



AVIATION INDUSTRY ASSOCIATION OF NEW ZEALAND (INC)

Annual Report

20
07



Aviation Industry Association
of New Zealand (Inc)

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Cover Photo: The Auckland Rescue Helicopter Trust's BK117B2 ZK HLN over central Auckland being flown by the Trust's Chief Pilot Dave Walley. The Single Pilot IFR, NVG Configured helicopter came into service with the Trust on 01 January 2007 and completed its 300 hr check 01 July 2007.

Annual Report

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Association Officers 2006–2007

Council

President:

W.J. Funnell, Helicopter Services BOP Ltd

Vice-Presidents:

W.P. Taylor, Eagle Airways Ltd

W. Sattler, Ardmore Flying School Ltd

Immediate Past President:

D. Thompson, Dennis Thompson International Ltd

Councillors

M. Chubb	J. Lusty	K. MacKenzie	D. Webb
P. Garden	D. Lyon	D. Morgan	R. Wikaira
D. Horrigan	P. Mackay	A. Peacock	

Divisional and Branch Chair

Agricultural Aviation Division

Chair: K.J. MacKenzie, MacKenzie Aviation Ltd

Deputy Chair & South Island Branch Chair:

T. Michelle, Amuri Helicopters Ltd

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

Northern Branch Chair: D.G. Starr

Air Rescue/Air Ambulance Division

Chair: R. Wikaira, Auckland Rescue Helicopter Trust

Deputy Chair: F. Kuriger, Air New Plymouth

Air Transport Division

Chair: D. Webb, Mount Cook Airlines

Deputy Chair: C. Kriechbaum, Air New Zealand Ltd

Airports Division

Chair: M. Chubb, Whangarei Airport

Deputy Chair: R. Gates, Ardmore Airport

Education & Research Division

Chair: D. Lyon, BOP Polytechnic

Deputy Chair: M. Drinkall, Air New Zealand Ltd

Engineering Division

Chair: D. Horrigan, Air New Zealand Engineering Services

Deputy Chair: M. Chubb, Northland Aviation Ltd

Flight Training Division

Chair: P. Mackay, Nelson Aviation College

Deputy Chair: J. Lenaghan, Mount Cook Airlines

Helicopter Division

Chair: P. Garden, South West Helicopters Ltd

Deputy Chair: J. Lusty, Nelson Helicopters Ltd

Supply & Services Division

Chair: A.L. Peacock, Flight Signs Ltd

Deputy Chair: R. Bolton, Petroleum Logistics Ltd

Tourist Flight Operators

Chair: J. Lusty, Nelson Helicopters Ltd

Deputy Chair: R. Baker, Air Fiordland Ltd

Advisor to Council

Dr H.G. Harris

Head Office

Chief Executive:

I.S. King

Office Manager:

P.A. Hirschman

Membership Liaison Manager:

D. Watson

Technical Advisors:

J. McGregor

B. Wyness

F. Douglas

NZAAA Executive Officer:

J.F. Maber

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Website:

www.aia.org.nz

Accountant:

Long & Cowan

Auditor:

Horwath Audit (Wellington)

Lawyers:

MACALISTER MAZENGARB

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, DCNZM, OBE
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
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
J.G. Sinclair	26/07/06

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
O.G. James, DCNZM, OBE	27/10/83

President's Report 2007

2006/2007 has been yet another interesting year for the Aviation Industry Association of New Zealand (AIA). The NZ dollar continues to strengthen against the US dollar. The USA is the major supplier of aircraft and parts for many aircraft operating in New Zealand. While this may have significant purchasing advantages, the high dollar has an impact on the New Zealand aviation business. Fortunately, tourism visitors continue to hold firm due to the attractiveness of Destination New Zealand, including the fact that they perceive us as a "safe" destination. However, the tourists are spending less time and money in New Zealand now, compared to the years when the cross-rate on the exchange was in the low sixties.

Strategic and Business Plan

The Association's Business Plan, developed 18 months ago after a two-day strategic planning session in Taupo, provides the divisions with a plan for the future, which continues redefinition on an annual basis to ensure the issues are prioritised and allocated appropriate resources. Issues of importance brought to the attention of the Executive and AIA staff are addressed in the annual plan.

Like all organisations, the AIA has limited resources and therefore matters have to be addressed according to greatest need, along with the core functions of the Association.

Core Functions of the Association

The Executive has spent much time discussing and defining the core functions of the Association. To this end, AIA staff have been requested to make time available each week to contact members, preferably by phone, and gauge views on what the Association is doing or not doing. The mission of the AIA is to assist members build sustainable businesses and to that end, it is most important that we understand very clearly what it is that members want. We assure you that we will work diligently to ensure that the direction of the Association is consistent with what you want. Underpinning this is the need to ensure the administrative functions, which are at the core of the Association, are undertaken as well.

These administrative functions include having a detailed and up-to-date database, regular contact with members, ensuring the website is relevant (including a members' only area, which creates a competitive advantage) and addresses issues of interest to members.



John Funnell

John Funnell's association with helicopters started in 1974 when he began training with Hawke's 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.

Life Member

Oswald George James, OBE. Ossie, as we knew him, was well known to all within the aviation industry. It is with much regret we note his passing. The industry has lost a true leader. We pass our condolences to his wife Elaine and family. Ossie's early days with a Tiger Moth salvaged from a flood, spanning through to the development of the turbine Fletcher and involvement of the first helicopter in NZ, with the use of Loadstars and DC-3s as top dressers, shows he was a man with great vision and perseverance.

Tourist Flight Operators

I welcome all members of the Tourist Flight Operators group into the Aviation Industry Association. An organisation such as ours is only what members make of it. We need your feedback. To the Tourist Flight members and all AIA members, it is important you let us know of any issues that are concerning your aviation activities or the effectiveness of the Association, so that attention and resources can be directed into these areas to bring about necessary change. If you are experiencing problems, other operators may be as well. By finding a solution to your problem, we can help other members at the same time.

Aviation New Zealand Limited and Aviation Careers Recruitment and Placement Limited

AIA is the sole owner of the above two companies. Directors have been appointed to manage them independently from AIA, but consistent with achieving the strategic objectives of the Association

Aviation New Zealand Limited is about creating opportunities in the export area for New Zealand's aviation industry. A small team has been working on scoping out the opportunities. Their work has been assisted by a Sector Initiative Fund grant from the Ministry of Economic Development. This work culminated in the work by Peet Aviation, which identified an opportunity for New Zealand industry to participate in certain key developing markets, provided we worked collaboratively. Separately, a further team comprising John Lumsden, Ashley Smout and Mike Flanagan commenced the process of developing the strategic plan for the industry – Aviation New Zealand Limited. Their work was assisted by Alan Peacock, Chair of the Supply and Services Division and a number of representatives from NZTE. At the May 2007 Council meeting the proposal to proceed with Aviation New Zealand was formally ratified and Dennis Thompson and John Lumsden appointed Directors, with a further two Directors to be appointed once funding is secured.

In late March as part of the concept-testing phase, as to whether a collective approach to exporting would drive real benefits to the New Zealand industry, AIA led a group of 13 to the Avalon Air Show. Benefits to the country and NZ aviation groups participating are still occurring. It is likely some \$20 million of revenue may result from NZ companies participating at this air show in Australia.

Aviation New Zealand is anticipated to be of significant benefit to the Engineering, Flight Training (fixed and rotary wing), the Helicopter, Education and Research, Airports and Supply and Services divisions. However, the trickle down effect of developing a more robust aviation industry will flow on to other members.

Aviation Careers Recruitment and Placement Limited was set up in response to a need to provide better advisory information to potential student loan, ab initio pilots. Through the design and development of a new website, this information is being collated to provide careers information and employment opportunities for those wanting to enter the aviation industry. Everyone from air traffic controllers, to engineers, pilots and management, will be able to gain information on qualifying for these careers and job opportunities.

Retirement of John Jones as Director of CAA

The announcement of John Jones' retirement as Director of Civil Aviation met with much regret by all sectors of the aviation industry. Under John's leadership, the CAA and Industry formed a very successful partnership, which lowered the fatal general aviation (GA) accident rate to levels never achieved in the past. His contacts in the industry, and understanding of many aspects of the industry, ranging from float planes, ski planes and airports, through to Part 121 operations, allowed him to make informed decisions and recommendations. Working closely with industry participants ensured both the CAA and Industry were better educated about the risks and procedures to be adopted to prevent accidents and the loss of life.

The 39 percent reduction in the GA fatal accident rate over three years is a major achievement. We wish to express our sincere gratitude and thanks to John for the time and effort, he put into the industry and the commitment he made to increase safety.

Civil Aviation Authority (CAA)

In the intervening time since John Jones' resignation, to the appointment of a new Director, Russell Kilvington was appointed as the interim director. Russell came from the Maritime Safety Authority, where he had gained a good understanding in safety and government relations. Despite some initial apprehension from some in the aviation industry, Russell, in a very short space of time, brought about positive change, which paved the way for Steve Douglas to be appointed CEO and Director of the CAA. Steve, with his engineering background, is well known to many in the industry, having been involved in Government and international relations, including managing the new rule writing process at CAA.

Steve, we congratulate you on your appointment as Director. We wish to impress upon you the safety gains of the last three years have been hard fought for and we do not want to lose those gains. These gains have been made through openness, transparency, and working cooperatively to lower the accident rate. There are many of us in the industry who will be closely monitoring the further progress of civil aviation.

This Association and its members, seek to work closely with you in order to ensure we continue the gains that have been made and pledge our combined resources to ensure the accident rate continues to reduce, thereby ensuring aviation remains in first place with regard to a safe form of transport, when measured both in New Zealand and internationally.

Of recent times, there have been a number of operators renewing their Part 119 Certificates. As a result, there have been a number of interesting issues rising from such re-certification. I will take the opportunity to say to the new Director and his staff, let us concentrate on the real issues that will lead to an accident if not addressed, rather than dealing with minor issues that will have no relevance to the safe operation of the company. It is very easy to look at the trivial detail of insignificant matters and overlook major safety concerns.

The Regulator is not slow to point out to operators that any change in management, pilots or engineers, can lead to a change in the risk profile of an operator. The same has to be said in respect of the Civil Aviation Authority. I am sure the new members of the CAA Board, including the Chair, if not already, will become aware all changes have some form of risk attached to them. Likewise, any change of policy will have its up and downsides. We urge the Director and the Board to exercise extreme caution in making any policy changes. We invite them to enter into dialogue with the Association prior to implementing such changes. One does not have to go far back to find changes made with the best of intentions that have resulted in a decrease in aviation safety. It is important we all avoid a repeat of past mistakes.

Open and Transparent Reporting System

Open and frank reporting of any incidents or potential incidents along with accidents is paramount in maintaining the downward trend. Using information, voluntarily supplied by individuals, to prosecute organisations or individuals, is a sure way of ensuring this information is withheld.

Whilst we all accept blatant breaches of the rules are not acceptable and will result in prosecution, unintentional breaches if reported promptly and through the appropriate channels, should only be used for educational purposes to ensure we all get a “free lesson”. It is unfortunate there are some participants in the wider safety framework who do not fully understand the criticality of this basic safety tool. We would ask those in positions of power, from the Minister down, to ensure that everyone understands the need for this information to be reported, correlated and disseminated to participants in the industry, who will gain from it.

