



PRINCIPLE

(OPS.24) Aircraft leasing arrangements

January 2024



Acknowledgement of Country

The Civil Aviation Safety Authority (CASA) respectfully acknowledges the Traditional Custodians of the lands on which our offices are located and their continuing connection to land, water and community, and pays respect to Elders past, present and emerging.

Inside front cover artwork: James Baban.

© Civil Aviation Safety Authority

All material presented in this Guidance document is provided under a Creative Commons Attribution 4.0 International licence, with the exception of the Commonwealth Coat of Arms (the terms of use for the Coat of Arms are available from the [It's an Honour website](#)). The details of the relevant licence conditions are available on the Creative Commons website, as is the full legal code for the CC BY 4.0 license.



Attribution

Material obtained from this document is to be attributed to CASA as:

© Civil Aviation Safety Authority 2024.

Contents

Terminology	4
Acronyms and abbreviations	4
Definitions	4
Reference to regulations	5
1. Assessment scope	6
1.1 General	6
1.2 Assessment of an initial application	6
1.3 Assessment of a significant change application	6
1.4 Assessment worksheet user instructions	6
2. Aircraft lease	8
2.1 Sublease arrangement	8
2.2 Cross-hiring	8
2.3 Registered operator	10
2.3.1 Part 119 operations	10
2.3.2 Part 138, 141 and 142 operations	10
2.4 Foreign registered aircraft	10
2.5 Aircraft leasing and the virtual airline concept	11
3. Flight operations	12
3.1 Operational control	12
3.2 Exposition/Operations manual content	13
3.3 Operational approvals	13
3.4 Training and checking	13
3.5 Human Factors/Non-technical skills training	13
3.6 Ground personnel training	14
3.7 Reference library	14
3.8 Wet lease arrangements – flight operations	14
4. Continuing airworthiness	16
4.1 General	16
4.2 Australian registered aircraft	16
4.3 Foreign registered aircraft	17
4.3.1 Operational approvals	17
4.4 Wet lease arrangements – continuing airworthiness	17
5. Revision history	19

Terminology

Acronyms and abbreviations

Table 1. List of acronyms and abbreviations

Acronym/abbreviation	Description
ACMI	aircraft, crew, maintenance and insurance
AOC	air operator's certificate
CASR	<i>Civil Aviation Safety Regulations 1998</i>
CEO	chief executive officer
ELT	emergency locator transmitter
HF/NTS	human factors and non-technical skills
HOTC	head of training and checking
ICAO	International Civil Aviation Organisation
LIRA	Legal, International, and Regulatory Affairs
MCM	maintenance control manual
MEL	minimum equipment list
MR	maintenance release
NAA	National Aviation Authority
PIC	pilot in command
RO	registered operator
SARPS	Standards And Recommended Practices
the Act	<i>Civil Aviation Act 1988</i>

Definitions

Table 2. List of definitions

Term	Definition
Lessor	The organisation or person financing an aircraft lease and providing an aircraft to a lessee.
Lessee	The organisation or person to whom an aircraft is leased. In most cases this will be the AOC holder and the Registered Operator of an aircraft.

Term	Definition
Operational control	For a flight of an aircraft, means control over the initiation, continuation, diversion or ending of the flight in the interests of the safety of the aircraft and the regularity and efficiency of the flight.
Personnel	For an Australian air transport operator, an aerial work operator or a balloon transport operator, includes any of the following persons who have duties or responsibilities that relate to the safe conduct of the operator's Australian air transport operations, aerial work operations or balloon transport operations: (i) an employee of the operator (ii) a person engaged by the operator (whether by contract or other arrangement) to provide services to the operator (iii) an employee of a person mentioned in subparagraph (ii).
Registered operator	of an aircraft, has the meaning given by regulation 47.100 of CASR.
State of Registry	The State on whose register an aircraft is entered.

