



AVIATION INDUSTRY ASSOCIATION OF NEW ZEALAND (INC)

Annual Report

20
08



Aviation Industry Association
of New Zealand (Inc)

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Cover Photo: Courtesy of Heliworks Queenstown Helicopters Ltd.

Annual Report

20
08

Association Officers 2007–2008

Council

President:

J. Sinclair, Marlborough Helicopters Ltd

Vice-Presidents:

W. Sattler, Ardmore Flying School Ltd

K. MacKenzie, MacKenzie Aviation Ltd

Immediate Past President:

J. Jones, CTC Aviation NZ Ltd

Councillors/Division Chairs

Agricultural Aviation Division

Chair: K.J. MacKenzie, MacKenzie Aviation Ltd

Deputy Chair: T. Michelle, Amuri Helicopters Ltd

Air Rescue/Air Ambulance Division

Chair: F. Kuriger, Air New Plymouth

Deputy Chair: Vacant

Air Transport Division

Chair: D. Webb, Mount Cook Airlines

Deputy Chair: R. Rayward, Air Safaris & Services Ltd

Airports Division

Chair: M. Chubb, Whangarei Airport

Deputy Chair: R. Gates, Ardmore Airport

Education & Research Division

Chair: D. Lyon, Bay of Plenty Polytechnic

Deputy Chair: R. de Montalk, Massey University School of Aviation

Engineering Division

Chair: M. Chubb, Northland Aviation Ltd

Deputy Chair: D. McCracken, The Vintage Aviator

Flight Training Division

Chair: K. England, Air Hawke's Bay

Deputy Chair: J. Lenaghan, Mount Cook Airlines

Helicopter Division

Chair: P. Garden, South West Helicopters Ltd

Deputy Chair: Vacant

Supply & Services Division

Chair: R. Bolton, Petroleum Logistics Ltd

Deputy Chair: A. Peacock, Flight Signs Ltd

Tourist Flight Operators

Chair: R. Baker, Air Fiordland Ltd

Deputy Chair: Vacant

Advisor to Council

G. Martin, Super Air Ltd

Major Airline Representative

D. Morgan, Air New Zealand Ltd

Head Office

Chief Executive:

I.S. King

Office Manager:

P.A. Hirschman

Divisional Secretaries:

D.G. Watson

J.L. McGregor

NZAAA Executive Officer:

J.F. Maber

Office Address:

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Agriculture House

12 Johnston Street

Wellington 6011

Postal Address:

PO Box 2096

Wellington 6140

Telephone:

(04) 472-2707

Facsimile:

(04) 471-1314

Email:

admin1@aia.org.nz

Website:

www.aia.org.nz

Accountant:

Long & Cowan

Auditor:

Miller Dean Audit

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
J. Funnell	2002–07

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 2008

I would like to begin this report by wishing every one of you a safe, successful and profitable year in business. Whilst in no way telling you how to run your business, I believe that the most important function of AIA is to do what it can to ensure the sustainability of your business by dealing to the impediments that prevent you from reaching the three goals above. Rather than offer you a more traditional report, I would like to focus on these three issues and in doing so, you may just see my vision for the way ahead.

It is appropriate to deal with safety first because that *is* our number one priority as participants in the aviation industry. Safety in our own operations and in the industry at large is a vital component of our sustainability. Whether we like it or not, every accident impacts on our business. It may be just the effect it has on insurance premiums, or it might be much more significant, as is the case when an accident occurs in the tourism sector when *all* operators are penalised by tourists staying away. Public confidence will continue to be shaken by each accident reported and this *does* affect all of us. In your own business, the effect of an accident is disastrous and often leads to the business failing. Apart from customers giving you a wide berth, the cost of downtime and lost revenue is enormous. So too is the tax bill if you have owned your aircraft for a long time and have written its value right back. Work out the tax on the depreciation recovered, it is a real incentive not to 'sell' the aircraft to the insurance company!

We have enjoyed a period where, over a number of years, the accident rate has been in decline in most sectors and one has to ask why. One reason is the change in safety culture that most in business have made. Remember another way to say 'safety culture' is to say, 'the way we do things around here'. This change has been taking place over many years. When I first became a regular at the aerodrome in the late 50's the Aero Club CFI put on a low-level aerobatic display every Sunday afternoon. Beat-ups were so common as to be the norm and flying discipline generally was shocking. The prevailing rule was don't get caught! This attitude stayed in general aviation (GA) for some years varying only by the degree of local acceptance of it. In my experience, it was not until the 70s that professionalism started to prevail in GA, but there were still many diehards who over-worked themselves or their staff and who paid lip service to the regulations. Those operators had a lot more accidents. Then we went through the 119/135 process and there was a very substantial change in safety culture in most places. QA appeared on the scene and many pilots discovered the discipline of paperwork. Moreover, yes the safety culture improved even more. Sadly, there are still operators out there who have not made the change and these are mostly from my generation. However, thankfully they are few in numbers. My own observations suggest that by far the majority of 135 operators are trying *really* hard to do everything right. The professionalism in this sector has improved markedly. I look back on the way we used to operate and shudder.



John Sinclair

John's association with aviation goes back to 1960 when he learned to fly gliders on paper-run money. His industry experience spans 34 years.

He started work with Aerial Work as a loader driver then rep before forming, and becoming manager of, Marlborough Helicopters in 1979. Co-owned the company until 2006 when the business was sold to the staff for whom John continues to work.

Since 1995 John has served continuously on the NZAAA Committee and was Chair from 1998 until 2004. He was AIA Vice-president from 2003 to 2006 and was made a Life Member in 2006. In December 2007 John was invited back to AIA as President.

In my opinion, another reason for the decline in accident rates is that for the last few years we have worked hand-in-hand with the regulator to achieve good safety outcomes. Safety management has been a *partnership* approach, the success of which is there for all to see. The new CAA Director does not seem to share the partnership approach principle saying that MoU's will not be renewed. I am not sure what to read into that statement. At other levels in CAA management, it is business as usual with CAA attending divisional meetings on a regular basis. The goodwill this engenders is great and issues are often put to bed before they have become real issues. My wish is that we can continue to work with the various managers to improve safety.

Many 135 Operators have been through the re-entry process now and I have to say that CAA did not promote this at all well. In accordance with Swedavia, operators, in theory, were required to exit the system when their certificates expired and apply to come back in as new entrants. This led many to think that a completely new regime had been set up in CAA under the new Director that was more rigorous than what they had experienced over previous years. This is not the case, as I found out when we did our re-entry in John Jones' time. Swedavia, apparently, reasoned that after five years a lot of operations would look different to the way they were when first certified. Manuals that had previously been acceptable were often found to no longer accurately reflect the operation. As I said, in my view, CAA could have promoted this process much better thereby dodging a fair amount of flak.

Another issue that concerned a few of us was the introduction of some airworthiness directives, the wording of which made compliance unnecessarily difficult and unreasonable. It cannot be that hard to get this right.

We do applaud the Director on two recent decisions. One is for the stated intention to send the serious accidents to TAIC for investigation and the other is to scrap the 'social cost' model for recording accident statistics. NZAAA, in particular, argued that the size of the numerous reporting divisions was so small as to make it impossible to draw any worthwhile conclusions from reporting accident statistics this way. A return to stating the rate in events per 100,000 hours is understood by all and makes it easy for us to compare one industry sector with another, both here and overseas.

Given the changed attitude of operators who, largely, I believe are genuinely trying their best to be in compliance and operate professionally, one has to question why the audits have become so pedantic. Is it because compliance is so good that the auditors have to stoop to trivia to find anything non-compliant? Is there some sort of problem with having no findings at all? When an operator has an excellent safety record and an excellent level of compliance, getting a finding for trivia may often have the opposite effect intended. The operators may well ask, well what is the point in trying so hard? In turn, this could well have a detrimental effect on safety and that, certainly, is not the outcome either the regulator or us want.