Safety Management Systems

The adoption of safety management systems across industry have now been mandated by ICAO. New Zealand is fortunate to have had in place for many years, a legislative framework conducive to the adoption of such practices and a number of our companies already have in place regimes, which exceed the ICAO requirements. AIA is particularly anxious to encourage the industry to move towards a voluntary regime, which is sensible and efficient for our industry. Many of the tools and concepts introduced in the AIRCARE programme have already started to equip the GA industry with knowledge to identify and record any risks in an operation. It also assists and recommends putting in place procedures to eliminate or mitigate these risks. Our plea is to build on this knowledge already in place and not to increase compliance costs by mandating systems which are unworkable or do not achieve the desired goal.

Engineering and Pilot Shortages

There has been a large increase in demand for pilots both domestically and internationally. Likewise, licensed engineers are in extremely short supply. One has to ask, have we got the bar set too high with regard to a person wanting to become a licensed engineer? I have, in the last 12 months, fielded a number of enquiries from New Zealanders who are working as licensed engineers in places such as the UK and the USA. They seek to return home, but find their overseas engineering qualifications do not allow a New Zealand engineering licence to be granted. This is having a negative impact for people wanting to return home and become a licensed engineer, further compounding the shortage the industry faces. I also note that Australia is moving rapidly towards the EASA system, which addresses appropriateness of qualification to job/role fit.

Aeronautical Risk Assessment Study

It was pleasing to see the CAA is moving forward and commencing some vital work in this area. It is however important the consultants, who have been engaged to complete this work, fully consult with the industry to ensure all parties are heard. New and modern technology is having a big impact on the way we operate. Whilst this new technology can bring different risks with it, overall we are seeing large advances in traffic collision avoidance and terrain awareness warning systems. These safety systems and devices are becoming within the reach of even smaller general aviation operators.

The above coupled with modern moving map technology and flight following with en route weather being able to be downloaded in flight, albeit through indirect means, ensures that the risk of operating is changing for the better. We can safely say safety is improving as a result.

Risk-based Auditing

For a number of years CAA have spoken about the introduction of risk-based auditing. It is the belief of the Association, that those who have robust and well-recorded internal auditing systems coupled with safety management systems, that the Regulator's resources are wasted in continually auditing those organisations at the same frequency as other operators, who may not have the same level of internal auditing and safety systems. If we wish to maintain the safety gains made and capture further gains, we need to deploy the resources of the CAA where the best results will be gained. The accident records of the past show where the CAA and operators have failed. Again, the Association looks forward to working closely with the CAA to ensure a robust and effective risk-based auditing system is put in place.

New Zealand MetService

It was pleasing to see the New Zealand Meteorological Service is investigating the feasibility of updating many of its automatic weather stations throughout New Zealand over the next five years. The cost of the same will be zero based upon restructuring within the organisation. Once again, modern technology is enabling this to occur. I would like to take this opportunity to thank the service for the high degree of accurate weather forecasting it has provided to the aviation community over the past twelve months. At the same time I encourage it to continue to look ahead to make full use of new technology, such as is currently available in the USA and Canada. Satellite imagery and actual conditions recorded from ground-based meteorological stations are available to aircraft in the air via satellite links. Many New Zealand aircraft have the onboard technology and would appreciate the ground equipment being installed as soon as possible, even if it were a fee for service as it is overseas.

Aviation Services Limited

It is with much regret that we learned of the passing of Ian Diamond, a Director of Aviation Services Limited, formerly involved in senior management of Air New Zealand. Ian was well known to many in the aviation industry and had a reputation of having a good understanding of airline management and being a fair and trusted manager and director. I am sure all members of the aviation industry would join me in offering our condolences to the Diamond family.

ASL continues to expand and develop and it was particularly pleasing that they have secured major contracts within New Zealand to develop assessment systems for the New Zealand building industry. This contract ensures there is sufficient scale within our home market to introduce new technology into exam assessments for pilots and engineers. This technology has been used for some time in the larger Australian market but, as with all technology solutions, they tend to be expensive, unless there is sufficient critical mass. We now have that mass with the work undertaken by ASL in securing additional contracts. Many of us in the aviation services are faced with either expanding and meeting the market demands or standing still and being absorbed or taken over by other more progressive organisations. Aviation Services Ltd has successfully faced this challenge.

I would like to take the opportunity of thanking and congratulating Brian Rollston and the Board of ASL for the great leadership and governance they have provided to the management of the company. We look forward to them continuing to provide services to aviation and other industries within New Zealand and internationally into the future.

Airways Corporation of New Zealand

The Corporation, like other service providers, is dependent upon high utilisation in order for it to maintain the air traffic control services to the aviation industry. We are very appreciative of the high level of safety they do offer. We would however, encourage them to continue to look internationally, to ensure they maintain what we believe is a world leading service. We would also encourage them to look to new technology and operational procedures to ensure they can accommodate the growing demand for airspace that is already becoming a problem in the central North Island, particularly for flight training aircraft trying to train the increasing demand for new pilots both domestically and internationally.

With the changes that are occurring, particularly in the Tasman routes, it may be getting financially a little tighter for the Corporation. However, we are sure new technology, which may require additional investment from the operators for onboard equipment, will make it possible for everyone within the New Zealand flight information region (FIR) to continue to operate safely and efficiently for some time yet.

Rescue Coordination Centre of New Zealand (RCCNZ)

Many of us are involved on a regular basis in working with the RCCNZ in improving search and rescue services for aircraft, vessels and persons lost both at sea and on the ground. It is disappointing to note the RCCNZ application for additional Government funding to ensure they had adequate services and people trained to an acceptable level being declined. Being reliant upon the good will, charity and service of volunteers, to provide the 24/7 cover within New Zealand will have to remain, until funding is available from a central source for training, etc.

AIA Going Forward

The way ahead for AIA is working with the members to develop opportunities offshore via Aviation New Zealand Ltd and to keep members informed of the changing environment, both regulatory and environmental. The latter will without doubt become a bigger issue sooner rather than later. Regular email newsletters and website postings, plus each member receiving at least one phone call each year from us will go some way to achieving improved contact, which will encourage you to advise us of your concerns and where you would like AIA to focus its attention most.

Special thanks to all our sponsors who have helped offset the costs of the conference and running of AIA. Thank you also to the AIA staff, some of whom have recently joined us, for the many hours of work that are being put in bringing the office up to a level where we will have a good membership database and information sharing with members, and especially to our members who are the organisation. Without you, we would not exist.

John Funnell

President

July 2007

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.

Helping Members Achieve their Business Goals, on a Sustainable Basis

It is with real pleasure that I report on my first full twelve months in the position of Chief Executive of the Aviation Industry Association (AIA). It has certainly been a year with interesting challenges, ranging from our relationship with key external stakeholders to the continued repositioning of the Association as an outwardly focused organisation delivering value to our membership.

As I write this, the office is receiving its first-ever significant upgrade of information technology. Like almost every small business, AIA has become critically dependent on technology to function on a day-to-day basis. Once we step through this upgrade, we will overcome many of the long-standing system reliability issues we have been experiencing and I am confident that AIA's ability to communicate with and deliver value to its members will be enhanced.

Work is well advanced for the IT upgrade to be closely followed by the introduction of a membership database on the computer network in the office. This database will be simultaneously accessible to all staff in the office and will be maintained with relative ease. I am aware that many of you get annoyed by our inability to ensure you are linked to the correct divisions – this will be resolved as the database is introduced. This initiative will definitely ensure that our database is of a standard expected within a membership organisation.

You may have noticed that AIA's invoices now direct payments are made via Long & Cowan Chartered Accountants. The AIA outsourced its accounting functions in December last year to ensure adoption of enhanced accounting practices and to realise some efficiency gains within the organisation. This decision has already released financial resources, which are assisting with the upgrades already mentioned and we envisage a reduction in audit costs will also occur.

One of the major frustrations we share is the lack of a modern, fully functioning website. Our existing website has served us well; however, an offer presently under consideration would see one of our members develop an enhanced AIA presence on the Web by the end of this year. We will all benefit enormously through having this redevelopment carried out by someone with knowledge and experience within the aviation industry.

This year we have increased the technical knowledge base within the Association through the engagement of four pilots, two of whom work in the

AIA office. These two university graduates are employed on an intern basis – in other words, they come into the organisation with an expectation that they will find a career path in the industry – AIA being the first stepping-stone. Our selection system worked so well that the first of our interns was snapped up rapidly into a major airline. With strong growth in membership, it may be necessary to increase again the technical capability of the organisation; this is kept under constant review.

Departure of institutional knowledge presents a challenge within any organisation – a small organisation like AIA having to confront the level of staff turnover that has occurred over the last year has been difficult for all involved. I am confident that we are now entering a period of consolidation; Paulette has now been in the role of Office Manager for over a year and has been progressively reviewing and enhancing our office systems. Jen who is assisting with the membership records and recordkeeping systems has recently joined her. I would like to thank you all, both staff and members, for your patience in this regard, the organisation has been stabilised and is now embarking on a new phase of growth and development.

We presently have approximately 50 more members than when I commenced 18 months ago. A number of these new members come from the Tourist Flight Operators Group who have come together with AIA with the dual goals of preserving the very strong brand and identity they already have and building value into their businesses through the initiatives and opportunities that AIA offers.

The importance of addressing members' needs is reflected in the decision to appoint a Membership Liaison Manager. This is a major step forward for the organisation and has provided valuable feedback from members on the direct benefits gained from AIA activities, as well as suggestions of where additional AIA efforts might best be directed. David Watson, who initially joined us as an intern, has accepted the membership liaison role, many of you will have spoken with him already.

Last year I spoke of the strategic and business plans that the AIA leadership developed and endorsed nearly two years ago in Taupo. It is very pleasing for the staff and I to report that a number of key milestones have been achieved with significant beneficial results for members.

Implementing the Plan

The Strategic Plan governs what we do, and the Business Plan how we do it. Although the strategic plan has had some minor refreshes reflecting the changed environment, it is the business plan that has been the primary driver of change. For some in the organisation the pace and speed of changes have proven challenging, but in general there is a high level of endorsement for the direction charted in October 2005. As with all businesses, there is a need to make adjustments – to slow down or speed up the plan – but at the end of the day the membership will measure AIA's performance on what we deliver to their bottom lines.

Growing the Pie and Increasing Members Share

Aviation New Zealand our Integrated Export Strategy

The most tangible evidence of the strategy in its formative stages was our participation at the Avalon Air Show where 10 New Zealand companies banded together as 'New Zealand Inc' to display our industry's goods and services. The additional orders gained by participating companies have been in the millions of dollars for minimal investment. This sector initiative, which put New Zealand aviation on the international stage, would not have been possible without the much-appreciated support of NZTE.

In Export Year 2007, it is pleasing to see the collaborative efforts of many members culminating in the creation of Aviation New Zealand. This process began with a comprehensive research project undertaken by Peet Aviation to address the capability and issues faced by the aviation sector as it seeks export opportunities. It is very apparent from the work undertaken by Peet Aviation that the most challenging issue is how to access the enormous opportunities out there on a profitable and sustainable basis. This is one of the many challenges going forward.

AIA also held a well attended Export Forum in February, which brought together both existing exporters and potential new exporters from the aviation sector. This forum was successful because of the much-appreciated support provided by a number of key industry organisations – Safe Air, ASL, Airways Corporation, and the Air New Zealand Group.

Going forward Aviation New Zealand has the potential to create enormous opportunities for this industry and create wealth for both our members and their employees.

