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Operator's Financial Condition

This Safety Notice contains recommendations regarding operational safety.

Recipients are asked to ensure that this Safety Notice is copied to all members of their staff who may have an interest in the information (including any 'in-house' or contracted maintenance organisations and relevant outside contractors).

Applicability: All Part CAT Operators

1 General

- 1.1 ICAO Annex 6 and Doc 8335 requires that following certification the State should continue to carefully examine any conditions that may indicate a significant deterioration in the operator's financial condition.
- 1.2 This Safety Notice has been produced to provide guidance to the industry on the factors and criteria that will be used by the Authority to make this assessment and determination.

2 Negative trends

- 2.1 During the course of the safety oversight cycle the authority will continue to monitor the operator's financial condition using the factors outlined in 2.2 or any other relevant financial indicator.
- 2.2 Trends of the following nature which may indicate problems in a new operator's financial condition are:
 - a) significant redundancy
 - b) significant turnover of personnel particularly in management personnel
 - b) delays in meeting payroll
 - c) reduction of safe operating standards
 - d) decreasing standards of training
 - e) withdrawal of credit by suppliers
 - f) inadequate or delayed maintenance of aircraft
 - g) shortage of supplies and spare parts
 - h) curtailment or reduced frequency of revenue flights
 - i) sale or repossession of aircraft or other major equipment items
 - j) trends in excessive defect deferment and maintenance escalation

3. Authority Action

- 3.1 When any financial difficulties are identified, the relevant Inspectorate shall increase technical surveillance of the operation with particular emphasis on the upholding of safety standards. In cases where there is significant concern in terms of the operator's financial condition to the extent that it cannot be reasonably ascertained that safe operation can be secured, the Head of Inspectorate shall refer to the General Manager Safety Regulation and the Chief Executive Officer for any action deemed necessary, such as an in-depth financial audit.

4. Operator Action

Operators may be requested to provide a financial recovery plan to the Authority for evaluation by financial technicians.

5. Queries

- 5.1 Any queries as a result of this Safety Notice should be addressed to Head of Flight Operations and Flight Crew Licensing Inspectorate at the following e-mail address: hfo@scaa.sc

6. Cancellation

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Head Flight Operations and Flight Crew Licensing Inspectorate