

CAASA Newsletter 01 / 2013

Will B-BBEE ultimately destroy the General Commercial Aviation industry?

If the new B-BBEE codes are implemented as proposed aviation companies will potentially drop two levels on their score cards and therefore the understanding of ownership and management will be deemed to be more important in the world of empowerment, therefore carry a heavier-weighting in terms of points awarded.

It is common knowledge that in an industry where there are potentially huge turn-overs with smaller profit margins than in other industries, many General Commercial Aviation Industry members should be evaluated on the generic score card, irrespective of the fact that their profits can only sustain a small work force, which in most cases consist of a few family members.

In the event where a very low B-BBEE score is achieved, this not only affects companies that require or participate in a tendering process for government contracts to survive, but also might negatively affect all the companies that operates under a Department of Transport Operating Licence. Isn't the converse to achieve a better score card and participate in the B-BBEE process to get the potential work, may well be asked?

Due to these negative pressures and influences, various companies are considering moving their operations out of South Africa to

countries such as Namibia, Botswana and Malta, whilst several aviation businesses are considering closing down altogether, thereby creating a negative financial effect in terms of loss in foreign currency, GDP and job creation. This situation affects aviation operators as well as the complete support and supply chain. However, the cost of these proposed actions must be thoroughly calculated. Beware that decisions are not based on deep rooted frustrations that presently exist between operators when B-BBEE is discussed. The question should be asked: "Will the new proposed codes create more jobs and 'empower' the 'historically disadvantaged' or will it simply destroy an industry that has the potential to create wealth and jobs through its existence?" The answer to this question is very much open for debate and interpretation!

Isn't the solution rather the application of B-BBEE codes, as with other statutory requirements like Income Tax and Company Law, they exist and we survive by applying them appropriately in our individual daily business circumstances?

However, all is not lost since CAASA has been investigating various options and mechanisms to assist its members to optimise their B-BBEE scores. Before closing shop or moving your business to a foreign country, kindly contact CAASA as we might have more than only a solution for your company in terms of B-BBEE. ✉

Why should you be a member of CAASA?



Several prominent General Commercial Aviation companies are not members of CAASA because they believe CAASA has not done anything for them. I am not going to go into detail as to what impact the existence of CAASA has on the aviation industry, which I believe it to be obvious, especially if you are actually involved in CAASA and its activities. One needs to understand that CAASA is the only recognised association for the General Commercial Aviation Industry in South Africa and was founded by the members for its members. CAASA's voting seats in various forums and committees are based on the amount of paid-up members we have and when drafting Memorandums of Appeal on issues such as the proposed 7% Ad Valorem duty on

light aircraft to the South African government, but we will only be taken seriously if we actually numerically represent the General Aviation Commercial Aviation sector. Let me also make it clear that the involvements of the members are more valuable than the relatively low membership fees that aviation businesses pay. Without the assistance of people like Johan, Russell, Bob, Brian, Athol, Tom and various others we would not have been as successful in resolving several of the issues at hand. If you are not a member of CAASA you are actually receiving several benefits and in ignorance probably not even knowingly. Do the right thing by becoming a member so that together we can strengthen our voice under these trying times. ✉

Memorandum of Incorporation

CAASA'S Memorandum on Articles of Association has been replaced by a Memorandum of Incorporation (MOI) in accordance

with 'New' Companies Act. The MOI will be formally implemented on 1 May 2013. ✉

CAASA'S B-BBEE Status

As an EME, CAASA is a Level 4 B-BBEE contributor. Our B-BBEE certificate is readily available from the CAASA Office. ✉

Annual General Meeting (AGM)

The CAASA AGM will be held on 15 November 2013 at the Constantia Hotel in Midrand. Please diarise this important date. 📧

Membership Certificates

The CEO of CAASA has re-instated the CAASA membership certificates. If you have paid your membership fees you should have received your membership certificate, except for those members residing in the Western Province. All certificates are being personally delivered by either the CEO

or the Deputy CEO. The CEO will visit all the members in the Western Province shortly. If you have any enquiries about your certificate, payment of your membership fees or if you have decided to do the right thing and become a member, kindly contact the CAASA office. 📧

