Play the CAA's fa

When a light single can be charged at the same rate as nine medium twins you know you're in the Looking Glass world of CAA fees. ***Pat Malone*** *reports*

The CAA's charging regime has been likened to the Chinese judicial system, under which the family of a condemned man is sent a bill for the bullet with which he was executed. 'User pays', right? We in general aviation are often required by the CAA to pay 'for wearing our own noses,' in Shakespeare's phrase, and under the new charging scheme imposed by the regulator this year, the minority of us in GA who pay the Authority's way are footing a massively increased bill.

But how much are we really paying? It's virtually impossible to get a precise handle on how much money the CAA is taking out of small aviation businesses. You can keep track of the cheques you send directly to the Belgrano, but all the associated costs are difficult to quantify. For instance, every litre of fuel you buy carries a cost component that goes to the CAA for its 'oversight' services. If you're based at a licensed aerodrome – and most GA businesses are – you have to pay a share of the CAA's bills to the airfield through everything from landing fees to fire cover, hangarage and office space. And regularly, your people will have to drop everything for a CAA audit, with personnel from the Authority going over your books and your methods with a fine-toothed comb, and no other work getting done. The owner of every aircraft you use, every student you train, every pilot you hire an aircraft to is paying through the nose to jump through the CAA's hoops, which increases their costs and ultimately affects your own margins. The cost of keeping CAA documentation (some small businesses employ people solely to fill in forms and keep records for the Authority) is significant. In the financial analysis which formed one of the foundation stones of the CAA's review of general aviation, Terry Lober calculated that some small GA businesses were paying eight percent of their entire *turnover* to the CAA. This compares with one fiftieth of one percent for British Airways, whose lobbying led to the imposition of massive increases in CAA charges to GA this year, while CAA charges to airlines have been cut.

World domination

To try to get a rough idea of how the CAA impacts on a GA business, let's set one up – Phantom Aviation Services Ltd, a small but ambitious company with the usual small business aim, world domination. Indulge me if you're a fixed-wing flyer but I'm going to say it's a helicopter company because I know a little bit about that sector. Life is not going to be much different for an aeroplane outfit.

To stay in business, my company is going to have to offer a full package of services. It will buy and sell aircraft, teach people to fly them, maintain them, offer leaseback deals and do

This is a Twin Squirrel, as you may plainly see

The CAA says this is also a Twin Squirrel

whatever ad hoc charter work it can rustle up. It will handle as many types as its customers care to present. So I'll have to have Part 145 maintenance approval (and I'll have to think about EASA Part M, sub-part G approval) and I'll need a Type Rating Training Organisation Approval and TRE and FE approvals for my training captain.

The CAA's charges are labyrinthine and illogical – they can charge by the registration, or by the type, or by the man-hour, or by the approval. Some approvals involve one-off fees, some are annual charges, some bi-annual. The TRE and FE, for instance, is about £1,000 on a bi-annual basis. With my roster of aircraft, Part 145 approval will cost me about £1,800 a year, with add-ons for satellite bases and additional types. I'll pay about £2,000 a year for the Type Rating Training Organisation Approval. One way and another, my first job on Phantom's first day in business is to write cheques to the CAA for about £10,000, before I've even turned a blade. Let's say I'm as successful as the CAA, which is required by law to make a six percent

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ntasy fees game!

profit out of us. That means I'll have to bring in about £170,000 worth of business just to pay my Day One CAA fees. Very few companies in Phantom's line enjoy a margin of six percent.

On top of that I'm going to have to pay the CAA for almost every mod, every avionics installation, every bespoke job a customer wants. Some mods that have to be performed on imported helicopters by CAA demand are required nowhere else in the world – and the CAA will charge me hundreds of pounds for approval to do what they're ordering me to do! I wish I had their business model. Obviously the bills are passed on to the customer, but the size of those bills constrains my ability to make a workable return for the company. The total amount of money passing through Phantom Aviation Services Ltd on its way to the CAA is impossible to calculate. For example, some of the money I pay my instructors goes to pay for a Class One medical every six months, and thus contributes to the charges the CAA levies on the AME, and so on. My instructors are paying the CAA directly for their tickets, while their students are shelling out for licences and ratings – ridiculous sums, particularly in the case of commercial licences. All of this is underwritten by my customers, and therefore affects my profitability.

(Could be worse, though – while I'm whingeing to my fixed-wing neighbour over my two-minute lunch of bread and dripping at the hangar door, he tells me he wants to put in a simulator for his commercial students, but the CAA will charge him £10,000 for a licence to run it for the first year! No wonder his competitors in Florida and Spain are cleaning him out).

Hammer blow

But the real hammer blow comes with the AOC – the Air Operators Certificate, required if Phantom is to be allowed to try to find charter work. I have fully qualified pilots and fully compliant machines lying around not being used. Why shouldn't they be put to work as air taxis, for aerial photography, or for sightseeing? With my mix of aircraft, largely Robinson R22s and R44s, I pay AOC charges according to a formula involving aircraft types and numbers. By my first accounting it will cost me about £5,000. But I can't market a charter operation solely on piston singles; the CAA stipulates that in the UK, a lot of work can only be done with a twin. Luckily, one of my customers has an AS355 Twin Squirrel that he wants me to operate on his behalf. But hang on – I must pay for every aircraft on the AOC at the rate of the most complex aircraft. So if I put it the AS355 on the AOC, all my little R22s have suddenly transformed themselves into Twin Squirrels for CAA charging purposes!

This looks very much like a Twin Squirrel...

the AOC to cover all the bases. Get this – the tenth aircraft more than doubles the entire AOC charge! The original AOC covers only nine aircraft. A tenth takes me into the next charging band. So one additional R22 costs as much as nine Twin Squirrels! This is a serious block on Phantom's ability to grow and to compete for business, especially against foreign competition. How many other regulators so clearly suppress commercial activity by their charging regimes?

If they must charge, why not do so by the number of types operated, with an added charge for the number of hours flown? Then I could have all my aircraft on the AOC, use any aircraft for any job providing it met all the regulations and react fast to a short-notice charter. It wouldn't cause the CAA any more work or reduce their income. Too easy?

So ultimately I'm paying £20,000 for Phantom's AOC, and I have to attract about £350,000 worth of new business just to break even on CAA charges alone.

Many aviation companies are abandoning their AOCs because under the new charging scheme they can't possibly justify being in the business. So pilots and aircraft are idle because of rapacious regulation. The CAA cost burden falls on an ever-dwindling number of victims, and charges must inexorably rise.

(Spare a thought for those who cannot get out, but must pay AOC charges regardless, like your local air ambulance service. How much of the money from your jumble sale winds up in the CAA's coffers?)

And what do we get for our money? The

...and this is a picture of nine Twin Squirrels

That would almost double my initial estimate. So I put two or three R22s on the AOC, pay through the nose for them and juggle the fleet to try to make sure one of them is available for that drop-of-a-hat photographic job that I'm spending a blood-curdling marketing budget trying to land. One of them always seems to be on maintenance at the wrong time, of course.

Let's say I'm a success despite the odds, and during the high season I find I need ten aircraft on

CAA answers every question with the claim that it is the safest regulator in the world. Even if that were true (and it certainly isn't in GA) it wouldn't be the comprehensive answer the Authority likes to think it is. You can make sure you're safe by stopping people flying. Britain is the safest aircraft manufacturing country in the world because we don't make planes any more. How long before we say the same about general aviation? ■

How much of the money from your jumble sale winds up in the CAA's coffers?