

Aviation Industry Association
of New Zealand (Inc)



Annual Report

20
06



Aviation Industry Association
of New Zealand (Inc)

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Cover Photo: The Alpha Aviation 160A Training Aircraft in CTC Aviation livery. Hamilton based CTC has entered into contracts for the supply of 26 aircraft from New Zealand's Alpha Aviation Ltd.

Annual Report

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Association Officers 2005–2006

Council

President:

W.J. Funnell, Helicopter Services BOP Ltd

Vice-Presidents:

W.P. Taylor, Eagle Airways Ltd

J.G. Sinclair, Marlborough Helicopters (1981) Ltd

Immediate Past President:

F.J. McCall, Dunedin International Airport Ltd

Councillors

Q.D.W. Biel H.G. Harris K.J. MacKenzie A.L. Peacock

L.J.M. Brown D. Horrigan G.P. McCardle R. Wikaira

G. Dunn P. Mackay D. Morgan

Divisional and Branch Chairmen

Agricultural Aviation Division

Chairman: K.J. MacKenzie, MacKenzie Aviation Ltd

Deputy Chairman & South Island Branch Chairman:

T. Michelle, Amuri Helicopters Ltd

Central Branch Chairman: J.R. Bargh, Bargh & Gard'ner Aviation Ltd

Northern Branch Chairman: D.G. Starr

Air Rescue/Air Ambulance Division

Chairman: R. Wikaira, Auckland Rescue Helicopter Trust

Deputy Chairman: F. Kuriger, Air New Plymouth

Air Transport Division

Chairman: G. Dunn, Air New Zealand Ltd

Deputy Chairman: W.P. Taylor, Eagle Airways Ltd

Airports Division

Chairman: G.P. McCardle, Auckland International Airport Ltd

Deputy Chairman: S.J. Hollinger, Waikato Regional Airport Ltd

Education & Research Division

Chairman: L.J.M. Brown, Victoria University, Wellington

Deputy Chairman: C.I. Seelig, Nelson Marlborough Institute of Technology

Engineering Division

Chairman: D. Horrigan, Air New Zealand Engineering Services

Deputy Chairman: Vacant

Flight Training Division

Chairman: P. Mackay, Nelson Aviation College

Deputy Chairman: C.I. Seelig, Nelson Marlborough Institute of Technology

Helicopter Division

Chairman: Q.D.W. Biel, Rural Aviation (1963) Ltd

Deputy Chairman: I. Buick, South West Helicopters Ltd

Supply & Services Division

Chairman: A.L. Peacock, Flight Signs Ltd

Deputy Chairman: L. Cleeve, JMI Aerospace Ltd

Head Office

Chief Executive:

I.S. King

Acting General Manager:

M.L. Manttan (*Resigned 12 August 2005*)

Executive Business Manager:

K.P. Mockett

Engineering Division Secretary:

D.R.M. Pinfold (*Retired 31 December 2005*)

Air Rescue/Air Ambulance

Division Secretary:

J.S. Cooper (*Resigned 1 January 2006*)

Airports Division Secretary:

R.M. Goldingay

Accountant:

L. Niven

Office Manager:

P. Hirschman (*from 20 March 2006*)

NZAAA Executive Officer:

J.F. Maber

Office Address:

Level 5

Agriculture House

12 Johnston Street

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Facsimile:

(04) 471-1314

Email:

admin1@aia.org.nz

Website:

www.aia.org.nz

Auditor:

Horwath Audit (Wellington)

Medical Adviser:

Dr D.M.C. Powell MBChB DavMed

DoccMed FRNZCGP FAFOM

Past Officers

President

L. Field	1949-55
E.S. Caro	1955-57
O.G. James, DCNZM, OBE	1957-58
G.M. Robertson	1958-59
R.K. Garnham	1959-63
B.J.R. Forster-Pratt	1963-65
P.F.H. Rowley, OBE	1965-67
D.A. Patterson, CBE	1967-69
J.B. Brazier, OBE	1969-71
F.W. Sawyer	1971-74
J.P. O'Donnell	1974-76
E.F. Burrowes	1976-78
L.G. Ward	1978-79
D. McLeod	1979-81
J.T. Barr	1981-83
F.A. Brittain, MBE	1983-85
J.M. Roseingrave	1985-87
A.R. Tomlinson	1987-89
D.A. Thompson	1989-93
J.G. Jones	1993-99
F.J. McCall	1999-02

Foundation Members

(joined 27 September 1949)

C.H. Brazier
L. Field
D.A. Greig, AFC
O.G. James
M.N. King
H.L. McGregor
S.G. Mitchell
W.J. Shanly

Life Members

His Royal Highness, The Prince Philip, Duke of Edinburgh	17/12/56
C.W. Labette	02/11/78
O.G. James, DCNZM, OBE	27/10/83
A.R. Tomlinson	21/11/92
R.D. Spary, ONZM, GM	18/09/93
D.A. Thompson	20/07/96
J.M. Love	06/05/99
G.M. Robertson	21/07/00
J.G. Jones	20/07/01
T.A. Riddell, OBE	25/07/03

Former Life Members

D.A. Greig	11/12/52
J.A. Oldfield, DFC, LLB	14/07/53
L.L.C. Field	25/08/55
E.A. Gibson, OBE, Legion of Merit (US), AMICE, FRAeS	30/11/56
E.D. Blundell, OBE (later Sir Denis Blundell, KBE, Governor General of New Zealand)	17/10/62
G.H. Lusk	26/08/71
R.K. Garnham	23/10/74
T.C. Martin	29/10/76
D.A. Hull	31/10/79
D. McLeod	20/10/82
D.A. Patterson, CBE	21/09/88
J.B. Brazier, OBE	22/09/89
P.F.H. Rowley, OBE	22/09/89
B.J. Forster-Pratt	22/09/89
F.A. Brittain, MBE	15/06/90
J.M. Roseingrave	02/08/97

President's Report 2006

The aviation industry in New Zealand is facing one of its greatest regulatory challenges.

My speech to last year's AIA conference was seen by many as a catalyst. The announcement that Industry would be surveying the performance of the Regulator created quite a stir within the CAA. But even more challenging were the comments from the CAA Chairman who said, "We at the CAA are the Regulator and you (Industry) are the Regulated". This quite simple statement sent a chill through the industry.

This statement was like a "red rag". It conjured up, in Industry, all of the old feelings of "don't tell them anything because you'll end up in court" or "what they don't know, they don't need to find out". The "them and us" type culture had disappeared from the industry three years ago, but here were all the hard won advances in attitudes, beliefs, and partnerships established with Industry, now being undermined.

This stance was taken without discussion with the industry and seemingly in the belief that the Authority had the monopoly on safety and was the last line of defence of the public interest. Needless to say we were all very perplexed about this attitude change.

There had been no Government announcement that the regulating of aviation was going to change, no public discussion of the issue, and the CAA's own staff could not enlighten us about what the change meant or why. It can only be concluded that the Board of CAA had determined that this was the way it was going to be. It didn't make too much sense because the Authority, in its own Statement of Corporate Intent, said that it supported "just culture" and certainly had in very tangible ways, particularly supporting the AIRCARE programme, probably the most advanced form of safety partnership entered into by any Regulator and Industry in the world.

New Zealand Transport Strategy (NZTS)

AIA began challenging the Authority's interpretation of the changes to the Civil Aviation Act in late 2004. We made a very strong plea in our submissions to Select Committee that the role of the Minister should first and foremost be the "promotion of aviation safety". This important principle wasn't even in the Bill when it was introduced into the house. In fact only at Select Committee did the MP's present see the sense of what Industry was saying. If AIA had not been such a strong lobby we would have a Civil Aviation Act that purely looks at aviation from the perspective of being a part of an integrated, safe, responsive and **sustainable** transport system. Not giving the Minister, the Authority or participants in the aviation community, any particular guidance about what their primary or core mission should be.



John Funnell

John Funnell's association with helicopters started in 1974 when he began training with Hawkes Bay Helicopters. John is the Managing Director of Helicopter Services BOP Ltd, CEO of Philips Search and Rescue Trust and Director/Operations Manager for Heli Harvest Ltd. He was a Director of the Airways Corporation of New Zealand from 1987 to 2003. John was awarded an MBE for Services to Search and Rescue in 1983 and a New Zealand Bravery Medal in 1999 for his part in the rescue of shark victim Mike Fraser from remote Campbell Island.

Elected Vice President of AIA in 1997, John became President in August 2002.

The key debate was over the word **sustainable**. We were told that the word **sustainable** only applied to the “environment” and we must look for guidance to the NZTS to understand the meaning of the words. AIA took the view that the words meant precisely what they said and there was not reference in the Act to the NZTS and reliance on such arguments was wrong. Finally the Authority agreed the words were ‘the words’ and **sustainable** did not have the very narrow interpretation being given it.

The reason why we pursued this matter is because we could see time, effort, energy and resources being devoted to implementation of the NZTS when in fact they should have been going to promoting aviation safety.

Request for Consultation over the Statement of Corporate Intent

Why worry about such things? Well, because these Statements are like charting the mission for the next two to three years for the CAA.

At our November meeting with the Authority we requested whether it would be possible for AIA and other members of the aviation community to participate in the development of the Statement of Corporate Intent for the 2006 year and beyond. As a critical stakeholder AIA thought such a move not simply good risk management practice, but would assist us in understanding much more about the direction the Authority saw the industry heading. If the Authority represents the interests of the public then surely the AIA as one sector of public interest could participate.

The response in February was not only a flat “no”, but advised that we were just a vested interest group and the Authority did environmental scans and understood what the industry thought about most matters and did not need to consult with AIA.

AIRCARE Safety Seminar Programme

Under our AIRCARE brand the industry has run two series of seminars in the last four months. The first seminar was to look at en-route risk and to see if all interested parties could develop a solution to the issue of, on occasions, not being able to quickly find missing aircraft.

We are very pleased to have the participation of the Hon. Harry Duynhoven, the Director of Civil Aviation John Jones, and a number of other senior CAA managers, join around 20 industry participants, including the Airways Corporation, in looking at the issue. AIA is still working its way through a number of the suggestions, however it is very pleasing to see the level of industry uptake in new flight following technologies. I would like to thank Marsh for sponsoring this seminar, which although not resolving the issue of how best to find missing aircraft, certainly exposed all participants to a number of alternative technology solutions.

The second series of seminars held just recently related to wire strike avoidance strategies. Wire strike remains the number one physical hazard for pilots. Bob Feerst, an internationally recognised expert in the field, advised recent developments overseas have seen a new OCAS (Obstacle Collision Avoidance System) developed and we are hopeful that there may be a trial of one of these new units in New Zealand.

These seminars were simply not possible without significant sponsorship. On this occasion we were joined by colleagues from the power network including Transpower, Aurora Energy, the Electricity Engineers Association, Electricity Networks Association, WEL Networks, Avsure, Boston Marks, Aviation Co-operating Pacific Underwriters, ATTTO, CAA, Shell Aviation, Kauriland, Hawker Pacific, South West Helicopters, and Air Fiordland.

AIA for its part, in conjunction with the Civil Aviation Authority and Accident Compensation Corporation, supported by Airways Corporation and Insurance Brokers in New Zealand, have been running the

AIRCARE Programme. This, we believe, has been instrumental in its own way in introducing pilots, operators, and engineers to the concepts of risk management and how best risk can be eliminated or at the very least minimised. Special thanks must go to the untiring work of Roger Estall who has, with the help of Jim Hickey and others, written, produced, and directed a series of DVD's, one of which has been distributed to the industry already, the other is completed and waiting for funding from the Civil Aviation Authority for its distribution. Roger has also been willing at every opportunity to speak to groups in Industry about risk management and how to achieve better safety outcomes.

AIRCARE has a new trustee, Roger Drummond, to replace the late Robert Fardell. Robert was a tremendous supporter of the aviation industry and in particular this safety initiative having given his time freely and without cost to ensure AIRCARE had in place the right governance structures.

AIRCARE is about giving the general aviation industry in New Zealand the best global safety strategies available. It is therefore incredible that so much weight is being given to the findings of the coronial inquest into Air Adventures.

“One Coroner doesn't make a safety system”

The recent release of the coroner's findings has caused much commentary in the paper and media throughout the country. It has even resulted in the Airline Pilots Association (ALPA) jumping on the bandwagon, capitalising on the adverse publicity for the CAA by issuing a black star against Taupo Airport.

The decision for a black star for Taupo Airport was made after only 55 of their 1,100 members responded to a survey. Not all of those who responded did so negatively. People experienced in preparing surveys said there would be some difficulty in confirming the survey did not have, or aim for, a pre-determined outcome. What was more surprising was very few Taupo based members of ALPA participated in the survey, neither were they contacted to discuss the issues that ALPA believed Taupo deserved a black star for.

More surprises were to come when a number of general aviation operators started reporting that they were under threat of having their AOC's suspended because of a refusal on their part to put into their Expositions, instructions they believed were contrary to safety, but which CAA believed were necessary for CAA staff to demonstrate to the Civil Aviation Board they were complying with the Board's requests to get tough on general aviation in New Zealand.

The Chairman has been quite open in saying that prosecutions will follow, yet we know this regime and attitude in the past has failed to produce the results for a modern and internationally accepted safety system in the aviation world, which New Zealand currently has. New Zealand, in the last three years, has enjoyed a 39% reduction in fatal accidents in the general aviation sector per 100,000 flying hours. Never before have we seen such a consistent fall in the fatal accident rate. Our commendation must go to all those operators, pilots, engineers, management staff, Civil Aviation personnel, Airways Corporation, New Zealand Met Service and other participants in the aviation business for bringing about this significant change in safety.

While some, such as the coroner in Christchurch and some members of the Civil Aviation Board, still believe the stick rather than the carrot is the better way to go to improving safety in aviation in this country, the industry response has been, ***one Coroner's Report does not a safety system make***. Whilst road enforcement concepts have been tried in the past within aviation, they have not produced any positive results because, it is not possible to have enforcement officers lurking behind every cloud or hiding in the bushes at airports.

Internationally it has shown that voluntary reporting and obtaining “buy in” from the industry to participate in identifying and dealing with the risks has produced a much more positive outcome in New Zealand over the last three years.