One final comment on safety must be about the CAA Rules. When the rules were first developed and we moved away from the 1953 Regulations, we were told that two benefits the rules regime would bring would be their ability to be changed easily and that they would be in simple language and therefore easily interpreted. Yeah right! We now know how long it takes to get a rule rewritten. How many of us will still be in the industry when Rule Part 61 sees the light of day? In addition, as far as interpretation is concerned, the way the rules are written has given each CAA officer the unique ability to place an individual interpretation on each. The quality of some of the more recent rule amendments has to be questioned. It would seem that when the managers, who actually know how things work outside of Aviation House, have finished their contribution, others unknown (is it the legal people?) make changes that cause operators all sorts of grief. This is particularly true for our helicopter operators. Helicopters have been used commercially in New Zealand now for over 50 years and are currently growing in numbers far faster than their fixed wing brethren are. Yet many rule amendments are being produced for fixed wing aircraft without a thought as to how helicopter operators will comply. AIA has a new initiative to try to ensure we do not see repeats of these 'problem rules.'

To my way of thinking, it is a pity when we get into conflict with the regulator because, at the end of the day, we are all striving for the same thing – a safe aviation environment. I urge CAA to rejoin our *AIRCARE* initiative.

The second thing I wished you in making your business sustainable was a successful year. To be successful we have to be able to operate in compliance with local rules and regulations as enforced by Regional Councils, DoC and other local and central government agencies. Much of this legislation is produced in the name of protecting our environment. One of these agencies, DoC, gives every impression of being out of control, developing policies that bring, at best, marginal benefits to the environment and gives access to one type of tourist operator, whilst denying others the same access. My impression is that there are no checks and balances at all and that individuals are rewarded for unsound decision-making. Moreover, of course no one is accountable. The concession fees they charge are enormous. Yes, noise, waste and pollution risks *are* items that need managing.

What is the best way to manage issues? Whether the issue is environmental performance that many AIA Divisions face or whether it is meeting various standards to obtain continued funding, as is the case of the flight training division, I hold a firm view that the way ahead is for each division to run its own accreditation program. NZAAA and AR/AA have done this successfully for many years and it is not hard. Firstly, all participants must agree on a code or codes of practice that will ensure compliance with the relevant requirements at least. These codes say, this is the way we do the job. You may even write codes that detail standards well above what the current legislation requires and then use them as a marketing tool. Now when you are ahead of the field you can then have these codes accepted by the very people who legislate. In doing so, you are writing rules that are satisfactory to your group as opposed to having a bureaucrat do the job for you with a guarantee that you will not be happy with the outcome. Secondly, you then develop a QA Program to sit above your codes of practice and lastly, you engage a credible auditing agency that understands your industry sector.

I am a firm believer that self-regulation by the industry, for the industry, is the way ahead.

The last thing I wished you was a profitable year. If you are paying plenty of income tax, you are operating profitably and that too is critical for your sustainability. Our industry attracts enthusiasts and to be fair, we are/were probably all enthusiasts. Some however, just love flying so much that they will charge any rate they can to ‘buy’ work to satisfy their need to fly. Others charge a rate that puts money in the bank now, but is insufficient to meet those big maintenance commitments when they fall due down the track. Others do not charge enough to replace their equipment as it ages. Those who survive tend more towards businessmen and less towards the enthusiast. Not all of our customers are driven by price. If they were they would all be driving old Skodas, but as they make choices to buy newer and better cars, so too do they make choices when selecting which aviation company to use. I believe that the best way to compete with the enthusiastic, undercharging competitor down the road is to place yourself somewhere else in the market. Go up-market, promote, and deliver *quality* and charge accordingly. One effective way to promote quality is to be part of a successful accreditation program...

Judging by the number of new helicopter operators springing up all over the country, you could be forgiven for thinking that there was an equally large increase in demand. Of course, there is not, but these enthusiasts have yet to learn what will make their operation sustainable.

My last comment on profitability is this. Everyone wants to have a safe operation, but not everyone is making enough money to afford one. In other words, profit and safety go hand-in-hand. The old Air Services Licensing Authority required new participants to prove financial viability before granting them an Air Service Certificate. I believe that Swedavia required CAA to do the same thing but this does not happen.

You may have heard that one division used the media very successfully a few years ago to give its members the opportunity to raise their prices 35% in a 12-month period. The amount of new aircraft and equipment is testimony to those who took the opportunity. What was learned from this exercise was that customers accepted the price hikes because they got the bad news from the media instead of from the operators.

So now, you have my thoughts on sustainability. I firmly believe that AIA holds the key to facilitating all the objectives above.

In an effort to keep AIA focussed on the membership a questionnaire is going out asking you what the five greatest threats are to your business. Your replies will help AIA put in the work where it is required thus bringing benefits to your membership of AIA.

Now onto some housekeeping matters. Council recently (May) elected to form a number of sub-committees with specific areas of responsibility and oversight. They are:

- Finance sub-committee who prepare the budget and monitor debtors/creditors
- Conference sub-committee who assist with the programme and sponsorship
- Projects sub-committee who will manage any projects
- Regulatory sub-committee who will peer review CAA Rules *as they are released at NPRM stage*
- Affiliated companies sub-committee who will make recommendations for appointment of directors and be the conduit to information streams each way.

Council has decided to approach the membership on two other issues:

1. AIA has grown from being one division (agricultural aviation) to the ten divisions it currently encompasses. There is, obviously, a lot of crossover between divisions and the Council will be asking members to consider rationalising them.
2. Because it is not possible for any one person to understand and address the issues of each division, Council is promoting the idea that divisions who need extra help should employ a technical expert on a part-time basis to help address their threats, when identified.

A separate paper will be presented to you, but we will be looking for decisions at the AGM.

In a year when AIA has faced its toughest challenges yet, I want to extend my personal thanks to AIA Council, the divisional committees, CEO Irene King, Paulette, Jason and David.

John Sinclair

President

July 2008

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.

The Aviation Industry Association (AIA) is a proud organisation with nearly sixty years of history. Its membership is unified in the common pursuit of air commerce, albeit with diverse interests and aspirations. We are far from a hierarchical organisation. Many of you have passionately raised your views with me and hopefully, they have been accommodated within the broad church of the AIA.

In this, my third report as your Chief Executive, I am pleased to report that the governance/management issues, which were evident at last year's Auckland conference, have dissipated. Like any organisation, scope exists for continuous improvement however, it is very pleasing to report that the Council, Executive and myself share one vision for this organisation and that is to better achieve the membership's goals and aspirations.

The 2007 Audit

Auditing of the accounts for the 2006 financial year did not conclude until late November. Difficulties arose when issues of solvency and whether or not AIA was a going concern were raised with the auditor. Following thorough analysis, the auditor concluded that AIA was solvent and was a going concern.

Further difficulties ensued when suggestions were raised with the auditor of misappropriation of monies between AIA and *AIRCARE*. Scrutiny of this allegation cost AIA an additional \$10,000 in audit expenses. The allegation was proven incorrect. AIA has borne 100 percent of this cost at present however, the possibility of reimbursement will be raised with the *AIRCARE* partners.

Throughout the audit process, issues were raised as to whether there had been fraudulent practices within the organisation. The auditor concluded that there had been none.

In the latter part of 2007, the Council agreed that PricewaterhouseCoopers should be retained to conduct an evaluation of the financial status of the AIA. This report cost AIA over \$31,000 and was released to the Council with inaccuracies of fact and content. Normally such reports would be carefully scrutinised for such errors. This report, along with an analysis of the errors of fact, was also placed before the auditor.