Directors of CAASA



Gavin Sayce - incoming



Kim Gorringer - outgoing

Besides the directors that were elected to serve on the CAASA board at AGM held in November 2012, Mr Gavin Sayce has been elected as director by the CAASA board and

Mr Kim Gorringer has resigned as director. We wish all the best for Kim in his future endeavours and are looking forward to once again working with Gavin. 📧

Dealings with the SA CAA and Department of Transport

CARCOM



With the ICAO audit looming, the CAA has been trying to force various regulation changes through the CARCOM for promulgation without proper consultation with the industry associations. Several of these changes have been blocked by CAASA and other associations and referred back to the relevant sub-committees for consultation.

Without doubt CAASA is the most vocal member at CARCom. CAASA made several important changes to the Terms of Reference (TOR) and designed a new voting procedure.

The SA CAA is under pressure with a hefty workload to be compliant for the upcoming ICAO audit. CAASA is assisting and working closely with the different subcommittees on all the CARs that need changes and tweaking.

CAASA pays a lot of attention to the impact of changes to the CARs and the associated CATS that will impact on industry. CAASA ensures that disputed CARs and the associated CATS are referred to the correct sub-committees or work groups, i.e. the fitting of security doors to Part 135 and Part 121 aircraft.

NASCOM

CAASA is aware of the shortcomings of CAR 2011 and the associated CATS. We are actively addressing the issues with the SA CAA. CAASA is preparing a survey that will go out to members, this survey will form part of the impact study looking into the National Environmental Management: Protected Areas Act, 2003 (Act No. 57 of 2003) and its effect on commercial aviation. The impact study will be submitted to the DOT in April 2013. CAASA will be an active participant in the writing of the National Airspace Development Plan (NADP), and will ensure that commercial aviation's business interests are protected.

The working group drafting future regulation for Performance Based Navigation (PBN) is making progress. CAASA is representing the operational needs for the non-scheduled operators.

SA CAR PART 43

CAASA is working extensively with the SA CAA on the re-write of Part 43. CAASA successfully reasoned the removal of the restrictive and compulsory implementation of SB's. CAASA invited SAA Technical to explain to the SA CAA the importance and the need for the revival of scheduled maintenance and the associated MSG3 requirements.

CAASA emphasised new and more appropriate methods of undertaking scheduled maintenance. CAASA highlighted the importance of a single signature for release of maintenance.

The onerous requirement of attaching all the task cards to the AMS, for submission and approval to the SA CAA, is under scrutiny by insistence from CAASA.

SA CAR PART 128

CAASA is the initiator of Part 128, a new part that will regulate aerial work for non-Part 127 helicopter operations. This will especially assist private operators involved in the wild life transportation and game ranching activities.

SA CAR PART 47

The rewrite of SA CAR Part 47 required an intervention from CAASA. The regulation was poorly written and needed several reworks.

SA CAR PART 66

CAASA sponsored the visit of representative of AMOSA to Europe and the UK to investigate the impact of B1 and B2 licensing changes will have on general aviation. The rewrite of SA CAR Part 66 requires more work and will be finished in a few months.

GASI

The great safety initiative of the Aero Club of South Africa (AeCSA) is supported in all its forms by CAASA. CAASA contributed as a sponsor and as a distributor of safety awareness materials.

SERVICE DELIVERY AND B-BBEE

Although CAASA witnessed some improvements in service delivery from the SA CAA, in general this remains a problem. We request that poor service delivery and corruption are reported to CAASA. We can only resolve issues that are known to exist. The CAA does not have the mandate to request your B-BBEE status.

