

GUIDANCE MATERIAL FOR INSPECTORS

SOUTH AFRICAN



***CIVIL AVIATION
AUTHORITY***

Evaluate Aircraft Leasing Agreement

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3. GENERAL

A. DEFINITIONS

1. **Lessee.** The party to which the aircraft is leased
2. **Lessor.** The party from which the aircraft is leased
3. **Dry lease.** Any agreement in which a lessor such as an air operator, bank, or leasing company—
 - a. Leases an aircraft without any crewmembers to an air operator (the lessee); and
 - b. Which the lessee is clearly authorized to integrate into its operations; and
 - c. Where the lessee is expected to assume all key AOC-related responsibilities for operational and maintenance arrangements.
4. **Wet lease.** (ACMI) Any agreement in which an air operator (the lessee) leases an aircraft from a South African AOC holder, foreign air operator, or other entity (the lessor) where the lessor—
 - a. Provides the aircraft;
 - b. Provides all of the required qualified crew members; and
 - c. Operates the aircraft; and
 - d. Retains all key AOC-related responsibilities
5. **Damp lease.** Any agreement in which an air operator (the lessee) leases an aircraft from a South African AOC holder, foreign air operator, or other entity (the lessor) where the lessor—
 - a. Provides the aircraft;
 - b. One or more of the required crew members; and
 - c. Operates the aircraft; but
 - d. Does not discharge one or more of the key AOC-related responsibilities.

B. DETERMINING OPERATIONAL CONTROL OF A DRY-LEASED AIRCRAFT.

Normally, operational control of any dry- leased aircraft rests with the lessee. In most dry lease agreements, the lessor is a bank of either a leasing or a holding company. In neither case will the lessor have the operational expertise, the facilities, or the desire to assume responsibility and liability for controlling the day-to-day operations of the aircraft.

C. DETERMINING OPERATIONAL CONTROL OF WET-LEASED AIRCRAFT.

The fact that the Department of Transportation (DOT) characterizes a lease as a wet lease does not necessarily make the lessor responsible for operational control

D. OTHER FACTORS IN DETERMINING OPERATIONAL CONTROL OF LEASED AIRCRAFT

(1) CAR Parts 121 and 135 provide that the SACAA shall determine if a person has operational control if that person exercised authority and responsibility for a specified number of operational functions. This could include scheduling flights and crewmembers, initiating flights, and terminating flights.

(2) In cases where there is doubt or controversy over who exercises operational control, the Director may consider additional factors, such as who is responsible for maintenance, servicing, and crewmember training.

E. INTERCHANGE AGREEMENTS

A. An interchange agreement is a form of dry lease agreement. It allows an operator to dry lease aircraft to another operator for short periods of time. This act prohibits listing an aircraft on the secondary operator's operations specifications.

B. Occasionally, important details may be overlooked unless interchange conditions are closely monitored. Equipment variances can be potentially dangerous unless effective training or corrective action is taken before operations begin. For example, life rafts or an emergency radio might be improperly stowed during over-water flights on aircraft that have no provisions for their stowage, thus creating a hazardous condition in turbulent weather.

F. SACAA RESPONSIBILITIES

A. Determine SACAA Responsibility. Approval of the operations specifications is the responsibility of the SACAA, assigned to the operator exercising operational control of the aircraft. This determination must be made by reviewing the specific assignment of operational control listed on the lease/interchange agreement by the SACAA.

B. Review the Lease. An aircraft lease/interchange agreement is reviewed to determine if all of the responsibilities of the lessor/lessee are described. The inspector must ensure that the lease/interchange contains all effective dates and provisions required by regulation. Those items not required by regulation must be reviewed to determine their applicability and compatibility with the regulatory requirements.