Retirement of Secretary for Transport – Dr Robin Dunlop

As I write this report Dr Robin Dunlop will soon step down as Secretary for Transport. We are fortunate that we have been able to work with Robin who has been a very innovative thinker and had a receptive policy with respect to listening to what Industry has to say. We wish to thank Robin and wish him all the best in his retirement.

Minister of Transport Safety

Harry Duynhoven likewise has been a keen listener for those who wanted to share with him their views on a better way of achieving a higher degree of safety within Industry. Not only has he listened, but also he and his officials where appropriate, acted positively to encourage the necessary changes. We acknowledge that anything in the Rules or Ministry processes do take time, however, we do look forward to more streamlined Rule making processes in the future.

The Minister has been a strong supporter of new technology to assist aviators and in particular, TAWS and flight tracking systems.

Airways Corporation of New Zealand

Industry has enjoyed a close working relationship with the air traffic services providers and wishes to acknowledge their valuable support and the contribution they make towards the AIRCARE Safety programme. The increase in traffic, particularly in the main centres, has made it difficult for a number of flight training organisations to complete the necessary training and scheduling of flight tests. It is hoped that negotiations with the RNZAF in respect of Whenuapai and hopefully Ohakea, will help ease some of these training congestion issues.

New Zealand Meteorological Service

Once again the New Zealand Meteorological Service has continued to provide increasing detail in respect to aviation weather with a high degree of accuracy, which is appreciated by all sectors of the industry. I wish to congratulate the Service for their initiative in the additional services that they have provided throughout the year, however we would ask that they do consider making available plain English weather as well as the aviation coded weather.

ASL

It is pleasing to report that ASL has continued to provide examination and flight-testing services to the industry in New Zealand and also, as it grows internationally, into Asian markets. The use of computers and computer generated examinations is making this company a world leader and it is pleasing to know that ASL is held in high regard by regulators throughout the world.

Finally, I would like to thank the AIA Council for their support throughout the year and the staff at AIA, in particular Irene King the CEO who has had to build a new team and meet the many requirements of the members who are facing increasing scrutiny from the numerous sectors who have oversight over the various facets of our aviation operations.

John Funnell

President

July 2006

Chief Executive's Report



Irene King

Prior to joining the AIA, Irene worked for Air New Zealand for 20 years in various management roles. She has an extensive background in regulatory matters including aviation operational issues as well as government relations, lobbying, industrial and employee relations.

Irene holds an MA in Economics from the University of Otago and an MBA from Henley Management College in the United Kingdom.

Irene was appointed as the CEO of AIA in June 2005.

Attending last year's conference in Christchurch reminded me that the transition from civilian life to becoming part of the AIA establishment had begun. As you know I was appointed to the position of Chief Executive in early June last year, but did not assume the role until mid-August.

Prior to that date Maurice Manttan had done an excellent job of "holding the fort" so to speak and I am very grateful for his commitment to this organisation in the role of Acting General Manager and Secretary of NZAAA. Maurice had a desire to exit AIA fairly early on in my tenure as he took the view that this was the commencement of a very different era.

Similarly another stalwart left at the end of the year. Denys Pinfold had been with AIA for many a long year. John Cooper also left the organisation at about the same time and I am very grateful for the contribution of both these individuals in their respective roles. It was good to see Tom Riddell at Denys' farewell function and I can assure you all that he can still hold the floor and tell some very fine tales.

With this level of turnover in established staff, members were extremely patient as we made the transition into the New Year. In general this has been reasonably smooth and I must thank my Executive and Council for the level of support and patience demonstrated as we went through a few hiccups, not the least of which was the most intensive audit this organisation has been through for a good long time.

However, out of that audit AIA got a good bill of health and the financial and business systems are now more robust and deliver monthly financial results with a much higher level of confidence and accuracy. AIA continues to run on a shoestring. In many respects this is a deliberate policy as it forces the management to keep an extremely strong focus on costs, something all businesses in aviation can relate to.

In many respects, despite all these changes, I feel fortunate – having a very solid and long career in aviation has made it relatively easy to step into the position. Being well known within the Industry and also within Wellington helps enormously, particularly when dealing with some fairly challenging issues this industry always seems to generate.

Development of the AIA's Strategic Plan

Challenge number one was to chart the future of this organisation. There have been a number of attempts over the last few years to do this and to that degree there was a base to build from, particularly the work of John Cooper when he was Acting CEO here in 2003. However, since that point, little work has been done on actually taking AIA forward. The Council, under President John Funnell, recognised this needed to change and change rapidly.

In October 2005 18 senior members of the Aviation Community – representing the Executive, Divisional Chair and their deputies met for two days in Taupo. For a voluntary not for profit organisation this was a tremendous commitment in terms of time, effort and energy. From that two day meeting, facilitated by Roger Estall, came AIA's new mission, which is:

Help members achieve their business goals, on a sustainable basis

As members of AIA what does this specifically mean for you?

It means that AIA will focus its efforts not internally but externally on meeting your business goals. These have been identified broadly into two groups. The first group of strategies applies across every aspect of the aviation industry and they cover:

- Growing the pie – that is; aviation over other forms of transport
- Improving the performance of Regulators – not just Civil Aviation but looking for regulatory efficiency to remove drag on your business
- Actively managing the reputation of the industry
- Anticipate and plan the required mix of human resource skills and numbers
- Fewer and lower obstacles to technology uptake
- Improve margins to permit higher wages and investment
- Matching AIA's capabilities, culture, and direction to the plan.

Sector specific strategies include:

- Accelerated safety improvement in GA via AIRCARE
- Establish a contestable research fund, managed by AIA
- Facilitate a structured review of the regulatory environment for “monopoly” suppliers with high-level participation from both suppliers and users
- Create critical mass of aviation-focused supply and services exporters and develop an AIA managed marketing drive
- Engage with RNZAF to achieve whole of sector resource planning for engineering skills
- Streamlining the relationship with Airways.

Council at its 24 November 2005 meeting endorsed the Strategic Plan, supported by a detailed Business Plan, unanimously. It gave this organisation great confidence to know that it was going into the 2006 year with a very comprehensive plan to follow that was endorsed without exception by all of Industry.

In February 2006 however, it became apparent that the Airports' Division were unhappy with one specific aspect of the plan relating to “monopoly suppliers” and requested the Association remove any reference to such issues in the plan.

Equally a number of Councillors considered the specific strategy has been developed after considerable thought by those present at the Taupo meeting and it was premature to fiddle with the plan without first giving the plan a chance to work.

A number of Airports did not see it like that and at the end of March a number of airports tendered their resignation from AIA to create their own organisation. A number of airports remain with AIA and it is the intention to continue with an Airports Division and focus on the requirements of this group, which are largely domestic focused and do not relate to the matters of monopoly pricing.

Implementing the Plan

The Strategic Plan governs what we do and the Business Plan governs how we do it. The burning question is, three months into the Plan, how are we going? In most respects we are on or near target. Some of the very specific actions taken are highlighted below:

Growing the pie and increasing members share

We have a number of different strategies being used. These include increasing the awareness among government agencies of the importance of using accredited operators in those parts of the industry which have accreditation, to developing better access for air operators to our national parks, to developing new accreditation programmes, through industry-based codes of practice, to developing new service level agreements with the Rescue Co-ordination Centre.

Government's new policies relating to regulatory efficiencies announced in the recent budget are extremely encouraging as there appears to be much greater emphasis on removing regulatory overlap, increased industry self-regulation, and reducing compliance costs.

Improving the performance of Regulators

Removing regulatory drag on business caused by inappropriate actions or reactions by regulators is a theme common to all in aviation from the largest to the smallest of our businesses. Clearly for us all, having a high performing Civil Aviation Authority is very high on the agenda of creating sustainability in this industry. In late November we had our first meeting with the Board and management team of CAA. Subsequently we have met on a regular basis with the management team who are only too willing to meet and discuss critical matters.

AIA's MoU with the CAA provides for meetings with the Board. Such a meeting had not been held for around 12 months and AIA was particularly anxious to discuss what effects implementation of the New Zealand Transport Strategy (NZTS) was having on the future direction of the industry and whether in particular Industry could participate in the development of the 2006/07 Statement of Corporate Intent. From that meeting it became evident that the Board of CAA were not particularly supportive of Industry having increased involvement in the development of what is essentially the Strategic Plan for the CAA and had a somewhat different view of the effect of NZTS on the development of policy and Rules than did the AIA.

Some months later there was a very amicable discussion with the management team at CAA and both parties concluded that as NZTS was not mentioned in the Civil Aviation Act at all that the words in the act must be interpreted in terms of their plain meaning. This is particularly relevant to the term "sustainability" as officials had believed that the term only applied to environmental sustainability.

Fewer and lower obstacles to technology uptake

An issue of considerable controversy early in the year was the effectiveness of ELTs and in particular the still considerable amount of money spent by government in finding overdue aircraft.

Reversion to the old flight following methods is not considered a technically efficient solution however, there are a number of flight following technologies that have emerged over recent years that can provide

operators and owners alike with the ability to find an overdue aircraft quite quickly. These technologies, particularly appropriate in the GA setting, also tend to have additional features which can provide good data on the performance of the aircraft.

In late January the Association held the first of what would hopefully be a series of seminars addressing en-route risk. The Minister of Transport Safety the Hon Harry Duynhoven and 25 other Industry and CAA participants attended the seminar. Such initiatives are being warmly welcomed by the industry as an integral part of professional development.

Increased level of certainty for government funded training

For the first time in the last three years we have a level of certainty over numbers of EFTS students entering government funded pilot training programmes. Although the number of 600 is considerably lower than desirable nevertheless training providers do have certainty going into the 2007 academic year.

Many hours have been put into developing an acceptable Code of Practice for flight training providers. I would particularly like to thank Penny Mackay and members of the Flight Training Division committee for their commitment to seeing this project through. From a policy perspective much uncertainty surrounds the tertiary training strategies this government will pursue in 2008 and beyond. AIA is working with the ATTTO in developing a new entity which will deliver much more accurate career information and advice, develop clear career pathways for students, and look at stronger mentoring programmes – all of these are a requirement of the government as we go forward.

The ATTTO is particularly supportive of the many training initiatives we have underway in this area. I would like to particularly thank Gayle Sheridan and her team from the ATTTO and Murray Strong and his Board for their support.

Aviation New Zealand – our integrated export strategy

In early February we were advised that our application for a \$100,000 government grant had been accepted and the industry was recognised as one that had the ability to significantly add to foreign exchange earnings. The grant was the culmination of a number of years' very hard work by AIA's Engineering Division. Essentially the grant will help Industry identify the hottest export opportunities and the barriers to achieving those opportunities.

A steering committee has been established to oversee the project and I would particularly like to thank Caroline Seelig of NMIT and Ashok Poduval of Massey University's School of Aviation for overseeing the training and education section; Jeremy Remacha of Safe Air and Mike Pervan of Air New Zealand Engineering Service and Guy Tapley and Steve McIntosh of NZTE for their assistance in getting the project off the ground.

Building the relationship with NZAF

Discussions at the end of March are likely to result in a MoU for the use of Whenuapai airbase by members of the AIA. Details of the understanding have not yet been finalised, however we are hopeful that this will see the beginning of more formalised arrangements to use military facilities.

AIA Council

The Council has met on five occasions over the last 12 months. Early on in the Council's term most of the activity was directed to making sure the affairs of AIA were in order. This was a particularly difficult time as it was clear the Association had incurred an operating loss for the previous year and without a CEO much of the responsibility for the day-to-day operations fell to the President and Executive Committee.

In late March 2006 John McCall, the previous Past President of the Association, indicated that Dunedin International Airport Ltd (DIAL) would not be renewing its membership of AIA and accordingly he stepped down. A letter of thanks has gone to John who for many years provided support to this organisation.

John Sinclair, with the sale of his business, has also indicated his intent to stand down as the Senior Vice President of this organisation. I am particularly grateful to both Johns for their support and encouragement.

To supplement the activities of the Council the Executive Committee comprising President John Funnell, Vice President Wayne Taylor, John Sinclair and John McCall met four times during the year. This group was particularly instrumental in setting up the recruitment process for a replacement CEO.

My thanks are extended to all members of the Council who have given their time, support, and commitment to advancing the aspirations of the Association.

AIA Office Staff

Some wag asked me very early on in my tenure did I operate a revolving door policy because every time he came into the office there were new faces. With any change in administration to some degree it is inevitable faces will change. Melinda Boyce left to operate her own events company, however she agreed to run last year's conference in Christchurch. Bob Goldingay, with the departure of a number of airports from AIA membership, also determined to voluntarily relinquish his employment with AIA. Bob has been a tremendous Secretary for the Airports Division and his wise counsel will be sorely missed.

Linda Niven and Keith Mockett ran the office throughout the year. This was some 50% less staff than the Association had operated on over the recent past. In many respects this was a reflection of the financial position the Association found itself in at the end of the 2005 financial year. Paulette Hirschman has recently joined us as the Office Manager, a position we have not had filled for at least 12 months.

AIA Finances

I can report a significant turnaround in the operating position of AIA. A trend we will have to continue for several years to come in order to build up an acceptable level of reserves.

The turnaround has arisen from a series of cost-containment strategies over the last year and an increase in revenue from the successful conference held last year.

With the resignation of a number of airports at the beginning of the 2006 financial year, budgets have been recast to reflect a lower than expected revenue stream. An aggressive drive for new members in the core operating divisions is also about to be launched and we are hopeful that the culmination of both these activities, plus anticipated new revenue streams, will see the financial position of AIA strengthen once again.

Appreciation

Finally I would like to express my appreciation to the many members who have welcomed me into the job. I know for some it was a challenge having a "corporate city slicker and a female to boot" take on the job, however, after many years representing the interests of air transport, it is a great privilege that so many of you have welcomed me into your ranks and trusted my abilities to deal with fairly challenging issues. Thank you.