If you experience any incidences relating to this issue, kindly inform CAASA immediately. [✉](#)

7% Ad Valorem duty on light aircraft

Due to the independent impact study as was commissioned by CAASA on the proposed 7% Customs and Excise Duty on light Aircraft and forwarded to Minister of Finance, the duty

was not implemented last year in October. CAASA is keeping an eye on further developments on this issue and will keep the aviation industry informed. [✉](#)

Impact studies and assessments

CAASA has recently commissioned another two studies. The first being the impact of the protected areas act on General Commercial Aviation and the second one being a full study of the economic

impact of General Commercial Aviation in South Africa. We hope that these studies will bear fruit and enlighten the SA Government on economic realities. [✉](#)

Charter operators, why risk ruin? By R C H Garbett

There is a practical and moral obligation upon all of us to do whatever needs to be done to keep the flying public, which of course includes our mothers, brothers, sisters, cousins and friends, safe from the terror and tragedy of an IED (improvised explosive device) or other cowardly act perpetrated by unhinged minds.

It is almost inconceivable that operators are not aware of cargo security requirements as set out in Annexure 17 of ICAO and Part 108 of our local regulations.

The idea is to establish a tight and secure security conduit, from consignor to aircraft, providing not only the physical security against acts of terror but also a recorded audit trail.

Alternatively (the case with charter flights) to make all cargo secure by proper screening methods.



For terror to succeed, it only takes apathy from the aviation industry

It is almost inconceivable that operators are not aware of cargo security requirements as set out in Annexure 17 of ICAO and Part 108 of our local regulations.

The idea is to establish a tight and secure security conduit, from consignor to aircraft, providing not only the physical security against acts of terror but also a recorded audit trail. Alternatively (the case with charter flights) to make all cargo secure by proper screening methods.

It is pertinent to remind operators of the definition of cargo in the regulations.

'Cargo means any property carried on an aircraft other than mail, stores, unaccompanied or mishandled baggage'.

It should be well noted that private flights are also subject to these requirements.

Amendment 13 to ICAO Annexure 17 standard 4.6.4 (effective 15 July 2013), which insists that cargo must be confirmed and accounted for, by a Regulated Agent (in South Africa approved under Part 108) or an entity approved by an appropriate authority (SA CAA), emphasises requirements.

of conversations that I have had with local, international and other role players from airline personnel, regulators, insurance underwriters, lawyers (and I could go on).

That if you, as an operator, have not complied with what is required under Annexure 17 of ICAO, as contained in Part 108 of our local regulations, your business, no matter what its size, could collapse under the weight of claims made against you.

The simple principle is that if you are aware of the terrorist threat and are informed of what has been prescribed internationally as preventative measures, and choose not to adopt these measures, you will be held liable.

The 'corporate veil' has reached such levels of transparency that personal liability by directors and senior personnel is also a very real nightmare.

Perhaps more important than the legal or material point of view, is the moral question.

If people are killed in an air crash in horrific circumstances, you may have helped to prevent such slaughter, how would you feel?

Dangerous Goods covered under Part 92 is another area deserving concern. The application of the principals and requirements for

Complying with the Part 108 regulations is not a complicated process nor is it expensive

The threat of ruin by non-compliance is not idle speculation or unfounded rhetoric. The South African Part 108 regulations make it obligatory for Air Carriers, which include charter to make cargo known.

If there were a major incident (and perhaps we should do away with the niceties and simply say a crash involving loss of life) legal suits and legal investigation would erupt in all directions from the numerous entities that would be involved in such a situation.

It is my view, which I have reached, over the many years that I have been involved in air cargo security and the hundreds

the carriage of dangerous goods is sadly lacking in the charter industry. Loss of life is, of course the overwhelmingly most important consideration but not to be lightly dismissed is that aircraft hull and liability insurance underwriters will repudiate claims caused by illegal carriage of dangerous goods (or for that matter unknown cargo) even if the dangerous goods did not cause the incident.

It is without any shadow of doubt your responsibility to ensure that you are aware of the implications, both from a legal and moral point of view, of non-compliance with both the Cargo Security and Dangerous Goods regulations.

Further information- please call 011- 659 2345 or e-mail: sharon@caasa.co.za or pay a visit to CAASA House at Lanseria International Airport