Reference to regulations

Unless specified otherwise, all subregulations, regulations, Divisions, Subparts and Parts referenced in this Principle are references to the *Civil Aviation Safety Regulations 1998* (CASR).

1. Assessment scope

1.1 General

Inspectors will use this protocol in conjunction with other protocols to assess aircraft leasing arrangements. The inspector must ensure the leased aircraft meets the Australian equipment requirements. Where wet leased operations involve cabin crew, inspectors should request assistance from a cabin safety inspector to ensure the Australian regulations are met.

Example

Canadian regulations do not allow infant restraints and only require 1 emergency locator transmitter (ELT). This does not meet the Australian requirements. For operations under Part 121, the wet leased aircraft must provide both infant restraints and a second ELT.

1.2 Assessment of an initial application

Inspectors use this protocol document suite to assess the leasing or other arrangements for the supply of an aircraft to an operator under Parts 119, 138, 141 and 142.

Regulation 119.205 requires the exposition to include a description of any leasing or other arrangements for the supply of an aircraft.

Regulation 138.155 does not specifically require a description of leasing or other arrangements for the supply of an aircraft to be included in the operations manual, however the arrangements for leasing of an aircraft may be a significant change under regulation 138.012.

Regulations 141.260 and 142.340 both require the operator to describe their arrangements for leasing turbine-engine aircraft in the exposition/operations manual.

1.3 Assessment of a significant change application

The operator's leasing or other arrangements for the supply of an aircraft may be submitted as a significant change in line with the following:

- **Parts 119 and 138 operators** – the leasing or other arrangements for the supply of an aircraft are considered a significant change if the arrangement does not maintain or improve aviation safety.
- **Part 141 operators** – the leasing or other arrangements for the supply of a turbine-engine aircraft may be considered a significant change if it's a new kind of aircraft used for flight training.
- **Part 142 operators** – the leasing or other arrangements for the supply of a turbine-engine aircraft is a significant change under regulation 142.030.

In addition to the above, the requirement for a significant change would be triggered if the operator required another approval under the regulations to support the operation.

1.4 Assessment worksheet user instructions

Typically, an aircraft leasing application will require a flying operations inspector and an airworthiness inspector to complete the worksheet.

This principle provides guidance to the inspector when using the associated Worksheet (OPS.24) Aircraft leasing arrangements. The worksheet provides inspectors with a regulation-based tool for recording the outcomes of the assessment. It is set out as follows:

- user instructions
- assessment worksheets

- assessment summary
- approval data sheet.

2. Aircraft lease

Aircraft leasing can result in varied and complex safety situations, particularly if an aircraft registered in another Contracting State is to be operated in Australia by an Australian operator.

Australian operators may enter a financial lease arrangement for an aircraft from specialist organisations or financial institutions that are delivered to the operator as if they were fully owned by the operator. Financial lease arrangements of this nature are not the subject of this protocol and are assessed as 'addition of an aircraft' using the relevant OPS protocol suite.

Lease agreements generally fall into one of the following:

- **Dry lease** – a lease arrangement whereby a lessor provides an aircraft without crew to the lessee.
- **Wet lease** – a lease arrangement whereby a lessor provides an aircraft with crew to the lessee.
- **Damp lease** – a lease arrangement whereby a lessor provides an aircraft with partial crew to the lessee.
- **Sub lease** – a leased aircraft is leased to another operator.

Note: A wet lease or damp lease can also be referred to as an Aircraft, Crew, Maintenance and Insurance (ACMI) lease.

Aircraft lease arrangements may include reporting requirements for the operator to provide details such as hours of aircraft utilisation, fuel burn, defect reporting, maintenance undertaken etc. This information is also sent to airframe, engine and vendor systems manufacturers in order for them to meet warranty and performance contractual obligations. These obligations must be reflected in an operator's various organisation procedure manuals as appropriate.