Improving the Performance of Regulators

Significant on-going effort has been put into improving the performance of our regulators. The regulatory interface, if not managed with a strong commercial focus, has the ability to impose compliance costs, which render our industry internationally uncompetitive. One of the key competitive advantages we presently have is the very innovative civil aviation regulatory framework we operate under based upon clear accountabilities and partnership. Few countries have this framework and for a small country such as New Zealand, protecting and enhancing that framework is the key to our success both today and in the future.

One of the major deficiencies with the present situation is the lack of a clear and definitive aviation safety policy framework. The Government's National Transport Strategy has little relevance to aviation at the present time. Either the government can make it relevant, or place aviation to one side and set a unique framework for this industry. Either way, this matter will have to be addressed sooner rather than later.

It is simply not possible to continue to operate based on vague generalities when the rest of the world is moving on. Big questions need to be addressed such as "how long before we have a merged safety framework with Australia?" or "how long before we adopt the FAA or EASA frameworks instead of creating distinctly New Zealand solutions?".

We can only debate these issues if we have a clear understanding of Government policy and the safety framework for this industry.

Increased Level of Certainty for Government Funded Training

One of the issues clearly identified in the Peet Report was the need to build industry capability at home here in New Zealand. This must be done against an insatiable demand from the Asia Pacific region for persons competent in managing, operating and maintaining our industry.

At the present time our ability to invest in human resources, specifically pilot resources, is constrained by the Government's position on the funding of pilot training. There is very clear evidence from within industry that the shortage is here, not looming, but here right now. One of the most difficult issues to understand is why would the government want to deny young New Zealanders access to high-paying employment (albeit some will be overseas) when they are prepared to invest seemingly unlimited amounts on low-skilled low-paying careers.

There are no immediate solutions to the ever-increasing demand from this industry for more people. Why shouldn't New Zealanders have the best possible access to these jobs? This is only possible by ensuring alignment between Government policies and the provision of training at a standard acceptable to the industry.

One of the proposed solutions we have put to Government is that they contribute to role training in the industry at the basic level. In this way, the gap between the graduate that is coming out of training and the entry-level employee that the industry is seeking, would be quickly closed.

This is not a new concept – in fact many different industries do it now with modern apprenticeships – why then is pilot training being discriminated against?

Establishment of Aviation Careers Recruitment and Placement

To address a number of these human resource issues AIA has established Aviation Careers, a company launched (albeit without an anticipated joint venture partner) in November of last year. The support and guidance of Kevin England and John Lenaghan in bringing ACRP to fruition is greatly appreciated.

After a bumpy road with development, www.aviationcareers.co.nz is on the Web and it is pleasing to see more and more career information being posted to the website. The Flight Training division has played a major role in putting ACRP online and we look forward to the development of phase two of this enterprise in the year ahead.

AIA Council

Each year the Council meets on a minimum of four occasions. This year the meetings have taken place in September, November, February and May. The primary focus of the Council has been to review the financial position of the organisation, set the direction in respect of the major strategic projects under development for the organisation and to ensure that stakeholder matters are attended to in an appropriate manner.

At our September meeting, approval was given to establish Aviation Careers as a wholly owned subsidiary of AIA.

November's Council meeting examined the proposed way forward for Aviation New Zealand – as reported above. We were also joined by our sister organisation NZAF and discussed a number of strategic options for rule making. These are presently being pursued via an official information request.

The meeting in February was a watershed in many respects as this was the first meeting with the new Chair and then Director of the Civil Aviation Authority (CAA). At this meeting, it was affirmed that the

parties wished to restore the relationship to its previous co-operative and harmonious tenor. Since that date, there have been two meetings between DCA and myself, each co-operative and forward-looking.

The May meeting of Council reviewed the final papers regarding the establishment of Aviation New Zealand and agreed that the organisation would be established as a wholly owned limited liability company.

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

AIA Finances

It is pleasing to be able to report a strengthening in the AIA's financial position.

The operating deficit recorded has arisen due to expenditure on a specific project for which offsetting income has not yet been secured. I am confident these will be secured in the not too distant future. The project related to electrical/ground power connections to aircraft has been successful in highlighting severe deficiencies in a number of regulatory processes and procedures, as well as regulatory overlap problems.

This report details several new projects that AIA has undertaken in the last year. The object of these has been to setup the organisation for further growth in the years ahead. It is pleasing to be able to report that each of these new projects has been cost-neutral – in other words, income from the project has met or exceeded the costs of completing the project. Based on present plans for the organisation I think it unlikely any significant projects of this nature will be embarked upon in the immediate future.

All expenditure has been tightly controlled over the past year. The annual membership subscription cost has not increased since 2004 and provided strong growth in membership numbers continue to increase; in the near future, no increase in subscriptions is foreseen.

Acknowledgements

The recent passing of AIA Life Member Ossie James was a sad event. Ossie was a founding member and ardent supporter of our organisation and few will forget his very articulate participation in last year's conference. Ossie was at the forefront of creating the enormous legacy that is agricultural aviation, a sector that even today is evolving within our industry. To the end, Ossie was contributing to youth, the development of industry in the Waikato and to our industry. We say farewell to a true gentleman, a visionary leader and an outstanding New Zealander.

Another true leader of our industry to pass on was Ian Diamond. Very much a part of the fabric and framework of Air New Zealand for over 45 years, in his retirement Ian invested a significant portion of his time into the wider aviation industry as a Director of ASL. Articulate as ever, with a very sharp mind, he too has left a legacy, which is reshaping the future direction of that organisation. To Joan and family, we thank you for sharing such a great leader with us.

Irene King

Chief Executive

July 2007

Statement of Financial Performance

for the year ended 31 March 2007

	<i>Notes</i>	2007	2006
		\$	\$
INCOME was received from			
Member Subscription & Levies	2	286,890	288,248
Fees Earned	3	57,784	24,807
Donations & Grant		87,473	121,778
AIA Merchandise Sales		0	115
AIA Conference Income		155,912	159,826
NZAAA Conference Income		75,950	82,841
Interest Received		6,400	4,755
Dividends Received		52,813	10,000
ACRP Income		13,000	0
Avalon Air Show Income		80,733	0
Export Strategy		92,588	0
TOTAL INCOME		909,543	692,370
From which the following expenses were deducted			
Accident Compensation Levy		912	1,008
Accreditation		1,244	0
Accountancy		3,740	0
ACRP Expense		10,107	0
Advertising		4,885	2,060
Annual Report		9,770	3,890
Audit Fees		27,336	6,977
Avalon Air Show Expenses		78,164	0
Bad Debts	10	27,948	1,320
Bank Fees		1,534	586
AIA Conference Expenses		87,355	105,585
NZAAA Conference Expenses		59,300	49,981
Consultancy Fees	11	166,200	96,922
Depreciation		12,543	8,938
Doubtful Debts		0	(180)
Entertainment		0	1,534
Export Strategy Expense		86,996	0
General Expenses		2,859	1,330
Insurance		5,355	5,940
Interest		2,296	1,784
IT Support		3,295	3,603
Lease		698	2,893
Legal Expenses		480	178
Lighting Power		2,306	2,255
Meeting Expenses		14,631	27,372

The Notes to the Financial Statements form part of and are to be read in conjunction with these Statements.

Statement of Financial Performance

for the year ended 31 March 2007 /continued

	<i>Notes</i>	2007	2006
		\$	\$
Office Expenses		2,825	888
Postages & Couriers		2,248	2,873
Printing & Stationery		10,359	6,691
Rent		25,417	23,143
Replacement Equipment		94	289
Seminar Costs		30,592	0
Sponsorship		0	8,889
Staff Training		392	31,950
Stock Written Off		2,358	0
Subscriptions		2,373	13,504
Telephone & Tolls		12,990	10,406
Travel Expenses		15,806	12,416
Vehicles Expenses		0	99
Venue Hire		0	278
Wages & Salaries	12	260,191	238,901
Website Traffic		2,346	1,077
Website Development		2,913	0
TOTAL EXPENSES		980,858	675,380
Leaving an OPERATING (DEFICIT)/SURPLUS		(71,315)	16,990
Other Income		1,314	0
Share of Equity in ASL Group Ltd	7	405,128	0
GST Adjustments		0	7,989
TOTAL SURPLUS/(DEFICIT)		335,127	24,979

The Notes to the Financial Statements form part of and are to be read in conjunction with these Statements.

Statement of Financial Position

as at 31 March 2007

	<i>Notes</i>	2007	2006
		\$	\$
CURRENT ASSETS			
Cash on Hand		106	0
Bank	4	94,107	81,410
Debtors		176,805	55,673
Provision for Doubtful Debts		(5,063)	(5,800)
Accrued Income	5	1,181	16,182
Prepayments	6	4,862	7,621
Stock on Hand		0	2,653
Loans – AirCare & Safety	13	47,488	10,092
TOTAL CURRENT ASSETS		319,486	167,831
NON CURRENT ASSETS			
Investment in ASL Group	7	1,191,657	786,529
FIXED ASSETS			
Fixed Assets	8	20,330	30,513
DEDUCT			
CURRENT LIABILITIES			
Creditors		280,700	50,393
Income in Advance		2,180	13,406
Accrued Expenses		15,349	0
Subscription in Advance		0	288
Short Term Loans		32,619	33,119
GST to be Paid		2,893	9,280
Accreditation Audit Costs		1,200	0
Loans – Airports Plover Research		12,550	12,550
Loans – Ambulance NZ Membership		10,988	20,371
Loans – Apprenticeship Scheme		14,523	14,449
Loans – NZAAA Audit		0	2,211
Loans – Photocopier Liability		4,159	5,852
TOTAL CURRENT LIABILITIES		377,161	161,919

The Notes to the Financial Statements form part of and are to be read in conjunction with these Statements.

Statement of Financial Position

as at 31 March 2007 /continued

	<i>Notes</i>	2007	2006
		\$	\$
NON CURRENT LIABILITIES			
Photocopier Liabilities		17,262	21,032
NET ASSETS		1,137,050	801,922
REPRESENTED BY			
Equity at 31 March 2006		801,923	776,944
Net Income for the year		335,127	24,979
Equity at 31 March 2007		1,137,050	801,923

The Notes to the Financial Statements form part of and are to be read in conjunction with these Statements.

Notes to the Financial Statements

for the year ended 31 March 2007

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.

Measurement Base

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 valued at expected 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 assets service potential. Depreciation rates have been adjusted in accordance with the IRD schedule (IR260) and the Depreciation Guide as listed on Pg 23 of the schedule.
- **Goods and Services Tax**
The Association is registered for GST. GST has been excluded from the financial results in these financial statements 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 during the year. All policies have been applied on bases consistent with those used in previous years.