Irene King

Chief Executive

July 2006

Statement of Financial Position

as at 31 March 2006

	<i>Notes</i>	2006	2005
		\$	\$
Equity			
Equity as at 1 April 2005		776,944	473,136
Net operating surplus/(deficit) for the period		24,979	80,814
Prior Period Adjustment			222,994
Equity as at 31 March 2006		801,923	776,944
<i>Represented by:</i>			
Current Assets			
Cash on Hand		0	200
Bank – AIA Cheque		26,305	88,139
Bank – AIA Cash Management		33,123	2,974
Bank – Apprentice Fund (All Accounts)		14,449	14,889
Bank – Aircare		7,533	
Prepayments		1,796	8,668
Receivables		71,856	
Less Provision for Doubtful Debts		<u>(5,800)</u>	
		66,056	44,101
Prepaid int on photocopier		5,824	
Stock of Merchandise		2,653	3,075
		157,739	162,046
Fixed Assets			
Fixed assets	6	8,080	12,960
Leased Photocopier	7	<u>22,433</u>	
		30,513	
Investments			
Shares – ASL Group Ltd	5	786,529	786,529
TOTAL ASSETS		974,781	961,535
Less LIABILITIES			
Current Liabilities			
Income in Advance		13,406	0
Trade Creditors & Accruals		50,393	44,420
Other Creditors	9	30,892	78,460
Apprenticeship Funds		14,449	14,460
GST Payable		9,279	10,590
Short Term Loan		33,119	34,500
Subscriptions in Advance		288	2,161
		151,826	184,591
Term Liabilities			
Photocopier Lease	7	21,032	–
		21,032	–
NET ASSETS REPRESENTING EQUITY		801,923	776,944

NOTE: This Statement is to be read in conjunction with the Notes to the Financial Statements

Statement of Financial Performance

for the year ended 31 March 2006

	<i>Notes</i>	2006	2005
		\$	\$
INCOME was received from:			
Subscriptions			
Agricultural Aviation Division (NZAAA)		103,160	92,493
Airports Division		39,760	34,630
Air Rescue/Air Ambulance Division		28,500	16,500
Air Transport Division		52,560	98,560
Education & Research Division		1,200	1,000
Engineering Division		25,100	56,580
Flight Training Division		10,660	8,200
Helicopter Division		5,000	21,760
Supply & Services Division		22,308	22,990
		288,248	352,713
Other			
Accreditation, Courses & Safety Programs	8	19,767	17,394
Advertising – AIA Arrow		240	0
Annual Report Advertising	4	0	7,000
Conference Income	2	242,667	220,340
Dividends Received		10,000	30,000
Interest Received		4,755	6,925
Shop Sales		115	0
Sponsorship Received		121,778	33,000
Sundry Income	10	4,800	11,835
		404,122	326,494
TOTAL INCOME		692,370	679,207

NOTE: This Statement is to be read in conjunction with the Notes to the Financial Statements

Statement of Financial Performance

for the year ended 31 March 2006 /continued

	<i>Notes</i>	2006	2005
		\$	\$
From which the following EXPENSES were deducted:			
ACC Levy		1,008	616
Advertising		2,060	1,480
Annual Report Printing	4	3,890	12,507
Audit Fees		6,977	7,900
Bad Debts		1,320	6,000
Bank Fees		586	2,124
Conference Expenses	3	155,566	155,137
Consultancy Fees		96,922	64,806
Depreciation	6	8,938	9,554
Doubtful Debts		(180)	(1,124)
Electricity		2,255	1,988
Entertainment		1,534	0
General Expenses		2,319	675
Insurance		5,940	5,215
Interest		1,784	1,858
IT Support		3,603	2,307
Lease / Rent Office Equipment		2,893	3,171
Legal Fees		178	0
Meeting Expenses		27,650	13,385
Office Equipment <\$200		289	2,747
Postages and Courier		2,873	4,659
Printing and Stationery		6,691	11,659
Publications and Subscriptions		13,504	6,652
Rent		23,143	22,952
Repairs and Maintenance			887
Salaries and Wages		238,901	292,398
Sponsorship		8,889	4,500
Staff Costs and Training		31,950	21,691
Stock write off			2,789
Telephone and Tolls		10,406	8,475
Travelling Expenses		12,416	25,954
Web-Site Maintenance / Traffic		1,077	1,073
Web-Site Development		0	7,885
TOTAL EXPENSES		675,380	701,920
Surplus / (Deficit) before Tax		16,990	(22,713)
GST adjustment		7,989	(10,008)
Adjustment re Equity Accounting for Associate	5		113,535
SURPLUS / (DEFICIT) AFTER TAX		24,979	80,814

NOTE: This Statement is to be read in conjunction with the Notes to the Financial Statements

Notes to the Financial Statements

for the year ended 31 March 2006

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

The Aviation Industry Association Inc is an association of members who are involved in the aviation industry to co-ordinate aviation matters for the benefit of members and the industry as a whole. The Association is an incorporated society, and these financial statements have been prepared in accordance with the Incorporated Societies Act 1908.

These financial statements are general purpose statements which have been prepared in accordance with generally accepted accounting practices. The Aviation Industry Association is able to take advantage of differential reporting exemptions as it is not considered to be publicly accountable or large under the New Zealand Institute of Chartered Accountants reporting standards.

The Aviation Industry Association has taken advantage of all applicable exemptions except that the financial statements are stated GST exclusive.

General Accounting Practices

The measurement base adopted is that of historical cost. Reliance is placed on the fact that the Association is a going concern. Accrual accounting is used to match expenses and revenue.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of profit and financial position have been applied;

– *Receivables*

Receivables have been stated at net realisable value.

– *Depreciation*

Depreciation on Fixed Assets has been provided on the basis of a straight line in order to show the depreciation in accordance with the asset service potential. Depreciation rates have been adjusted in accordance with the IRD schedule (IR260) and the Depreciation Guide as listed on Pg23 of the schedule.

– *Stock on Hand*

Stock on Hand has been valued at the lower of cost or net realisable value.

– *Goods and Services Tax*

The Association is registered for GST and these financial statements have been prepared exclusive of GST with the exception of Accounts Receivable and Accounts Payable which are recorded GST inclusive.

– *Changes in Accounting Practices*

There have been no material changes in accounting policies for the financial year concerned.

	2006	2005
	\$	\$
2. AIA ANNUAL CONFERENCE INCOME		
Conference Sponsorship	77,367	62,640
Trade Displays	8,751	4,505
Registrations	61,748	72,586
Other Income	11,960	9,048
	159,826	148,779
NZAAA ANNUAL CONFERENCE INCOME		
Conference Sponsorship	34,234	25,692
Trade Displays	6,009	6,534
Registrations	31,490	28,569
Other Income	11,108	10,766
	82,841	71,561
Total Conference Income	242,667	220,340

	2006	2005
	\$	\$
From which the following EXPENSES were deducted:		
3. AIA ANNUAL CONFERENCE EXPENSES		
Hire of Equipment	10,323	18,055
Hotel and Operating Costs	81,281	77,118
Printing and Stationery	3,646	2,215
Staff Recovery Costs	10,109	7,102
Sundry Expenses	226	2,891
	105,585	107,381
NZAAA ANNUAL CONFERENCE EXPENSES		
Hire of Equipment	1,478	2,810
Hotel and Operating Costs	43,307	42,761
Printing and Stationery	500	1,560
Staff Recovery Costs	3,979	380
Sundry Expenses	717	245
	49,981	47,756
Total Conference Expenses	155,566	155,137
4. ANNUAL REPORT		
Annual Report Advertising	0	7,000
Annual Report Printing Costs	(3,890)	(12,507)
NET PROFIT (DEFICIT)	(3,890)	(5,507)
5. INVESTMENTS		
Shares: ASL Group Ltd	786,259	450,000
50,000 Ordinary Shares valued @ \$9 each fully paid:		
Prior year adjustment to equity account for Associate		222,994
Current year adjustment to equity account for Associate		113,535
TOTAL INVESTMENTS	786,259	786,529

Aviation Industry Association of New Zealand (Inc) owns 50% of the shares issued by ASL Group Ltd. ASL Group Ltd has a 30 June balance date and the above total investment value represents 50% of the equity of ASL Group Ltd at 30 June 2005. Financial Reporting Standard 38 issued by the New Zealand Institute of Chartered Accountants requires the Aviation Industry Association of New Zealand to account for this investment to within three months of its own balance date. However management of the Aviation Industry Association of New Zealand has not been able to be provided with reliable information to comply with this standard. As such the Aviation Industry Association of New Zealand Inc. has only equity accounted for this investment to its last available audited financial statements being 30 June 2005.

6. FIXED ASSETS AND DEPRECIATION

	Cost Price	Accumulated Deprn.	Book value 31.3.05	Additions/ (Deletions)	Current Depreciation	Book value @ 31.3.06
	\$	\$	\$	\$	\$	\$
Office Equipment	2,664	(2,633)	32	710	409	332
Fax Machine	2,700	(2,700)	0		0	0
Franking Machine	1,600	(1,042)	558		298	261
Office Furniture	3,997	(2,896)	1,101		325	776
AIA Trade Mark	1,540	(308)	1,232		77	1,155
Lease Improvements	11,214	(7,958)	3,256		897	2,359
Computer Software	7,988	(7,988)	0	3,348	1,205	2,143
Computer Hardware	41,928	(35,148)	6,781	0	5,727	1,054
	73,631	(60,672)	12,960	4,058	8,938	8,080

7. PHOTOCOPIER LEASE

The Association entered into an agreement to lease a Ricoh ASF7060 Photocopier in November 2005 for a period of five (5) years. Lease payments under this agreement are \$487.64 per month excluding GST.

Payments due within the ensuing 12 months to March 2007 are:	\$5,852
Payments due after one (1) year are:	<u>\$20,992</u>
Total Commitment	<u>\$26,844</u>

	2006	2005
	\$	\$
Total outstanding under the contract	29,259	0
Less: payments made during the year	<u>(2,375)</u>	0
	26,884	0
<i>This has been recorded as</i>		
Current Liability	5,852	0
Term Liability	<u>21,032</u>	0
	26,884	0
8. ACCREDITATION, COURSES & SAFETY PROGRAMS		
Air Rescue/ Air Ambulance Accreditation Audit		
Less AR/ AA Accreditation Audit costs	0	0
NZAAA Accreditation Audit	11,901	
Less NZAAA Accreditation Audit costs	<u>11,901</u>	12,950
Revalidation Courses –	7,867	4,444
Less Revalidation Course costs	<u>7,867</u>	
<i>Funding for:</i>		
Aircare & Safety Seminars	(274,529)	261,693
Less Costs	<u>(284,621)</u>	(211,515)
Less transfer to Current Liabilities	10,092	<u>(50,178)</u>
	19,768	17,394
9. OTHER CREDITORS		
NZAAA Accreditation Audit Fees	2,211	2,211
Ambulance NZ Membership	20,371	13,521
Airports Plover Research	12,550	12,550
Aircare & Safety Seminars	<u>(10,092)</u>	50,178
Photocopier Liability	5,852	
	30,892	78,460
10. SUNDRY INCOME		
Wall Planner Advertising	3,350	5,500
Sundry Income	<u>1,450</u>	6,335
	4,800	11,835

11. LEASE AND COMMITMENTS

The Association rents premises on the 5th Floor, Agriculture House, 12 Johnston Street, Wellington. The Annual Lease expense for the next 3 years is \$25,248pa and expires in March 2009. There is no further right of renewal available.

12. CAPITAL COMMITMENTS

The Association has not entered into any significant Capital Commitments. (2005:nil)

13. CONTINGENT LIABILITIES

There are no contingent liabilities known to the Association at balance date. (2005:nil)



Income Verification

Horwath Audit (Wellington)
 4th Floor Airside
 Level 3, Dumbarton Place Building
 32 Waring Taylor Street
 PO Box 2419
 Wellington
 New Zealand
 t 61 4 72 0871
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 www.horwath.co.nz/wk

To the Readers of the financial statements of Aviation Industry Association of New Zealand (Inc).

We have audited the attached financial statements. The financial statements provides information about the past financial performance and financial position of Aviation Industry Association of New Zealand (Inc) as at 31 March 2006.

MANAGEMENT’S RESPONSIBILITIES

The management is responsible for the preparation of a financial report which gives a true and fair view of the financial position of Aviation Industry Association of New Zealand (Inc) as at 31 March 2006, and of the results of their operations for the year ended 31 March 2006.

AUDITOR’S RESPONSIBILITIES

It is our responsibility to express an independent opinion on the financial report presented by the management and report our opinion to you.

BASIS OF OPINION

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial report. It also includes assessing:

- the significant estimates and judgements made by the management in the preparation of the financial report, and
- whether the accounting policies are appropriate to Aviation Industry Association of New Zealand (Inc) circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary. Except as mentioned below we obtained sufficient evidence to give reasonable assurance that the financial report is free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial report.

Other than in our capacity as auditors we have no relationship with or interests in the Aviation Industry Association of New Zealand (Inc).

QUALIFIED OPINION

As stated in note 5 on page 5 of the financial statements, the Aviation Industry Association of New Zealand (Inc) has equity accounted for its investment in ASL Group to 30 June 2005 which is nine months prior to its own balance date. This was due to more recent information not being available to the management of the Aviation Industry Association of New Zealand (inc).

Financial Reporting Standard No. 38 (FRS-38) requires that the difference the between reporting dates of ASL Group and the Aviation Industry Association of New Zealand (Inc) must be no more than three months. As such we are unable to form an opinion as to the truth and fairness of the valuation of this investment and are unable to determine the affect this would have on the financial report of the Aviation Industry Association of New Zealand (inc).

Except for the above issue concerning the accounting for the ASL Group investment:

- we have obtained all the information and explanations that we have required, and
- we were able to determine whether proper accounting records have been kept.

In our opinion, except for adjustments that might have been found to be necessary had we been able to obtain sufficient evidence on the investment in ASL Group the financial report:

- complies with generally accepted accounting practice in New Zealand;
- gives a true and fair view of the financial position of Aviation Industry Association of New Zealand (Inc) as at 31 March 2006, and the results of their operations for the year ended on that date.

Our audit was completed on 7 July 2006 and our qualified opinion is expressed as at that date.

Horwath Audit (Wellington)

HORWATH AUDIT (WELLINGTON)
 Chartered Accountants
 Wellington



Horwath Audit (Wellington) is a member of the Horwath International Association, a Jones Klein
 Ltd member of the Association of Chartered Certified Accountants (ACCA) and a member of the Institute of Chartered Accountants in New Zealand (ICANZ).
 Partners: Lesley M. PHILLIPS, B.Com., C.A. (Audit), F.I.C.A., B.C.A., C.A. (Audit), F.Dip., B.C.A., C.A. (Audit), A.I.M.S., C.A. (Audit), M.C.E., C.A.;
 David A. BURTON, B.Com., C.A. (Audit), F.I.C.A., B.C.A., C.A. (Audit), A.I.M.S., C.A. (Audit), M.C.E., C.A.