Inspectors should be aware of, and understand, the type of lease that they are reviewing, the conditions, limitations and requirements of the lease, regulatory matters (Australian or foreign Authority) associated with the lease, and any other provision (commercial or regulatory) that will adversely affect the safe operation of an aircraft.

2.1 Sublease arrangement

The inspector should pay particular attention to subleases, as there is the potential for these to be in place without the knowledge or permission of the primary owner. This could invalidate the primary lease and have insurance, safety and adverse legal implications.

The regulatory assessment and oversight processes becomes more complex if the aircraft is a leased aircraft, which is then being subleased to the second operator as described above.

When an operator (the lessee) enters into a sublease arrangement to supply an aircraft, the inspector should establish, as part of the assessment process, that the original leasing company (the lessor) has approved the sublease of their aircraft to the second operator. Assuming that this is the case, to be suitable the inspector should ensure that the sublease is practical, acceptable and legitimate. Subleases must not override the responsibilities required or specified under the primary lease contract.

2.2 Cross-hiring

Cross-hiring is a colloquial term to describe common circumstances where an operator has a lease for an aircraft and therefore is not the registered operator. They can be a formal long-term arrangement or an ad hoc short-term arrangement where an operator requires an additional aircraft for a specific task.

Paragraph 119.080(1)(h) imposes an AOC condition that requires an Australian air transport operator to be the registered operator of an aircraft used in air transport operations. To facilitate the continued use of cross-hire agreements, CASA has exempted the requirements of paragraph 119.080(1)(h) to allow operators, subject to the certain requirements of the exemption, to cross hire an aircraft (see section 7AB of CASA EX82/21). The exemption applies to:

- a medical transport operation

- a non-scheduled air transport operation.

To enter a cross-hiring agreement, the operator must:

- before any such use, assess any differences between the relevant aircraft and other aircraft being used by the operator
- determine whether additional training or competency assessment is required for any member of the operational safety-critical personnel, before the relevant aircraft is used by the operator
- be fully aware of the continuing airworthiness and maintenance status of the aircraft insofar as they are relevant to the operator's use of the aircraft
- ensure that the aircraft complies with the safety requirements of the regulations for the operation
- the relevant operator must ensure that the arrangements between the operator and the registered operator for managing the continuing airworthiness of the relevant aircraft during the operator's use of it are recorded in the exposition.

Exposition/operations manual

The operator's exposition/operations manual must include a process to confirm that the conditions of the exemption are met. To be suitable, the inspector should ensure the process includes a checklist to cover the following items:

- additional training as required under regulation 214 of the *Civil Aviation Regulations 1988* (CAR)
- the existence of an approved minimum equipment list (MEL)
- the existence of a valid maintenance release (MR) that is suitable for the operational category and shows no overdue maintenance
- the CofA is valid for the intended operation
- the maintenance schedule is approved
- a cross-hire agreement form is signed by all parties.

Note: If an aircraft moves from one authorisation holder to another, the new authorisation holder cannot automatically use the approved MEL for the aircraft. The new AOC holder will be authorised by CASA only if the operator has acceptable associated application procedures contained in their exposition/operations manual or maintenance control manual (MCM). The associated application procedures must be carried on-board the aircraft with the MEL. Refer to regulations 121.085, 133.085 and 135.060.

Cross-hire agreement form

To be suitable, the operator should have a standard template form that is included in its exposition/operations manual. The form should include items such as those listed below and identify who is responsible for them:

- details and contacts for the operator (the hirer) and the registered operator (RO)
- overall continuing airworthiness responsibility
- monitoring the MRs for defects, cycles and total time in service (TTIS)
- airworthiness directive (AD) management and responsibility
- the nominated maintenance schedule
- maintenance scheduling
- maintenance records transfer to the RO/RH
- reliability program
- approved maintenance organisations (AMOs)

- engine condition trend monitoring (ECTM) data transfer
- changes to weight and balance
- management of defect deferral and rectification.