	2007	2006
	\$	\$
2. MEMBER SUBSCRIPTIONS		
Agricultural Division	101,769	103,107
Air Transport Division	63,327	52,560
Air Rescue/Ambulance Division	28,500	28,500
Engineering Division	25,931	25,100
Education & Research Division	1,200	1,200
Supply & Services Division	24,487	22,308
Helicopter Division	8,301	5,000
Associate Members	5,769	5,200
Airports Division	8,884	39,760
Flight Training Division	14,540	10,660
Subscriptions Apr 05 – Mar 06	133	0
Subscriptions Apr 04 – Mar 05	80	(5,147)
Subscription Apr 06 – Mar 07	3,969	0
	286,890	288,248

	2007	2006
	\$	\$
3. FEES EARNED		
Accreditation	18,760	11,900
Revalidation	0	7,867
Seminar Fees	37,718	0
Secretarial Fees	(20)	0
Miscellaneous Income	1,326	5,040
	57,784	24,807
4. BANK		
Westpac Cheque A/C	19,319	26,258
Westpac online saver	58,111	33,123
Westpac Ag Div A/C (NZAAA)	47	47
Westpac Apprentice Chq	9,745	14,449
Westpac Apprentice Term Deposit	5,000	0
Westpac Aircare Account	1,885	7,533
	94,107	81,410
5. ACCRUED INCOME		
These are credit card payments for Export Strategy Workshop. The payments remained un-presented at 31 March 2007.		
6. PREPAYMENTS		
Prepaid NZAAA Conference venue hire	1,333	1,797
Prepaid Interest on Photocopier	3,529	5,824
	4,862	7,621
7. TERM INVESTMENTS		
Investment in ASL Group	786,529	786,529
Changes in Equity for the year	405,128	0
	1,191,657	786,529
The details of Investment in ASL Group Ltd shows:		
Opening Investment at 31/03/06	786,529	
Income of ASL at 30/06/06	221,730	
Foreign Exchange Translation Reserve	31,487	
Distributions	(10,000)	
Investment in ASL at 30/06/06	1,029,746	
Income of ASL at 30/06/07	245,816	
Foreign Exchange Translation Reserve	(33,905)	
Distributions	(50,000)	
Investment in ASL at 31/03/07	1,191,657	

The investment represents 50% (2006: 50%) interest in ASL Group Ltd at 31 March 2007.

	2007	2006
	\$	\$
8. FIXED ASSET AND DEPRECIATION		
Fixed Assets at Cost:		
Leasehold Improvements	11,214	11,214
Office Equipment	29,664	30,108
Office Furniture	4,764	3,997
Computer Equipment	43,519	41,928
Computer Software	11,336	11,336
Trade Mark	1,540	1,540
	102,037	100,123
Deduct Accumulated Depreciation:		
Leasehold Improvements	9,753	8,855
Office Equipment	15,272	7,081
Office Furniture	3,605	3,221
Computer Equipment	42,217	40,875
Computer Software	10,398	9,193
Trade Mark	462	385
	81,707	69,610
Net Book Value at 31 March 2007	20,330	30,513

9. LEASE AND COMMITMENTS

The Association rents premises on the 5th Floor, Agriculture House, 12 Johnston Street, Wellington. The Annual Lease expense for the next 2 years is \$25,248pa and expires in March 2009. There is no further right of renewal available.

10. BAD DEBTS

Bad Debts of \$27,948 includes write-off of debts relating to prior years amounting to \$21,634.

11. CONSULTANCY FEES

Includes consulting fee for Standards New Zealand project of \$46,740 (exchange rate 0.86).

12. WAGES & SALARIES

Wages & Salaries of \$260,191 includes an allowance for annual leave accrued of \$15,349 (2006 – \$10,560).

	2007	2006
	\$	\$
13. LOAN – AIRCRAFT & SAFETY		
Opening balance at 31 March 2006	10,092	
Income		
Donation	163,600	
Interest Income	13	
Other Income	8,485	
Total Income	172,098	
Expenditure		
Filming & Production	66,465	
Consultancy	102,973	
Sponsorship	2,500	
Travel & Accommodation	13,127	
Distribution of DVDs	12,387	
Legal	3,638	
Consultancy	8,404	
Total Expenditure	209,494	
Closing balance at 31 March 2007	47,488	

14. CONTINGENT LIABILITY

Proceedings claiming an unspecified amount in damages have been issued against the Association. Acting on the Association's insurers instructions the matter will be vigorously defended. Advice received is that there is no validity or substance to the claim.



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**AUDIT REPORT TO THE MEMBERS
AVIATION INDUSTRY ASSOCIATION OF NEW ZEALAND INC.**

We have audited the attached financial report. The financial report provides information about the past financial performance and financial position of the Aviation Industry Association of New Zealand Inc. as at 31 March 2007. This information is stated in accordance with the accounting policies as attached.

COUNCILS' RESPONSIBILITIES

The Council is responsible for the preparation of the financial report which gives a true and fair view of the financial position of the Aviation Industry Association of New Zealand Inc. as at 31 March 2007, and of the results of operations for the year ended 31 March 2007.

AUDITOR'S RESPONSIBILITIES

It is our responsibility to express an independent opinion on the financial report presented by the Council 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 Council in the preparation of the financial report, and
- whether the accounting policies are appropriate to the Aviation Industry Association of New Zealand's 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 to provide us with 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, our firm has no interests or relationship with the Aviation Industry Association of New Zealand Inc.

UNQUALIFIED OPINION

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the Aviation Industry Association of New Zealand Inc. as far as appears from our examination of those records; and
- the attached financial report:
 - complies with generally accepted accounting practice in New Zealand;
 - Gives a true and fair view of the financial position of the Aviation Industry Association of New Zealand Inc. as at 31 March 2007, and the results of their operations for the year ended on that date.

Our audit was completed on 18 February 2008 and our unqualified opinion is expressed as at that date.

BDO Spicers Wellington
Chartered Accountants
WELLINGTON

Witness
R M Barlow P C Hodson
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AIA's 56th Annual Conference Report

"Building Sustainable Businesses"

For the first time the Rotorua Conference departed from the traditional format that AIA had followed of multiple divisional streams. The format was experimental however; it was well received, with 10 subjects covered and more than 70 speakers.

Conference is a time for members to network, to catch up with the latest developments in the industry, understand better what competitors are up to and to develop better strategic relationships.

The conference was notable for the substantial participation from employees of the Civil Aviation Authority (CAA). It was good to have them present in such force and the informal "Meet the Regulators" sessions were particularly well attended. The mutual respect and constructive debate that occurred in many sessions was a hallmark of the conference.

The Technical Programme

Highlights of the 2006 programme included:

- A one-day programme on "Communication and Stress Management Strategies"
- An interaction with the Transport Accident Investigation Commission
- A half-day session on the development of the export strategy
- Development of the AME Syllabus
- Risk Management Practices in Aviation
- Airways the Way Ahead

Plenary Session

The theme of the conference – "building sustainable businesses" was highlighted in both the opening address of the Minister the Honourable Harry Duynhoven and the response of the president John Funnell.

One of the most difficult challenges confronting the industry is the question of future resource requirements given the projected industry global growth rates of around 5% p.a. Within New Zealand there are a number of reforms of the tertiary sector proceeding. Aviation appears parked out to one side. It is disappointing that the progress on resolving pilot funding has been "snails pace" however, there was a major initiative promoted at conference relating to Aviation careers. This initiative, sponsored by the ATTO, found widespread industry support.

Many of the main day presentations related to the economic environment – both from a regulatory and trading perspective and we were fortunate to have John Blair, Corporate Counsel Air New Zealand, speak of trans Tasman alliances, Peter Harbison discussed global trends in Asia Pacific Aviation. Peter returned later in the year to assist the steering committee in its development of Aviation New Zealand. Auckland Airport and the Commerce Commission provided interesting, but different perspectives on regulating monopolies.



The Hon. Harry Duynhoven speaking on the main day.

CTC Aviation featured in our cameo industry slot. The thought-provoking presentation by Ian Calvert highlighted a number of the major transitional issues faced by our flight training industry as it grows into an excellent provider of training.

Airways and Air Services Australia provided the technology slot covering developments in both air and ground-based system efficiencies and how linking the two optimally together can bring about major productivity gains in the industry.

The day concluded with an insightful presentation by Paul Kelway entitled “the Management of Fuel Supply and Fuel Risk in Air New Zealand. A key statistic provided was that per passenger fuel costs on an Auckland-Los Angeles sector are NZ\$425 – a low cost fare is NZ\$870. “Who would be in the airline business!”

The Awards Dinner

A very interesting way of rounding up our guests, onto buses, for the journey to the Rotorua Agridome caused both consternation and hilarity. However, everyone enjoyed it immensely.

Awards

AIA recognised the contribution made to the industry by Air Chathams and Rodger Fisher. Emerging from small beginnings, Air Chathams celebrated its 21st birthday in 2006 and this airline received the Organisational Award. This organisation serves a remote community across a route that has beaten many other challengers; they have upgraded equipment and expanded capabilities in a manner that other operators should aspire to. A GA operation can grow into an airline; Air Chathams was cited as a working example.

The individual award went to Rodger Fisher, former Chair of the Civil Aviation Authority. AIA viewed Rodger’s contribution as visionary in terms of bringing the regulator and the aviation community together in the pursuit of safety. During his period as chair, he focused CAA on the co-operative approach to achieving safety outcomes by moving away from punitive measures and towards education and targeted risk-reduction initiatives. Rodger saw AIRCARE as a key to moving safety performance into the 21st century and signed onto this initiative willingly. The safety results we are achieving today are because of the frameworks established on Rodger Fisher’s watch.

Irene King

Chief Executive
Aviation Industry Association of NZ (Inc)

July 2007



John Sinclair receives his Life Membership.



Murray McPhail of Air Chathams receiving the AIA award for company performance.

NZAAA (Agriculture Aviation Division) Report

Once again, we have had what looked likely to be a good year for most operators destroyed by poor returns for the sheep and beef industry. We can only hope things will get better ASAP.

“Coping with the future” was the theme for our annual conference held in Rotorua October 06. Charlie Pederson, president of federated farmers opened the conference

We are all well aware of the pressures facing the industry. Holding the conference in Rotorua put the spotlight on some of the environmental issues facing the industry, particularly in terms of water quality and the lakes. The idea with the conference theme was to let us explore some of the issues, to learn more about what may be driving some of the compliance requirements and put up some options on how best to deal with it all.

Special thanks to our Executive Officer John Maber for putting together an extremely interesting conference programme.

Some of the topics addressed by various speakers were as follows:

- Verification of good practice
- Obtaining and using data electronically
- The availability and use of GIS/digitised mapping data
- Spread pattern testing for aerial application, solids and liquids
- Evenness and precision in aerial application
- Compiling a hill country fertiliser recommendation
- The Taupo catchment, the lakes and aerial application of fertiliser
- Planning and executing a high altitude spraying operation
- Use of a spray droplet-size calculator

We also conducted a workshop on Issues Assessment Group (IAG) expertly coordinated by Annie Perkins, relating to rule Part 137, with four main issues dominating the floor, resulting in a lot of robust debate.

- CAM 8 and legal load requirements
- Seating and restraints
- Determination of hopper contents
- The writing of a generic Operations manual for rule Part 137 holders.

Since the conference, an IAG of members had a meeting in Wellington in January 2007 to carry out further investigation of the issues.

Forum on “Safety guidelines” on farm airstrips and associated fertiliser cartage, storage and application was starting to gather momentum when time intervened and the debate had to end.



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 Chair of the NZAAA

The helicopter operators held a separate breakout session on maintenance issues.

Last, but not least; more pearls of wisdom from Rob Davison.

Whilst conferences are not all beer and skittles, there was plenty of time for beer and socialising and we all look forward to Queenstown, October 2007.

Sponsorships

Thank you to all our sponsors and trade displays for your support and taking a special part in our conference and throughout the year. You have proved yet again the very important part you play in making our industry tick and I hope you all have major business gains by meeting up with new and ongoing clients.

Safety Guidelines

These are now available from CAA for distribution to all airstrip owners. Many farmers already have a copy. Thank you to all the operators who have submitted a list of airstrip owner's names and addresses, if you have not done so yet, please get it done ASAP.