An unqualified audit report for the 2006 financial year was accordingly received.

The legacy of the 2006 financial year was the significant expenditure incurred to challenge the imposition of an unworkable and unsafe set of standards governing the connection of ground power to aircraft. It is very pleasing to report that in this financial year, with generous support from the Board of Airline Representatives (BARNZ) and Auckland International Airport Ltd, we

have been able to fully recover the costs of this project. Furthermore, this project has developed into a very open and co-operative dialogue between the industry and regulators. It could become a model for future working arrangements when multiple regulators are involved.

Dynamics Within

Towards the end of November, the Council took action in respect of the dynamics that had been allowed to develop within the organisation. Since then the AIA has moved forward with renewed focus under the stewardship of a new executive lead by President John Sinclair. Whilst I acknowledge that some matters that developed could have been handled better by myself, I think it equally important to record that such issues of governance and management are never one-sided and require concerted effort by all parties to address and rectify.

The previously mentioned report by PricewaterhouseCoopers mapped out a turnaround strategy for AIA. The Council implemented this with targets set and achieved, in respect of a creditor payment plan, securing funding to enable these payments and presenting audited accounts to the Special General Meeting in February. Without the invaluable assistance and advice of the Council's finance sub-committee (Rea Wikaira, Dale Webb, and Wayne Taylor) I could not have achieved these goals. The work of this sub-committee has considerably influenced my support for the restructuring concepts now being put forward by the Council under John Sinclair's leadership.

It is largely through pursuit of this turnaround strategy that the majority of the reported loss for the 2007 financial year can be attributed to the cost of commissioning the PricewaterhouseCoopers report.

AIRCARE

The *AIRCARE* safety initiative continues to enjoy generous support from ACC and Airways New Zealand. Now the CAA have withdrawn their support of the project, but we are confident this will be restored as the project is enthusiastically supported by the Ministers involved.

It is interesting to note that the latest data indicates an upswing in accident rates occurring during the period that the AIRCARE project has been in abeyance.

Grasping Growth Opportunities

Throughout this period of turmoil, the AIA office continued to function and it was extremely satisfying to see the initial export efforts of those who attended the Avalon Air Show blossom into the strategic initiative we now know as Aviation New Zealand Limited.

Aviation New Zealand is the first long term venture that AIA has launched since the creation of Aviation Services Ltd (ASL). I hope that Aviation New Zealand will deliver as much value to the industry as ASL has delivered to AIA.

Without the vision provided by Alan Peacock, the commitment from the Minister of Economic Development, and the leadership of John Lumsden, Ashley Smout, Mike Flanagan and Dennis Thompson, this step towards the future by AIA would not have been the success it has.

We have also had success in the creation and development of “Aviation Careers” the careers strategy for the industry. This concept began with relatively limited aspirations however, it has gained significant momentum and is likely to become a real driving force in the future development of the aviation industry. Through a new wide-ranging co-operation agreement with the ATTTO more support and training programmes will be available to those wishing to enter or up-skill within the industry.

Building Relationships

A step towards unifying the industry was achieved with the integration of the Tourist Flight Operators group as a fully operating division of the AIA. The tireless efforts of Jeanette Lusty, both in bringing this to fruition and in building linkages between our Tourist Flight Operators Division and overseas organisations of a similar nature, were greatly appreciated.

Significant work has taken place during this period to restore confidence levels within AIA and between AIA and various government agencies and Members of Parliament. I can report that our working relationships have very much normalised and AIA is once again, being engaged with, and consulted on, many projects.

Without this normalisation, it is very easy for the AIA and by default the aviation industry, to be marginalised. One such example being the Carbon Trading Emissions Scheme where, despite the significant potential impacts of the scheme on all aviation operators, the government officials elected not to engage AIA in the consultative process. Conversely, we led the public debate on security arrangements at regional airports, post the Blenheim incident, and have largely seen this issue dealt with appropriately.

One relationship that has continued to remain strong is that with the Office of the Minister of Transport Safety. The Honourable Harry Duynhoven has provided unparalleled thoroughness of consideration and consistency of view over issues that the AIA has raised. Under his stewardship, some of the most difficult regulatory issues confronted by aviation were managed professionally and effectively.

Looking Forward to 2009

So, what is the direction of AIA looking ahead? The Council has made it very clear that they expect to see the organisation delivering more member benefits. In part, this will come about through the activities of the AIA office, but the greatest contribution will come from careful consideration and support of the President’s proposal to model the operating divisions of AIA along the same lines as NZAAA.

Having worked closely with NZAAA, I can see the very clear benefits that this model would provide by delivering increased technical support into the various divisions. As Chief Executive, I can only do so much in this area, but with technical support, the ability to deliver increased value to the members is that much greater.

AIA commenced the process of increasing its technical capabilities with the employment of David Watson and Jason McGregor in the office. Jason departs later this year to further his career aspirations with CTC and thus there is a natural opportunity to consider the benefits of a remodelled divisional structure.

To conclude, it has been a rather turbulent year. I am mindful of what has occurred and the lessons learnt, but do not want a fixation on the past to hamper our initiatives to improve the future. AIA is in good heart, we have challenges ahead... but we also have some great opportunities.

Thank you all for your support.

Irene King

Chief Executive Officer

July 2008

Statement of Financial Performance

for the year ended 31 March 2008

	<i>Notes</i>	2008	2007
		\$	\$
INCOME was received from			
Member Subscription & Levies	2	310,194	286,890
Fees Earned	3	17,569	57,784
Donations & Grant		118,101	87,473
AIA Conference Income – 57th		154,476	155,912
NZAAA Conference Income – 14th		134,646	75,950
Interest Received		6,882	6,400
Dividends Received		76,000	52,813
Aviation Careers		2,500	13,000
Avalon Airshow Income		0	80,733
Export Strategy		100	92,588
Proceeds on Sale		278	0
TOTAL INCOME		820,746	909,543
From which the following EXPENSES were deducted			
Accident Compensation Levy		967	912
Accreditation		3,700	1,244
Accountancy		26,408	3,740
ACRP Expense		0	10,107
Advertising		120	4,885
Annual Report		4,380	9,770
Audit Fees		11,207	27,336
Avalon Airshow Expenses		0	78,164
Bad Debts		10,712	27,948
Bank Fees		4,125	1,534
Aviation Careers		120	0
Computer Charges		70	0
AIA Conference Expenses- 57th		183,529	87,355
NZAAA Conference Expenses-14th		80,374	59,300
Consultancy Fees	9	81,089	166,200
Special Consultancy Fees	10	48,085	0
Depreciation		13,965	12,543
Doubtful Debts		8,833	0
Entertainment		483	0
Export Strategy Expense		0	86,996
General Expenses		2,019	2,859
Insurance		5,774	5,355
Interest		1,771	2,296

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 2008 /continued

		2008		2007
	<i>Notes</i>	\$	\$	\$
IT Support		10,517		3,295
Lease		0		698
Legal Expenses		5,078		480
Lighting Power		2,156		2,306
Loss on Sale		1,168		0
Meeting Expenses		14,173		14,631
Office Expenses		3,857		2,825
Postages & Couriers		255		2,248
Printing & Stationery		5,035		10,359
Rent		25,248		25,417
Refuse Removal		45		0
Repairs & Maintenance		105		0
Replacement Equipment		279		94
Seminar Costs		0		30,592
Staff Training		0		392
Stock Written Off		0		2,358
Subscriptions		19,690		2,373
Telephone & Tolls		9,797		12,990
Travel Expenses- Staff travel		13,580		15,806
Wages & Salaries	11	254,264		260,191
Website Traffic		976		2,346
Website Development		1,886		2,913
TOTAL EXPENSES			855,840	980,858
Leaving a OPERATING (DEFICIT)/SURPLUS			(35,094)	(71,315)
Other Income			4,139	1,314
Share of Equity in ASL Group Ltd	6		0	405,128
TOTAL (DEFICIT)/SURPLUS			(30,955)	335,127