AIA's 55th Annual Conference Report

"Knowledge-expanding Horizons"

The 55th Annual Conference was held at Rydges Hotel in Christchurch from the 20-22 of July. The conference was well attended by over 230 delegates with 150 of those delegates attending the Mobil/Kauriland Awards Dinner.

Main Conference Day

The Ministers Opening Address



**The Hon. Harry Duynhoven
endorsing the AIRCARE
programme**

The Honourable Harry Duynhoven delivered an excellent opening address on the achievements of Government and the commitment to aviation safety. The Minister is a major proponent of the New Zealand Transport Strategy and amending the functions of the Minister to include much greater emphasis on the promotion of aviation safety.

The Minister also noted how pleased he was to see the aviation sector becoming a huge export success. Currently the sector contributed approximately \$1.2 billion to the economy and \$800 million of this is in exports.

Indicative of the government's support for the aviation sector, in April 2005 Aviation Waikato received funding for a major regional initiative from New Zealand Trade and Enterprise's Regional Partnership Programme.

Similarly the Marlborough region has also received funding through this programme with an initiative to help establish an Aviation Heritage Centre and Park. The aviation industry has also been boosted by the multi-million dollar defence contract won by Safe Air. My congratulations go to this organisation on winning the contract to undertake modifications and support the upgrade of the C130 Hercules aircraft.

Minister Duynhoven also acknowledged the contribution the AIRCARE programme has made to reduce accident rates in general aviation. He remarked that what he personally really liked about AIRCARE was that it has been led by you in the industry. He commented that what the industry decided to do at the coalface is the critical factor that will help or hinder us in achieving our safety goals.

President's Address

The President John Funnell spoke extensively of the AIRCARE safety strategy and the meeting of its target to reduce accidents in the general aviation sector by 25 percent. The President acknowledged that the joint efforts of the partners CAA, ACC and AIA significantly contributed to the reduction and he looked forward to the release of DVD 2 and 3.

He further noted that he was unsure whether the Board of CAA had developed a coherent safety strategy, and whether it had established and was observing an appropriate system of governance having regard

to the statutory independence of the Director. Many of these observations were based upon a paper Richard Westlake had delivered at the 2004 conference in Auckland, that the board should spend over 40% of their time evaluating the strategic direction of the organisation.

In making these remarks it was announced that he would be consulting the executive of AIA to discuss their support for such a review.

IATA setting the new Agenda for Aviation

Andrew Drysdale from IATA's Singapore office commented that it was no secret that aviation was facing one of its single most difficult periods with \$US40B loss since 2001, \$4.8B in 03/04 and a forecasted \$US6.0B for the 04/05 year.

It's true most of the losses have been in the US, but even in Asia a few high profile success stories and significant traffic growth is not a shield against the future.

He identified that at its core the problem is a change in the value proposition. Quoting a former CEO of Qantas, "people expect to fly cheaply". Air travel is no longer the realm of the rich and privileged. It has become a commodity, available to a vastly increased number of travellers.

The challenges for airlines are:

- To meet the expectation (more correctly, *demand*) for cheap travel
- To retain the value of the network system – that so many take for granted, and
- To return value to their shareholders.

The continuing high price of oil is challenging all carriers. The fuel bill for IATA carriers rose from US\$44 billion in 2003, to US\$63 billion in 2004 and at the current prices it will be \$83B for this year – the GDP of NZ.

He noted there was little we can do to influence the price of oil, but as an industry there is something we must do – we must become a low cost industry.

Human Factors in Stressful Situations

Werner Naef of Naef Consulting provided a very good insight into how individuals who work in high stress environments react in circumstances of high work overload. Many new concepts were introduced including "gut feelings" which are a very real and conscious response of the body helping us to assess stressful situations.

Various case studies were used to illustrate the point made that humans revert to very basic behavioural types and it is important to recognise your own and the reaction of those you work with.

CAA Round Table Discussion

This presentation commenced with John Jones and Ron Tannock giving an overview of the work of the Authority and Regulator throughout the year. This is where the now famous quote comes from "We are the Regulator and you are the Regulated".

Ron commenced with describing the work of the five-person Board. Being a new Board they had taken the opportunity to have a fresh look at the role of the Board in relation to the aviation sector, the direction the Board wished to go and to determine how best it would conduct its business to carry out the function for which the Minister of Transport had appointed it. The Chairman described this approach as the Authority, Director, and Executive coming together “where a common song sheet was prepared”.



Keith Mackersey receiving the Director's Individual Award

Other important factors influencing the work of the Authority were identified as launching the taskforce to plan implementation of the New Zealand Transport Strategy; the development of CAA as the regulator rather than as a client server and helpdesk, and changing the behaviour of CAA.

John Jones discussed the work CAA was undertaking to implement that New Zealand Transport Strategy; the Auditor General's report; progress to date of an independent internal review of the CAA with results expected to be announced to the public in August 2006, and the new ACAG process.

CAA announced a surplus of \$1.2m for the 04/05 financial year.

Divisional Programmes

This is the last year of running the conference in a purely divisional format, in part because the issues in the industry are becoming more wide-ranging and of concern to all, and in part reflecting the very high quality of the programme's content.

The conference held two firsts – the ALAR team from the Flight Safety Foundation presented an excellent one day seminar on the risks associated with landings and take offs and the Education and Research Division held its first inaugural research conference. Unfortunately because Leslie Brown, the Chair of this Division, has been away on sabbatical for nearly a year little post-conference activity has occurred within this Division. We look forward to Leslie's return.

The Awards Dinner

An eventful and entertaining night was had by one and all.

AIA awards went to Hawker Pacific (NZ) Ltd in recognition of excellence in customer service and support and Ralph Norris for his outstanding contribution to changing the Air New Zealand culture and brand.

The Director of Civil Aviation presented the following awards to Mark Scott, Canterbury Aero Club, Inaugural Flight Instructor Award, Keith Mackersey, MetService, the individual Directors Award and the Directors Award to Aoraki Mount Cook Ski Planes.

Two of our many members distinguished themselves that night. Ian Buick for his contribution to poetry and Alan Peacock for arranging a very special spot prize, winning it, and then auctioning it off with the proceeds going to the Christchurch City Mission.

An event that was full of decorum and dress turned into a free spirited very kiwi aviation event that is still spoken of to this day. A night that will be remembered for the sponsors' generosity – thank you Mobil and Kauriland plus all those others who contributed to pre-dinner drinks and the entertainment.

Irene King

Chief Executive
Aviation Industry Association of NZ (Inc)

July 2006

NZAAA Conference Report

INVERCARGILL 13 –15 OCTOBER 2005

The Conference Programme

The issues discussed were topical and therefore of interest to operators. Compliance costs have been in the news for many businesses recently so to have a session on this for this industry was valuable and I think worked well. The NRC prosecution was also high profile and it was appropriate to explore this in detail as it potentially affects every Pt 137 operator.

The Spreadmark session was important for several reasons – most (all?) operators apply fertiliser, the need to comply with regional plans and the difficulties that go with that, and the fact that the Aerial Spreadmark code is due to be completed by the end of this year were all good reasons to have this on the programme.

The sessions on Saturday morning were all topical for a range of reasons.

One conclusion from this might be that the topics that we address in Conference are a big part of how successful it is. This time we were fortunate in that all the speakers, without exception, spoke to the topic and dealt with the issues at hand which was good. To achieve this means constant communication with the various presenters in the weeks before the conference so that they know what is wanted.

For future conferences – we need to think about the theme and the topics as early as possible and try and anticipate what are the most important issues. The conference programme this time was pretty intense and it may be that we tried to pack too much in. It would be good to keep in mind interactive workshop activities to get people involved.

The Conference Venue

I think it was very good with a couple of minor points. Having the trade displays in the same area as the morning and afternoon teas and lunch worked very well and certainly made the trade display people happy which is good. It kept people in front of the displays for long periods which is good for both parties.

The soundman David Page was very obliging and helpful, he was there all the time and generally made things work. This is very important as there is nothing worse than continual glitches with visual aids or sound. The Conference hall itself was OK although there was not enough room on the stage and it is hard when speakers themselves can't see the screen.

Meals were good and the conference dinner was excellent, helped by the after dinner speaker who I thought did very well. Having an MC worked well although he worried the after dinner speaker a bit with the length of his introduction.

Conference Organisation

The conference planning went well with no apparent problems, probably because Keith was busy sorting them out behind the scenes. The conference programmes came out well, although it would be good to have some contact details and information of the speaker's background in the programme. That requires the information ahead of time, which we (I) didn't manage, but may be something to aim for next year.

Conference Sponsors

Sponsors are important to the conference just as they are an important part of an operators business. This year we had the two major fertiliser companies, Ballance and Ravensdown, with separate slots that were connected with the sessions they sponsored. This seemed to work OK, but we should continually explore ways of having major sponsors involved in conference proceedings.

General Comments

- Annual Conference should be an event not to be missed. We need to make the conference interesting not just for operators, but for the people who contract operators too. This includes regulators, large corporate clients such as Landcorp and DoC, and farmer clients.
- I would like to involve more operators in giving presentations. We continually call upon one or two operators who do a great job, but we need to get others up there to share knowledge and air their views as well. Issues of Industry good versus operator good will come up, – i.e. why should I tell you what I do because that is my “commercial advantage”, but I think we can deal with that.
- Timing of Conference – this will have come up before, but just to check that we are holding the conference at the best time of the year. Some said they are too busy in October.
- It is important to clearly identify tasks, – who is doing what and by when, in relation to Conference organisation.
- The high number of registrations for the conference indicated that even though the venue is at one end of the country (some would say the right end) the conference programme is seen as being a not to be missed event.

John Maber

Executive Officer
NZAAA

July 2006

Editorial



Positive Attributes of the Aviation Industry Association (Inc)

By Professor Herbert Harris, Doctor of Transport

The Aviation Industry Association is a grouping of commercial aviation enterprises, formed as an Incorporated Society nearly 60 years ago. Its mission is to help members achieve their business goals on a sustainable basis. AIA represents over 300 member companies or operators drawn from the commercial aviation sector in New Zealand.

Since its inception the Association has achieved a great deal for its members, through lobbying on issues such as the Swedavia-McGregor Report which resulted in the separation of the CAA from the Ministry of Transport, and other industry issues to the extent that the Association is now recognised by Government as the party to consult with over matters impacting on commercial aviation.

To accommodate the wide and diverse interest of the members the Association is organised into nine Divisions, each focused on meeting the needs of the members, each with their own Chairman, Committee and support. The divisions are:

- Agricultural Aviation
- Air Rescue/Air Ambulance
- Air Transport
- Airports
- Education
- Engineering
- Flight Training
- Helicopter
- Supply and Services.

Readers will no doubt be surprised with the complexity and the undertakings this consolidated group can achieve. The requirements of each division are the embryo of the major issues undertaken by the Chief Executive, Executive, and Council.

The Council comprises the divisional chairperson who is able to present the divisions requirements for consideration by Council. This matter

**Herbert G Harris. F.C.I.T,
M.B.A.C.**

International Aviation Consultant
(40 Years experience).

Dr. of Transport & Honorary
Academician International
Transport Academy (St. Petersburg,
Russia.) Visiting Professor Faculty
of International Law, Civil Aviation
Academy, St Petersburg, Russia.
Professor Academy of Legal
Sciences (Moscow, Russia).

Appointed Leading Expert in Air
Transport to the International
Transport Academy (St. Petersburg)
June 2003 and 'Scientific Head' of
the project 'The implementation
of ICAO principles and annexes in
Russia and the CIS States'.

As an aviation consultant he
specialises in negotiations
with airports and government
institutions to achieve cost
efficiency and transparency in a
user pay environment. He also
serves as an arbitrator evaluating
contracts and lease agreements.

Dr Harris has served on a
number of government advisory
committees including Security
and was Chairman of The
Auckland International Terminal
Development Consultative Group.

of procedure ensures a full and democratic consideration by all divisions to arrive at a non-partisan result.

The present Chief Executive has many years industry experience and has managed to achieve the respect of Government and other Industry Regulatory bodies. It is my considered opinion that this recognition is a significant factor in ensuring the success of achievement that AIA enjoys on behalf of its members.

Evidence of this can be related in the reception given to AIA when making submissions to Government Select Committees. These submissions are made to a number of Select Committees and represent the industry views to the framing of legislation, this is unique for the AIA to participate in the developing of new legislation affecting its members, one simple example of this of recent note is the AIA submission on the Coroners Bill where AIA sought to determine what the powers of the Coroner should be in reference to air accidents. AIA's submission was identifiable by concerns being expressed by its members on the Coroners adverse comments in relation to the Air Adventures unfortunate accident.

The relationship with Government is also confirmed by dialogue, which takes place with respective Ministers and their advisers. Other meaningful relationships with other Government regulators and service suppliers is maintained on a very high level to ensure that any regulations or rules of procedure are simple and able to be understood by those that implement them. Briefly we will look at or review three such bodies.

- **Civil Aviation Authority**

Considerable time is spent by divisional members in assisting the CAA in the making of safety rules. In the past five years the CAA, working in concert with the AIA, has reduced the number of air accidents by 30 percent.

This ongoing relationship of maintaining a proactive rather than reactive accident prevention programme (top of the cliff not the bottom of the cliff) is evidence for the necessity of the regulator to listen to what Industry is saying. Confrontation between AIA and CAA is not an option, consultation is the operative word to ensure that all regulatory rules concerning safety are expressed in such a manner that the desired results are easily compliable and can be achieved in a cost effective and affordable manner.

- **New Zealand Airways Corporation**

The close relationship between AIA and NZ Airways Corporation is evident by the high safety standards apparent in our airways control system. Such ongoing co-operation has ensured a high degree of safety whilst accommodating specific needs of individual operators. As with the CAA, AIA members spend considerable time consulting to ensure the most cost effective airway procedures to enhance safety.

- **New Zealand Meteorological Service**

Acknowledging the importance of vital and accurate weather forecasting, this essential ingredient is a major safety element and also has a cost factor to the user if it should become unreliable. AIA work very closely to ensure the needs of its members are accommodated.