2.3 Registered operator

2.3.1 Part 119 operations

Except as provided for by the cross-hiring exemption (CASA EX82/21), paragraph 119.080(1)(h) requires an air transport operator to be the registered operator of the aircraft or hold an approval under regulation 119.025.

Regulation 47.100 states that an eligible registration holder is the registered operator unless they appoint another eligible person to be the registered operator.

Note: Part 47 refers to Australian registration holders, and therefore this section does not apply to the lease arrangements for a foreign registered aircraft. See section 2.4 of this principle for foreign lease arrangements.

For an Australian aircraft lease arrangement, the inspector must confirm that the lessee has become the registered operator of the aircraft or issue an approval under regulation 119.025.

If an air transport operator (the lessee) arranges a wet lease of an aircraft that will be operated by another Part 119 air transport operator (the lessor), and if it is intended that the lessor remains the registered operator, the lessee will require an approval under regulation 119.025. Such a circumstance may occur when the lessor maintains operational and airworthiness control of the aircraft. To be suitable, the inspector must confirm how the arrangement would work in practice and ensure that the lessee's exposition has suitable procedures in place to manage the operation.

2.3.2 Part 138, 141 and 142 operations

Parts 138, 141 and 142 do not require the operator to be the registered operator of the aircraft, but still require the exposition/operations manual to include a description of the arrangements for managing the continuing airworthiness of aircraft.

2.4 Foreign registered aircraft

Various regulations allow an operator to lease a foreign registered aircraft for up to 90 days in a 12-month period, or hold the relevant approval under the operational Part. The assessment of the operator's procedures for use of a foreign registered aircraft is conducted using the relevant OPS protocol, however inspectors will use this protocol for the assessment of the leasing arrangements.

If the lease is a wet lease or damp lease, the inspector must ensure that the training and checking requirements, where required, have been met. This can be met via one of two pathways:

- a. the lessor's crew members are inducted into the lessee's training and checking system
- b. the lessee conducts an assessment to ensure the lessor's training and checking system is equivalent and meets the intent of the Australian regulations.

Note: For training and checking matters, see section 3.4 of this principle.

Inspectors should be aware of the additional conditions specified for foreign registered aircraft, published in section 28A, and relevant matters in sections 27 and 28 of the *Civil Aviation Act 1988* (the Act).

For Part 119 and Part 142 operators who hold an AOC, it is a condition that CASA has entered into agreements with the NAA responsible for regulating civil aviation in the country where the aircraft is

registered. The agreements entered must satisfy the requirements of section 28A of the Act. The inspector must consult LIRA to obtain a section 28A agreement.

Paragraph 6 of Part 2 of CASA EX82/21 directs Part 119 operators not to operate or change the operation of (except to cease operating) a foreign registered aircraft without CASA approval.

Part 138 and Part 141 certificate holders are only required to provide CASA with the information required by section 28A of the Act.

When an application for a foreign registered aircraft to be operated by an Australian operator is received, the inspector should establish the compliance status of the State of Registry of the foreign registered aircraft with ICAO Standards and Recommended Practices (SARPS).

The safety critical differences that should be considered are published in:

- Annex 1—Personnel Licensing
- Annex 2—Rules of the Air
- Annex 6—Operation of Aircraft
- Annex 8—Airworthiness of Aircraft
- Annex 10—Aeronautical Telecommunications
- Annex 11—Air Traffic Service
- Annex 16—Environmental Protection
- Annex 17—Security
- Annex 18—The Safe Transportation of Dangerous Goods by Air.

Should differences be found, technical specialists and LIRA should be consulted as appropriate.

2.5 Aircraft leasing and the virtual airline concept

The virtual airline concept is where every component of an airline operating under an AOC is provided by contract to the entity holding the AOC. The reasons for this concept are purely financial.

The entity holding the AOC leases hardware and services and hires staff from associated organisations, each linked by contract with established lines of responsibility. This enables an operator to start an airline with little capital outlay and, as everything is leased, significant tax advantages apply.

