4000 hour school pays \$90,000 per annum

6000 hour school pays \$130,000 per annum

8000 hour school pays \$150,000 per annum.

How will it be funded? There are 250 Flight Training Organisations across Australia. Assuming 10 schools joined the concept and those schools averaged 4000 hours. Ten income streams of \$90,000 per annum provides a \$900,000 fund to appropriately staff the concept.

Let me use my own Business as an example. Because I intend to join this group, exactly as I am proposing that you do. My own Business will be treated exactly like any other participant Business.

My Business flies approximately 8000 hours per annum. I would contribute \$150,000 per annum. In return I get fully compliant manuals, A Head of Operations, a Safety Manager, An auditing and QA Manager, my Transition to a 142 is managed and with that the ability to retain delivery of the 150 hour Integrated CPL, access to Overseas Student Training and potentially Vet Fee Help. I can refocus my own attention to running my Business and freeing up capacity to pursue opportunities. I am convinced that this approach will allow me to focus on Business, be the most cost effective option and may be the only way to maintain my Business into the future.

INFORMATION ON FLIGHT SCHOOL MANAGER, OUR OVERSIGHT TOOL

We will utilise an Australian owned product called Flight School Manager to ensure the very highest levels of operational control can be maintained. The program is an existing program, but we are making a significant investment to upgrade the system to meet the needs of one organisation operating from multiple sites. Traditionally, the practice of multiple operators under the one AOC has been fraught with challenges, and in today's complex environment they don't adequately meet the requirements.

For the first time ever in an industry first we will provide CASA full access to our entire system. Feedback from industry is a preference not to do so. I feel strongly that we have nothing to hide. We will be operating to the highest standards of safety and compliance. By involving CASA it allows us to highlight deficiencies and address them in a more proactive manner.

- Group Management
- Course Progress Reporting
- Electronic Phone Book
- Full Booking Outcome Reporting
- Electronic Student And Instructor Personal Details Files
- Multiple Airbase Management
- Electronic Document Library
- Full Learning Management System
- Flight Board Display For 42' Monitors
- MYOB Integration Available
- Automatic Student Achievement Record Completion
- Instrument Approach And Night Recency Management
- Automatic Aircraft Weight And Balance Calculations
- Full Student, Aircraft And Instructor Reporting

- On-Line Scheduling
- Staff And Student Rostering
- Aircraft Maintenance Management System
- Predictive Aircraft Maintenance Planning
- Electronic Student And Instructor Logbooks
- Detailed Aircraft Maintenance Reporting
- Detailed Student Progress Reporting
- Customisable Flight And Duty Time Limits
- Up to 16 Additional Qualification Fields
- Automated Student and Instructor Emailing
- Automated Flight and Duty Time Management
- Units and Elements Of Competency Manager
- Charter Quoting
- Full Australian Airfield Directory
- Syllabus designer

- FSM provides all the management systems required for Part 141 and 142 compliance and is pre-loaded with all the MOS Units, elements and their associated Performance Criteria making syllabus design, lesson plans and training record development a quick and streamlined process.

Over 48 flying schools Australia wide are now utilising the functions and features of FSM for their flight school management, saving time, money and audit stress