

# MELBOURNE AVIATION GROUP



May 2005

## April Board Meeting

To assist the communication between the Board and shareholders, please read the minutes of our recent meeting, ably written up by Sander Vandeth, attached to this newsletter. That will save me a lot of typing – and save you the trouble of having to read my mangled syntax. Amendments to our Service Agreement are also added, to bring this document into line with recent security requirements at Moorabbin Airport.

## Share Issue

You've got to admit it guys – Sander writes a good letter – a sort of iron fist in a velvet glove style! Well that must be the reason that we have quite a few payments already for the shares issued to cover the BJZ autopilot upgrade. Our thanks to the prompt payers – it all helps to keep our term deposit cash high – and earn a little interest to subsidise your flying costs. Naturally, we hope that all shares will be paid for by the end of the financial year – that will keep Rod Hunt happy and make it easier for him with the 04/05 financial year accounts and balance. And please – remember to make a separate payment for your shares – it can be confusing if we have to subtract flying charges from share payments – they go in separate spreadsheets!

## Financial Matters - from Rodney Hunt

*In recent weeks the after-hours use of the AIR BP Carnet has become an issue, when the monthly Tyson's fuel invoice has crossed my desk for payment. If the Air BP Carnet is used for after-hours refuelling, we actually pay 6 cents per litre more for our fuel, than if the Mobil Carnet and bowser is used. The reason being MAG, thanks to Bob Hayter's negotiation skills, has a contract rate offering 6 cents per litre discount on our monthly Mobil fuel supply. This discount does not apply to Air BP products and hence the use of the BP Carnet is to our disadvantage. Rather than cancel the Air BP Carnet, and to avoid un-necessary costs, we have decided to discourage its use for after-hours refuelling. The AIR BP Carnet has been placed in a sealed envelope and pinned to the cork board in the MAG box. It is clearly labelled "Air BP Carnet - for EMERGENCY USE ONLY". It is intended that an emergency constitutes the breakdown or unavailability of the Mobil facility after-hours. In this event, the envelope seal can be broken and the AIR BP facility used to keep members flying. I believe this is a compromise that will maintain supply and control costs at the same time. By controlling costs the MAG business objective of supplying quality aircraft at the best possible price can be maintained.*



## Maintenance Matters - from Bob Hayter

*By far the largest cost in our flying is the aircraft maintenance bill, but we can have a big impact on the cost of our maintenance by taking care of the way we fly our aircraft. I looked at a tyre that had to be replaced just recently and a large flat spot told the story. Just one landing with some pilot's heavy foot on the brake and \$129 down the drain.*

*I hate to keep harping on the prop damage but the fact is that 90% of the damage can be avoided. I looked with dismay a week or so ago to see NBE being run up to high power on the grass at Moorabbin just near the edge of the taxiway. There may or may not have been stones there, but the pilot was obviously not concerned about what the prop dragged up. It would have been very easy to roll forward onto the bitumen to do the run ups.*

*While I am on the subject of props, I read an article in Australian flying recently that reminded me about the care of constant speed props. Corrosion damage in the hub can be avoided to a large degree by leaving the prop in a horizontal position. This stops most of the water running down the prop into the hub area. Next time you see BJZ have a look. If the props in a horizontal position you know the last pilots was taking care of our aircraft.*

*We had an incident recently where the Low Voltage Light Illuminated in Flight. The pilot switched off all he could and flew the aircraft back to Moorabbin. Needless to say the battery was dead flat when he landed and Mills Rolfe had to recharge the battery and check the charging rate. No fault was found, the cost was \$66. It is not uncommon for a voltage spike to turn the regulator off, this protection is build into the regulator to stop over voltage damage to electronic equipment. The flight manual says in part (Section 3 page 9)...*

## **LOW-VOLTAGE LIGHT ILLUMINATES DURING FLIGHT** **(Ammeter Indicates Discharge)**

- 1. Avionics Power Switch -- OFF.**
  - 2. Alternator Circuit Breaker -- CHECK IN.**
  - 3. Master Switch -- OFF (both sides).**  
*(It's generally best to leave it off for 30 seconds)*
  - 4. Master Switch -- ON.**
  - 5. Low-Voltage Light -- CHECK OFF.**
  - 6. Avionics Power Switch -- ON.**
- If low-voltage light illuminates again:**
- 7. Alternator -- OFF.**



*This procedure will reset the regulator and in most cases charging will be restored and the flight can continue normally.*

*I can assure you that the engine will not stop if you turn the master switch off - try it on the ground if you are not convinced.*

*I must say that I don't feel comfortable about complaining about what pilots do or don't do. I just get dismayed when I see the amount of money we pay for maintenance, and I know that a lot of it can be avoided by pilots being a little more careful.*

## **Board meeting – from JA**

The board at our meeting in April resolved to issue the following Mission Statement ...

*“To institute a new paradigm promoting a raft of reform initiatives, implicitly designed towards enhancing and improving modalities in our operational parameters, achieve increased synergies and address reform of other logistical issues – going forward”.*

Kidding of course – but if you can understand (or even worse actually write) that sort of waffle then there is no hope for you – and I suggest that you read Don Watson's book 'Death Sentence', which takes to task the writers of such gobbledegook, lately so beloved by the business community in particular. How much more direct would the above have been to say that we need to carefully control costs and closely monitor pilot currency during the coming year. The actual matters we discussed and decisions taken at

our meeting on 22<sup>nd</sup> April 2005 are of course available for you to read in the minutes, appended to this newsletter.