In the case of a virtual airline:

- The management group, comprising of the people accountable under the Act and regulations, work for the company that holds the AOC – this company usually carries the airline's brand name. This company usually provides day-to-day operational control of the airline, including commercial activities.
- Aircraft are leased from a related company, within the virtual airline group, that either owns them or leases them from a leasing company.
- Flight and cabin crew are provided by another related company, within the virtual airline group, and usually crew training is provided by, or provided through, that organisation.
- Maintenance is contracted either to a related company, within the virtual airline group, or to an external provider.
- Ground services are provided by a related company, within the virtual airline group, or an external provider.

The assessment of an application for an AOC does not change, inspector(s) must use the relevant protocol suite to conduct the assessment.

For the leased aircraft used by a virtual airline, inspectors should assess aircraft leases in accordance with the guidance in this protocol. In particular, if an aircraft is to be subleased by the holder of the aircraft lease (lessee) to another AOC of the virtual airline group (sub-lessee), it is important to ensure that the aircraft owner leasing the aircraft to the lessee of the virtual airline will permit the sublease and that this is formally included within the lease agreements (see section 2.1 of this principle).

3. Flight operations

3.1 Operational control

Operational control of an aircraft is a requirement for a Part 119 operator – whether under Parts 121, 133 or 135. For operations under Part 138, 141 and 142, the requirement for operational control is covered under Division 91.D.1. Irrespective of which regulations an aircraft is operated under, the matters listed in this section are relevant to the assessment of aircraft leasing arrangements.

It is important to identify who will exercise operational control of the leased aircraft. For a dry lease arrangement, the lessee will exercise operational control of the aircraft. However, if the aircraft is the subject of a wet lease, the lessor would normally maintain operational control. In the case of a damp lease, operational control might be with either the lessee or lessor. In some cases, parts of the operational control may rest with the lessee.

Example

A Part 138 aerial work operator enters into a wet lease arrangement for the provision of a foreign registered firebombing aircraft. The aerial work operator is responsible for tasking the foreign registered aircraft while under lease in Australia. If the flight and duty limits under the foreign NAA are more restrictive, the Australian aerial work operator would need to schedule the flight crew in accordance with the foreign NAA requirements.

To be suitable, the inspector must be satisfied that the lease arrangement and exposition/operations manual clearly identifies who has operational control.

Operational control includes but is not limited to:

- risk assessment
- fuel management
- flight planning, including selection of alternate airports
- in-flight diversions
- criteria for acceptance or non-acceptance of the flight
- criteria for rejecting carriage of a passenger or cargo.

The requirement for operational control is to ensure that if an operator determines that a person other than the pilot in command (PIC) has responsibility for certain matters that fall within the definition of operational control, the operator clearly specifies these matters in their exposition/operations manual.

To help determine whether operational control should reside with the lessor or lessee, the inspector should consider the following:

- crew assignment and flight and duty time management
- risk assessment of routes and ports
- flight preparation, including the completion of operational and ATS flight plans
- load and passenger control
- liaison with the air traffic control
- meteorological and communication services monitoring and the provision to the PIC during flight of information necessary for the safe and efficient conduct of the flight
- monitoring the progress of each flight under their jurisdiction
- parking position assignments
- aircraft utilisation tracking

- advising the PIC of company requirements for cancellation, re-routing or replanning, should it not be possible to operate as originally planned.

3.2 Exposition/Operations manual content

Regulation 138.155 requires the operations manual to detail each plan, process, procedure, program and system implemented by the operator to safely conduct and manage its aerial work operations and the kind of aircraft operated. In addition, any leasing arrangements for the supply of an aircraft that do not maintain or improve or is not likely to maintain or improve aviation safety is a significant change. The inspector will need to determine whether the use of a leased aircraft will meet the requirements for maintaining or improving aviation safety.