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Statement of Financial Position

as at 31 March 2008

	<i>Notes</i>	2008	2007
		\$	\$
CURRENT ASSETS			
Cash on Hand		222	106
Bank	4	0	94,107
Debtors		69,589	176,805
Provision for Doubtful Debts		(15,000)	(5,063)
Other Debtors		15,811	0
Accrued Income		0	1,181
Air Care Trust	12	15,288	47,488
Prepayments	5	7,556	4,862
TOTAL CURRENT ASSETS		93,466	319,486
NON CURRENT ASSETS			
Investment in ASL Group	6	1,191,657	1,191,657
FIXED ASSETS			
Fixed Assets	7	13,160	20,330
TOTAL ASSETS		1,298,283	1,531,473
DEDUCT			
CURRENT LIABILITIES			
Bank	4	19,648	0
Creditors		26,564	280,700
Income in Advance – 58th AIA Conference		3,100	2,180
Income in Advance – 15th NZAAA Conference		1,885	0
Accrued Expenses		19,738	15,349
Short Term Loans		20,901	32,619
GST to be Paid		46,081	2,893
Accreditation Audit Costs		1,200	1,200
Loans – Airports Plover Research		12,550	12,550
Loans – Ambulance NZ Membership		10,988	10,988
Loans – Apprenticeship Scheme		14,523	14,523
Loans – Photocopier Liability		6,413	4,159
TOTAL CURRENT LIABILITIES		183,591	377,161
NON CURRENT LIABILITIES			
Photocopier Liabilities		8,596	17,262
NET ASSETS		1,106,096	1,137,050
REPRESENTED BY			
Equity at 31 March 2007		1,137,051	801,923
Net Income for the year		(30,955)	335,127
Equity at 31 March 2008		1,106,096	1,137,050

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 2008

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 practice in New Zealand. 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 assumption that the Association is a going concern.

Accrual accounting is used to match expenses and revenue.

Specific Accounting Policies

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

– **Receivables**

Receivables have been stated at expected net realisable value.

– **Depreciation**

Depreciation on Fixed Assets has been provided on a straight line basis in order to show the depreciation in accordance with the assets service potential.

Depreciation rates applied:

Leasehold Improvements	8%
Office Equipment	18.6% – 40%
Office Furniture	9.6% – 12%
Computer Equipment	36%
Computer Software	36%
Trade Mark	5%

– **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 Debtors and Creditors which are recorded GST inclusive.

– **Income Tax**

The Association is a non- profit organisation and incorporated under the Incorporated Societies Act 1908. Provision is made for income tax on non-member transactions only.

Changes in Accounting Policies

There have been no changes in accounting policies during the year. All policies have been applied on bases consistent with those used in previous years.

	2008 \$	2007 \$
2. MEMBER SUBSCRIPTIONS		
Agricultural Division	107,970	101,769
Air Transport Division	67,866	63,327
Air Rescue/Ambulance Division	28,500	28,500
Engineering Division	30,849	25,931
Education & Research Division	1,600	1,200
Supply & Services Division	24,220	24,487
Helicopter Division	10,357	8,301
Associate Members	1,500	5,769
Airports Division	9,254	8,884
Flight Training Division	15,424	14,540
Tourist Flight Operators	11,000	0
Other	1,654	4,182
	310,194	286,890
3. FEES EARNED		
Accreditation	8,422	18,760
Revalidation	7,450	0
Seminar Fees	14	37,718
Secretarial Fees	0	(20)
Miscellaneous Income	1,683	1,326
	17,569	57,784
4. BANK		
Westpac Cheque A/C	(21,964)	19,319
Westpac online saver	83	58,111
Westpac Ag Div A/C (NZAAA)	47	47
Westpac Apprentice Chq	664	9,745
Westpac Apprentice Term Dep	0	5,000
Westpac Aircare Account	1,522	1,885
	(19,648)	94,107
The Association has a bank overdraft of \$100,000 with guarantees secured by assets of the association and personal guarantees.		
5. PREPAYMENTS		
Prepaid NZAAA Conference venue hire	0	1,333
Prepaid Interest on Photocopier	1,850	3,529
Prepayment for 58th AIA Conference	2,853	0
Prepayment for 15th NZAAA Conference	2,853	0
	7,556	4,862
6. INVESTMENT IN ASL GROUP		
Investment in ASL Group	1,191,657	786,529
Changes in Equity for the year	0	405,128
	1,191,657	1,191,657
The details of Investment in ASL Group Ltd shows:		
Opening Investment at 31 March 2007	1,191,657	
Income of ASL at 31 March 2008	0	
Investment in ASL at 31 March 2008	1,191,657	

The investment represents 50% (2007: 50%) interest in ASL Group Ltd at 31 March 2008.

	2008 \$	2007 \$
7. FIXED ASSETS AND DEPRECIATION		
<i>Fixed Assets at Cost:</i>		
Leasehold Improvements	11,214	11,214
Office Equipment	29,664	29,664
Office Furniture	3,997	4,764
Computer Equipment	47,249	43,519
Computer Software	13,480	11,336
Trade Mark	1,540	1,540
	107,144	102,037
<i>Deduct Accumulated Depreciation:</i>		
Acc Depn – Leasehold Improvements	10,650	9,753
Acc Depn – Office Equipment	23,465	15,272
Acc Depn – Office Furniture	3,802	3,605
Acc Depn – Computer Equipment	43,560	42,217
Acc Depn – Computer Software	11,968	10,398
Acc Depn – Trade Mark	539	462
	93,984	81,707
<i>Net Book Value at 31 March 2008</i>		
Leasehold Improvements	564	1,461
Office Equipment	6,199	14,392
Office Furniture	195	1,159
Computer Equipment	3,689	1,302
Computer Software	1,512	938
Trade Mark	1,001	1,078
	13,160	20,330
8. LEASE AND COMMITMENTS		
The Association rents premises on the 5th Floor, Agriculture House, 12 Johnston Street, Wellington. The Annual Lease expense for the next year is \$25,248 per annum and expires in March 2009. There is no further right of renewal available.		
The photocopier is leased for 5 years commencing 11 March 2008 ending 11 March 2013. The annual lease expense is \$8,100.		
Within 1 year	33,348	25,248
Between 1–2 years	8,100	25,248
Between 2–5 years	24,300	0
	65,748	50,496

9. CONSULTANCY FEES

Advice in respect of safety, aerial applications and environmental sustainability matters.

10. SPECIAL CONSULTANCY FEES

Advice in respect of financial viability and structure of AIA and revisions to New Zealand Standard 6114.

11. WAGES & SALARIES

Wages & Salaries of \$254,264 includes an allowance for annual leave accrued of \$13,807 (2007–\$15,349).

	2008	2007
	\$	\$
12. LOAN – AIRCARE & SAFETY		
Income		
Sponsorship	65,000	0
Other Income	0	8,485
Donation	0	163,600
Interest Income	0	13
Total Income	65,000	172,098
Expenditure		
Travel & Accommodation	3,206	13,127
Consultancy	25,439	102,973
Legal	1,386	3,638
Other	2,769	0
Filming & Pruduction	0	66,465
Sponsorship	0	2,500
Distribrution of DVD's	0	12,387
Consultancy	0	8,404
Total Expenditure	32,800	209,494
Net Movement	(32,200)	37,396
Opening balance at 31 March 2007	47,488	10,092
Closing balance at 31 March 2008	15,288	47,488

AIRCARE's expenditure over the periods 2006-2007 and 2007-2008 has exceeded its income. There are no outstanding AIRCARE creditors. AIA has from its own reserves covered the shortfall, which if all current debtors of which there are two for the sum of \$15,000 pay the outstanding amount loaned by AIA to the strategy is \$15,288.