### Right of Reply

In writing these Newsletters now for over 20 years, for my part I have tried to spell out in fairly plain Australian what your Board has been discussing at our regular meetings, and to convey to shareholders the gist of our deliberations, and the reason for our decisions.

Despite these best efforts, I was less than amused by the criticism in a recent letter to the Board, (published in the March 05 newsletter) which implied that there has been a lack of communication from Board to members, and that we somehow operate a sort of “Exclusive Brethren” enclave. Looking back over all these newsletter, which I still have on file, I see spreadsheets showing the details of how we arrived at the annual levy and hourly rates, extensive coverage of maintenance issues, advice on pilot proficiency requirements and currency matters – all covered repeatedly over the years. ‘Open Government’ and ‘Transparency’ are other well worn phrases these days, but without question all that you really needed to know about how MAG is run has over the decades been there for members to read.

Another point of criticism raised was the lack of social contact between members. Well we tried on many occasions to hold dinners where members could have a drink and a meal together. Several years ago, on the last of two attempts at the Air Forces Club in South Yarra, we had the embarrassment of late cancellations and ‘no shows’ which caused us to be short of cash when it came to settle the bill at the end of the night. MAG is essentially a flying service organisation, however if there is any way we can get together as a group of flying enthusiasts for social chit-chat then someone please step forward and offer to organise these events – but to judge by past experience it will not be an easy task. And to bring the matter to more recent years, how many of our current membership do you think attended our 40<sup>th</sup> Birthday celebration at RVAC in November 2003? Truth is we were outnumbered by eleven elderly pilots out of the twenty foundation shareholders from 1963! Age has not wearied their enthusiasm for flying!



JA – not a recent picture, but that’s a genuine Barra at around 12.5lb – on Dorunda Station, near Weipa.



Perhaps the most unwarranted comment so far as I am concerned in the recent critique was that MAG had a woeful accident history over the last 30 years. Unfortunately for the complainant the first incident listed concerned our PA28/140 cruiser PEI being damaged in a storm, whilst correctly parked and tied down at Moorabbin. So it’s worthwhile publishing the picture again. Does our critic suggest that somehow the MAG Board should have had a hot line to the Almighty and been aware that a “Great Wind” of Biblical proportions was about to flip that

Piper Cub onto our PA28 cruiser ? New members might not be aware that this photo is part of the MAG history which, though now a few years out of date, is available for download on our website.

And the re-skinning of a wing panel on our Warrior1 BNW ? Well our pilot was trying to avoid becoming bogged during extremely wet weather (remember that stuff we used to get in Melbourne) in the days when we parked on the grass near Tysons, and taxied over (well, not quite actually) the 'No Taxiway' sign on the perimeter road ! It cost the pilot the insurance excess of \$500, (BNW was insured for \$50,000) and hastened our relocation to a reserved hard standing position. The more recent aileron incident with NBE is disappointing in that we were unable to establish how or by whom this damage was done – but we did our best to solve it!

Yes, we have lost two MAG pilots and aircraft in separate tragic accidents during the 30 years I have been a member, but I reject any implication that these accidents occurred as a consequence of any dereliction of duty by the Directors, or resulted from a lack of control by the Board over pilot standards.

We could of course hand over the running of MAG to an on-field flying school at Moorabbin – (that was a proposal put to the Board during the '90s) – and empower them to enforce 90 day checks prior to accepting bookings etc. But this would certainly change the structure and values of MAG – an aviation co-operative of enthusiastic and equal shareholders joining together to enjoy most of the advantages of private operation – without the horrendous expense ever present with individual ownership.

An oft repeated phrase of mine in these newsletters over the decades is that the greater the individual freedom the greater the personal responsibility, and constantly to stress that a current pilot is a safer pilot. We as a Board run MAG as a service to our shareholders – your obligation is to ensure that in operating our aircraft you do so in accordance with all legislative requirements, and our own Service Agreement.

## Hourly rates

The wet and dry rate calculations for last month are shown in the spreadsheet below, but unfortunately there will be around another 3 cents per litre for fuel added in May. Perhaps now that the cost of a barrel of oil has (at the time of writing of this newsletter) dropped below \$US50 we will see some moderation in the seemingly never ending upwards movement in the pump price of avgas.

### FLYING COSTS per Hour from 01/04/2005

Item	BJZ (Airswitch)		NBE (Tacho)	
	Basis	\$	Basis	\$
50 hourly oil change	300 / 100	3.00	300 / 100	3.00
100 hourly inspection	2600 / 100	26.00	2600 / 100	26.00
Engine major overhaul	28000 / 1600	17.50	26000 / 2000	13.00
Propeller overhaul	3500 / 1500	2.33	1600 / 1000	1.60
Propeller replacement	10000 / 4000	2.50	4000 / 4000	1.00
Other maintenance	2000 / 100	20.00	1500 / 100	15.00
ASA annual contract fee		4.00		4.00
GPS Database fee		2.00		0.00
Refurbishment Recovery		0.00		0.00
Oil		0.12		0.04
<b>DRY RATE (excl. GST)</b>		<b>77.45</b>		<b>63.64</b>
Fuel	\$1.07 x 58	62.06	1.07 x 38	40.66
Contingency (& balancing)		0.13		0.25
<b>WET RATE (excl. GST)</b>		<b>139.64</b>		<b>104.55</b>
10% GST added				
<b>DRY RATE (inc. GST)</b>	per minute = 1.42	<b>85.20</b>	per .01 = 0.70	<b>70.00</b>
<b>WET RATE (inc. GST)</b>	per minute = 2.56	<b>153.60</b>	per .01 = 1.15	<b>115.00</b>