I would like to thank the following organisations and personnel who contributed to the preparation and development of this excellent guideline:

- Federated Farmers of New Zealand Inc.
- The Agricultural Health and Safety Council
- NZAAA members
- Rural Women
- CAA staff
- Department of Labour H and S staff
- Northern Lime Millers' Association
- Ministry of Agriculture and Forestry
- Executive Officer

Once again, John Maber has done a first class job working for the AAA membership. His unrelenting enthusiasm for the betterment of agricultural aviation, in dealing with environment councils and all forms of regulatory authorities (HASNO, ERMA etc.) throughout the length and breadth of the country is quite a revelation to your committee.

John's ability to consult with these authorities and write up Code's of Practice shows his incredible skills. We must always remember the people John deals with by-and-large would not have a clue about our work (what we all take for granted) and the way we go about our work. These are the people that are charged with writing legislation that could have a huge impact on our businesses.

Please feel free to contact John on any issues especially if you think there might be, or has been, a potential for a problem. The sooner John knows, the sooner he can help get the problems resolved. Many Operators and Pilots ring or email John with their concerns.

John has also been instrumental in getting the AAA website sorted out and working and is working with the Aviation Industry Association (AIA) office to get the database updated.

Thank you John Maber for another year of absolute excellence.

Accreditation

Jason MacGregor, from the AIA office, is contacting members encouraging them to join the accreditation process. As a result, there are now a growing number of members going through accreditation.

CAA

Once again, I would like to thank John Fogden and Ivan Harris for their input into agricultural aviation throughout the year and attending our executive meetings and for CAA's attendance and participation at our annual conference.

Special thanks to CAA for handling and posting out the "Safety Guidelines".

CAA also has a commitment to revise parts of rule part 137, one of the outcomes, hopefully, will be a standard exposition similar to what the Australian rule part 137 holders have. This will be an item for discussion at Queenstown October 2007.

Statistics

Finally, we are now getting reports from CAA that the accuracy of the reporting is much improved. Always remember, it is the only way we can all value what our industry does and know what its value is to the whole economy.

Social Cost of accidents

On another matter relating to 'stats' is the totally nonsensical way the recording system deals with the social cost of accidents. Let's face it; how can an industry, on 31 March, have the highest social cost of accidents, then at midnight 1 April, have the lowest social cost of accidents? Either way the system is seriously flawed and needs to be reviewed ASAP.

A Bouquet

It is with very great pleasure that we congratulate John Maber who is in receipt of a meritorious award for services to Standards New Zealand. In the citation for John it mentions his "life long commitment to agrichemical and fertiliser best practice and noting that he has been instrumental in providing input to the 1999 and 2004 standard code of practice for agriculture users in New Zealand". Along with six other New Zealanders, John has been recognised by his peers as an outstanding leader in his field.

Appreciation

AIA Staff

On behalf of our members I would like to thank you all very much for your help and cooperation. It is most appreciated.

Thank you to the committee. You have been a very good team to work with and I have always appreciated your support.

Ken MacKenzie

Chair

July 2007

Air Rescue/Air Ambulance 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 Chair in May 2006.

Introduction

In New Zealand we currently have 11, Government contracted and Aviation Industry Association (AIA) accredited, organisations operating that deliver Rotary Wing EMS Services. They operate two medium-twin, six light twin and eight single-engine helicopters with access to further single and light twin aircraft. Three of the twin-engine helicopter providers also operate under Instrument Flight Rules (IFR).

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 15 provide fixed wing services.

The new challenge for this year has been the introduction of night vision into the services and to that end, all of the Air Rescue/Air Ambulance government contract holders will be trained and equipped by year-end. Night vision equipment, training and certification have given the providers a safety tool enhancing the capability of the industry. On behalf of our AR/AA our thanks and appreciation go to the CAA team for their guidance and assistance in developing this magnificent tool to better deliver EMS to the public of New Zealand.

Projects

- (1) The Ambulance Communication Project (ACP) has now switched over to the three centres in Auckland, Wellington and Christchurch. Over the next year, as the call centres settle down, enhanced services such as Flight Following and data switching are the next challenges for the ACP.
- (2) Air Ambulance Reference Group project is over halfway through and has had extensive input from the industry, which will ultimately set the direction on government policy for Air Ambulance. The government appointed Project Chair Mel Smith will present the projects recommendations by the end of 2007.
- (3) The AIA Air Rescue/Air Ambulance standards are currently under review with the medical component being removed. Version 10 will be available by July 2007 with the addition of the night vision standards for recommendation.
- (4) The Ambulance New Zealand Standards 8156 are due for completion by July 2007 with the Air Rescue/Air Ambulance input and recommendations completed in June 2007.
- (5) It has been a very busy year for all and I would like to thank Irene King for her support and John Funnell for his guidance and advice.

Rea Wikaira

Chair

July 2007

Air Transport Report

The Air Transport Division started the year with a team at the helm that were very new to AIA matters; Dale Webb, Flight Operations Manager for Mount Cook Airline became the Chair and Captain Chris Kriechbaum, Manager Capability Development for Air New Zealand, the Deputy. The Division had effectively been in recess for part of the previous year because of the resignation of the previous Division heads so there was little in the way of "Work in Progress" to pick up on.

After a little time spent reading into the role the Division held its first meeting for many months in November 2006; this was a telephone conference reflecting the very wide geographical distribution of members. Items that were of interest to members and discussed were:-

- Aviation Careers, Recruitment and Placement, ACRP;
- TAWS for CAR 135 Operators;
- Experience levels for CAR 135 Operators
- Industry Specific Role Training, as opposed to ab initio or generic training.

Since that meeting ACRP has progressed, largely as a result of the efforts of the AIA Wellington office, but with significant input from the Air transport and Training Divisions. Though it does still have some way to go and the intended inclusion of ATTTO in this venture has not yet been concluded.

The Division contributed heavily to the AIA submission to the CAA on the technical standards for TAWS to be installed in CAR 135 aircraft; two Division members (Air NZ and Christian Aviation) also made valuable submissions on the same topic.

The Association submission on experience levels was also supported by the Division, but the majority of the credit for that lies with Head Office author David Watson.

Role training for those pilots entering the air transport side of the Industry has not yet received the attention it deserves.

Other than the above the last three months has unfortunately not seen much action with Air Transport as both Chair and Deputy have been kept very busy in their primary roles in the Air New Zealand Group. Sadly, that activity rate saw Capt Kriechbaum resign the Deputy position in mid-May; I would like to acknowledge and thank him for the valuable work he did while in office.

Dale Webb

Chair

July 2007



Dale Webb

Entered the aviation industry in 1965 when he joined the RNZAF, completed his pilot training in 1968 and other than a break in the late 1970s was in the RNZAF until 1990. Most flying was in the transport role on C47 Dakota, Cessna 421, Andover and C130 Hercules aircraft as well as some ab initio instructing; was also the RNZAF Safety Officer and Accident Investigator for three years. During the break from the RNZAF qualified and worked as a Chartered Accountant. Civil flying career started with Safeair at Woodbourne in 1990 then with most of Safe's pilots moved to Air Nelson as part of the introduction to service of their Saab 340s. As well as Air Nelson has flown with and/or held flight operations management positions with Ansett Regional, Origin Pacific, Formosa Airlines in Taiwan and Macair in Townsville Australia. Presently Flight Operations Manager (currently Acting General Manager) for Mount Cook Airline in Christchurch. Interests outside aviation are boating, wine, grape growing, and local history.

Education and Research Report

The Education and Research division has the objective of initiating and supporting aviation related research and education that is not the specific preserve of other divisions, such as Flight Training. It recognises that there is a broad range of education and research that is relevant to the aviation industry and that some of this activity may overlap with other components of the broader transportation industry.

The division supports the initiatives by organisations such as the ATTTO to develop and deliver a broad range of education and qualifications relevant to the industry. It also supports education at tertiary institutions that has relevance to aviation. Often such education or research is not clearly known to the aviation industry.

As aviation becomes increasingly more complex over time, there is an associated need for research to both steer and support developments, e.g. new generation aircraft for Air New Zealand and the RNZAF require new knowledge and skills to support these technologies.

The current Aviation Industry Association (AIA) business plan includes the intention to both foster and support research activity that is of interest to, and has benefit for, the aviation industry. It is likely that this will extend to acquisition of and the provision of funds to support such research and the management of it. To date, this component of the association's business plan has not been achieved, but it will form a major component of the work of the division going forward.

During the past year, the divisional meetings have involved representation from Air New Zealand, Massey School of Aviation, Aviation Tourism Travel and Training Organisation (ATTTO), the Civil Aviation Authority (CAA), The Bay of Plenty and Whiriria polytechnics, members of the flight training division and other industry representation. The meetings have typically followed on from those of the Flight Training division.

With regard to the future, the division needs to:

- Identify and support the education and training requirements of industry across a broad range of disciplines
- Work with relevant parties to ensure that such training and education is delivered in a collaborative and effective manner
- Identify and support opportunities for research that can benefit the aviation industry within New Zealand
- Identify and act upon opportunities to participate in the export initiatives, such as Aviation New Zealand, to grow aviation as a high skill, high value, export activity for the country

David Lyon

Chair

July 2007



David Lyon

David Lyon manages the School of Business of the Bay of Plenty Polytechnic, Tauranga.

He is currently completing a research degree with the Massey University School of Aviation, in relation to the commercial performance of New Zealand airport companies.

David has also presented papers at a number of international conferences and has undertaken several aviation related consultancy roles.

He can be contacted via david.lyon@boppoly.ac.nz

Engineering 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.

It seems to be a repetitive theme that each year in this industry is as busy, if not busier, than the last. Yet again, this has been a year of significant changes within our industry, including the appointment of a new Director of Civil Aviation, but also opportunities represented by the growth, which is occurring in the air transport sector. Due to the extent of my own personal commitments, I am writing this summary for the last time. I will be stepping down as Chair of the Engineering Division at our AGM.

During the year, the Division revised its own business plans and reviewed its structure. The mission of the Division was summarised by the following activities:

- 1. Provision of advocacy: – one voice representing the interests of division members**
- 2. Ensuring sustainability and growth of the aeronautical engineering industry**
- 3. Partnering with regulators to reduce cost and increase timeliness of compliance**
- 4. Improving safety standards throughout the industry**
- 5. Work with regulators to increase delegation of functions and concentration on value added activities**