It is important for everyone to realise that AIA is not a confrontational body but works to achieve a common understanding and agreement between all parties with an emphasis on safety at all times.

Indicative of this is the partnership approach adopted through such programmes as AIRCARE, the Aviation Trust, participation as a member of the New Zealand Aviation Federation and joint shareholding with the Federation of the ASL Group.

Recently government recognised the importance of the AIA as a catalyst to the further development of an integrated export strategy for the aviation industry by the awarding of a \$100,000 SIF grant.

It is important to note the value to industry of the Strategic Business Plan, which promises ongoing dynamic activities.

About the AIA Business Plan

The AIA has an approved activity schedule that staff and members are focussed on to provide strong and effective leadership within the aviation community.

Key business drivers include:

- Maintaining the Association's position as the leading advocate for commercial aviation and support services in NZ
- Lifting members competitive advantage through lower compliance costs
- Ensuring relevant and effective safety programmes, standards and accreditation programmes are developed to improve outcomes for members and the general public
- Ensuring appropriate training programmes are in place and there is continuity of supply of skilled personnel to member organisations
- Ensuring Association members are provided with direct and timely information ahead of non-members
- Ensuring the sustainability of the industry by improving profitability, environmental responsibility, and by embarking on research and development projects.

The writer has attempted to convey the exceptional value to AIA members and especially Government. The achievements have been well documented and are ongoing when one considers legal costs, members have benefited greatly by having such support and opportunities at one annual subscription.

On balance it would be fair to say that the benefit to government is unquestionable.

Government without the service of AIA may well experience difficulty in framing regulatory rules that would satisfy the views of individual interested parties.

Having fully considered the positive attributes of the *Aviation Industry Association* and its contribution to the Airline Industry by way of magnificent achievement it has without question been identified that this should form a recommendation to the Minister of Transport to give due consideration to an annual fiscal grant.

Such a grant would ensure the essential ongoing relationship between AIA and Government, ensuring the necessary resources to maintain a high level consultation.

NZAAA Executive Officer Report 2006



John Maber

John has been the Executive Officer for NZAAA since 2002. Prior to that, for almost 30 years he was a scientist and consultant working in the area of application systems and technology, with a strong interest in land management and sustainability. His association with the agricultural aviation industry goes back a long way, running training sessions on spreading equipment and doing research into spray drift. He reflects that while the issues that threatened the industry 30 years ago have not changed, the systems and operating practices being adopted now in the industry are effectively dealing with those issues to assure its future.

Introduction

The agricultural aviation industry in New Zealand has one hundred and sixteen or so Pt 137 Certificate holders of whom about 70 or so are members of NZAAA, spread between North Cape and Bluff. There are big operators and small operators, operators who like to keep to themselves and operators who like to be high profile, those who like a joke and those who don't, those who are challenging and those who are less so, those who like to communicate and share information and those who don't. One of the big challenges I face is how best to communicate effectively with members. It would be good to be able to visit each member if only to have a talk about what's happening locally and to see how things are going. Doing it that way is expensive and time consuming. I see a lot of members at the Annual Conference but that's once a year.

Communication is a two way process and I need to know what is happening and what the issues are – especially the every-day issues and problems so that I know where to put the effort. I rely heavily on feedback from the NZAAA Executive Committee, but improving communication with the general membership is one objective for the coming year. Part of that will be to develop a web site that is entirely about the NZAAA, what it does, and who is involved.

The EO role

I separate the issues facing the agricultural aviation industry into two parts. There are all the issues to do with operating the aircraft – lets say the CAA side of things. Then there are the environmental impacts that arise from the discharge of fertiliser, agrichemicals and other substances from an aircraft. I deal with the second set of issues and happen to think that these are the issues that pose the biggest threat to the future of the agricultural aviation industry in NZ. Incidents of fertiliser being put directly into water or agrichemical spray drift onto some sensitive crop – these are the obvious examples that we need to eliminate, but it goes further than that. The requirement for operators to be able to demonstrate that they are following good practice standards will only increase. Verification of good practice is a term we will hear more often.

I do spend considerable time on compliance related activities. Even the various courses such as the chemical rating revalidation courses have become an exercise in what the latest rules and requirements are and what operators have to do or comply with now to stay in business. There are changes in the HSNO legislation and the Resource Management Act that we have to deal with – there is always something. But we will get to the stage that a chemical rating revalidation course, for example, will consist of a good technical discussion on the latest GPS technology and file handling practices or the latest developments in application systems.

Looking ahead, I want to have all chemical rating courses, including revalidation requirements and the GROWSAFE ground crew courses run by one of the providers who already offer similar courses in other industries and I have been working with one company to achieve that. In future operators will go straight to Total Business Training (Australasia) Ltd (TBT), the company that has the task of running all such programmes, to book in for a course. One advantage is that we can access funding support for such courses to keep the costs down.

The move to appoint independent auditors for NZAAA Accreditation has a number of benefits to operators seeking Accreditation, but the main one is that it is completely external and independent from the industry, which is vital to maintain credibility of the Accreditation programme.

Aerial Spreadmark

This project, which will conclude this year, includes the development of a Code of Practice for Aerial Application of Fertiliser. It is interesting to note that in looking at what other such Codes exist around the place, it turns out that there aren't any. So why are we doing this? In effect there are already rules about aerial application of fertiliser – just check your local Regional Council air or water plan. So we have a choice – we either accept rules that other people write, or we write our own, making sure that we consult with all people who have a stake – farmers, fertiliser manufacturers and regulators. There will be plenty of opportunity to debate the Code before it is finalised. It was discussed at last years Conference and it will be again this year.

One little thing that has come out of the project to date is the production of NZAAA spread pattern collectors so operators can pattern test their own equipment. These have already been used by a number of operators.

What next

There are three things that I believe are vitally important to the future of this industry – the 3 “R’s” you might say:

- Research
- Risk Management
- Responsibility

Research

An active research programme means we are looking ahead, trying to develop ways of making things cheaper, easier, faster, safer and more reliable. They need not be big or that expensive to be effective. I am aware that many operators are already doing their research, which is great to see, although I wonder sometimes about the duplicated effort and cost, but I guess that's business for you.

No research activity suggests an industry not planning for the future.

Risk Management

Why do we take the risks we do – is it because we are not aware there is a risk, or because we are aware but reckon we can get away with it? Despite best efforts, spray drift incidents continue to be reported. Some have no substance, some might, and some do.

The Farm Airstrips and Associated Fertiliser Cartage, Storage and Application guidelines being prepared jointly by CAA and OSH Dept of Labour are expected to be available soon. The guideline identifies the industry hazards and talks about each party in the chain of the responsibility. Remember that “party” means a person – someone who, somewhere, sometime, has to take the individual responsibility. Yet I still hear of instances where operators carry on applying substandard product that has poor flow properties which not only makes it difficult to get an accurate spread, but as well, increases the chance that an emergency jettison, if it was needed, may not work.

Risk management means being able to provide objective evidence about all of the various factors that can contribute, for example, to a spray drift incident, so that you can prove conclusively that you as the operator were not the cause. It’s called verification of good practice – that term again. Of course it might also prove that you were the cause, but in the long run, if the industry is to survive and prosper, everyone in it will need to be accountable.

Responsibility

In any operation and perhaps particularly in ag aviation everyone needs to know what they are responsible for. That’s not a trivial thing. If you are responsible then you are the one that people will look for if things go wrong, and they will want to know why.

And finally

I particularly want to thank the President, Ken MacKenzie and the NZAAA Executive Committee and a special word of thanks to Immediate Past President John Sinclair for their support and encouragement during the year. I also want to acknowledge the support from Maurice Manttan and his team, and last but not least, thanks to the various operators I have worked with over the year.

John Maber

Executive Officer
NZAAA

July 2006

NZAAA (Agriculture Aviation Division) Chairman's Report

NZAAA Annual Report 2006

Just when we think we know all the answers someone changes the questions and so it's been this past season. A season that started out with so much promise of good commodity prices came crashing down in mid January 06. There was a huge drop in the lamb schedule. Approximately \$18.00 per lamb was "chopped" from the price our farmer clients received, which basically took \$100,000 off the average farmer client income. Hence their chequebooks were fired into the bottom drawer where they resided until the dollar started to drop and the commodity prices regained some lost ground. The fixed wing operations were halted until mid-March, but the helicopter operators were able to continue growing in large part to the diversity of work they undertook.

The huge hike in fuel prices is also a major concern for the aviation community and we have no control over this area.

Annual Conference

As operators, compliance costs and benefits are always of a major concern. At the annual conference we investigated ways to work with these issues. It was a special privilege to welcome a very good turnout of delegates and partners to Invercargill in October 2005. Thank you to John Maber our EO for an excellent job of setting out a high quality programme and getting high quality presenters to deliver on the many issues facing our industry.

Sponsors

Thank you to our trade displays and our sponsors for their support of our industry. You are a very important part of our industry and hopefully you have had significant business gains by meeting up with prospective clients.

Accreditation and General Matters

Much has been achieved this year and we are extremely grateful to John Sinclair (alias JG) for his vision and drive in setting out to make it happen. With the appointment of our EO it has certainly relieved a big load off J.G.'s shoulders as he was working about two full days a week for you and I purely on a volunteer basis.

The achievement of getting the accreditation scheme off the ground, with the help of John Maber and Mark Houston was an enormous effort. Just recently we appointed an independent auditor, a company called SGS Ltd, which means our EO will be able to help operators through the process to gain their accreditation rather than be confined to doing the audit. Our clients will be able to see a stand-alone transparent system that cannot be compromised.



Ken MacKenzie

Ken started learning to fly in 1971. He started as a loader driver in 1972, and has been involved in Ag aviation as a pilot since 1974.

In 1985 MacKenzie Aviation was formed and this company is still operational to the present time.

Ken has been involved as a committee member of NZAAA for 15 years and is currently Chairman of the NZAAA

The fact that the accreditation scheme was introduced in the first place, was to be absolutely sure we could keep our industry both viable and sustainable well into the future. Farming still brings in a huge proportion of our country's income. Now that somewhere between 70-80% of the population are urban based, farming and all associated industries are sitting ducks for a lot of people, who either don't understand agriculture, or want to seriously control our activities. We must always endeavour to maintain high standards of practice if we are to continue in this industry. We only have to see what has happened in other countries, e.g. the UK, how the ag aviation industry has suffered. It hasn't been banned, but the draconian compliance standards have made it uneconomic to continue. Accreditation is really about us taking responsibility for our own industry and is the standard against which we are measured. As we are an exporting nation it is our customers overseas that demand what quality and standards our products have to meet. We are a very important part of that process.

Executive Officer

This has been another very busy year for John Maber; once again he has given outstanding service to the membership. John has proven time and again his professional ability in dealing with the many areas of members and various industry concerns. The following are a few examples:

- Organising the annual conference programme
- Writing the Aerial Spreadmark Code of Practice
- Fertiliser Quality Council
- Spray drift issues
- Accreditation audits
- Preparation of guidelines for high altitude spraying for the eradication of Wilding pines
- Arranging the contract to employ SGS as our auditors
- Chemical revalidation courses throughout the country
- Writing the EO's Corner in our newsletter.

For these and many more items too numerous to mention, I would like to say thank you John for all you have done. No doubt there will be many more issues to deal with in the year ahead.

What is vitally important for members is to use John's skills on the many issues that arise throughout our working days. If we think any one of us has had an unfortunate incident make our EO aware ASAP so that he gets the story first hand and not from some reporter asking his opinion on incidents he has no knowledge of. Please remember our EO is no longer involved as an auditor so he can now spend time helping you prepare for an accreditation audit. Our EO is no longer being involved with the chemical revalidation training as he has organised for outside contractors to conduct the revalidation seminars throughout the country.

We all employ our EO John Maber so please use him. I now take this opportunity to thank John for all his excellent work getting an interesting and comprehensive conference programme together.

Statistical Data

After what appears to be a very long gestation period we now have the first full year of reliable statistical data prepared from the agricultural statistics forms from CAA. Thank you Ivan and your team for getting these forms out to the operators. I read an interesting quote in the November 2003 edition of AgAir Update. It goes like this.

"The Future of Ag Aviation:

An Ag pilot asked recently what was the most important thing that will affect the future of ag aviation? One answer is statistical information. If there is no good, documented information about the ag aviation industry, its value can't be argued".

CAA

Thank you to John Fogden and Ivan Harris for your involvement at our NZAAA executive meetings and for your input as the “CAA Corner” in the newsletter.

Training and Safety

Thank you to Tony Michelle and Bruce Evans for your work on this. This has proven to be quite a challenging time for this committee especially since the government set about to consult with industry groups about the government’s ongoing commitment to student loan funding. The Tertiary Education Commission employed the consulting services of John Roseveare to go out to the affected people, i.e. training organisations, their students and employers. We in AAA came up with what we consider is a reasonable solution. These are the two main points:

- 1) We don’t want any levies imposed for co-funding student loans with the government
- 2) The student has a job to go to on completion of the Ag rating. This issue was well reported in the June 05 Newsletter.

AIRCARE

After Gary Langman resigned Alan Nichol has recently been appointed as the AAA rep on this committee. Thank you Gary for your input into Aircare on our behalf.

NZAET

Kevin Anderson is taking over from John Sinclair as the AAA Trustee on this committee.

Fertiliser Quality Council

John Maber, Bruce Evans, Mike Keen and myself represent AAA on this committee.

If you didn’t already know John Maber is the main author of the Aerial Spreadmark Code of Practice. This has been a huge job, and our EO very ably led us. John Maber once again showed his ability to get a difficult job completed in a very professional manner.

137 Certificates

It is very pleasing to note that an increasing number of 137 certificate holders are members of NZAAA.

Appreciation

On your behalf I would like to offer a hearty vote of thanks to the AIA office staff for their helpful cooperation in dealing with our many issues. Their time and effort is most appreciated. Since our last conference Irene King has been appointed as the new CEO of AIA. Keith Mockett is our new Business Manager. I now take this opportunity to wish Irene and Keith all the best in their new roles.

Thank you to the committee. You have been a very good, positive, and supportive team to work with through the many issues facing our industry.