C. The Lessor's Operator's Manual. The lessor's manual must be reviewed for the following:

- (1) The continuous airworthiness maintenance program, for the aircraft, engines, propellers (if applicable), and appliances
- (2) The maintenance reliability program, if applicable
- (3) A training program for the maintenance personnel on the aircraft
- (4) Fuelling procedures for the aircraft
- (5) Provision for use of an approved Minimum Equipment List (MEL)
- (6) Provisions for leasing the aircraft to the lessee
- (7) For a wet-lease of a foreign operators aircraft, the following lessor's procedures shall be evaluated:
 - a) The method for establishing minimum flight altitudes
 - b) The method of determining aerodrome operating minima
 - c) Flight time, flight duty periods and rest periods
 - d) EDTO (if applicable)
 - e) Aircraft-specific minimum equipment list (MEL)
 - f) Performance-based navigation operations
 - g) RVSM operations
 - h) Procedures for electronic navigation data management
 - i) Training in the transport of dangerous goods
 - j) Pilot-in-command area, route and aerodrome qualifications
 - k) Use of flight simulation training devices.

D. The Lessee's Operator's Manual. The lessee's manual must be reviewed for the following:

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- (1) To determine if the manuals provide adequate procedures and guidance for incorporating leased aircraft into its operating system
- (2) Procedures for the use of the lessor's continuous airworthiness maintenance program, for the aircraft, engines, propellers (if applicable), and appliances
- (3) Procedures for the use of the maintenance reliability program, if applicable
- (4) Procedures in the maintenance training program that are adequate to provide for configuration differences, if the aircraft is maintained under the lessor's maintenance program
- (5) Fuelling procedures for the aircraft
- (6) Provisions for use of an approved MEL

E. Aircraft Maintenance Records. The lessor will maintain the aircraft maintenance record and ensure that the items required to be inspected, repaired, or overhauled are addressed in those records.

F. Aircraft Conformity Inspections. Aircraft conformity inspections are conducted to ensure that:

- (1) Differences between aircraft already in a lessee's fleet and aircraft being leased are noted. These differences must be addressed with amendments to the lessee's operations.
- (2) Configuration of the aircraft meets the regulatory requirements of the intended operation specifications.
- (3) Revisions to the lessee's maintenance manual/ Maintenance control manual.

Section 2 Procedures

1. PREREQUISITES AND COORDINATION REQUIREMENTS

A. Prerequisites

- Knowledge of the regulatory requirements of CAR Parts 91, 121, 127, 135, and 138
- Successful completion of Airworthiness Inspector's Indoctrination Course for or previous equivalent

B. Coordination. This task requires coordination among maintenance, avionics, and Flight Operations Inspectors.

2. REFERENCES, FORMS, AND JOB AIDS

A. References

- CAR Part 48/121/127/135

B. Forms

- CA 48-04

C. Job Aids

- Flight Operations Inspector Manual

3. PROCEDURES FOR LEASE AGREEMENTS

A. Determine if a Lease Agreement has Occurred. Request a copy of the lease or lease memorandum.

- (1) Determine who should be involved in the evaluation of the lease agreements.
- (2) Determine personnel responsibility. If more than one personnel is involved, determine which person will be responsible for approving the operations and maintenance portions of the operations specifications.

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B. Review the Lease. Ensure that:

- (1) The lessor and lessee are properly identified on the lease
- (2) The lease is signed by the appropriate personnel in both the lessor's and the lessee's organizations
- (3) All strikeovers, erasures, and corrections are initialled by both the lessor and the lessee
- (4) The aircraft subject to the lease agreement are identified by aircraft make and model, registration number, and serial number
- (5) The effective dates of the lease are identified
- (6) Operational control is specifically designated
- (7) Responsibilities for performing maintenance are specifically designated
- (8) Responsibilities for keeping aircraft maintenance records are specifically designated
- (9) Maintenance programs (lessee's or lessor's) that will be utilized are designated