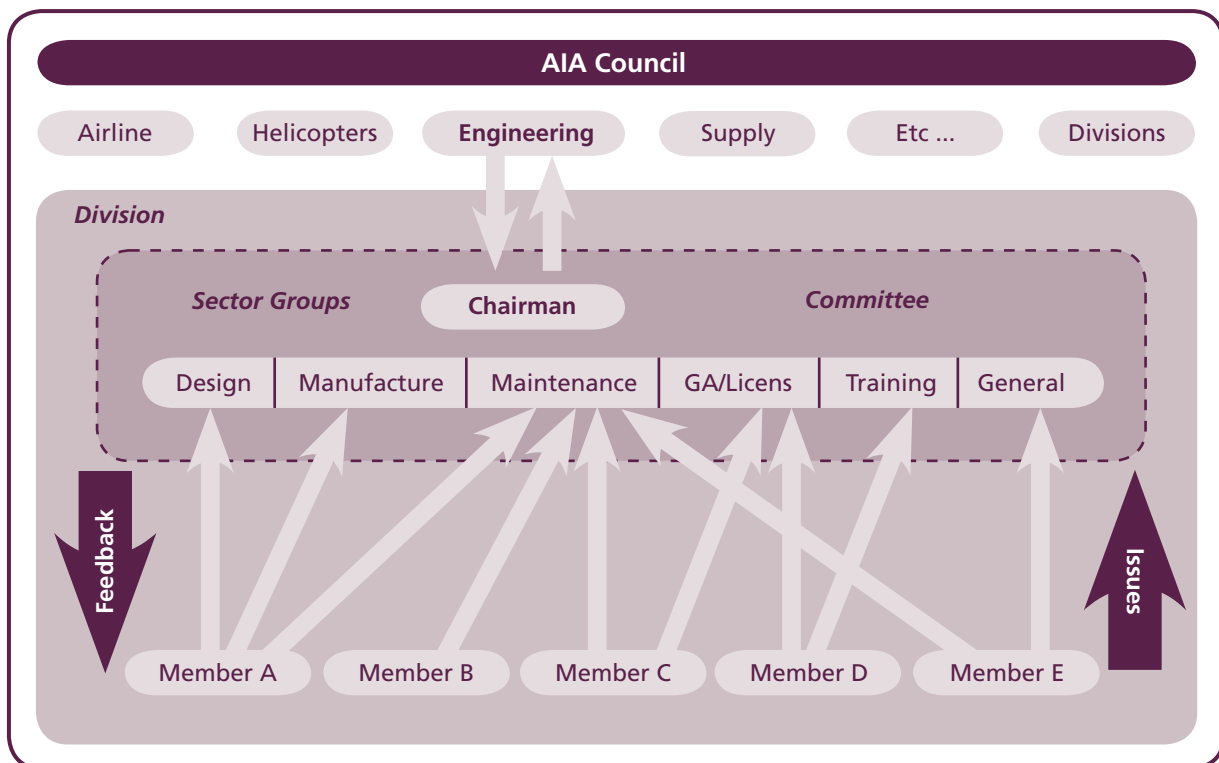
These build on the previous plan, developed within the division, but perhaps the most important addition was the acceptance that we have an important role in improving safety standards. One specific action in this regard was the action taken by the AIA and Engineering Division members to tackle a new standard published with apparently significant potential issues. This is an ongoing issue, but the material in question has been removed.

The Division also spent a considerable amount of time and effort to review and change its own structure. Perhaps heightened by the change in personnel, it became apparent that the Division spans a wide variety of activities and it is difficult for one person to try and adequately represent all of them. For this reason, and after a significant amount of work, it was decided that the Division would be split into a number of groups focussed around different activities. For the Division these are:

- Rule Part 145 Maintenance Organisations
- Rule Part 43/66 General Maintenance and licensing

- Rule Part 148 Manufacturing
- Rule Part 146 Design
- Rule Part 141 Training
- General issues Insurance, other Engineering issues

The following diagram describes the intention of these changes. I believe that this structure, going forward, will allow the division to operate more successfully.



AIA Engineering Division Framework

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 Mike Chubb for his contribution as Deputy Chair.

Damian Horrigan

Chair

July 2007

Flight Training Report



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.

Introduction

The major effort this year has been to meet Government requirement of:

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

Government asked that we meet this requirement by the beginning of this year in order to maintain the aviation training funding cap at 600 EFTS for 2007. To this aim, the Flight Training division has continued the work, in close contact with TEC, on the Code of Practice and on Aviation Careers Recruitment and Placement (ACRP). While Flight Training feels that we have more than met these requirements we have yet to hear from the Minister, Dr Cullen.

Issues 2006 – 2007

Code of Practice

The Code of Practice has been put into effect with all of those who are currently being funded having signed up to meet and be audited on the requirements during the coming year. The Code is designed to be a living document and will be added to/improved when necessary.

ACRP

This has been set in progress with two Directors – Kevin England of Air Hawke's Bay and John Lenaghan of Mount Cook Airline. They have done a great job in conjunction with Irene King and Dave Watson from the Aviation Industry Association (AIA) with the initial setup of ACRP and the website, which assists in meeting the minister's requirements.

The objectives of ACRP are:

- To become the repository of all careers information for anyone wanting to train as a fixed wing or helicopter pilot – this will include regulatory information as well as the code of practice
- To profile success and highlight alternative career pathways, including establishing a mentoring network
- To develop relevant and timely careers information
- To publish vacancies within the industry
- To actively place new graduates into meaningful careers in Industry

We recognise that while the activities of ACRP are, at this stage, focused on pilot training, the concept is equally applicable to all employment options within the industry. To date ACRP funding requirements have been adopted with a levy on all AIA Flight Training members. This has covered the initial development cost of setting up this entity and getting the website operational principally to satisfy Dr Cullen's request.

Further to AIA members' investment with ACRP, Flight Training is also seeking funding from external key stakeholders. We envisage the external funding would become another income stream from AIA to cover staff's time and cost in supporting ACRP.

The website is www.aviationcareers.co.nz.

Airways Corporation of New Zealand

The group has worked hard at trying to improve access to airspace by flight trainers. This is still the single biggest handicap for flight training and there can be no expansion of training unless this is sorted out. Matters have improved in some areas in the Bay Sector but much has not been resolved and communication is not as good as it should be.

ACNZ has been informing us of the removal of NDB's and time scale of this and in general, flight tests have been given good service.

Overall I hate to repeat last years statement but, despite last years great sounding presentation by ACNZ, there is still much work needed to improve things in this area.

Civil Aviation Authority

John McKinley and Carlton Campbell have been attending meetings this year to answer questions and give reports. The good communication is greatly appreciated – many thanks to these two.

Issues currently in the limelight and in most cases still on the website for comment are Part 61/141, New Helicopter ATPL syllabi, new GATK syllabi, the Aviation English Proficiency Test compulsory from 5th March 2008 and Fit and Proper Person.

The A Category Seminars requested by most A Cats still have not been carried out, though there has been mention that they may take place next year.

Aviation Services Ltd (ASL)

Communication with ASL has been good with Brian Carruthers or Graham Guy attending most meetings. There have been some problems but to-date most have been satisfactorily dealt with.

Finally

This has been my last of two years as Chairperson. It has been a very valuable experience, but also extremely busy, especially dealing with ministerial requirements.

Many thanks to those who have made my job easier, both from Flight Training and from groups such as CAA, ASL, TEC and who have also been my sounding board from time to time ... To Jay, Caroline, Steve, Warren, Kevin, Terry, Roger, John L and Dale, Carlton, Brian C and John Laxon and Irene – many thanks. Many thanks to those on the committee and to those who faithfully turn up to most meetings. The health of the Flight Training division greatly depends on you.

Penny Mackay

Chair

July 2007

Helicopter Report



Peter Garden

Peter has been a commercial helicopter pilot and operator for 30 years.

After selling his business to South West Helicopters in 2004 he remained on their staff as Flight Operations Manager. He has worked in many parts of the world in various helicopter roles, had a long involvement with Search and Rescue in NZ and is a committee member of NZAAA.

He was instrumental in establishing the first formal Air Ambulance operations in Southern NZ.

Peter is currently an aviation advisor to a number of New Zealand and overseas environmental agencies involved in predator eradication programs.

The helicopter industry continues to improve its safety performance, which indicates that Industry and CAA initiatives are working and efforts by AIRCARE are now having some positive benefits for all helicopter pilots and operators.

However, the private owner/operators rates are still slower at coming down than commercial operator rates and this poses a risk to all helicopter operations as insurance overall accident rates have a bearing on all of our premiums.

As an Association Division, I believe that we need to involve ourselves in helping private owners/operators to lift their standards.

AIA involvement with AIRCARE goes some way to addressing this issue but, as the accident rate in this sector affects all of our bottom lines, we need to find other ways to help.

The Helicopter Safety Councillor program, initiated some years ago by John Funnell, should be re-established with key safety councillors identifying all helicopter pilots in their area and promoting safety initiatives amongst these people.

As I mentioned last conference, I would like to see this division investigate the possibility of creating a 'Helicopter Association' along the lines of the NZ Agricultural Aviation Association.

NZAAA has been very successful in achieving positive gains for all members and addressing specific agricultural aviation issues within the AIA structure.

By creating a similar association we may be able to include private pilots/operators and help them improve accident rates by passing on safety related information and mentoring support.

This would also help us to work with CAA in dealing with many helicopter issues over which we currently have little control and unload the AIA office of some workload.

The Helicopter division represents widely differing types of operations, many of which are well represented by other divisions, i.e. Air Rescue, NZAAA and Tourist Flight Operators. However, there are a number of over-riding issues that are best handled by this division and, if we are able to strengthen the division by increasing membership numbers, we will be better able to promote the helicopter industry as a whole.

Aviation Careers

This year has seen a consolidation in flight training and the Flight Training Division, to ensure a well-trained pool of pilots to take us forward, has put some good processes in place. We, as an association, need to be prepared to do our bit to provide placements for trainees.

The establishment of ACRP this year should help the flow from training to industry and we need to build good communication with this group to promote this process.

Export Initiative

The AIA 'Export Initiative' at Avalon this year has created some excellent opportunities for New Zealand operators to access the world with technology and expertise and we commend the executive on their foresight. It is now over to Industry companies and operators to follow up on contacts made during this show.

The establishment of 'Aviation New Zealand' as a standalone company to take the export initiative forward will allow this process to mature and be of benefit to a number of divisions within AIA.

AIA Business Plan

From a Helicopter Division prospective the AIA Business Plan priorities should be:

Strategy 6 'Improve Margins'

Strategy 3 'Actively Manage Reputation of Industry'

Strategy 1 'Grow the Pie, Protect and Expand Members Share'

Strategy 2 'Achieve Responsive High-performing Regulators'

Membership

A continual concern of some members is that they feel they are not receiving value for their membership subscription. I can only say to these members that it is your Association and it can only respond to your needs if you communicate with them through your division. By building a strong divisional structure, you can influence the direction of your industry.

The staff at AIA has had a difficult year with having to establish relationships with a new CAA Board, interim Director, and now Director, as well as various staff changes.

From a division chairman's prospective I would like to thank Irene and staff for the untiring work that they have put in over the past year.

Peter Garden

Chair

July 2007

Supply & Services Report



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 Chair.

As you age, time flies by ever faster. This year, I guess I must have aged quickly, if the speed that this year has flown by is indicative. It has been an interesting year for the industry, with a feel in the air that we are finally getting somewhere with the export initiatives that this division has been pushing for, alongside the flight training and engineering divisions.

Exports

The crowning glories of the year are shared between us, finally (after years of pushing and cajoling) getting a group of businesses to exhibit at Avalon and the decision by Council to proceed with the establishment of Aviation New Zealand.

In both these cases, we have had a sizeable gestation period. In the case of Avalon, we've known for a number of years, that there was considerable Government financial support available if the industry could send a group of companies to Avalon. The same funding source is available for other group events. China and India both have aviation conferences and trade shows worth attending, and these are target markets where New Zealand's unique balance of quality products and original thinking can make a huge impression that can turn into foreign exchange receipts.

I spent a fair bit of time offshore last year looking at export opportunities, for not only Flight Signs, but also where the AIA members as a group could get some substantial wins. The playing field is huge so I can be forgiven for concentrating on the back door, our neighbours in the South Pacific.

We visited Samoa for the first time in February – George Hazelman, CEO of the Samoan Airport Authority made us extremely welcome. When asked about coming opportunities, three came up immediately – the re-surfacing of his car park, the building of a security fence on the seaward side of Faleolo Airport, and the re-building and modernisation of the airport itself.