Ken MacKenzie

Chairman

July 2006

Air Rescue/Air Ambulance Chairman's Report



Rea Wikaira JP, Dip BMS

Rea has an extensive background in Police and Traffic Enforcement in Australia and New Zealand plus three years as Assistant Managing Director – Tertiary Institutes Development, Te Wananga o Aotearoa.

He also has six years in senior management roles within Health Waikato and Middlemore Hospital covering general management roles with responsibility for clinical staff, operations and standards and work as a Senior Business Consultant, encompassing a diverse range of projects including executive recruitment and company strategic planning and development.

Since 1998 he has been a trustee of the Auckland Rescue Helicopter Trust. He is also a trustee of Auckland University Rheumatic Fever Research Trust and Bone Marrow Register Trust, a member of Auckland University Medical Sciences Advisory Council and Spectrum Care Trust.

Rea was elected as Chairman in May 2006.

Introduction

NZ currently has 11 Government contracted and Aviation Industry Association accredited organisations that deliver Rotary Wing EMS services in NZ. They operate two medium twin, four light twin and eight single engine helicopters with access to further aircraft.

The services they provide are:

- Primary accident and medical
- Search and rescue
- Inter-hospital transfers
- Police and Fire Service support.

A further group of seven organisations, which also hold AIA accreditation and a further group of approximately 15 who primarily provide fixed wing services, are members of the AR/AA division of AIA.

The services they provide are:

- Inter-hospital transfers
- Search and rescue (including top cover)
- Police and Fire Service support.

The Division's Challenges

The current challenges for the industry are sustainable funding from the sponsors, community, and the government. An interesting effect that has arisen is that the service providers also name fundraising as a core competency.

Technology is an ongoing challenge with the progression from analogue to digital in aircraft fittings and equipment, e.g. flight-following systems, TAWS, and the introduction of night vision.

Human resource considerations present real challenges: The levels of competency and qualification required of pilots and crew is such as to make it difficult to recruit sufficient personnel of the required calibre – particularly because there is also international demand for such skills. As well, there are significant training requirements in relation to regulatory compliance and industry standards.

Track Record

The air rescue/air ambulance industry has a second to none safety record with many thousands of hours and missions being completed. Whilst it is commendable, it is a major challenge for AIA and our industry to stay abreast of the constant changes and demands.

Projects

(1) **Ambulance Communication Project (ACP)**

The three ACP centres will have devolved from eight to three by the end of 2006. This project is a major leap in technology for the EMS industry and presents challenges as well as opportunities for a better, more efficient call out system. The 11 contracted services are currently in the process of service level agreement consultation.

(2) **The Air Rescue/Air Ambulance Oversight Committee**

The industry is undertaking another review of the services with the wider stakeholders including AIA participating with the providers. Mel Smith, the ministerial appointment, will chair this project, which is not expected to reach completion until late 2007.

(3) **The AIA Air Rescue/Air Ambulance standards**

The AIA Air Rescue/Air Ambulance standards are currently being examined with Ambulance NZ. The current round of audits has now been completed. The division's nomination to this project is Peter Kidd who has already begun the sector analysis.

My thanks to Irene King for her support in my short time in the chair. I look forward to the projects being completed in the 2007 year.

Rea Wikaira

Chairman

July 2006

Engineering Chairman's Report



Damian Horrigan

Damian Horrigan is currently Manager Engineering at Air New Zealand, having started in this role in September 2004. Prior to that he was the Design Services Manager in charge of Air New Zealand's CAANZ 146 Design Organisation. Damian has had various roles since graduating with a PhD in Engineering in 1993 including work on the F111-C at the Defence Science Technology Organisation in Australia and subsequently being a Senior Lecturer at the University of Auckland. During that time he also acted as a consultant on a variety of research and industry issues.

Reading again my introduction from last year's annual report I can certainly say that the same comments apply for this year past as well. The last year has definitely been hectic both personally and from an industry perspective. In addition to this, the AIA itself has been undergoing significant change. Through this period, we have appointed a new Chief Executive, created a Strategic and Business Plan for the Association, while at the same time tackling a large number of industry issues which affect our members.

The Business Plan identified issues affecting certain Divisions and the Association as a whole. The driving theme behind the Business Plan is to help members achieve their business goals on a sustainable basis. The current Strategic Plan for the Association encapsulates the work done previously on the Engineering Strategic Plan, which outlined four key objectives for the Division:

- 1. To maintain a position as the leading advocate for the Aeronautical Engineering industry.**
- 2. To lift members' competitive advantage through identification of opportunities, joint marketing programs, awareness of industry capability, and shared information.**
- 3. To ensure an appropriate number of skilled personnel to meet the needs of members.**
- 4. To ensure that members are provided with relevant information ahead of non-members.**

The Business Plan has now identified specific action, which will be undertaken to ensure that the Association is meeting its strategic goals. It is very pleasing to see that with a plan in place the Association is now addressing a myriad of industry issues thereby meeting its objectives and furthering the interests of its members.

In terms of the Engineering Division, some of the specific initiatives that are currently in progress are:

1. Developing a coherent export strategy to enable industry to maximise opportunities to access export markets.
2. On June 8, the extension to the bilateral agreement with the FAA was finally signed in Portland USA. This extension now gives repair data approved within the CAANZ system recognition by the FAA, which makes the transfer of aircraft

between the two registers much easier and cheaper. The extension also recognises CAANZ Interior Supplemental Type Certificates with a fast track provision for modifications including avionics / electrical content. This is a huge step for both industry and CAANZ in recognising our civil aviation system as being world class. Further work needs to be done to extend this into other activities.

3. Training is an ongoing issue across the industry and the Association is actively working with Government on this issue.
4. Non-aviation compliance is an area of growing importance to the industry. Many of the activities, which are routinely undertaken, by their nature expose people to increased risk of injury. Some of the proposed changes to standards in this area are however increasingly putting burdens on the industry. The Division is becoming increasingly involved in this area to ensure that these changes are given appropriate review to ensure that an appropriate level of safety is maintained at a reasonable cost.

Apart from the items above, a number of other issues have surfaced during the year that have required some significant input from the Division. The most obvious of these has been the scrutiny that the Air Adventures accident has put the industry under. This represents a very positive sign that the AIA is becoming active in developing and coordinating responses to industry issues and is to be supported.

In closing, I would like to thank all of the members of the Division Committee for their work during the year. In particular I would like to thank Des Ashton for his contribution as Deputy Chair, prior to his taking up his new role as CEO with the Port of Marlborough. We all wish Des well with his new endeavours.

Damian Horrigan

Chairman

July 2006

Flight Training Chairman's Report

Introduction

Major aims of the Flight Training group this year have been to work together to provide solutions to ongoing issues and to improve communication among the Flight Training group members themselves and also between the Flight Training group and other groups in AIA.

While the communication is not perfect yet, I think that there has been some improvement.

A major amount of time and effort over the last year has gone into discussions with the government regarding TEC student funding and EFTS caps and (from the beginning of 2006) government requirements in order to maintain the aviation training funding cap at 600 EFTS for 2007.

The government requirement was to:

- Improve the linkage of pilot trainee selection, training and employment outcomes
- Establish more visible pathways between training and employment
- Improve access to information for providers, employers, and students.

In order to meet this requirement, the Flight Training group has worked on providing:

- A Code of Practice that would apply to all EFTS funded providers
- A clear definition of career pathways for those who wish to enter the airlines, agriculture, tourist flight seeing and rotary wing operations, also in conjunction with ATTTO.

Issues 2005 – 2006

Code Of Practice

Formulating the Code of Practice has been a massive job which is now virtually completed and awaiting final discussion at the June Flight Training Meeting before getting members receiving TEC funding to sign up to it.

It has been a long and arduous task and again I have much appreciated assistance from those prepared to give up their time to assist me with this. The saying "if you want something done get a busy person to do it " has definitely proved correct.

The scope of this has included: selection of students, course planning, critical assessment, exit points, training record, flight instructor standards, and an instructor code of ethics.



Penny Mackay

Penny has been involved with aviation for over 30 years, beginning with gliding and eventually becoming a gliding instructor, then with fixed wing aircraft.

She gained her CPL and did several years of general aviation charter operations before gaining her fixed wing Instructor Rating. She has instructed for Nelson Aero Club and began instructing at Nelson Aviation College, of which she is now CEO, about twelve years ago.

She has two children, a Diploma in Teaching, an MA (Hons) degree in Education and Psychology, is a General Aviation Flight Examiner and an A Category Instructor.

While I think that the standard of flight training in NZ is still very high compared to other places in the world, I see this document as work in progress – a document which we can improve as time goes on and use to continue to raise the quality of flight training in NZ, to our own benefit as well as meeting government requirements.

Airways Corporation NZ

The group has continued to work towards improving difficulties that flight trainers have with Airways. This has been an issue for many years and almost certainly will continue to be for longer but I feel that, with the help of Rob Irwin from ACNZ, and with better communication between us the situation can only improve.

ACNZ has now given priority to flight tests and has undertaken to consult with AIA members on the removal of navigation beacons. They have moved towards improving the situation in the Bay Sector, however general access for flight training purposes to airspace is still an issue that has not yet been resolved.

AIA has undertaken to organise a meeting between AIA user groups and Airways to try to improve communication further and work towards some better solutions.

There is still much work needed to improve things in this area.

Aviation Services Limited

Communication between ASL and the Flight Training group has been good with Brian Carruthers or Graham Guy attending all Flight Training Committee meetings.

Issues involving flight training standards, syllabus changes and several other areas have been well discussed.

The issue of having a dedicated Auckland Flight Testing Officer has not yet been resolved.

CAA

John McKinley and/or Carlton Campbell have attended meetings this year to give reports and answer questions. The suggested new Part 61 roadshows were of great benefit to all and the Committee also successfully arranged for some transitional arrangements to be put in place in order to make it easier to meet the requirements of some Part 61 changes.

Dialogue is already underway re the new Part 141 and additional Part 61 changes which are due this year.

These discussions are continuing to be useful in terms of avoiding possible problems; increasing knowledge of these changes and making sure changes are workable and will be ongoing. The problems that have occurred have generally been where there has not been enough communication between us.

The Committee is also trying to progress A Category Instructor seminars and peer reviews with CAA.

Discussion re the availability of Medical Examiners has also been ongoing – the current position appears to be that we have enough at present but we do need to maintain this position. There is concern that if one of the busiest ME's disappears there will be major problems.

ATTTO

ATTTO contributed financially to the production of the Code of Practice, which was greatly appreciated.

While an advisory group was set up to further unit standards in aviation the Committee has had no feedback on this to date.

Finally

I took on the role of Chair of the Flight Training Division for the first time last year on the understanding that, as I was incredibly busy and felt that I may not be able to do the job justice, I would need a lot of input and assistance from others.

I would like to thank the Committee for their time and effort and especially thank Jay Peters, Caroline Seelig, Brian Carruthers, and Steve Holtum for their assistance with some of the donkey work and ideas, and Warren Sattler for passing on some of his knowledge about events of the past which have a habit of repeating or remaining in the present!

We still have much work to do.

Penny Mackay

Chairman

July 2006



Touch down at

our website for the latest
information from AIA:

www.aia.org.nz

Helicopter Chairman's Report



Qwilton Biel

Since 1993 Qwilton Biel has been actively involved in aviation. He is the Administration Manager of Rural Aviation (1963) Ltd, and involved in the operation of the company's fleet of fixed wing and rotary wing machines both within New Zealand and overseas. He has considerable experience in the management of air operations, and a deep knowledge of rules and procedures. Chairman of the Helicopter Division since 1999, Qwilton was the recipient of the 2000 Geoffrey Roberts Award from the Royal Aeronautical Society.

The helicopter sector of the industry continued to grow steadily during the year. The number of helicopters on the register topped 600 for the first time and the number of hours flown by these aircraft is rapidly approaching 200,000 per annum.

Safety Performance

The safety performance of the helicopter sector continues to improve. Be it air transport, aerial work, or private operations, accident rates continue to trend favourably towards the desired safety outcome targets.

The fact that this improvement can be reported, when only a few short years ago I was writing about safety performance being a concern, is a credit to everyone in the industry. It hasn't occurred overnight and it hasn't been a matter of luck, it is the result of a concerted effort by all participants to lift their game. Well done, the results are impressive.

Integral to the safety initiatives being championed by the AIA is the AIRCARE programme. Working jointly with the CAA and ACC, this effort to enhance the evaluation and management of risk in aviation activities has received very positive uptake. I firmly believe that AIRCARE is the key to unlocking further significant reduction in aviation accident rates and I look forward to the release of DVD2 in the near future. Not only do I encourage all helicopter operators to engage in the AIRCARE programme, I also encourage our partners in this initiative to stick with it so as to cement in and build on the already very obvious safety improvements that the programme has delivered.

Aviation Rulemaking

It takes 12 years to achieve a simple aviation Rule change in this country! In 1994 this Division received written agreement from the CAA to amend Part 61 and eliminate an anomaly in the CPL (H) licence privileges. Finally in May 2006 this Rule amendment occurred. If Rules weren't such a significant part of aviation operations we would laugh this off as bureaucratic incompetence and accept that good things take time. One of the key benefits highlighted by the Ministry of Transport when aviation moved from a regulations based structure to a Rules based structure was the ability for Rules to be amended quickly in response to changing industry needs. If the regulatory agencies regard 12 years as an acceptable response time then we have a fundamental problem.

The last year has seen a resolution achieved regarding the establishment and applicability of standard passenger weights in Part 135 operations. The Aviation Community Advisory Group (ACAG) also came into existence in the past year and will hopefully ensure broader consultation on rulemaking initiatives with a corresponding improvement in the content of new rules.

Upcoming regulatory initiatives that will have a significant impact on helicopter operators both in terms of ability to achieve compliance and also the cost of that compliance are: the proposed mandating of terrain awareness warning systems (TAWS) for certain helicopter operations, the expressed intention to increase pilot experience requirements for Part 135 operations, and the likely requirement to upgrade aircraft ELTs to 406Mhz by February 2009.

Funding of Pilot Training

In order to ensure that we continue to train sufficient pilots to meet future demand work has continued across the industry to match pilot training practices more closely with the skills desired by employers and to ensure that trainees are made fully aware of the career pathways in aviation.

