

AVIATION NEW ZEALAND BUSINESS PLAN 2010/11

VISION

The aviation sector is a specialised, globally connected, high value, growing and sustainable service and manufacturing industry based on 21st century technologies.

Increase exports from \$800m in 2007/08 to \$2.0b by 2020

MISSION

To grow the scale, competence and reputation of the aviation sector by championing international development, encouraging collaboration, making connections and overcoming barriers.

GOALS

- To achieve comprehensive 'New Zealand' solutions by identifying, validating and developing business opportunities in selected markets which would not be available to New Zealand companies acting on their own.
- To integrate New Zealand companies into global supply chains by making the right connections with the right companies.
- To champion issues impeding the international growth of the aviation sector by working closely with the New Zealand aviation agencies responsible for regulatory change.
- To raise the profile and provide informed advice on New Zealand's aviation capability and growth potential in international markets by developing the Aviation NZ brand as THE authority and reference point

The work of Aviation New Zealand can be characterised by diagram:

Supply

Influence

Demand

NZ Companies

Sector Champions

Aviation clusters

Aviation NZ

- Identifies
- Validates
- Facilitates
- Builds scale
- Develops Programmes
- Promotes
- Champions

Customers

Opportunities

Need Scale
Collaboration



Interaction



Respond



Respond



CAA
AIA/Avn Cluster
MoT
NZTE
MFAT



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Area of Activity – Building Collaborative Business Opportunities

Objective 1: Develop business opportunities which require a collaborative response, with project plans in place.

Identified projects are:

- China - develop
 - India – Training, Services and Fit-Out
 - Indonesia – Training and Services - develop
 - Engineering - Pacific and Australia focus, MRO/Services orientation – develop
 - The Philippines – Fit-Out
 - Vietnam - Training, Services and Fit-Out
 - Regulatory - improving prospects of regulatory reform to reflect the commercial aspirations of New Zealand exporters
 - NZ entry in Avalon Airshow, 1 to 6 March 2011
 - NZ Training Concept – assess involvement
 - Agricultural Aviation - develop
- (brief notes appended)

Strategy

- Build on the existing work in Australia, China, India, Indonesia, New Zealand, the South Pacific and Vietnam
- Leverage off existing connections in market and with New Zealand companies already active in markets to clearly identify potential Aviation New Zealand value add
- Develop projects for key markets of Australia, China, India, Indonesia, New Zealand, the South Pacific and Vietnam and progress the sectors (Training, MRO, GA, Agricultural Aviation, Fuel, Services) which have the greatest prospects in individual markets.
- Refresh the Sector by Country matrix with supporting documentation to support project focus.
- Implement projects to achieve some quick (and probably smaller \$ wins) and projects with longer term potential and more significant foreign exchange earnings potential, and being aware of financial implications for Aviation NZ
- Use resources of others to help develop and deliver on project plans
- Develop project teams and project plans, seed activity and vacate so that industry manages the success and Aviation NZ develops new opportunities

Area of Activity – Integrating companies into global supply chains

Objective 2: Integrate companies into the global supply chains of at least three overseas based companies by 31 March 2011.

Companies include (Commercial in confidence to Aviation NZ)

Strategy

- Incorporate supply chain work in business opportunity work
- Progress existing work

- Use New Zealand companies, overseas contacts and international promotional opportunities, especially missions and fairs, to identify, qualify and validate other potential OEMs
- Be aware of opportunities to encourage OEMs to set up in New Zealand or develop relationships with existing New Zealand companies to considerably upgrade domestic capability.

Brief note appended (see Appendix 1 part 10)

Area of Activity – Facilitating Regulatory Change

Objective 3: Commercial priorities are reflected in the work of the New Zealand regulatory agencies by 31 March 2011.

Strategy

- Continue addressing the lack of suitable medical examiners in key markets with CAA and MoT
- Progress the impost of GST on international training contracts with Inland Revenue
- Ensure NZ company market entry issues are addressed in the NZ/EASA Open Skies Agreement, the NZ/India free Trade Agreement and any other relevant FTAs
- Progress the prospects of regulatory convergence in key markets with CAA and MoT

Area of Activity – Growing the New Zealand Aviation Profile

Objective 4: Upgrade in-house knowledge and reflect this in office knowledge, on the website, in activities and actions, so that Aviation NZ becomes a credible and authoritative source of advice on the industry and its growth potential by 31 March 2010.

Strategy

- Build office relationships both in New Zealand and internationally to improve knowledge and outreach
- Upgrade office knowledge through acquisition of relevant commercial intelligence on developments internationally and on the current state and potential of the New Zealand aviation sector
- Add content and refresh the website, using sector champions and others as appropriate to improve the calibre of the site and intelligence, and therefore improve the ability of Aviation NZ to make connections
- Build industry knowledge and understanding of the role of Aviation NZ in New Zealand and key overseas markets
- Include a communications element in all activities, especially when developing business opportunities, noting that this will be market specific

Brief note appended (see Appendix 11)