13. 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.

14. NON-TRADING SUBSIDIARY COMPANIES

The association has a 100% share interest in the following NZ registered companies:

- New Zealand Agricultural Aviation Association Limited
- Helicopter Association of New Zealand (HANZ) Limited
- New Zealand Agricultural Aviation (NZAAA) Limited
- Aviation New Zealand Limited
- Aviation Careers Recruitment and Placement Limited

The above companies are non-trading subsidiaries with no assets or liabilities at balance date.

15. GOING CONCERN ASSUMPTION

The council is aware that its current liabilities exceed its current assets by \$90,125.

The council is satisfied that it is appropriate for the financial statement to be prepared on the basis of the going concern assumption because:

- At the 19 May 2008 council meeting, council reaffirmed its wishes that the society continue;
- A series of financial targets have been set to improve the anticipated result for the 2008/09 year;
- The council is working towards agreement to a strategy to improving the financial viability of the Association;
- The working capital position has improved significantly from balance date.

MARKHAMS

MILLER DEAN

AUDIT

AUDIT REPORT

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

We have audited the financial statements attached. The financial statements provide information about the past financial performance of the society and its financial position as at 31 March 2008.

This information is stated in accordance with the accounting policies as attached.

Council's Responsibilities

The Council is responsible for the preparation of financial statements which fairly reflect the financial position of the society as at 31 March 2008 and of the results of operations for the year ended 31 March 2008.

Auditor's Responsibilities

It is our responsibility to express an independent opinion on the financial statements 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 statements. It also includes assessing:

- the significant estimates and judgements made by the Council in the preparation of the financial statements, and
- whether the accounting policies are appropriate to the society'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 in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are 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 statements.

MARKHAMS MILLER DEAN AUDIT

100, Victoria Street, Auckland
Phone: 09 308 9000
Fax: 09 308 9001
www.markhams.com

Fundamental Uncertainty

We have considered the adequacy of the disclosures made in Note 15 of the financial statements regarding the negative working capital position of the society at balance date. The financial statements have been prepared on a going concern basis, the validity of which depends upon the achievement of financial targets and strategies to improve the financial performance of the society. The financial statements do not include any adjustments that would result from these targets and strategies not being met.

Qualified Opinion

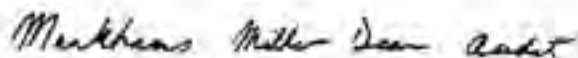
We have obtained all the information and explanations that we have required.

The society has not equity accounted for its investment in ASL Group Ltd for 31 March 2008 as ASL Group Ltd has a 30 June 2008 balance date and the audited financial results were not available prior to completing the Society's Annual Report. The effect of not equity accounting ASL Group Ltd is a departure from applicable Financial Reporting Standard No. 38, which requires the investment in ASL Group Ltd to be initially recognised at cost and thereafter adjusted for post-acquisition changes in the society's share of the net assets of the company. As ASL Group Ltd's net assets position was not available at 31 March 2008 or to the date of signing this report, the effect on the financial statements is not able to be reliably quantified.

In our opinion:

- proper accounting records have been kept by the society as far as appears from our examination of those records; and
- because of the effect of the failure to equity account ASL Group Ltd, the financial statements attached;
 - have not been prepared in accordance with generally accepted accounting practice in New Zealand, and
 - do not fairly reflect the financial position of the society as at 31 March 2008 and the results of its operations for the year ended on that date.

Our audit was completed on 25 June 2008 and our qualified opinion is expressed as at that date.



Markhams Miller Dean Audit
Chartered Accountants
Wellington

NZAAA Executive Officer Report 2008



John Maber

John has been the Executive Officer for NZAAA since 2002.

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

Introduction

Among the highlights for the year was a successful annual conference in Queenstown, while on the downside we had on-going issues with poor and inconsistent product quality for fertilisers and, towards the end of the year in particular, some dramatic rises in fuel costs. Mixed in with that were other issues of note which arose during the year.

Website

It is pleasing to report that the NZAAA website www.nzaaa.co.nz recently notched up the 200th registered site member. There is always room for improvement, but the site works well as a way of making information available to members on matters of agricultural aviation. Not just members actually – the site is used by a range of other people and organisations both within and outside NZ.

One recent addition has been the Regional Information for Pilots. This currently consists of summaries of regional council plans and what they have to say about aerial application of agrichemicals, but it will be extended to include more local information.

Statistics

We now are getting some reliable statistics on the work carried out by operators around the country. In 2007, fixed wing aircraft applied 570,000 tonnes of fertiliser and helicopters applied 27,000 tonnes, both very similar amounts to 2006. One interesting trend appears in the application of high analysis fertiliser. While helicopter application has remained around 22,000 tonnes annually since 2005, application by fixed wing fell from 83,500 tonnes in 2005 to 47,500 tonnes in 2007.

Chemical Ratings

It may be surprising, but we can only guess at how many pilots hold a chemical rating as the actual number is not known and not recorded. The process by which a pilot gains a chemical rating is changing, though progress is slow because of the need to develop new course material and because of the need to work with the changes being made in CAR Pt 61, which refers to the requirement for the rating. The chemical rating has been required since the 1960s and the revalidation (renewal) of the rating every three years has been a requirement since the late 1980s. One proposal put forward by CAA was for an agricultural rating, which would incorporate the chemical rating and generic agricultural application theory. Once the pilot had an agricultural rating, they would then need to obtain authorisations for fertiliser, agrichemical or VTA application as

separate endorsements. However, CAA may not continue to issue the chemical rating because it has no direct bearing on aviation safety. While the detail is still to be finalised, we will see a number of changes. In future, the Pilot Chemical Rating will be obtained by completing the National Certificate in Agrichemical Application (Aerial), with an optional endorsement for VTA application. For this Certificate, candidates will need to attend a course as part of the requirement. The renewal period will be five years instead of three to line up with requirements under the HSO Act for approved handler certificates. In fact, the initial certificate and the revalidation course should be sufficient evidence for a Test Certifier to issue the approved handler certificate for all the required categories, including fuel.

The objective in all this is to come up with a simple system that meets all the regulatory requirements with no duplication, while making sure that any course run is relevant, useful and practical. Along the way an accurate database of who holds a chemical rating will be developed.

Annual Conference Queenstown

The Theme of the conference was *“The Business of Agricultural Aviation”*. The first session on Thursday morning dealt more with financial aspects, while subsequent sessions dealt with technical and human aspects.

The conference began with three very good presentations on different aspects of the financial environment in which ag operators work, beginning with Earl White's entertaining and informative explanation of the international scene. David Todd then commented on factors that are likely to affect future farming systems and hence the agricultural aviation industry, having first introduced Jean-Claude the aviator, and the perils he faced. Rob Davison gave the final presentation in this session with a look at market prospects, particularly in the meat and wool industry. One conclusion to be drawn from these talks is that while conditions may be volatile and unpredictable, there is no reason to be pessimistic. Garth Gallaway cast his legal eye over the matter of responsibilities and liabilities with particular reference to the CAA/ Department of Labour Safety Guideline on Farm Airstrips, including a sharp reminder of the folly of insufficient public liability insurance cover. Other highlights included some solid technical presentations in the breakout sessions and a concluding presentation from Werner Naef on Human Factors and Safety in Aviation. The conference awards dinner included acknowledgment of Bob Monds, from Rural Air Services, and Owen Dodson, from Marlborough Helicopters, for the high standards they set as operators. We had an excellent turn out, with good speakers, interesting topics, and a good venue; not-to-mention the food and the entertainment.