Unfortunately industry efforts on this matter have been frustrated by a lack of consistency in the government's position. These efforts, and indeed the whole future of government's contribution to pilot training, remain very much a work in progress for the coming year. Terry Murdoch and Andy McKay have been active on this subject from a helicopter perspective and their contribution is much appreciated.

Wire Strike Seminars

Internationally recognised wire strike avoidance presenter Bob Feerst delivered seminars in Te Anau, Napier, and Wellington during May 2006. These seminars were organised by AIA as part of the AIRCARE safety initiative and were generously sponsored by a number of aviation and electricity companies. All three courses were well attended by operators, pilots, and crewmembers.

Civil Aviation Authority

The last 12 months have seen some very curious developments within our regulatory authority: from an interesting opinion on whether a parachute is or isn't an aircraft, to ill-conceived interpretations of what does and doesn't constitute hire-or-reward, to factually incorrect commentary on the conduct and safety of helicopter external load operations. We are indeed operating in interesting times.

Signals from the CAA Board in 2005 that we were moving toward a more adversarial "regulator and regulated" environment appear to be coming true with recent comments suggesting that operators "had better look out". Confrontational attitudes such as these have no place in any safety management system and should absolutely not be championed by the Board of a safety authority.

Furthermore, the high level singling out of the general aviation sector for sustained attack is unnecessary and will prove counter-productive if continued. Absolutely no recognition has been given to the massive improvements that have been made in this sector over recent years. It is perhaps timely to remind the Civil Aviation Authority Board that they are an equal partner in the AIRCARE initiative and that they should be looking to advance its achievements, not negate them.

Search for ZK-HTF

For two weeks in November 2005 the New Zealand helicopter community mobilised massive resources to search for ZK-HTF, which went missing on a flight from South Auckland to Wanganui. Everyone from the missing pilot's fellow aviators in Auckland to most of the helicopter crews available in the central North Island took part in a search effort that involved close to ten percent of the national helicopter fleet.

I would like to recognise the contribution of everyone associated with this effort. Without the input of all the observers, ops room personnel, search planners, ground support crews, fuel tanker drivers, flight crews, and the understanding of their families, this search would not have been achievable.

Whilst the ultimately tragic outcome was saddening for all involved, the way the helicopter community stepped up and delivered at a time of need was a credit to all.

Department of Conservation

Driven by dual desires of minimising restrictions on access to lands administered by DoC, and ensuring a transparent process for obtaining concessions for access, the AIA has made some positive steps towards engaging the Department of Conservation in dialogue on the merits of a national air access policy. Lloyd Matheson and Mark Quickfall who are actively involved in these issues at a regional level have been assisting the AIA team to progress this matter.

Recent overseas developments indicate that the environmental pendulum may be swinging back a little in favour of the helicopter in national park areas. This would set a positive precedent upon which we can build here in New Zealand.

Developments at AIA

Significant progress has been made towards ensuring that AIA is focused on delivering benefit to its members. CEO Irene King, with the support of Keith, Linda, and Paulette in the AIA office, has made massive strides in terms of efficiency, availability, and responsiveness.

The most visible change to most of you will be the use of the website as the primary means of distributing information. The AIA has a strong commitment to regularly updating the website as new information comes to hand. See for yourself at www.aia.org.nz

You will also notice that AIA has been taking a more proactive stance in the media regarding issues that affect aviation. This is all part of ensuring that AIA is best positioned to deliver on its goal of helping members achieve their business goals on a sustainable basis.

Much effort has gone in at Board and management level in the last year to clearly define what areas AIA should be targeting and what outcomes it should be seeking. This work included a two-day Board/management workshop out of which flowed the organisation's Strategic and Business Plans.

This process hasn't been without its difficulties. In early 2006, despite full involvement of airport representatives in the development process, a number of airport members took exception to certain elements of the plan. Before the AIA Council could debate these issues, our Association experienced a mass resignation of airport members in early April. This was a disappointing outcome of an extremely open and consultative planning process. It weakened the previously united voice of the industry, yet I am hopeful that the current attempts to re-engage with those airport members who have recently resigned will be successful.

I wish to acknowledge the contribution to AIA of Denys Pinfold, John Cooper, and Bob Goldingay who have departed the organisation during the last year. Each of them assisted greatly in the development of AIA into the organisation that it is today.

A personal thank you also to the Helicopter Division Committee and particularly Deputy Chairman Ian Buick for their assistance and guidance provided over the last year.

Special Acknowledgement

Retiring as AIA Vice-President this year, and retiring from active involvement in the commercial aviation industry, I am certain that all helicopter operators will fully endorse the recognition of John Sinclair's contribution to this Association.

He has been instrumental in the development of NZAAA into a respected representative body within both aviation and agriculture. The NZAAA Accreditation Programme was championed by John and has found favour with operators and customers nationwide. It is now regarded as a benchmark example of how an industry can enhance its performance through self-regulation.

In addition to his efforts with NZAAA, John has also sat on the AIA Council for a number of years and through a number of challenging issues. Thank you John and best wishes for your future endeavours.

Towards 2007

The AIA is definitely in good heart and is fully focussed on the path ahead. The next 12 months should see a number of initiatives launched which will further enhance the profile of aviation as a contributor to the domestic economy.

External influences on the industry remain significant and it is important that both the helicopter sector and the commercial aviation industry as a whole remain united to ensure maximum traction when addressing these issues.

Thank you to all members of the Division for your support, and I wish the incoming Committee of the Helicopter Division all the best for the future.

Keep it safe and fly neighbourly.

Qwilton Biel

Chairman

July 2006

Supply & Services Chairman's Report

Annual report time – and another year older!

This has been a torrid, busy year where, it seems, the harder we've worked, the less in real terms we've managed to hang on to.

It amuses me, in a sad way, that we can't get funding from Government to pay for the whole Aircare programme yet they are wasting thousands of dollars at the airports extolling New Zealanders to make overseas trips only holidays and not permanent! Oh yes, it makes perfect sense, stay in New Zealand, be taxed to the hilt, suffer excruciatingly poor performance from overcharging government departments, or simply move to Aussie, where it's warm and low tax! The Bondi Budget was the smartest thing to come out of Australia for years.

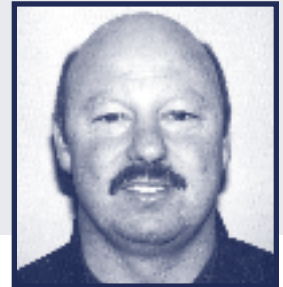
OK, you say the government can't afford to give Kiwis' a tax cut (despite running a huge surplus maybe there's the odd hip-hop student who hasn't been funded yet), but come on, let's at least be fair with government charges. Only a government department can possibly believe it's OK to charge a typist out at \$75 an hour! Get Real! It's high time that Industry led a charge to get compliance costs brought into line with the real average charge-out rates of our industry. I would call for Government to give us an average charge-out rate, per department, in our industry. Then I would call for Industry to match those rates! Just look at the return on investment they are paying back to the government – in private enterprise you can only dream of returns like that.

I would also ask the question; have any lives been lost in New Zealand aviation today because the aircraft operator has been financially pressed to meet financial demands made on him by government departments and other monopoly suppliers, when his profits should really be going back into making sure his operation is the safest it can possibly be?

In this country our major airports are made to supply some of the operational and office space to the government departments for free. Whilst we respect that airports have a requirement to make a profit, only a fool would believe that these costs imposed by government are not passed on to those other firms renting space at the airports! That's just not on.

Productivity is another issue. Maybe If CAA paid private organisations to write its Rules you'd slash costs and have them done in half the time. Perhaps our government departments' need a pay-scale set on productivity – as happens in the real world. After the Air Adventures' crash, the gloves came off. Productivity will be looked at, by the industry, and any decent Board would make sure they get this aspect of their game sorted!

Enough brick bats. A bouquet is due for the Honourable Trevor Mallard for having the faith to fund the \$100,000 for the development of the AIA Export Strategy and



Alan Peacock

A self-confessed aviation enthusiast, Alan runs a sign company at Christchurch Airport, looking after aviation, infrastructure and export clients. His firm has signs installed from South Pole Station to Papua New Guinea. He's supplied signs for most airlines flying in New Zealand, built signage at many of New Zealand's major airports, and has designed signage graphics packages for a number of offshore projects from Townsville to Tonga. Alan has also been involved at AIA council level for three years, the last two as Division Chairman.

the setting up of Aviation New Zealand to promote New Zealand Aviation Exports. There is still work galore to be had in this field – the South Pacific is huge with development in tourism so there's going to be a lot of airport development work around.

There's also a massive amount of aid money flowing into the region – recently the President of China flew into Fiji for a conference with the Pacific Island States with over a billion in aid dollars to “give away”. Watch for NZAid and AusAid to extend their activities in the region, possibly to better increase trade exports from the islands – with aviation being of key importance here. Look also for possible work as a result of the relocation of the Marines out of Okinawa and into Guam. I have heard through the grapevine that some Australian firms are chasing US Military construction projects worth billions of \$\$ in Guam. Maybe there are piggyback opportunities for Kiwi firms here.

We're lucky that NZ Trade & Enterprise are right behind aviation's export activities – they can give you a list of go-ahead, world quality aviation suppliers coming out of New Zealand. Firms like GlidePath, Mills Tui, Atrax, MacTec – these firms have put New Zealand on the international aviation supplier map with high quality, innovative Kiwi expertise and products. Well Done! But, there are plenty of other smaller firms struggling against a pretty damned oppressive tax regime that still, daily, comes up with the goods. Both on the domestic market and in exports, our industry breeds champions. Well done to you all!

Well done also for our national carrier. Last year we had our Supply and Services “Field Trip” at conference where we visited both MacTec's factory and Air New Zealand's Monuments Section at Christchurch, where they have designed and built the extremely low weight galley component fit outs of the 747 upgrade. This is world beating stuff. A NZ Trade & Enterprise Trade Commissioner for China was present and was very impressed and excited by what he saw.

Well they've done it again. This year we've been involved supplying signage on the new aircraft wing docks designed by Air New Zealand. The productivity gain I was quoted on these is 9% with a whopping 25% productivity gain estimated when the new tail docks come on line. This is brilliant, absolutely world-beating stuff here! It's quite literally the best in the world. There isn't a major airline that can afford to be without one of these docking systems!

One of the truly beautiful things about our industry is typified in these wing docks – it's the clarity of thinking and cleverness of design that makes our New Zealand products stand out from the rest of the world! Well done to the Continuous Improvement team at Christchurch; well done indeed!

A big thank you also, a personal one, for the support that Council has had this year from our CEO Irene King, from Keith Mockett and from the rest of the team in the office. This organisation couldn't function without you, and you do all work extremely hard for us. You are all very much appreciated!

In conclusion; this year I read a book relating to the oil search in the waters off the South Island in the Muldoon era. It stated there is an oil reserve estimated to be as big as that in Alaska sitting off Stewart Island. Not in deep water, but in sight of land. Now let's think outside the square once again – why don't we, New Zealand, develop this? Not give the rights away to some international oil company to plunder, but to develop for the good of all Kiwis. Then our airlines can buy cheap gas, made in New Zealand.

Alan Peacock

Chairman

July 2006

Aviation Training Report

A major highlight for the past year for ATTTO (Aviation, Tourism and Travel Training Organization) has been the graduation of the first cohort of students with the National Certificate in Aviation (Introductory) at Hutt International Boys' School. This is a huge milestone in encouraging secondary school students to look at training for careers in the aviation industry whilst still at school. In addition to being awarded the National Certificate, the students were also able to credit the unit standards towards their NCEA (National Certificate in Educational Achievement) and they all completed their Private Pilots Licence. ATTTO is committed to increasing the implementation of this qualification at secondary schools across New Zealand.

The other major highlight was the re-recognition of ATTTO as the industry training organisation for aviation, museums, tourism and travel for a further five years and the approval of our new charter by the Minister of Tertiary Education, the Hon Dr Michael Cullen. Our thanks to all of the organisations and companies that provided letters of support for our application.

Reports released by ATTTO over the past year include:

- Future Career Aspirations and Factors that Motivate Employment (4 surveys)
 - Secondary School Students
 - Tertiary Students Studying Aviation, Tourism and Travel
 - Graduates of Aviation, Tourism and Travel Courses
 - Employees in Aviation, Tourism and Travel
- 10 Good Reasons to Increase Funding for Tourism Industry Training and Education (including Aviation)
- Tourism and Hospitality Workforce Strategy (in conjunction with other interested public and private sector companies and organisations).

You can request copies of these reports from ATTTO.

Board and Training Council

The ATTTO Board carried out a major review of the constitution of the organisation in 2005, which resulted in major changes to the way in which members are defined, the directors are appointed, and the role of the training councils. The voting members of the ATTTO are the four industry associations (Aviation Industry Association, Museums Aotearoa, Tourism Industry Association, Travel Agents Association). ATTTO's Board now comprises an independent Chairman (Murray Strong for 2006), three independent Directors appointed by the Board (Bob Cleland, John Barrett and Bryan Hughes for 2006) and four Directors elected



Gayle Sheridan

Gayle Sheridan has been Chief Executive for the Aviation, Tourism and Travel Training Organization since October 2000.

Her background in education and training started at Manawatu Polytechnic, where she held a variety of roles during 1988-1997, culminating as Head of Business Faculty. Gayle was responsible for the leadership and development of the portfolio of programmes in business studies, computing, office administration, tourism and travel areas.

Gayle holds a Master's Degree In Business Administration from Henley Management College in the United Kingdom, as well as other Certificate and Diploma qualifications.

by the members (Graeme McCardle, Dr Rodney Wilson, Fiona Luhrs and James Langton). The Board is currently interviewing for a new Chairman and two independent Directors for 2007-2008. Two of the current elected Directors will stand down at the end of 2006 but will be eligible for re-nomination.

