

**IN THE FAIR WORK COMMISSION
AT SYDNEY**

MATTER NO. AM2018/14

4 YEARLY REVIEW – AIR PILOTS AWARD 2010

**REGIONAL AVIATION ASSOCIATION OF AUSTRALIA
SUBMISSIONS IN REPLY**

1. These submissions are made by the Regional Aviation Association of Australia ('RAAA') Operators pursuant to the orders of Vice President Catanzariti made on 4 December 2019.
2. The RAAA Operators maintain their support for the agreed clause proposed by Alliance, the AFAP and the RAAA Operators in respect of training bonds.
3. Nothing in these submissions is intended to detract from that agreed position and the RAAA's primary submission is that the agreed clause proposed by Alliance, the AFAP and the RAAA should be inserted into the Award in accordance with the agreement.

Alterations Proposed by AFAP, Rex and Qantas

4. As a result of negotiations between the AFAP, Qantas and Rex, alterations to the agreed clause have been proposed. These are:
 - a. variations to proposed clauses 16(1) and 16(2); and
 - b. a proposed new clause 16(3), defining what is meant by training costs.

In the event the primary submission of the RAAA is not accepted, the RAAA makes the following submissions.

Amendments to 16(1) and 16(2)

5. The RAAA Operators support the version of clause 16(1) or 16(2) prepared by Rex for the reasons advanced in the Rex submissions and, to the extent they are applicable, the reasons advanced in the Qantas submissions.

Proposed 16(3)

6. The RAAA Operators support the Rex version of cl.16(3), for the reasons advanced by Rex and in addition for the following reasons.
7. **First**, the Rex clause is illustrative rather than prescriptive. It provides guidance as to the kind of matter correctly considered a training cost without creating a closed category.
8. This is significant to the RAAA operators, who do not operate in a homogenous way and who adapt and change their training practices according to business needs and regulatory requirements. The strict limitations on what is and is not a 'training cost' as proposed by the AFAP is likely to cause difficulties for small operators, both now and as methods of conducting endorsement training change in the future.
9. **Second**, the AFAP's new proposal to limit bondable costs to 'direct' costs is, as well as a departure from its previous position, necessarily uncertain – what is the distinction between a direct and indirect cost? This is not explained in the clause, is not readily ascertainable and will likely lead to disputation.
10. **Third**, the RAAA Operators object to the AFAP's exclusion of the costs of:
 - a. providing a trainer; and
 - b. travel, accommodation, amenity and remuneration costs of the trainer and the trainee.
11. As to the first, RAAA Operators often conduct training in house. That training involves costs such as a check captain being off work (see for example Scott at [6]), which – although arguably indirect – as a matter of fact increases the actual cost of training for the operator. The AFAP's proposals unfairly penalize smaller operators as against larger operators who are able to utilize external training providers.
12. In respect of the second, the evidence establishes that the 'amount of costs associated with training ... depends on where the training takes place' (Deegan 2/9/19). RAAA Operators are routinely required to send pilots to locations where flight simulators are located to undergo type rating training, including international locations (see Scott [6] and [7], Wardrop [9], Hardy [Attachment B]). When this occurs, the RAAA Operators currently pay for flights, accommodation, ground transport and meals (see Scott [6] and [7], Wardrop [9], Hardy [Attachment B], Jepsen [7], McConachy [10].) Similarly, the pilot's salary whilst undergoing training, for a period of approximately 10 weeks, is paid by operators (Hine [5], Jepsen [7], Bridge [8], Wardrop [11]).

13. These costs are significant parts of the actual cost of providing training to pilots, as well as a component of the benefit to the pilot. They are incurred only as a result of the training. It is appropriate that they be included in any training bond.
14. **Finally**, the proposal to limit the bondable costs in the way proposed by the AFAP did not form part of the earlier negotiations. The RAAA Operators' agreement to a 50% cap was made on the basis of a clause that did not contain these limitations.