



# ***ROYAL FEDERATION OF AERO CLUBS AUSTRALIA***

*Commonwealth Aviation Green Paper Response*

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# Introduction

The Royal Federation of Aero Clubs (“RFACA”) represents the interests of recreational and commercial flight training organisations, Australia wide. RFACA seeks to organise, coordinate, and promote the interests of flight training and aviation related activities through its member network.

RFACA is responding to the Commonwealth’s Aviation Green Paper to better advocate for changes that will improve the General Aviation (“GA”) landscape and reduce restraints and impacts incurred by their member organisations. The positions advocated for require government’s response, enabling the RFACA and its member organisations to prepare for the challenges impacting GA and flight training.

Commercial flight training is a major contributor to regional and metropolitan economies and supports employment and vocational training placements. Furthermore, flight training is capital and land intensive. Policy decisions on airfield design (both airside and landside) impact how the RFACA members conduct flight training. The design of airfields and future infrastructure spending needs to align with greater government initiatives regarding net zero, however must be in log step with the needs and affordability of GA organisations.

GA requires government assistance to lower the cost of training, support job stability that reduces GA losing qualified resources to other parts of aviation and co-design a net zero strategy.

RFACA is asking government to balance policy settings to achieve:

- Increased funding support to relieve the high costs of training and reduce student debt through VSL.
- Incentives to support aviation job placements in remote areas, supporting flight training organisations to maintain correct staffing levels and remain compliant under Part 141/142 regulations.
- Co-design a net zero strategy, that aligns the interests of broader government policy to realistic technology and operational needs of flight training organisations.

# Summary of Recommendations

Table 1 provides a summary of the key issues currently faced by the GA sector and identifies proposed recommendations for government's considerations in developing policy, shaping the GA sector.

**Table 1: Summary of GA's issues and proposed response**

Green Paper Focus Area	GA Issue	Proposed Response
<b>Shaping the Future Workforce</b>	<ul style="list-style-type: none"> <li>• Training costs are high.</li> <li>• VSL debt loans are increasing.</li> <li>• Small industry players are losing qualified resources to larger commercial aviation operators, specifically in critical roles including the Head of Operations ("HoO"), Grade 1 and Multi-Engine Instrument Flight Training ("MEIFT") instructors.</li> <li>• Smaller flight training schools cannot operate as they cannot meet the required regulatory oversight and compliance.</li> </ul>	<ul style="list-style-type: none"> <li>• Government support to reduce the cost of training and student debt loan balances.</li> <li>• Government support to encourage key aviation resources to remain with smaller operators in rural areas.</li> <li>• Contemplation of an aviation specific exemption for training debt, effecting the reduction or elimination of VSL debt for pilots in critical roles that are required for the compliant functioning of training organisations.</li> </ul>
<b>Maximising Aviation's Contribution to Net Zero</b>	<ul style="list-style-type: none"> <li>• The GA industry has structural impediments that create difficulties in meeting the Australian Government's net zero targets.</li> <li>• A significant amount of capital is required to invest in technologies that enable realistic transitions to net zero.</li> <li>• Net zero transition requires landside infrastructure and network upgrades, requiring coordinated, national planning.</li> </ul>	<ul style="list-style-type: none"> <li>• Development of a clear De-carbonisation Strategy, stepped out over 10 years.</li> <li>• Government incentives to accelerate the replacement of current fleets, calibrated with policies and subsidies that support newer technologies.</li> <li>• Government commercial risk sharing mechanisms that reduce fuel costs for operators and are linked to incentives to support emerging technologies.</li> </ul>

# Shaping the future of the workforce

## A. Issue

Flight training operators are regulated under Part 141/142 and maintain compliance through the appointment of a Head of Operations (HoO). Supervisory requirements can also be provided by a Grade 1 and MEIFR instructor. However, GA has continually suffered losing qualified resources (specifically HoO, Grade 1 and MEIFR instructors) to larger commercial aviation operators. Increased employment benefits and salaries have incentivised this employment transition, directly impacting GA operators.