Regulations 141.260 and 142.340 require the operator to include, in their operations manual/exposition, each kind of aircraft used for flight training and the leasing arrangements for turbine-engine aircraft. The use of foreign registered aircraft for flight training and, in the case of Part 142 flight training, the leasing arrangements for turbine-engine aircraft, trigger a significant change.

3.3 Operational approvals

Operators may have various operational approvals, such as RVSM, RNP AR or EDTO, to support their operations. The inspector should confirm that the operator has taken the approvals into consideration when proposing to operate a leased aircraft.

3.4 Training and checking

An Australian operator (lessee) is responsible for training and checking of both flight and cabin crew, irrespective of whether the aircraft is leased or owned by the operator.

If an Australian operator (lessee) is entering into a wet/damp lease arrangement with another Australian operator (lessor), the lessor should provide flight and cabin crew who are current and qualified to operate the leased aircraft.

Where the wet/damp lease involves the use of foreign flight and cabin crew, the lessee will need to ensure that the training and checking system employed by the foreign operator meets the intent of the Australian regulations. If the Australian operator (lessee) proposes to accept the foreign operator's (lessor) training and checking system as meeting the Australian regulations, the lease arrangements will need to include how the training and checking will be conducted. To be suitable, the inspector must be satisfied that the training and checking system will maintain or improve safety (refer to sections **Error! Reference source not found.** and **Error! Reference source not found.** of this principle).

If an Australian Part 121 operator (lessee) wishes to accept the training and checking system provided by a foreign operator (lessor) that does not meet the regulations, the operator will require an approval under regulation 121.010 for the alternate training and checking system provided by the foreign operator. To issue the approval under regulation 121.010, the inspector must be satisfied that the approval will maintain or improve safety (refer to sections **Error! Reference source not found.** and **Error! Reference source not found.** of this principle).

In the case of a damp lease where crew members from the lessor are assigned duties with crew members from the lessee, the training and checking system must ensure that the crew members have been trained and checked to the same operational procedures.

To be suitable, if the lessee intends to accept training and checking provided by the lessor, the lease arrangements must include a provision to ensure the lessee's head of training and checking (HOTC) has evidence that the lessor's flight crew and cabin crew have completed the required training and checking.

3.5 Human Factors/Non-technical skills training

Regulation 119.180 prescribes the requirement for human factors principles and non-technical skills (HF/NTS) training for crew members among other personnel. Where an Australian operator (lessee) is entering into a wet or damp lease with a foreign operator (lessor), the inspector will need to confirm that the foreign operator's crew members have completed the lessee's HF/NTS training, or that the lessor's HF/NTS training is equivalent to the lessee's.

3.6 Ground personnel training

Depending on the lease arrangements, the lessee may need to provide training to ground personnel on the kind of aircraft or any differences. If the lease is a wet/damp lease, and regardless of whether the lessor is an Australian or foreign operator, it is important that the inspector reviews the suitability of any differences training.

3.7 Reference library

The requirement for operators to maintain an up to date reference library applies to a leasing arrangement for the supply of an aircraft. To be suitable, procedures should ensure that the leased aircraft carries the required documentation to support flight activities.

3.8 Wet lease arrangements – flight operations

In addition to the wet lease arrangements already covered in this principle, the matters in this section also need to be assessed as suitable.

When a wet lease arrangement exists between two Australian operators, the exposition/operations manual for both operators must detail the arrangements. The lessor must manage the entry and exit of crew from the leased operation. The procedures will depend on the complexity and operational differences between the lessor and lessee. In addition, there may be differences between the flight and duty time limitations between the lessor and lessee. This will become more complicated if the wet lease involves a foreign operator as the lessor. Whatever the arrangement, the inspector must be satisfied that crew are supervised and operations are managed in accordance with the arrangements.