I visited Fiji twice last year, the second time just before the government takeover by the Commodore. He may be wrong in overthrowing a legitimate government, but do they really have a mandate to rule if a government has ministers and senior government officials who are corrupt? My later visit was to discuss the possibility of a MoU with the then CEO of Airports Fiji Ltd. The military governments "Corruption Investigation Team" also suspended him. I did bring back information on quotations for the concrete footings for the new air bridge, and details on the tender for the new control tower for Nausori. Sadly, with the overthrow of the government and the downturn of the Fiji economy, the tower project was shelved.

I visited Fiji again earlier this month and caught up with the CEO of AFL, Mr. Jone Koroitamana.

On the table were discussions about his review of the AFL Master plans with \$279 million to spend, much of which could come from New Zealand. Jone is a great friend of ours, having done his training here with the old CAD as an Air Traffic Controller. I was extremely saddened to have him tell me of his resignation. His reason; his daughter is a B747 pilot with Air Pacific and because of Jone accepting the role of leading AFL offered to him by the interim government, she has been banned from flying into Australia and New Zealand by the respective governments. Jone hopes that by resigning, his actions won't have a detrimental affect on the career of his daughter.

As part of my last visit to Fiji I was delighted to attend, as an observer, the Forum's Transport Sector Workshop of the Implementation of Forum Principles on Regional Transport Services. This workshop also covered both PASO and PIASA. I'd like to thank John Macilree from the Ministry of Transport for allowing me to accompany the New Zealand delegation. I doubt he'll let me go again!

I did my observer duties quietly, but whenever I had a chance I did the networking that I so enjoy. I took only a few brochures with me along with a couple of copies of the AIA 2006 Annual Report – the delegations from all the island states couldn't get enough. Alvin Tuala, Forum Transport Advisor told me that I should have brought 100kg of brochures, and, why didn't I think of bringing up a trade display!

The country reports were of great interest. Opportunities exist all over the Pacific, but there are some glaring ones in airport security fencing, airport ID card issues and if you know an operator of a C206 on floats, Kiribati wants to talk to you. Their minister spoke of being delivered to an island by the sole active air Kiribati aircraft and expected to be collected the following day, only to have the aircraft go unserviceable, which then took a fortnight to collect him! A C206 on floats (or perhaps a 750XL similarly equipped), would help them reduce the cash that needs spending on their airports and airstrips and would serve their island communities well. Mind you, like many places in the South Pacific, a workable deal needs establishing that would see the next month's flights paid upfront, to assure all involved of a continued service.

The workshop was full of opportunities and I would welcome an invitation to the next event. From the reaction I met from the delegates, I couldn't help but wonder how many members would get great value in taking our conference to Fiji, as the uptake and interest from within the region would be just huge. I guess the trade exhibitors would have to go with empty order books, because I sincerely believe the amount of trade sales made would make the event well worthwhile.

We visited the UK for the first time last year, flying via Dubai. I found the size of the existing Dubai airport stunning. The terminal building is about four kilometres long, of which two kilometres was in use when we arrived, with the other two kilometres apparently scheduled for completion later this year. I was told that with the growth of passenger traffic, once the terminal building is finished, it would be just five years before it is too small. Gazing out of a floor to ceiling glass wall, I counted 35 tower cranes working on buildings on one side of the runway alone. For a young fellow used to working at Christchurch Airport, the size of Dubai's airport was certainly a culture shock. I couldn't believe the sheer quantity of work available, and wonder how much of that could come from NZ?

Approaching London, our Pilot showed his sense of humour reporting that there was good news and bad news, the good news being that we would arrive over London on time, the bad news being that we had an expected orbit time of 20 minutes to get a slot in for landing. Looking out at the mass of contrails, one could be forgiven for thinking we had gone back to 1940 and the battle of Britain was in full flight!

My wife has a pitched battle with our MAF Beagles – she takes her lunch to work in her shoulder bag and invariably that includes fruit. Whenever we come back into Christchurch, the pups rock straight up to her and sit wagging their tails. So it was with interest I watched a gentleman in Arab garb shoulder a box of mangoes and walk through the “nothing to declare” line – which he passed through, without a word being said – no wonder that England is always being rocked with agricultural scares. It makes you really grateful for the work done by our MAF staff at the airports.

November saw us in Melbourne, where I had arranged a meeting with the team from Australian Airshows who run the Avalon event. The cost of attending is huge, at AUD\$34,000 for a 6m x 6m stand, yet some of the big players in the global aviation industry were booking spaces at 600 square metres and more. The team at Avalon were very slick and professional and gave me considerable information to bring home for Irene and her team who were planning our AIA attendance at the show.

I regret not being able to attend Avalon due to work commitments (another trip to Fiji at the same time), but was delighted at the results from the companies that did go – \$300,000 in sales at the show and an estimated \$20 million in forward sales to come from it. I have to offer a huge thanks to Irene and the staff at the AIA office for driving forward the attendance by the Kiwi contingent, and just as many thanks must go to the team at NZTE – John Nicholson, Dave Penny and Steve McIntosh. Well done to all.

Insurance

Costs are driven up, we know and can accept that, however, I have some real concerns about the insurance premiums being demanded from and paid for by companies who have to work airside. For the refuelling companies, caterers and engineers who work there 24/7 these costs are huge, but these insurance costs are potentially more crippling for companies who only occasionally have to work airside. The airports don't help by having different amounts of cover required nationally however, I've heard that our airlines may also be looking at insurance cover being increased to \$15 million in public liability and third party cover, before you are allowed to work near their premises or aircraft.

The worry is that this will drive some of the smaller businesses off our airports, reduce competition and leave the airlines and airports open for gouging by the few companies left to compete in the field.

The New Zealand Deerstalkers Association has a \$3million public liability cover for fire fighting built into its subscription fees. I wonder if perhaps it is time that AIA had two fee levels for the members – where you can either pay the lower rate and sort out your own insurance, or perhaps, participate in a group scheme that should give better value for those members who took part. I would be interested in feedback on this idea.

Competitive Advantages

The single biggest advantage that we have as a nation is that we can think brilliantly – we're clever and I guess the isolation that our island home enjoys is a part of that, so we learn to think outside the square. Maybe that's why there is such a huge demand for Kiwi trades people overseas. How many of your companies actually foster the self-belief that encourages clever thinking?

In my travels over the past year, I have found it interesting that some problems, which have glaringly obvious solutions, simply are not solved in other countries. That alone gives a massive opportunity for kiwi companies to compete internationally. However, as a nation, we have to be able to retain the trained staff. To do that we need to pay them well to combat our excessive tax rates. We still need however, to survive as businesses. Our masters forget that we've just had to fund an extra week's holiday a year, without the four percent for Kiwi Saver.

Anecdotal evidence points out that the lowering literacy in New Zealand is a major factor in our not increasing productivity. Technology can only go so far in replacing staff and increasing the turnover. It may give an advantage, but it's not the only answer by a long shot. Clever thinking will reward you more than relying on new technology any day. Therefore, I urge you to look after your clever thinkers, encourage them and reward them. They are your best competitive advantage.

In Conclusion

This is my last year as Chair of the Supply and Services division. The changes in my business and the increased workload has simply cut out the available time I have to devote to the association and indeed in the latter half of last year, probably a third of my working week was on AIA and Aviation New Zealand matters. Rob Bolton took over as chair during the year. This needs ratification at the Supply and Services AGM. I hope that as many of you attend as possible and give Rob the kind of encouragement that you have given me. Thank you for allowing me to chair the division over the last few years. It has been one of the nicest things I've had to do in my career so far and I am extremely grateful you've given me this opportunity to serve. Take care, fly safe, work hard and enjoy yourselves.

Alan Peacock

Chair

July 2007



Touch down at

our website for the latest
information from AIA:

www.aia.org.nz

Tourist Flight Operators Report

Since its conception seven years ago, Tourist Flight Operators has experienced most of its major changes during the last 12 months.

With the transition into a division of the Aviation Industry Association now complete, our thanks go to Irene King for making this relatively painless for the members. The extra work put in is not often seen, but many hours have been spent in the organisation making this transition happen.

Our "Contact Magazine" is produced quarterly; with a different member profile each time and all the relevant up-to-date information on Rules and Governance.

Tahlia Anderson was responsible for most of this work, doing an excellent job of collating and producing this magazine. We welcome Jason McGregor to the task now that Tahlia has moved on.

Better use has been made of the website by promoting it on the front of the magazine.

I believe we can do better still with the website by using it as a joint marketing tool for all members. By using our website address and logo, in the form of a business card, to promote TFO as branding in places such as Air New Zealand flight magazines and Interislander ferries on board images.

This is a subject to discuss at the conference.

The end of July will see the final shakedown of members making the commitment to TFO; the web site will be updated at that point.

Our Safety and Quality dedication is our focus and has seen us maintaining our good safety record, all to the good of all operators and our visitor's image of us.

Qualmark is our bench mark for this standard and Ron Russell is in contact on a regular basis keeping updated on our progress.

I believe Qualmark are now quite familiar with our regulated system through CAA and have factored that in to our assessments. I welcome any discussion on this, as Qualmark are very proactive in wanting to make their assessment process as Industry-focused as possible.

I was asked to speak at the Sir George Seymour, National College of Airline, Travel and Tourism Conference in Nelson a short time ago. It is encouraging to have the support of people, whose interest is encouraging pilots into tourism, in promoting aviation in tourism in their sector.



Jeanette Lusty

Jeanette gained her PPL at Southland Aero club in 1975 and moved to Nelson in 1979 joining the Nelson Aero club as an active flying member.

She was a company director in land development, forestry and commercial building companies, in the 1980-90s.

Jeanette is presently owner and CEO of Nelson Helicopters Ltd, active on the board of Nelson Tasman Commerce, Chair of Tourist Flight Operators NZ, Deputy Chair of the Helicopter Division AIA, sits on the AIA Council, committee member of NZ Air Women's Association and is Treasurer of Nelson Airport Tenants Inc.

In addition she does motivational speaking.

The last two years Aerobatics in a 150 Airtourer CSU out of Blenheim have been the relaxation and fun Jeanette would love more time for.

John Fogden of CAA was instrumental in having an invite sent to me to attend the Hawaii Air Tour Summit, as TFO Chair, consisting of a drill down on why the accident rate with fatalities is so high in this region.

I have returned with an enlightened view of how tragedies can happen when the combination of circumstances, including unsatisfactory rules, slowly winds up the pressure on operators, resulting in fatalities.

This is a brief report of the Hawaii Air Tour Summit

I attended the Air Tour Summit held at the Marriott Hotel, Waikiki on 22 and 23 of May 2007.

There was almost one hundred percent of helicopter operators present, two fixed wing operators and 25 FAA people. Also Eurocopter representatives and crash investigators.

The first day was a definite division of FAA and operators with some heated exchanges as the day went on; however, Matt Zuccaro, President of the HAI, a 12,000 hour pilot himself, showed excellent skills in keeping discussion productive.

The second day proved to have broken down many barriers and healthy contribution on ways to help the operators was agreed to.

It appears pressure from noise complaints resulted in FAA imposing a 1,500-foot minimum altitude on their Part 91 flights; this Part 91 is what they refer to as a loop tour, no stops and within 25 miles of the Airfield.

Unfortunately, the weather pattern in the Hawaiian Islands makes anything above 800 feet an issue most days, it also puts the fixed wing and helicopters into the same airspace resulting in a video tape from one operator showing us the near misses that occur.

Two of the accidents were a direct result of new pilots to the area getting caught in changing weather and not being willing to cancel their Part 91 flight and go to a lower altitude for the sake of reprimand for breaking the rule.

One accident was a known operator whose safety practices were not up to standard. There were several written and telephone complaints about this operator that had been ignored. Some of the other accidents were maintenance related.