In responding to labour shortages across GA, some larger operators have novated senior Grade 1 instructors and MEIFR instructors to smaller operators, acting as their HoO. This practise has slowed, owing to unacceptable commercial risks associated with novating key staff from larger operators to smaller ones, that monitor other flight training operators. The impact of this has reduced flight training capacity across GA, particularly from smaller flight training schools.

## B. Relief mechanisms

The below are suggested government initiatives which support GA's ability to attract and retain highly skilled workforces.

### 1. Government Funding Relief

RFACA seeks government support that improves the employment conditions of critical GA roles, specifically the HoO, Grade 1, MEIFR for flight training organisations. This can be achieved through employment linked wage subsidies and designing specific government grants that directly or jointly fund these critical roles.

The ability for government to design a grant subsidy would require the below features:

- Wage support / government funded placements for identified aviation resources, that are critical for GA operators to remain compliant.
- Increasing employment benefits to enable key resources to remain with GA organisations. Examples include accommodation and relocation support.
- Consideration of Government funded placements that bond candidates to specific GA providers and regional areas. This will support smaller, regional flight schools and training operators.

### 2. Revision and Amendment to the VET Student Loans Act 2016 (Cth)

Government to directly or partially offset VSL debt loans that students incur. This requires conditionality on the GA provider that links completed students to employment over a defined tenure, suggested at five years. This supports the retainment of employment and knowledge within the organisation.

### 3. Further amendments to the VSL Act 2016 to expand funding for high-cost aviation courses

The current VSL thresholds should be increased, to absorb the increased cost of training, qualifications and ratings required, to ensure candidates are employment ready. This includes additional government funding support for instructor ratings and upgrades, beyond the initial licencing qualifications gained, that are already VSL funded.

There are current precedents that support training and student debts, which incentivise the attractiveness of workers in key industries. Government should contemplate equivalent for GA to support resource and employment issues raised.

**Case Study: HELP for Rural Doctors and Nurse Practitioner initiative,  
Australian Government Department of Health and Aged Care**

The Australian Government introduced a bill to parliament to amend the Higher Education Support Act 2003. The amendment sought to encourage doctors and nurse practitioners to live and work in rural and remote areas of Australia. Eligible workers must live and complete work in a remote location for a specified amount of time. The length of tenure in the remote location is calculated based on two factors:

1. How remote the location is.
2. How long it took to complete the degree.

The initiative also allows for the waiver of the indexation on the applications remaining HELP debts, whilst they live in these rural areas. To be eligible, the medical practitioner must accumulate HELP debt for all or part of that qualification, have completed their internship, received registration as a medical practitioner from the appropriate authority and completed a Post-Graduate Year 3 or higher.

**Case Study: The Very Remote HELP Debtor Guidelines 2019,  
Australian Government Department of Education**

The Australian Government passed the Education Legislation Amendment (2019 Measure No. 1) Bill 2019. There are two types of incentives available to teachers who are in a 'very remote area' under this scheme:

1. Waiver of indexation on accumulated HELP debt.
2. Reduction of accumulated HELP debt.

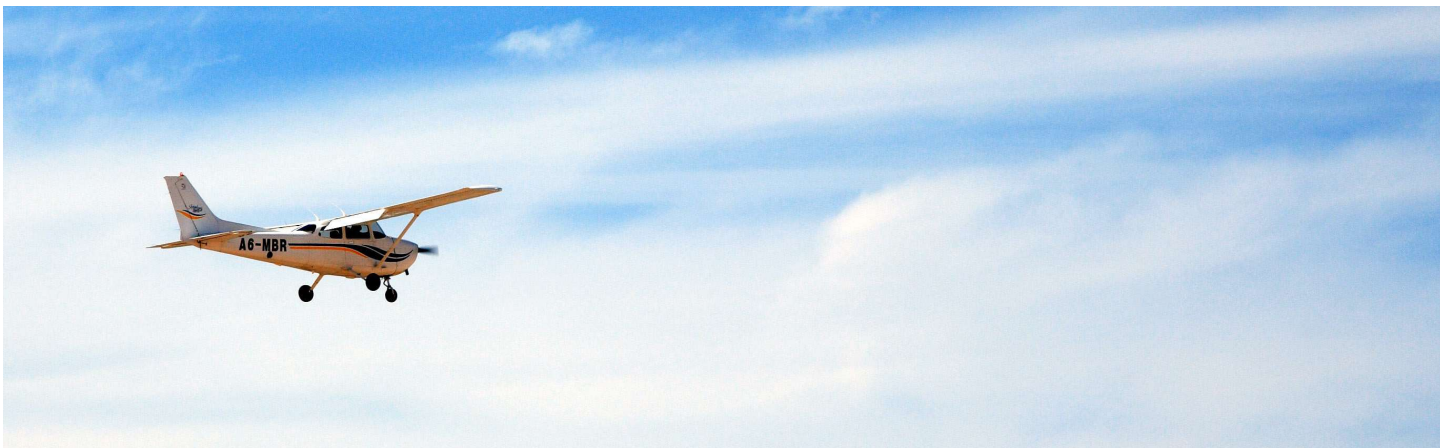
Remote areas are determined based on the Australian Bureau of Statistics Remoteness Structure and can include day care services, preschool, primary or secondary education. To be eligible, the teacher must be teaching face-to-face during a set period or temporarily located in a very remote area if temporarily employed.

The debt that can be reduced is limited to the HELP debt outstanding at the commencement of the teaching position and is capped at a maximum of five years.

### **C. Associated benefits**

The below benefits would flow through the Commonwealth's consideration of funded placements of key resources throughout GA including the support of remote workers:

- Linking GA's contributions to regional and remote economies by creating a natural incentive to live and work in these areas. Reduces the novation risk of larger operators seconding HoO, or Grade 1 or MEIFR instructors to supervisory roles for smaller operators in remote areas.
- Binds student candidates with employment opportunities within GA operators.
- Supports candidates remaining in regional areas and provides the career progression, graduating from Grade 3, through to Grade 1 instructors over a minimum period of five years. This should be conditional on the Commonwealth reducing the VSL debt. The benefit of this is retention of corporate knowledge and connection with the regional flight school.
- Improves the attractiveness of GA as an employer of choice and reduces the wage and employment benefit gap between GA and the airlines.
- Attracts a pipeline of students with the knowledge that their training costs will be paid for, including partial subsidy (up to recreational pilot license stage) or complete finding relief, providing them with economic freedom, however anchored to a GA provider.



# Maximising aviation's contributions to net zero

## A. Issue

The Australian Government has committed to achieving net zero by 2050. This ambition impacts all industries, particularly those with large capital outlays and long dated asset lifecycles.

Aviation has structural impediments that create difficulties in planning and meeting the transition to net zero. While the GA industry has considered several ways to reduce carbon emissions, there is a considerable gap in current technology and the realities of GA flight training needs.

Government assistance is necessary to support the level of investment required to transition to net zero. The industry currently retires aging aircraft and replaces them with lead petrol equivalents. There is no organised net zero transitional strategy underway that contemplates emerging technologies to reduce the reliance on lead petrol equivalents.

RFACA have identified several barriers in reaching net zero, including:

- Large capital investments required to invest in technologies to develop suitable technology for aircraft that could support fleet renewal.
- Government have not coordinated airside infrastructure and the design of airfields to support the net zero transition. This includes government regulation to organise land planning, access rights and infrastructure needs that will inform the level of investment required to support net zero.

## B. Relief mechanism

RFACA recommends government provide support to enable an industry led transition to net zero. These interventions will reduce compliance and investment costs for GA.