Product Quality

Poor product quality continues to be an issue for the industry. The problem is as much to do with variability of product, but until the situation improves, it brings into question the actual ability to meet the Spreadmark standards. A number of complaints have been received from operators around the country, with photos and samples to back up their concerns. These have been raised with the Fertiliser Quality Council. The Farm Airstrips and Associated Fertiliser Cartage, Storage and Application Guidelines have been widely distributed, which have proved useful in dealing with situations where airstrips or facilities need to be improved.

Constraints on application areas

With the increase in wind farms and expansion of transmission lines, this issue came to the fore during the year. While this has an impact on the agricultural aviation industry, we are not in a position to influence what happens apart from being clear on costs and liabilities.

Other matters of note

Other issues which arose during the year or which are ongoing included:

- Project Working Group on CAR Part 137, including the pilot chemical rating and the agricultural overload provisions
- Log books and work time – clarification of the issue with Land Transport NZ
- Reassessment of 1080 by ERMA and the new controls for aerial application
- Tank Wagon Regulations (HSNO) and the implications for aircraft refuelling tankers
- Visits to 14 regional councils throughout New Zealand: These meetings were with planners and policy makers and dealt largely with provisions in the various regional plans about the application of agrichemicals. Looking ahead

One recent prediction was that the number of dairy farmers would halve over the next decade, because farms are getting bigger and their ownership is consolidating among a shrinking number of major players (Fonterra Chairman, May 2008). The move to larger corporate farms will have an impact on the agricultural aviation industry. There will be an increasing demand for high QA standards in these large farming operations, but it will work both ways. On the one hand, operators will be required to show compliance with high quality standards that in turn are part of the clients own QA programme. On the other hand, the operator will be in a stronger position to demand operating facilities such as airstrips and storage bins that are of an appropriate high standard. Aircraft for the future is another likely area of change. Is the trend in high analysis fertiliser application likely to continue? What are the fixed wing aircraft of the future for agriculture? Will the expected change in climate, in turn, have an impact on the utilisation of aircraft? As one operator observed; when it is dry and fixed wing aircraft are on the ground with no work, helicopters can be put to other uses, even if it is laying the dust by spraying water. NZAAA exists to serve its members, yet we still do not have accurate and up to date data on who are members let alone any information about them, despite efforts to obtain it. As an industry, we need to be able to respond with information on who we are, where we are, what we do, why we do it and what we use to do it with. How can a case be made for the industry without that information?

The Executive Committee

I offer my thanks to AIA staff and to the Executive Committee, in particular the Chair Ken MacKenzie and Vice Chair Tony Michelle, for their support and help during the year. The Committee plays a vital role in working through the various issues as they arise. As Executive Officer for the Association, the Committee are the eyes and ears of the wider agricultural aviation industry.

John Maber

Executive Officer
NZ Agricultural Aviation Association

July 2008

NZAAA Report 2008

Another year seems to have passed with a fair degree of hard decision making both on the business front and within the Aviation Industry Association. On the ag aviation side most operators have been seriously affected by drought and poor returns to the sheep and beef farmers. The operators in the dairy areas had the drought to contend with, but at least their clients have enjoyed very strong product prices.

Last October at the Queenstown conference, we were told to expect the dollar to remain high and it has, but, of course, fuel prices have escalated alarmingly and interest rates have remained high. It's hard to even imagine what the fuel price would be if the dollar fell.

Conference

Queenstown staged an excellent venue to hold our conference, with a very good turn out of delegates, partners, sponsors and trade displays. Thanks must go to John Maber our EO for setting up a very worthwhile and interesting programme, based on the theme 'Business in Agriculture'.

Sponsors and Trade Displays

Thank you to our very important sponsors and trade exhibitors for your loyal support of the ag aviation industry. You form a very important link to our industry and I hope that your businesses have reaped rewards for the support and input you have shown us. I always hear a lot of positive comments from our members about the quality and quantity of your support.

Executive Officer

John Maber has once again delivered outstanding service to the membership. One of his greatest difficulties is that he is not a mind reader and he often hears about problems and complaints, e.g. potential spray drift, over-flying aircraft etc., long after the incidents are alleged to have happened and then he is called in late to try to sort out the problem. John is very highly regarded by all the organisations that we have to deal with, e.g. HASNO, ERMA, environment councils, animal health boards, CAA and LTSA to name a few. John does an enormous amount of work for us dealing with all these types of organisations. He has great skill and expertise; please use him. Thank you John for your diligent input and hard work.

Statistics

Ah, at last we have something to cheer about. CAA has dropped that idea of keeping aircraft accidents statistics based on the social cost of an accident. Your committee has fought and argued with CAA about this area since we first heard about this nonsense. The other positive area is that operators have found suitable calculators that can work out accurate statistics. This is great news



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

because, when your EO and committee need to talk to the 'powers that be', we have an accurate picture to put in front of them. Thank you all for this vast improvement. Always remember, this is the only way we can measure the true value of our industry to the nation.

CAA

Thank you to John Fogden, Ivan Harris and Paul Elton. John and Ivan regularly attend our committee meetings and we truly appreciate their attendance. It is a great opportunity for your committee to thrash out any issues that AAA members have which also gives CAA an opportunity to put their concerns and is then well reported in the newsletter. Paul is currently running the CAA side of the PWG for the update of Rule Part 137. There will be further discussion on these issues at this year's conference.

Aircare and Transpower

Alan Nichol is our AAA representative of these two organisations. Unfortunately, Aircare struck a 'bit of a bad patch' at the time of writing, but I remain very confident that Aircare will be reinvigorated and get back to the task of promoting aviation safety. A most important task!

Transpower, on the other hand, has turned out to be an enormous task for Alan and, as you probably guessed, it's all about the new line through the Waikato to Auckland that he is representing AAA on. Alan has been working with the ag pilots and farmers in the region who are going to be the most affected. Thank you Alan, I know it isn't as much fun as flying a Beaver!

Training and Safety

Once again, Bruce Evans and Tony Michelle are leading this part of your committee. It appears there is going to be some on-going challenges ahead if we are going to have young pilots taking up the reins of our industry and with the price of fuel and general running costs escalating daily, we will need to look at flight simulators to assist us in this area. Thank you Bruce and Tony for your commitment to this very important area.

Fertiliser Quality Council

John Maber, Graeme Martin and I are your representatives on this organisation. Along with the ground spreaders, we keep complaining about the quality of fertiliser, but sadly, so far, our complaints keep falling on deaf ears. Now that the price of fertiliser is going through the roof it might create an opportune time for the manufacturers to start a better granulation process. As long as our farmer clients put up with the current problems, we will have to keep on battling this issue. Thank you John and Graeme for your forthright input into this thorny issue.

Appreciation

On your behalf, I would like to thank Irene King AIA CEO, Paulette Hirschman Office Manager, Jason McGregor and David Watson for their help. Jason, our divisional secretary does a very good job for NZAAA.

Many thanks to a good positive committee. I have enjoyed my time as your chair. You have shown good common sense in the way that you represent AAA membership. It has indeed been a privilege to be NZAAA Chair and have the support of such an interesting and vibrant industry.

A special thank you to John Sinclair and John Maber for writing our very important newsletters.

Ken MacKenzie

Chair NZAAA

July 2008

Air Rescue/Air Ambulance Report

The last year has seen the introduction of night vision into the services and to that end, the training and equipping of all Air Rescue/Air Ambulance (AR/AA) government contract holders. 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. The availability of this piece of equipment has the potential to enhance safety outcomes in this sector.