It seems the media beat up and public opinion has escalated into the complete ban of facilities at airfields, e.g. hangers and own fuel supplies. Recently one operator managed to pay \$250,000 for a rusted tin shed just to get notice that the authority will take it back from him in seven months and charge him rent.

The begging for fuel from airlines has seen 40 engine changes from fuel contamination. All maintenance is done outside, at night, with a torch.

National Parks now control the airspace up to a half-mile of the national parks and any aircraft crossing that line is charged \$6 a seat, full or empty. To get to the other side without breaking the airspace is a climb to 5,000 feet in Hawaii and 14,000 feet in the Grand Canyon.

The one word I did find missing was supervision; there was no discussion in this area.

Overall the operators are struggling, the Governor of the state is not supportive and the pressures on the operators are substantial. It is now a fact if a company has an accident they cannot survive economically.

There are some very sobering issues here for Tourist Flight Operators to think about and I would suggest some forward thinking to plan as to these issues not being allowed to happen here in New Zealand.

The Hawaiian operators I spent time with were very grateful for the support from New Zealand. The Australian counterpart was absent.

Please contact me if you would like a full report.

Jeanette Lusty

Chair

July 2007

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Aviation Training Report



Elizabeth Valentine

Elizabeth comes from Nelson. She has an MBA from Henley (UK). She also has a diploma in Business Studies from Massey University (endorsed Training & Development) and an Associate Diploma in Teaching from Trinity College London.

So far, 2007 has been a year of significant changes for the ITO. Since Gayle Sheridan left and Elizabeth Valentine took up the role on 10 April, a lot has happened. Says Elizabeth, "I spent the first few weeks meeting people, especially many of our key customers and stakeholders. I have been concentrating on getting to grips with the organisation, the issues and the opportunities."

On 19 June, after conducting in-depth analyses of all aspects of the business, a revised and updated business strategy, new organisation structure and new brand, were signed off by the ATTTO Board of Directors. The Board has also seen a significant number of changes with a new, independent chair, Rick Bettle and a number of new Board members, including Jill Hatchwell (independent) who has a strong aviation background.

Elizabeth and the team have already begun the process of change, working to capitalise on the significant business growth ATTTO has enjoyed in recent years and to minimise the disruption of a change of CE and Board. For the rest of 2007 the ITO will continue to strengthen service delivery and product quality and:

- Build key relationships and business reach
- Refocus the ITO on customer excellence in the short to medium term and our vision of becoming World Class
- Put in place the operating structure to achieve this
- Put in place improved systems, policies and processes to enable world-class performance (with staff, suppliers and customers.)
- Forge new customer relationships and build business reach as we focus on our core priorities as an ITO.

"From the start I have been very keen to work collaboratively with the Aviation Industry Association and I'm delighted to say that that is rapidly becoming a reality. Irene and I have met several times and already have laid the foundation for understanding what we mutually need to do to remove barriers to our organisations working together and how we might move forward," says Elizabeth. "We were delighted when, on Monday 19 June, we agreed to:

1. Put in place a Memorandum of Understanding between our two organisations
2. Bring the Aviation Careers and Recruitment Project inside the ITO and create the Aviation Workforce Development Council
3. Create and implement career maps, career paths and a training strategy across Aviation

The ITO also will be at the AIA Conference in July in force and will be presenting and seeking feedback on the latest market research.

“ATTTO is committed to lifting the bar in everything we do in our role as an ITO. While it’s early days for the new team and there are many changes and improvements to implement and bed down between now and the end of the year, we’re on-track. Customers should begin to notice progressively implemented improvements from July onwards, with consultation starting in July.

“As a priority, we will be working with all aviation stakeholders, large and small, to put in place career maps and across-sector recruitment and training strategies.”

If you have any comments or suggestions you’re welcome to call Elizabeth Valentine on 021 222 7758 or email her at elizabeth.valentine@atto.co.nz.

Elizabeth’s recent career spans a range of executive roles encompassing training and education in both the public and private sectors. Her early career included working as cabin crew and eight years in management roles within the travel industry. Most recently, she has been Chief Executive of the Plumbing Gasfitting and Drainlaying ITO.

“I have a passion for New Zealand and the opportunity that we have to bring foreign earnings into this country. Whether this is as a supplier of highly technical services in aviation or service experiences as the world’s best tourist destination, we can always add value through developing competent, confident people at all levels across our sectors,” she says.

Elizabeth Valentine

Chief Executive
Aviation Tourism and Travel Organisation

July 2007

Aviation Services Ltd Report

ASL Group has had a very successful year. The Company has renewed its Australian contract for another five years and expanded business into the building sector in New Zealand.

ASL has been operating for over five years in Australia and our contract came up for renewal under competitive tender during the year. The Company successfully tendered, which secures the business for a further five years.

ASL has also been successful in New Zealand with the expansion of our assessment activities into the building sector. The Company has won the contract to provide assessment services for building practitioner licensing. This requires the assessment of nearly 30,000 builders, site managers and designers over a three-year period from November 2007.

The building sector contract demonstrates the ability of the Company to provide services outside the core aviation sector.

ASL Operations

ASL has seen a strong increase in flight crew exams and flight testing during the year.

Numbers of PPL and CPL exams have increased and it is expected that this will eventually flow into ATPL activity. Flight testing activity has also been strong and to support this activity we now have a permanent flight examiner in Auckland.

Dave Woodington started in early 2007 and after training is now a very effective member of the flight testing team.

New General Manager

In April Brian Carruthers decided to move on. Brian completed nearly seven years with ASL and has been the driving force behind initiatives such as A Cat sponsorship and business development in Asia. Brian has been an excellent GM and will be a great loss to the company.

ASL has been very lucky to secure Alan Gill as a replacement GM. Alan has been involved in aviation all his life and held the position of marketing manager at Safe Air prior to coming to ASL. I am sure that Alan's sound knowledge of the aviation sector and recent background in marketing will provide an excellent base for future development.



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.

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.

Overseas Business

ASL continues to work with the Singapore, Hong Kong and PNG Authorities on exam development activities. We are also providing exam services to Mauritius, as our international reputation continues to grow.

ASL has also been working with Airways over the last three years for the introduction of Aviation English testing to meet the new ICAO requirements in April 2008.

Future

ASL's diversification into new business sectors strengthens the base of the Company and provides on-going benefits to the aviation sector through a strong company to serve the sector well into the future.

Mike Lynskey

Chief Executive
ASL Group Ltd

July 2007

A FULL LIST OF ADVERTISERS CAN BE FOUND ON PAGE 60.

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AIA encourages you in turn to support them.

AIRCARE Annual Report

1 April 2006 – 31 March 2007

Introduction

AIRCARE is an initiative to reduce the accident rate in New Zealand's general aviation sector and includes reducing low-energy injuries such as hearing impairment and back injury, both of which are prevalent in the sector. A 2001 risk assessment concluded that the most serious cause of aircraft accidents in our industry were poor decision making, inadequate understanding of risk management practice and organisational cultures that did not adequately embrace safety. Those same causative factors apply to low-energy injuries as well.

To achieve the goal of fewer accidents and injuries and a safer sector, a tripartite group representing the Industry, CAA and ACC came together under the banner "AIRCARE". It is pleasing to report that since the inception of the programme, fatal accidents in the GA sector are down by 40%. While there has been greater certification control exercised over the GA sector throughout this period AIRCARE placed new tools, concepts and ideas in front of an industry, which proved to be a willing participant in the safety improvement objective.

The AIRCARE programme revolves around five main elements – this report details progress during the year on those elements.

Activities During 2006

Element 1: ***Production of educational DVDs for distribution to participants in civil aviation.***

DVD#2 "Decision Making in Aviation" was distributed in the third quarter of last year. Over 15,000 copies were posted to New Zealand document holders and an additional 100 copies have gone overseas to the likes of CASA, SAA Australia and Murdoch University in Perth.

The production of DVD#3 on Organisational Risk Factors has been delayed pending further funding. Work has been completed on the initial content scope for the DVD, we are hopeful that further grants from CAA and Airways Corporation, will enable DVD#3 to be produced and distributed before the end of the year.



This then will complete the initial trilogy of DVDs which; taken together, provide operators and their staff with a sound basis for organisational and aeronautical decision-making. The next series of DVDs is intended to be specific to particular industry groups within general aviation (GA).

Element 2:

Reinforcement of the messages in the DVD to ensure continuing uptake and application of advice.

AIRCARE has been an active participant in a number of industry-wide gatherings – including the NZAAA conference in Rotorua, the pilots' open day at Ardmore and Avalon Air Show in Australia. The pilots' open day was interesting because this attracted a number of budding new entrants to our industry. It was also an opportunity for those who had recently joined our industry to receive a copy of both DVD#1 and the risk assessment toolkit.

Element 3:

Alignment with regulatory gateways to integrate AIRCARE safety concepts into the Director's licensing, audit and enforcement activities.

AIA made an extensive submission to the Director's policy unit on application of ICAO's new "Safety Management System" requirements. These are all to do with getting the right organisational behaviours to ensure good safety outcomes and so are directly related to the goals of AIRCARE. We submitted that SMS concepts need to be an integral part of the overall management system (rather than a separate system), but also argued that as a more powerful safety methodology, SMS can safely replace, rather than be added to, existing more prescriptive methods aimed at the same outcome. Safety efficiency is an important aspect of achieving good safety outcomes.

Element 4:

Encourage the uptake of technology to enhance safety.

AIRCARE was a primary sponsor of the wire strike avoidance seminars run throughout the country during April and May last year and again at the July conference. These seminars reached approximately 120 operators and pilots. One of the new technologies being promoted was OCAS (obstacle collision avoidance system) developed by a company in Norway. Minister Duynhoven has recently had the opportunity to be briefed first hand by the technical developers of OCAS and conducted an inspection of the Tory Channel power cables.

Element 5:

Training and assessment within the New Zealand Qualifications Framework.

Three new Unit Standards are being developed aligned to the subject matter of the first three DVDs. Once these have been approved by NZQA, course material will be developed to permit moderated "distance learning". Students will also attend a two-day seminar, which will be held in various locations, and be subject to formal assessment. Supported by tied funding from ACC, AIRCARE is working with ATTTO to develop this material.

Once the course material is complete, learning and assessment will be delivered by NMIT as part of a wider aviation course – delivery of which is supported by Government funding. However, operators and pilots will not have to take the wider course in order to acquire credits for the three units of the AIRCARE component of the programme and gain a certificate. Recent changes to the method of setting ACC levies will serve as a valuable further incentive for participants in the GA sector to take this course. Considerable care is being taken to ensure there is a high practical component to the course while still ensuring that participants obtain a sound grasp of the relevant principles.

Other

AIRCARE has begun to build links with the Aviation Safety Foundation of Australasia (ASFA) – a mainly Australian-based organisation with similar aims to improve safety performance in the GA sector. These links currently are informal, but we may be able to build towards a more formal sharing of each other's safety initiatives. ASFA is held in considerable regard with its Patron being the Governor General of Australia.

The original three-year Memorandum of Understanding between the three partners under which AIRCARE was established has expired and the parties have agreed to re-examine its wording with a view to implementing a stronger governance system. A new AIRCARE charitable trust is being established, which going forward, will become the funding mechanism for AIRCARE.

The AIRCARE name and logos are now registered trademarks in both New Zealand and Australia and can only be used with the express permission of the Coordinating Committee

Irene King

Secretary *AIRCARE* Co-ordinating Committee

July 2007



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of New Zealand (Inc)

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