An operator operating a wet-leased aircraft cannot abrogate its responsibilities under the conditions of its AOC or certificate for the operation and control of the aircraft. The responsibility for the overall operation of the wet-leased aircraft is that of the operator's chief executive officer (CEO) and key personnel. The operator's exposition/operations manual should incorporate all aspects of the operation of the wet-leased aircraft, and should clearly indicate how the aircraft and crew integrate into the operator's systems. This can be achieved by additional chapters in the operator's various key manuals – which are included for the period of the lease.

In assessing a wet leased aircraft for inclusion onto an AOC/certificate, there are two specific management considerations:

1. the responsibility for the aircraft, including its support and control
2. the crew that have come with the aircraft.

As part of the assessment process, the following points should be considered :

- What are the general terms of the lease?
- Are there any requirements or obligations that have a safety impact or restrict or limit the operation of the aircraft in any way?

To assess suitability of the wet lease arrangements, the inspector should consider the following matters :

- On which routes or geographic area is the aircraft intended to be operated?
- What arrangements have been made for crew training and checking, route familiarisation, managing flight and duty time, and integration into the host airline (lessee's) systems?
- What arrangements have been made for crew substitution, should that be required?
- What arrangements have been made to integrate the lease crews into the organisation for which they have been contracted to work?
- What arrangements have been made for emergency procedures training and examination for the flight crew?
- Does the lessor's operational document suite adequately cover wet-leasing of an aircraft to another operator?

- How has the leased aircraft been integrated into the operator's airline system so that the aircraft is presented to the passengers as a normal 'airline X' aircraft?
- What arrangements have been put into place to ensure that the wet-leased aircraft enters the lessee's organisation without difficulty and, at the end of the lease period, is returned to the lessor's organisation?

4. Continuing airworthiness

4.1 General

Regardless of whether the aircraft is Australian registered or foreign registered, the lease arrangement must make it clear who is responsible for continuing airworthiness.

Normally, under Part 119 the registered operator is responsible for continuing airworthiness unless:

- a. the operator is using a cross hiring arrangement (see section 2.2 of this principle)
- b. the operator, who is the lessor, enters into a wet/damp lease or sub lease arrangement for the supply of an aircraft to another operator (the lessee) – the lessor can remain the registered operator subject to an approval under regulation 119.025 (see section 2.3 of this principle).

Part 119 – Australian air transport operator

Paragraph 119.070(1)(f) places a condition for the issue of an Australian air transport AOC that requires CASA to be satisfied about the arrangements for managing the continuing airworthiness of each aircraft used in Australian air transport operations.

Paragraph 119.205(1)(l) requires a description, in the exposition, of any leasing arrangements for the supply of aircraft that relate to continuing airworthiness.

Subparagraph 119.130(1)(b)(vii) makes the CEO responsible for leasing arrangements, while subparagraph 119.130(1)(b)(ix) makes the CEO responsible for ensuring a foreign registered aircraft is maintained in accordance with the law of the country in which it is registered.

Part 138 – Australian aerial work operator

Paragraph 138.050(1)(a) places a condition for the issue of an aerial work certificate that requires the operator to comply with each provision of this Part and each other provision of the CASR, which includes Part 4A of CAR. The effect of this regulation is that, if the aerial work operator is the registered operator of the aircraft, they are responsible for the maintenance.

Paragraph 138.155(1)(k) requires an aerial work operator to provide a description of the arrangements for managing the continuing airworthiness of the aircraft used by the operator under its aerial work certificate.

Part 141 and Part 142 – Flight training operator

Parts 141 and 142 are less prescriptive in that the regulations only require the exposition/operations manual to describe the continuing airworthiness of a turbine-engine aircraft. However, as with an aerial work operator, if the flight training organisation is the registered operator of the aircraft, they are responsible for continuing airworthiness.

4.2 Australian registered aircraft

Part 42 – Continuing Airworthiness Management Organisation

If the operator has a Continuing Airworthiness Management Organisation (CAMO), the inspector will assess the addition of the leased aircraft using the [CASR Subpart 42.G \(CAMO\) Technical Assessor Handbook](#) and associated worksheet. The assessment for the addition of a leased aircraft under Subpart 42.G will allow the inspector to complete 'present' and 'suitable' for most of the items in the worksheet (OPS.24).