Risk Management

Risk	Impact	Likelihood	Mitigation
Fail to progress projects	H	M	<ul style="list-style-type: none"> • Quality of analysis and calibre of international connections • Engage with sector champions and NZ industry at early opportunity • Work closely with Board members and Sector Champions • Project work reflects aspirations of companies
Fail to become independent authority on aviation industry	H	M	<ul style="list-style-type: none"> • Work with Board members Sector Champions, allies, and aviation companies • Interact professionally with prospects • Continually upgrade quality of intelligence • Refresh site regularly, help companies develop copy and provide feedback on its use
Aviation NZ not supported by industry or NZTE	H	M	<ul style="list-style-type: none"> • Close consultation with industry • Clearly enunciate benefits • Work closely with NZTE • Promote achievements
Resource constraints impact on ability to deliver	H	M	<ul style="list-style-type: none"> • use others to deliver on business plan • prioritise

APPENDIX 1: BRIEF PROJECT DESCRIPTION

1 CHINA – Training, airport fit-out and services Potential forex min \$5m pa

Project Status

To be developed

Activities

- Minister Brownlee Mission 6 to 12 June 2010.

2 INDIA – Training, services and airport fit-out. Forex potential of \$30m over 5 years

Project Status

Commercial in confidence to New Zealand companies engaged.

Activities

- DGCA visit by June 2010
- Leverage off (commercial in confidence) MoU signing when company visits NZ
- Potential technical seminars, with DGCA and mix of CANSO/IATA/FAA, timing TBA
- Visits by other Indian targets following November 2009 visit
- Further develop business proposals

3 INDONESIA – training, equipment and services. Potential forex min \$5m pa

Project Status

Engagement following Singapore Airshow with commercial in confidence

Activities

- progress business proposals
- determine what else is needed

4 ENGINEERING PACIFIC AND AUSTRALIA - encourage collaboration between Pacific airlines and airports to achieve economies of scale and facilitate 'NZ Solutions'. Potential forex min \$5m pa

Project Status

Picks up MRO work undertaken in 2009/10, relationship developed with ASPA, and new relationship between South Pacific Airports and Airports NZ with potential NZ Aid/ADB/Pacific Infrastructure Fund implications.

Need to use volunteer MRO group (Aviation Enterprises, Hawker Pacific, Fieldair and Strategic Sourcing) and progress remainder.

Activities

- potential presentation to ASPA 28 May 2010
- nurture existing relationships, including with airlines and airports
- potential mission to Tonga, Fiji and Samoa 4 to 12 September 2010 with AIA Supply and Services Division
- build new relationships into MFAT, NZ Aid, Pacific Infrastructure Fund

5 THE PHILIPPINES – Airport fit-outs

Project Status

Concept proposal given to commercial in confidence on 5 May.

Activities

Depend on response to concept but visit to NZ being proposed.

6 VIETNAM - training, services and fit-out. Initial focus has been on pilot training to CPL and establishment of FTO in Vietnam. Forex potential of approx NZ\$30m over 5 years.

Project Status

Commercial in confidence to New Zealand companies engaged.

Activities

- Planned technical seminars in Hanoi and HCMC with these and other companies in September 2010. NZTE has indicated initial support.
- Mission to coincide with seminars
- Visits to NZ by Vietnamese targets

7 REGULATORY – medical examiners in key markets, GST, market entry included in trade negotiations, regulatory convergence and Government procurement.

Project Status

Medical examiners - proposal submitted to MoT and CAA with aim to include in MoT/CAA priority list for 2010/11.

GST - proposal given to IRD March 2010 for follow up meeting.

Trade Negotiations - progressing India/NZ FTA and EU/NZ Open Skies with MFAT, MoT and CAA

Regulatory convergence - progressing discussions with CAA.

Government Procurement - maintaining contact with Industry Capability Network, Defence Industry Council of NZ, Defence Industry Association, Ministry of economic development and industry

Activities

- Medical certification proposal prepared and submitted
- Ongoing contact with NZ companies, MFAT, MoT, CAA, DICNZ, DIA, ICN, IRD
- Meetings as appropriate with NZ agencies

8 AVALON AIRSHOW – NZ entry (Estimated \$0.5m in sales from 2009 but substantive follow up required)

Project Status

Site provisionally booked and budget being developed. Tentative agreement from NZTE to make financial contribution but value yet to be determined.

Activities

- Arrange entry

9 AGRICULTURAL AVIATION – spraying in South Pacific, Potential forex min \$1m pa

Project Status

To develop. Likely to have NZ Aid orientation.

Activities

- Discussions with AAA
- Meetings with MFAT, NZ Aid and interaction with international agencies

10 Global Supply Chains

Project Status

Relationship established commercial in confidence

Activities

- Following up existing arrangements
- Develop new OEM relationships
- Build networks of NZ suppliers.

APPENDIX 11: INDEPENDENT SOURCE OF ADVICE ON INDUSTRY.

Project Status

- Nurture existing and build new relationships in Australia, China, India, Indonesia, New Zealand, the South Pacific and Vietnam to improve knowledge and outreach
- Continue upgrading office knowledge through acquisition of relevant commercial intelligence on developments internationally and on the current state and potential of the New Zealand aviation sector
- Add content and refresh the website, using sector champions and others as appropriate to improve the calibre of the site and intelligence, and therefore, improve the ability of Aviation NZ to make introductions and connections
- Build industry knowledge and understanding of the role of Aviation NZ in New Zealand and key overseas markets through the development of market programmes which will include two way visits and missions; trade fair, seminar, workshop and conference participation; hard and soft media; networking; and leveraging off existing New Zealand company connections/relationships.