Projects

- (1) Air Ambulance Reference Group project has met several times over the last year with extensive input from the industry, which will ultimately set the direction on government policy for Air Ambulance. This report, filed with government in the early part of 2008, is still being deliberated on.
- (2) The AIA Air Rescue/Air Ambulance standards are currently under review with the medical component being removed. Version 10 is currently in its final draft with the addition of the night vision standards for recommendation.
- (3) The Ambulance New Zealand Standards 8156 are still being developed with the Air Rescue/Air Ambulance input and recommendations completed. Many thanks must go to Peter Kidd for his guidance and advice in developing these standards.
- (4) The AR/AA would also like to acknowledge the leadership and services provided by Rea Wikaira to this division of the AIA over the last two years. Rea resigned as Chair last year.

Challenges for the year include the upgrading of air force search and rescue capabilities and the consequential tasking of military and civilian personnel. It is understood the civilian sector has significant advantages delivered via high-quality training, particularly winch operations and operators.

Other challenges include, potential restructuring of forthcoming contract negotiations with ACC, the possible introduction of a single air desk, establishing service level agreements with the RCC and security of fuel supplies to isolated areas.

Francis Kuriger

Chair

July 2008



Francis Kuriger

Francis has served six years as CEO of Air New Plymouth, which is the commercial division of the New Plymouth Aero Club.

Flying for 24 years in various single and multi-engine fixed wing aircraft.

Air New Plymouth undertakes flight training, charter operations, and air ambulance for Taranaki District Health Board.

Air Transport Report



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.

The year was definitely a game of two halves for the Air Transport Division (ATD). In December 2007, Air NZ, as a Group, suspended involvement in AIA and directed any Air NZ Group employee to cease AIA participation. As the Chair of the division was an employee of the Air NZ Group, that required the Deputy to step into the breach, but as a very busy man with a demanding business to run and geographically challenged for getting to Wellington, he was also not able to put much time into AIA activities. Since April, the Chair has once again been able to participate and normal activities have recommenced.

The past 12 months has reinforced, yet again, that the ATD covers a very wide portion of the industry spectrum. Airlines of all sizes and specialisations, helicopters, tourist flight operators, and others, are all involved in transport with little commonality between the far ends of that definition. The challenge as AIA looks at how best to service its divisions is to determine where ATD fits into the mix. The large airlines have the resources to generally look after their own issues and see the benefits of AIA membership quite differently to the very small, one aircraft charter operator. Commercial air transport in both operations and engineering has a greater involvement with the regulator than many of the other parts of the aviation industry. For that reason, the relationship between regulator and industry is very important to members of the ATD and must remain high in AIA priorities in the year to come. A sustainable industry must operate at maximum efficiency, but within an environment that protects its customers from unsafe and inappropriate practices. The legislation and rules environment though must be the same and not add cost and restrictions to operators that do not benefit the users of the industry. This year and for at least the year to come, the challenge for the AIA will be to ensure that as far as possible the members of the ATD operate under a legislative environment that provides a high level of safety, but with the minimum of restrictions. We have a vigorous industry that constantly produces new technology, new techniques and new ideas; most of which must be allowed to see the light of day if the industry is to flourish. The regulator has the right and occasionally must say no to innovation, but only when there is good reason; an unrestricted dead hand will eventually lead to a dead industry, which benefits no one.

It sounds simplistic, but I believe our legislative environment is the greatest coming challenge that we can influence. Fuel, training costs, critical staff shortages, airspace restrictions and the many other issues will continue, but are either completely outside our control so have to be lived with, or within reason, are able to be managed. The AIA is a political organisation, it must, as a major activity, influence the political process that writes and implements our aviation legislation. There is nothing else that would provide greater benefit to the members of the ATD.

Dale Webb

Chair

July 2008

Education and Research Report



David Lyon

David Lyon is employed as the Head of School of Business at the Bay of Plenty Polytechnic in Tauranga. He has a long-term interest in aviation and, in particular, the commercial performance of airports companies.

David has presented aviation related papers at a number of conferences both within New Zealand and in countries such as Australia, Japan and Greece. He is currently part way through a PhD programme with the School of Aviation at Massey University.

The highlight of the past year was the forum held at the 2007 conference in Auckland. Presenters covered a broad range of aviation related topics that included the commercial performance of airport companies, environmental issues facing aviation in the immediate future and selection criteria for future aircrew. Individuals presenting were from Massey School of Aviation, Auckland, Lincoln and Otago universities, and the Bay of Plenty Polytechnic.

A decision made by the Massey School of Aviation in early 2008 to run their own research forums in the future has meant that such presentation forums at the AIA annual conference may only be viable once every two years.

With an education context, major developments have occurred within the aviation education arena during the past year. These include:

- A joint approach to developing the Aviation New Zealand brand and activities by both the Association (AIA) and the Aviation Tourism and Travel Training Organisation (ATTTO)
- The decision by Air New Zealand Limited to investigate developing a training academy that extends far beyond the current level of in-house training by that organisation.
- The attractiveness of New Zealand as a provider of pilot training and other education to overseas students who view New Zealand as an ideal training venue.

Aviation related research is continuing to develop within New Zealand universities, other tertiary institutions and within the industry itself. The Education and Research Division can continue to play a significant role in encouraging such activity and supporting individuals engaged in such research and development activities.

David Lyon

Chair

July 2008

Engineering Report

From the viewpoint of a general aviation engineer, the last year has been one of significant change.

The rule changes introduced in March 2007 has triggered many changes in areas to do with aircraft maintenance and while, ultimately, many of these changes falls on the shoulders of operators and owners, it is the engineers who usually end up implementing them.

To this end, the paperwork pile seems to get higher and this has been coupled with, what seems to be, a much stricter interpretation of rules by CAA auditors than has been allowed in the past.

New rules mean new Advisory Circulars and the division has been very active in working with the CAA in the drafting of these to ensure the content is relevant and practicable. While we have been successful in some areas we do seem to be having a hard time of it in other areas which once again seems to reflect a harder line in the CAA. There are many other issues we have in the area of legislation and audit concerns and recent prosecutions have heightened these concerns.

Another area of growing concern is what seems to be quite a shortage of experience and Licensed engineers. Aircraft numbers are growing in NZ and this is starting to show as a significant strain on the maintenance industry. It is going to, have to be one priority in the next 12 months to try and promote our sector of the industry as an area school leavers in particular want to join.

Our division covers a wide range of company types that have different areas of interest. In order to ensure we are alerted to issues that concern all members the division has continued the structure model previously set up where different members act as sub-committees to monitor the various areas of interest

- Part 145 Maintenance Organisations
- Part 43/66 General maintenance and licensing.
- Part 148 manufacturing
- Part 146 Design
- Part 141 Training (engineering).
- General issues.

We are also attempting to begin an accreditation programme for members. This is not intended to be another Part 145 type system but a system where member companies can work to a code of ethics and give peer support etc. We will start off with a fairly basic model and then expand it as we see fit. It is still early days but do hope to advance this at conference.



Mike Chubb

Involved in aviation since 1976, mostly in NZ, did a five-plus stint in Australia whereby he first gained his AME licence.

Mike lives in Whangarei where he owns Northland Aviation Limited, a general aviation maintenance business. As a sideline, through Northland Aviation, Mike manages the Whangarei District Airport.

Mike also holds a PPL, but never finds the time to use it.

Another initiative in the pipeline is to see if we can develop a group insurance scheme for members. This package will likely include set number of policies that cover the range of risks most aircraft maintenance firms would have.

A matter of on-going concern is the severe shortages of manpower the engineering sector of the industry has experienced over the last few years. All indications are that this will get worse as many of the existing engineers are contemplating retirement within the next two to three years. While this exodus of experience is of concern of even greater concern is the inability of the engineering industry to attract new recruits. It is pleasing to see that the ATTTO and AIA signed a wide ranging co-operation agreement including the development of a careers and pathways strategy. It is also noted that the ATTTO has recently announced a schools gateways programme and commenced the development of basic aviation qualifications for schools. The modern apprenticeship programme can always cater for more and I really challenge each and every workshop out there to start taking on these people – they are our future.