C. Review the Lessee's Manuals. Ensure that the manual includes the following:

- (1) Procedures adequate to incorporate the leased aircraft into his operating system, i.e., aircraft acceptance checks, etc.
- (2) Provisions in the maintenance training program to account for any differences in the configuration of the leased aircraft from the existing fleet
- (3) A program that is adequate to provide for configuration differences if the aircraft is to be maintained under the lessee's maintenance program
- (4) A Minimum Equipment List (MEL) that is applicable to the leased aircraft

D. Review the Aircraft Maintenance Records.

E. Perform an Aircraft Conformity Inspection. After performing the inspection, review the results to ensure that the differences between the leased aircraft and the aircraft already in operation are identified and will be addressed in operation specifications and the lessee's maintenance control manual/ Manual of procedures.

4. PROCEDURES FOR INTERCHANGE AGREEMENTS

A. Review the Agreement. Ensure that:

- (1) The operator submits a written agreement or memorandum of the interchange agreement
- (2) The aircraft subject to the interchange agreement are identified by aircraft make and model, registration number, and serial number
- (3) The effective dates/times of the interchange are identified
- (4) Operational control is specifically designated
- (5) Responsibilities for performing maintenance are specifically designated
- (6) Responsibilities for keeping aircraft maintenance records are specifically designated
- (7) The maintenance program to be utilized is designated
- (8) All strikeovers, erasures, and corrections are initialled by both parties to the agreement
- (9) The interchange agreement or memorandum provides for all differences in aircraft configuration due to the operating or maintenance requirements of both operators

B. Review the Lessor's Operator's Manual. Review the following:

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- (1) The continuous airworthiness maintenance program, for the aircraft, engines, propellers (if applicable), and appliances
- (2) The maintenance reliability program, if applicable
- (3) A training program for the maintenance personnel on the aircraft
- (4) Fuelling procedures for the aircraft
- (5) Provision for use of an approved MEL
- (6) Provisions for leasing the aircraft to the lessee

C. Review the Lessee's Operator's Manual. Review for the following:

- (1) To determine if the manuals provide adequate procedures and guidance for incorporating leased aircraft into its operating system
- (2) Procedures for the use of the lessor's continuous airworthiness maintenance program, for the aircraft, engines, propellers (if applicable), and appliances
- (3) Procedures for the use of the maintenance reliability program, if applicable
- (4) Procedures in the maintenance-training program that are adequate to provide for configuration differences, if the aircraft is maintained under the lessor's maintenance program
- (5) Fuelling procedures for the aircraft
- (6) Provisions for use of an approved MEL

D. Analyse the Findings. Evaluate all deficiencies to determine what corrections will be required.

E. Schedule a Meeting. If deficiencies are discovered during the evaluation, advise the operator/applicant. Schedule a meeting with the operator/applicant to discuss the problem areas, if necessary.

5. TASK OUTCOMES

A. File the findings if any.

B. Completion of this task will result in one of the following:

- (1) Approval of the agreement by accomplishing the following:
 - Sending a letter to the operator indicating acceptance of the agreement
 - Approval of operations specifications in accordance with CAR Part 121/127/135/138 Operations Specifications, when applicable
- (2) Disapproval of the agreement by sending a letter to the operator/applicant listing the reasons for disapproval

C. Document Task. File all supporting paperwork in the operator/applicant's office file.




6. FUTURE ACTIVITIES. Normal surveillance.

4. DOCUMENT AUTHORISATION

DEVELOPED BY:



Evaluate Aircraft Leasing Agreement

	Lungisile Matika Acting Manager: High/Low Capacity FOD	24 March 2023
SIGNATURE OF M: FOD	NAME IN BLOCK LETTERS	DATE
REVIEWED & VALIDATED BY:		
	Siphamandla Bheki Mhlanga (Acting) SM: FOD	24 March 2023
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APPROVED BY:		
	Captain Eric Mataba Acting EASO	24 March 2023
SIGNATURE OF E: ASO	NAME IN BLOCK LETTERS	DATE