There are examples of commercial arrangements between government and the private sector, which have enabled and incentivised net zero transition steps. Predominantly, government has underwritten transition costs, enabling subsidised investment in net zero technologies.

The below sets out the recommendations to transition GA to net zero and better align industry to the broader objectives of government:

### Co-design a clear De-carbonisation Strategy, stepped out over 10 years

Government should engage with GA to jointly design a strategy that identifies how net zero will practically be adopted and impacts on GA and flight training organisations. Specific attention on the affordability and funding of transition steps to net zero need to be considered and calibrated with government incentives and risk sharing regimes, these are described below in figure 1.



**Figure 1: Example GA decarbonisation strategy**



The below provides an example of government precedent which as supported industry led low carbon products, including battery systems. Equivalent should be considered by the Commonwealth government and adapted for GA's purposes.

#### **Case Study: NSW State Government Renewable Energy and Low Carbon Product Manufacturing Fund**

The NSW Government invested \$550 million to support the development of NSW manufacturing industries in renewable energy and low carbon products. Funding was distributed to successful applicants via a grant mechanism. The primary investment focus was manufacturing low carbon and zero emission products and materials using commercialised technology. Eligible products included:

- Electrification equipment to support switching fossil fuel to electricity.
- Electric vehicle components and assembly.
- Hydrogen electrolyzers.

Proposals were for locally manufactured new low carbon products or equipment or processes for the renewable sector only. The key objectives of this fund were to:

- Grow NSW supply chain capacity and capability for the renewable energy and electric vehicle sector.
- Alleviate supply chain risk for the Australian renewable energy and electric vehicle sectors.
- Establish new industrial facilities and advanced manufacturing capabilities to help.
- Decarbonise NSW's economy.

Whilst this funding was available at a state level, similar metrics and grant objectives may useful when implementing step 6 in the suggested timeline above.

### **Funding the transition to net zero**

The suggested timeline outlined above in Figure 1 establishes the policy design features to achieve net zero, however affordability is equally crucial. The below provides considerations of how government could assist GA in affording the transition.

- **Reduce the cost and debt associated with VSL student loans**

Government should consider absorbing the largest operating cost associated with flight training – fuel. Under the current VSL arrangements, course costs are supported through VSL funded placements, however the cost of fuel is converted to a debt, payable by the student.

Avgas is a significant operating cost for GA flight training operators. Consideration for government to absorb fuel cost sharing arrangements with general aviation flight training organisations.

This recommendation aligns with step 4 of the above-mentioned Decarbonisation strategy and calibrate to new incentives that develop net zero technologies.

There are equivalent examples of this strategy currently underway, in which the Australian government re-directs funding generated by the private sector to support government policy.

- **Government incentives**

Government should consider the treatment of how depreciation is specifically calculated on aircraft. By creating these incentives, operators will be financially incentivised to accelerate their fleet renewal strategies. This should be calibrated to other incentives which support the development of net zero emission technologies.

*This step needs to align with step 4 of the above-mentioned Decarbonisation strategy.*

- **Government regulation of airspace design.**

A short-term solution, given the current capacity of electric aviation, dedicated airspace design should be implemented to support electric aviation. With reduced endurance, dedicated airspace should be provided, reflecting the capabilities of electric GA fleets, specifically regarding training activities, such as conducting closed circuits and shortening navigation exercises, with proximity to the originating airfield.

*This step needs to align with step 2 of the above-mentioned Decarbonisation strategy.*

### **C. Associated benefits**

- Definition of a GA decarbonisation strategy.
- Clear engagement for all GA stakeholders to articulate the decarbonisation strategy to assess the impacts of decarbonisation on GA and flight training operators. This will inform clear transition support and adjustment payments required from government to effect net zero.

Identification of current government industry programs that can be expanded to support the GA centric decarbonisation strategy.





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