

Aviation NZ Report 2008/09 for AGM

Aviation New Zealand originates from work initiated by Irene King, CEO of the AIA in 2006 and substantive work completed by Peet Aviation in February 2007. This supported the establishment of a new organisation to encourage collaboration and champion the international development of the aviation sector. While the creation of Aviation New Zealand was announced at the AIA Conference in Auckland in July 2007, it was only properly resourced with the appointment of John Nicholson as Chief Executive in February 2008. John was seconded from NZTE, without whose support the organisation would not have been viable.

The start-up of Aviation NZ occurred at a time when the international economy was deteriorating and the aviation market was in turmoil, hit by both the recession and widely fluctuating fuel prices. Despite this, Aviation New Zealand's profile improved, with more companies becoming involved in Aviation NZ programmes. Today we have 20 members and 51 companies on the website and are targeting 50 members and 65 on the website by March 2010.

Aviation NZ ended the year with a profit of approximately \$10,885 on revenue of \$102,459. Normally Aviation NZ would run at breakeven but the profit was due to the timing of payments to NZTE, and the Accountant. Due to the profit result the total equity in the business as at 31 March 2009 was \$10,765.

Our business model is to pull together multi-company projects in the export market, and then take a small commission from these to fund the operations of the office. The best example of this is the Vietnam project which is valued at \$30m over three years and for which we are targeting commissions of \$40,000 in 2010. In this way we hope to grow the scale of our activities without relying on membership fees to fund the operation. However this is inherently a more challenging path than the fee-based approach.

What we are and what we do.

Aviation NZ champions the international development of New Zealand aviation exports, encourages the development of scale through collaboration, and connects international customers with appropriate product and service solutions developed in New Zealand.

Aviation NZ's vision for the aviation sector is for it to be *'a specialised, globally connected, high value, growing and sustainable service and manufacturing industry based on 21st century technologies'*.

Aviation NZ's goals are:

- To achieve comprehensive scalable 'New Zealand' solutions by identifying, validating and developing business opportunities which would not be available to New Zealand companies acting on their own.
- To provide informed advice on New Zealand's aviation capability and growth potential by developing the Aviation NZ brand as THE authority and reference point

- To raise the profile of the New Zealand aviation industry by providing an umbrella brand under which companies can operate internationally in selected markets

Aviation NZ has implemented three projects to achieve these goals:

1. General Awareness - improve knowledge of NZ capability in selected markets

The website saw 39 company profiles in place by 30 March, an upgraded search capability and updated overviews of the major aviation sectors. By year end, the site was receiving 2800 visits each month. The company profiles were of greatest interest.

Aviation NZ hosted a conference in Tauranga as part of the AIA July conference. Workshops were run on Lean Manufacturing, a closer relationship with Air NZ Engineering Services and India.

Significant contributions were made to the New Zealand supplement that appeared in the October/November edition of Aviation Business Asia/Pacific, and to the New Zealand Aerospace DVD released in March. Both were only possible through involvement with New Zealand Trade and Enterprise.

Aviation NZ helped facilitate New Zealand participation at the Association of South Pacific Airlines (ASPA) conference in Nadi in May and Christchurch in December. Aviation NZ also participated in the AVEX Show in Hamilton and presented to the associated industry conference.

In March, five companies and the Defence Industry Association joined Aviation NZ and New Zealand Trade and Enterprise on a New Zealand stand at the Australian International Airshow and Aerospace and Defence Expo in Avalon, Australia, with another two companies exhibiting outside. Minister Mapp spent time on the New Zealand stand. The entry reinforced New Zealand commitment to the market with many good leads received.

The ASPA event in Nadi and the Avalon Show in Australia have now yielded good new export business for a number of the participants. Follow up of these events 12 months after they have been held will give a better indication of their value in producing leads and understanding what needs to be done to convert them into new business.

Aviation NZ also worked with the CAA, Ministry of Transport and the Ministry of Foreign Affairs and Trade on regulatory matters affecting New Zealand's commercial interests in the EU and India in particular. This helped improve the prospects of a commercial imperative being included in the work of the agencies.

2. Flight Training - target scale international business through a collaborative approach

Four companies formed a collaborative group to target specific opportunities in India. Progress, was slower than expected. However, the collaborative concept was used to target opportunities in another country with two visits made to the potential customer by February 2009.

The collaborative concept was also adopted to target a potential customer in ASEAN, although flight training is not currently high on that company's agenda. This company visited potential suppliers in New Zealand in late March/early April.

3. MRO Project - to build understanding of the sector's unique capabilities and secure work that otherwise might not have been possible

Knotridge completed a comprehensive overview of the MRO sector and its growth potential in January. As a result of the research, 23 pairs of companies were introduced to each other, for mutual benefit. It is expected that several of these introductions will result in new business opportunities. Arrangements are being made for a MRO workshop in the New Year which will lead to a comprehensive project.

Other

Neal Garnett, the EADS Rep for New Zealand was added to the Aviation NZ Board in July. Otherwise, the Board remained unchanged - Ashley Smout (Airways Corporation) as chairman with John Jones of CTC Aviation and Mike Flanagan of Air New Zealand as an advisor to the Board. John Nicholson works closely with Sector Champions representing the interests of the target sectors i.e. Kevin England and Ian Calvert (Flight Training); Heather Deacon, Mike Feisst, Steve Siddall and Phil Byrne (MRO); Damian Camp and Gretchen Jahn (GA); and Richard Gates (Airports).

Aviation NZ benefited from its close working relationship with the AIA and also with New Zealand Trade and Enterprise – this included advisory input and financial support for activities undertaken during the year.

In the short to medium there are international opportunities for innovative New Zealand solutions. It is expected that other Aviation NZ actions initiated in 2008/09 will start yielding sustainable foreign exchange earnings next year.

Ashley Smout
Chairman

John Nicholson
Chief Executive