If the operator (lessee) enters into a wet lease arrangement with an operator (lessor) who has a Part 42 CAMO, the lessor may continue to manage continuing airworthiness under their procedures. However, to be suitable, the lease arrangement must make it clear that the CAMO of the lessee is responsible for continuing airworthiness while the leased aircraft is conducting operations for the lessee. For this scenario, the inspector must confirm how the arrangement will work in practice.

To be suitable, the exposition must include the following matters:

- formal lines of communication between the lessee's CAMO and the lessor's CAMO
- maintenance control
- defect reporting
- records management.

Part 4, Part 4A and Part 4B of the *Civil Aviation Regulations 1988* (CAR)

If the operator manages continuing airworthiness under Parts 4, 4A and 4B of CAR, the inspector will assess the addition of the leased aircraft using [Protocol suite \(OPS.13\) Managing continuing airworthiness](#). The assessment for the addition of a leased aircraft under Parts 4, 4A and 4B will allow the inspector to complete 'present' and 'suitable' for most of the items in the worksheet (OPS.24).

If the operator (lessee) enters into a wet lease arrangement with an operator (lessor), the lease arrangement must make it clear that the lessee is responsible for continuing airworthiness while the leased aircraft is conducting operations for the lessee. For this scenario, the inspector must confirm how the arrangement will work in practice. To be suitable, the exposition must include the following matters:

- formal lines of communication between the lessee and the lessor
- maintenance control
- defect reporting
- records management.

4.3 Foreign registered aircraft

The regulations require that the CEO holds responsibility to ensure that each foreign registered aircraft is maintained in accordance with the law of the country in which the aircraft is registered. To be suitable, the inspector must be satisfied that the continuing airworthiness requirements of the foreign NAA will be met. Although the responsibility and oversight of the continuing airworthiness resides with a foreign NAA, the use of a foreign registered aircraft is still subject to paragraph 119.070(1)(f) conditions for the issue of an AOC.

However, if CASA enters into an Article 83 bis agreement, oversight of the continuing airworthiness responsibility is transferred to CASA.

Refer to [Protocol suite \(OPS.27\) Article 83 bis agreement](#).

4.3.1 Operational approvals

The inspector must confirm that a foreign registered aircraft was authorised by the State of the operator to conduct activities equivalent to Australian authorisations. For example, an aircraft maintained and authorised to conduct operations under Part 91 (or similar) of a foreign NAA may not be suitable to conduct operations under Part 135 in Australia. If there is any doubt, the inspector should confirm, with the State of the operator, the status of the aircraft.

4.4 Wet lease arrangements – continuing airworthiness

When a wet-leased aircraft is integrated into an operator's system, it is critical that both the lessor and lessee ensure that all maintenance requirements are effectively addressed. This must include training of personnel in the differences between the leased aircraft and the normal fleet aircraft, and informing them of any special or particular arrangements that have been made under contract to cover maintenance during the period of the lease.

With such operations, significant maintenance aspects can be overlooked. In particular, if the lessee wishes to use the lessor's MCM, system of maintenance (SOM), Operator MEL, MR etc., then approval for those documents must be given to the lessee.

To be suitable, the lessee's MCM should detail:

- the aircraft registration
- the lessor's (AOC holder's) MCM
- the lessor's system of maintenance/approved maintenance program
- the lessor's Operator MEL
- the lessor's MR approved for use by the lessee's AOC operation.

5. Revision history

Amendments/revisions for this principle are recorded below in order of the most recent first.

Table 3. Revision history table

Version No.	Date	Parts / Sections	Details
1.1	January	2.2, 2.4	Clarification of requirements. Amended advice regarding aircraft cross hire agreements and section 28 of the Act.
1.0	April 2023	All	First issue