The Aviation Training Council now reports to the Chief Executive and its role is to provide advice and assistance at a strategic level, develop sector training plans, do sector resource forecasting, have sector training provider oversight, and look after sector specific qualifications and qualifications alignment relevant to licences. For 2006 the Aviation Training Council comprises:

Mike Drinkall (Chairman)	Air New Zealand
Norman Taylor	Aeronautical Engineering
Natalie Lombe	Airports
Linda Wilson	Aircraft Operations
Leslie Brown	Aviation Industry Association
Robert Van Lent	Royal New Zealand Air Force
John McKinlay	Civil Aviation Authority
Phil Knight	Combined Trade Unions
Wattie Solomon	Hawke's Bay Aviation Ltd
Gayle Sheridan	ATTTO

Industry Training

There has been an increase in aviation workplace trainees from 660 in 2005 to 860 in 2006. Air New Zealand employees wishing to gain recognised qualifications before leaving the company can account for much of this increase. However, whilst aeronautical engineering accounts for 52% of workplace trainees, there are also trainees in airports, air express, avionics and storekeeping. There are also 80 modern apprentices in aeronautical engineering, with capacity for even more, employers willing! Some employers still appear to be unaware that apprenticeships are alive and well, and that ATTTO has funding available to assist with staff training programmes.

Qualifications Review and Development

Both the National Certificate and National Diploma in Aircraft Operations have been reviewed and re-registered with the New Zealand Qualifications Authority (NZQA).

The review of all unit standards in aeronautical engineering, avionics and air traffic services is nearing completion. Once these have been re-registered by NZQA, then all of the affected qualifications will need to be updated and re-registered.

The development of qualifications for pilots is progressing with the first key task being the updating of the unit standards to the CAA licence syllabus. With Government's continued focus on pilot training provision, the adoption of national qualifications, once developed and registered with NZQA, will become a priority issue.

Scholarships

ATTTO presented three scholarships of \$3,000 each to two students at Nelson Marlborough Institute of Technology and one student at the Air New Zealand Training School.

Excellence in Workplace Training Award

The finalists for the 2005 ATTTO Excellence in Workplace Training Award were Aoraki Mount Cook Ski Planes, Federal Express, Flight Care and Hawke's Bay Aviation. The award was presented to Wattie Solomon of Hawke's Bay Aviation at the AIA's 2005 Conference in Christchurch.

The finalists for the 2006 are Airwork NZ Ltd, Aoraki Mount Cook Ski Planes and Safe Air Ltd. The award will be presented at the AIA's 2006 conference.

Other Projects

Two other aviation projects of note include the partnership for the delivery of the National Diploma in Business to Air Pacific employees in Fiji and the development of the Aircare training programme. The first cohorts of graduates at Air Pacific are due in October with the next cohort poised to start. The Aircare training programme, in conjunction with the Accident Compensation Corporation, will see regional training programmes being offered and certified by ATTTO.

Gayle Sheridan

Chief Executive
Aviation, Tourism and Travel Training Organization

July 2006

A FULL LIST OF ADVERTISERS CAN BE FOUND ON PAGE 64.

**The Aviation Industry Association
thanks all advertisers who have supported the
production of the 2006 Annual Report.
AIA encourages you in turn to support them.**

Aviation Services Ltd Report

ASL has had a busy but rewarding year. We have continued to work closely with industry groups and the CAA to maintain consistent assessment standards.

ASL has been very busy with a review of our business operations during the year to ensure that we were providing our services in the most efficient and effective manner. We had an independent consultant review our operations and he found that our services were being provided in a very cost-effective manner. This review clearly validated the increase in the fee structure.

ASL Operations

ASL has seen quite a dramatic drop in exam activity in the last six months, especially at the CPL level. It is clear that the restriction of 600 Equivalent Full Time Students (EFTS) is having an impact on the training industry.

ASL Fees

This first increase in ASL fees since the company was established in 1992 was approved in March 2006. The new fees came into effect from 1 May 2006.

The process to gain the fee increase has taken over two years to be approved, which is unacceptably long. It is good that the company diversified outside aviation in New Zealand and into overseas aviation markets to accommodate such a long approval period. We are working with CAA and the Ministry of Transport to find a more effective fee mechanism for the future.

Industry Sponsorship

The A Cat Instructor flight test sponsorship programme continues to be well supported with one helicopter and three aeroplane flight tests sponsored over the year.

Other sponsorship programmes, such as our long-term commitments to "Young Eagles" and engineering scholarships are continuing to provide opportunities for young pilots and engineers to enter the aviation industry.

Technology Development

ASL's new Tasman computerised booking and assessment system is progressing well. Tasman has the capability to provide both paper and computer exams and will be progressively introduced into New Zealand. It should provide more efficient booking and reduced exam result times in the future.



Mike Lynskey

Involved in aviation since leaving school, Mike was appointed as Chief Executive of ASL Group in 2001. He had previously worked for the Company in the positions of General Manager Aviation Services and AME Manager. Prior to joining ASL, Mike had worked for over 20 years in the RNZAF as an Engineering Officer. He also worked as the Engineering Manager at Safe Air in recent years. Mike completed an MBA through Massey University in 1998.

Overseas Business

ASL is now working with the Singapore, Hong Kong, and PNG authorities on exam development activities. We have also started delivering small numbers of engineer exams to Macao, which is a start to exam delivery in Asia. Expansion of ASL activities in Asia has a double benefit to New Zealand, as not only does it expand our base of operations but also it assists with the international acceptance of New Zealand licences.

Future

ASL is committed to on-going development and the maintenance of standards, both in New Zealand and overseas. This approach can only benefit New Zealand licence holders through the reputation of the company in the international arena.

Mike Lynskey

Chief Executive
ASL Group Ltd

July 2006

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Graeme Polley – Tel (04) 834-2071, Fax (04) 834-2179, Mob 027 448-7789, Email gp@airclaims.co.nz

AIRCARE Annual Report

1 April 2005 – 31 March 2006

Introduction

The AIRCARE safety programme was established in July 2003 with the signing of a Memorandum of Understanding between the CAA, AIA, and ACC.

It has as its objective, reduction in the incidence of accidents and injuries. The main focus is on general aviation, but its content is made available to the whole aviation sector. CAA data shows that the upward trend in General Aviation (GA) accidents evident when the initial analytical work was conducted in 2001 has been reversed and that there has been a significant reduction in accidents since 2003. The insurers confirm this.

The content of the programme is determined by the AIRCARE Coordinating Committee comprising representatives of each of the partners and supported by a secretary and technical adviser.

In 2005, the AIRCARE Trust was established to seek, hold, and dispense the funds required to run the programme. On advice from a specialist lawyer, a new Trust is being formed to comply with IRD requirements regarding “charitable” status.

The AIRCARE programme has five main elements as follows:

1. Production of educational DVDs for distribution to existing participants in civil aviation.
2. Reinforcement of the messages in the DVDs to ensure continuing uptake and application of the advice.
3. Alignment with “regulatory gateways” to integrate AIRCARE safety concepts into the Director’s licensing, audit, and enforcement activities.
4. Encouragement of the uptake of technology to enhance safety.
5. Training and assessment – within the New Zealand National Qualifications Framework.

Funding for AIRCARE comes from a variety of sources including grants from ACC and CAA and significant funding from industry, both in cash and in kind. Roll out of the 5th element is expected to attract TEC funding.

Activities During 2005

Progress occurred on all aspects of the strategy, however by the end of March this had largely stalled as available funds had been exhausted.

The following was achieved during the year:

- Sources of targeted funding for the development and delivery of the assessment and training program (element 5 above) were located and business cases submitted to access those funds.

- The first stage (of two) of the assessment and training programme, which will cover the areas of knowledge of DVD's 1, 2 and 3, has been scoped and alignment with the qualifications framework is underway.
- Production and official launch of DVD2 (however, lack of funds prevented replication and release of the DVD and associated booklet).
- A start made on research and script preparation for DVD3. This relates to organisational risk management and will complete the trilogy of the first group of DVDs, which are aimed at bringing about changed individual and organisational risk behaviours.
- Hosting special workshops/seminars in relation to en-route risks and options in respect of flight planning and flight following technologies and wire strike avoidance strategies.
- Development and issue of a range of reinforcement material.

Element 5: Assessment and Training Programme

The co-ordinating committee has worked with ACC, ATTO, and Nelson Marlborough Institute of Technology (NMIT) to develop a scheme whereby the scope of the first three DVDs can be reflected in and assessed according to Unit Standards under the NZ Qualifications Framework and professionally taught via distance learning and in-situ seminars (delivered at locations throughout the country).

In general terms ATTO will develop the Unit Standards and course materials that will supplement the DVDs, ACC will fund this and provide technical support, and NMIT will promote and deliver the courses as part of a larger aviation qualification and will be able to apply existing TEC funding. Those successfully completing the course will receive formal recognition and the relevant number of NZQA credits.

To achieve this major milestone requires certain measures to take place within specific timeframes. The ACC funding must be accessed in FY2005/06, however this will be contingent on being able to deliver the program in the ensuing year. That, in turn, depends on NMIT being able to commence actual delivery not later than November 2006. The programme cannot be delivered without the Unit Standards being approved (at least three months lead time) but neither the Unit Standards, nor the related course material that must reflect the Unit Standards, can be developed until the content of DVD3 has been finalised. Unfortunately, this is dependent on the availability of funding.

This issue was discussed with the Minister for Transport Safety (Hon Harry Duynhoven) by the AIRCARE Trust, who expressed his general support for a supplementary grant to be made by CAA. A formal application for a further \$200,000 (net GST) was lodged with CAA in February 2006. A decision is awaited.

DVD #2

The filming for DVD2 was largely conducted at Taupo Airport and mid-winter to boot. Roger Estall, assisted by the Co-ordinating Committee, undertook script development. Keith McGregor, a very well respected aviation psychologist provided the commentary and Jim Hickey fronted the DVD thus contributing to continuity with DVD1. Much valuable footage was shot and some will be also used in future DVDs.

DVD2 production costs were over twice the cost of DVD1, reflecting the increased involvement of the industry, the longer length (25 minutes v 12 minutes for DVD1), the on-location filming, and increased

general editing costs. Formal certificates of appreciation have been sent to several GA operators and pilots who gave freely of their time and aircraft to make this DVD.

The Minister for Transport Safety formally launched DVD2 in November 2005 and was fulsome in his praise of both the AIRCARE programme and the DVD.

The Co-ordinating Committee

The Co-ordinating Committee meets four times a year to review progress to date, assess and evaluate implementation of the strategy and to assist with the development of the DVD. I would especially like to acknowledge the assistance of Bill Sommer, John Lanham, and John Fogden of the CAA, John Wallaart of ACC, Alan Nichol representing NZAAA, John Funnell President of AIA, and Roger Estall who also provides the link between the Trustees and activities of the Co-ordinating Committee. We have also had excellent support from Werner Naef of Naef Consulting, Pip Beanland, Caroline Seelig of NMIT, and Linda Wilson of the ATTTO.

Seminars

As part of its “reinforcement” and “technology” elements, AIRCARE hosts seminars whenever the opportunity arises to share good practice and to showcase new technologies. Two seminars are planned for early in the next AIRCARE year, one featuring Bob Feerst, an international expert on wire strike risk, the other in relation to en-route risk and the use of some new technologies that are to hand.

Publication Endorsement

During the year, AIRCARE became aware of an excellent publication written and published by Bob Cleland, an experienced ag pilot from Mossburn. In his book “Level the Odds”, Bob shares many safety and efficiency tips that have come from his many years of involvement in top-dressing.

AIRCARE arranged for the book to be peer-reviewed by two other experienced ag pilots, Bruce Evans and Mark Houston, and subsequently agreed to formally endorse the booklet. Small AIRCARE stickers have been provided to Bob to affix to the remaining stock of the present edition of the book.

The AIRCARE Charitable Trust

The Trust was established to act as the funding vehicle for the AIRCARE programme. Sadly, Robert Fardell QC, one of the trustees died suddenly. Robert had given invaluable assistance in establishing the Trust and will be very much missed.

In order to meet IRD requirements for charitable trusts, a new trust is being formed. Trustees will be the two existing Trustees (Richard Westlake and Max Stevens). A former senior partner of a major Wellington law firm who has kindly consented to act as Trustee will join them.

Registration of the Brand

The process of trade marking the brand in both Australia and New Zealand is nearing completion. This has been a long process, as it requires a series of scrutinisers in both countries to approve.

Sponsorship Activities

AIRCARE was pleased to announce the joining of two new sponsors during the year, Kauriland Aviation and MetService. Approaches are also in the process of being made to a number of Charitable Trusts

that fund this type of voluntary activity. A significant amount of preliminary work has been done with those Trusts and we are hopeful that for the 2006/07 year a number of these new sponsors will be announced.

Certificate of Appreciation

In recognition of the contribution by a large number of Industry participants and sponsorship, AIRCARE, at the launch of DVD2, issued 11 certificates of appreciation.

The development of the AIRCARE programme largely comes about from the voluntary work of a wide range of Industry supporters, the contribution of senior managers in CAA and ACC backed by grants from the Airways Corporation, ACC, and CAA.

Financial

The speed at which AIRCARE can achieve its goals is significantly dependent upon available funding, both in cash and in kind. During the year additional funding has been accessed and preliminary work has been done to seek new funding sources from other Charitable Trusts. An application has been made to CAA for a further \$200,000 (excl GST) this year and ACC have flagged the availability of additional funds during their current (June) financial year.

We have flagged to CAA the opportunity of faster progress with greater funding and suggested that a grant of at least \$300,000 net of GST be provided over the next two years.

Due to changes in the structure of the Trust (see above) funds have not yet been transferred to the Trust and remain held in a dedicated account of the AIA. Transfer will occur immediately that the new Trust is formed and bank accounts established.

Concluding Comment

Is AIRCARE achieving its aim? Anecdotally, there seems to be a noticeably enhanced awareness of the importance of high standards of risk management. Of course, until the trilogy of the first three DVDs is complete, the maximum impact on bringing about behavioural change cannot be expected.

Even so, since AIRCARE started, the number of fatal accidents in GA has reduced by 39% per 100,000 flying hours flown in the GA sector. This improvement also reflects other initiatives by CAA, insurers, flight training organisations, and a continually improving technological landscape. Notably however, each of these initiatives does not function in isolation and one of the core aims of AIRCARE is to act as a co-ordinating and “force multiplier” factor that enhances the effect of these other initiatives.

Assuming that only 30% of the improvement in the past three years can be attributed to AIRCARE, the return on financial investment to date is roughly \$25 for every one dollar spent. Of course, those benefits are not one-time costs, but are enjoyed every year that the cost of accidents is lower that it would otherwise have been. That is why we imagine that the CAA Board should have no difficulty at all in increasing their financial support.

Irene King

Secretary AIRCARE Co-ordinating Committee

July 2006



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