I will not be able to attend conference this year so will take this opportunity to thank all those who have helped over the last 12 months. Don McCracken in particular for his assistance as deputy and all the others who took the time to attend our meetings and gave useful input when meeting with the CAA for AC writes etc.

While we are always quick to point out failings as we see it within the CAA, I do wish to thank them for attending our meetings and always responding to our request for clarification on various matters. Without this dialogue our division would be quite ineffective.

Mike Chubb

Chair

July 2008

Flight Training Report

It gives me great pleasure to present the annual report for 2008, being the first year of my term as Chair of Flight Training Division (FTD).

The division had three meetings during the year with the general focus being on the following leading issues and initiatives:

- Standardisation of flight training standards
- Establishing career opportunities and pathways in view of the supply and demand requirements for pilots/instructors
- Addressing conflict between government funding policies and industry needs
- Exploring offshore opportunities
- Ensuring training capacity continues to remain safe and functional

Airways (ACNZ)

Rob Irwin's attendance at meetings during the year has allowed discussion involving airspace restrictions, implications of NDB decommissioning and keeping informed on developments of foreign student intakes. Consequently, both parties are now working together on future growth projections and capacity requirements.

In return, ACNZ provided significant feedback from regional Air Traffic Controllers of the problems they were experiencing with the upsurge of student pilot's activity, which has created an in-depth awareness of these training issues and compelled FTD to take heed.

CAA

During the year, John McKinlay and his team continued to attend meetings and present status reports with rule developments and other supporting information. In particular, the introduction of the four-day Instructional Technique Course, English Language Proficiency test, Fit & Proper Person declarations and the deferred Rule Part 61/141 NPRM.

CAA acknowledged that the increase of activity with a mix of local and foreign student pilots provided challenges for flight trainers, Airways, CAA, and other airspace users. Collaborative attention and co-operation from industry is called upon to ensure growth does not compromise safety. Accordingly, the development of Rule Part 61/141 is viewed as an important and timely process to assist with the standardisation of training standards.

ASL

English language proficiency testing and online examinations schedule for 2009 are recent developments undertaken by ASL. FTD acknowledge the considerable time and resources invested by ASL in developing this technology. FTD also appreciate the efforts of Alan Gill and his team who have the challenging task of balancing the increase in student examinations with service requirements.



Kevin England

CEO of Air Hawke's Bay, with special emphasis in flight training, air ambulance and charters; manages the Hastings Aerodrome.

Previously occupied governance roles in finance and education sectors; managerial and accounting positions in electricity, legal and meat processing industries.

As part of the role of Chair of Flight Training, has been actively involved with a number of AIA initiatives, including acting director of Aviation Careers and represented the division as one of the sector champions for Aviation NZ.

Kevin is a member of New Zealand Institute of Management and representative on the EIT Business and Computing Advisory Council. Elected Chair July 2007.

New Zealand Trade and Enterprise (NZTE)/Aviation NZ

FTD are appreciative for the support that Ian Stockwell of NZTE and John Nicholson of Aviation NZ have provided over the past 12 months in facilitating the formation of a collaborative export business model that will assist entry into preferred overseas markets.

CTC has generously taken on the lead organisation role. Between CTC and the group's collaborative partners, the formation of the business model going forward is based on the following principles:

- Agreed syllabus based on customer requirements
- Avoid low price route
- Present value proposition
- Includes airlines pre-selection criteria

TEC

EFTS under the new Tertiary funding policy has been allocated over a three-year period as opposed to the previous year-by-year allocation. This has created more certainty for students and flight training schools and gives training providers scope to plan ahead.

The Tertiary Education Organisations (TEO) associated with flight training have been regulated by the Fee Course Costs Maxima policy since 2001 and those flight training schools contracted by each TEO are constrained with the inability to pass on their increase in operating costs to students, despite the vast increase in fuel and other costs. An urgent joint submission is being developed to address this issue with appropriate government departments. Simultaneously, there is focus on building a business case to increase EFT numbers to meet industry demand.

Flight Training Code of Practice

The code is a living document with a number of enhancements being adopted throughout the year. A major development of the Code involved the adoption of CAA anticipated Rule Part 141 training standards. Further work on measuring accountability is being applied in reference to the Code's principal aim, which is to standardise and enhance training standards.

ATTTO/Aviation Careers (ACRP)

With AIA and ATTTO signing a Memorandum of Understanding (MoU), gives clarity of each organisation's role in developing a joint workforce development strategy that focuses on attracting, developing and retaining good people into aviation. This will have a better rate of success under a collaborative approach. The MoU provides a platform for Aviation Careers' associates to work with ATTTO, covering marketing, recruitment and placement opportunities linked to a training/qualification framework.

Air NZ

The recent announcement of the Air New Zealand Training Academy has generally been received favourably with an anticipated range of questions particularly around the timeframes, recruitment specifications and the associated partnership options. We would certainly encourage Air NZ to engage with industry during the business-model formation process and look forward to further developments.

Conclusion

We welcome the new members who have joined during the year and it is encouraging to see good attendance at meetings, which brings a wider perspective to the issues at hand. I would like to thank FTD committee and representatives from CAA, ASL, TEC, NZTE, ATTTO and ACNZ for their attendance at meetings and continued support. In addition, we are grateful for Irene King's and David Watson's contribution and support throughout the year.

Kevin England

Chair

July 2008

Helicopter Report

The past twelve months have been difficult for the Association and most of the efforts of Council have been in trying to get the governance issues sorted out. This has proven to be a very painful process in which the past President and Executive eventually resigned to make way for an interim President and Executive.

The resignations were voluntary, but were difficult for all parties, as all those who had resigned had contributed much to the Association over many years. We now have to carry on the process of rebuilding the new structure in order to regain the support of the membership.

Part of this process has the Council reviewing the 'Divisional Structure' in order to strengthen the divisions and the current view is that we may reduce the number of divisions by amalgamating some of those that have common membership. The Helicopter Division is one of those where benefits could be gained by having one strong division representing all helicopter operators.

The present Divisional Structure disadvantages helicopter operators by dividing loyalties between different divisions and this, in effect, has weakened our political power. With the current issues of rapidly rising fuel and input costs associated with declining revenues and escalating compliance requirements, it has never been more important for our industry to have a strong and clear voice.

Over the past two years, we have been talking about a 'Helicopter Association' that would be structured in the same way NZAAA is and set up under the umbrella of AIA. This Association should be strong enough to support an Executive Officer in the same way that NZAAA employs John Maber as EO on a part-time basis. This Association would have a committee of representatives from all areas of helicopter operations and have at least two representatives on the Council of AIA and possibly one representative on the Executive of AIA. As with NZAAA, the Association would have the ability to levy a membership subscription, on top of the AIA sub, to cover the extra costs associated with employing a part-time Executive Officer.

The Committee of this Association would meet at least three times a year in Wellington. Part of the meeting would be set aside to meet with representatives from CAA, including the Rotary Manager. This committee would have travel costs reimbursed from subscriptions. I look forward to the opportunities that such an Association could provide for the helicopter industry in this country.

I would like to thank Irene and the team in Wellington for the untiring work that they have put in on our behalf, particularly over the past 18 difficult months, and I would also like to thank all AIA members for their patience during this time.

Thanks also to John Sinclair for stepping into the role of Interim President mid-year and for the way in which he has been able to polarise the views of the Council to provide a positive direction going forward.

Peter Garden

Chair

July 2008



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.

Supply & Services Report



Rob Bolton

Rob Bolton's career has always involved engineering and sales. Mobil Oil led his career into Aviation, initially responsible for the Mobil Aerostop network and general aviation operations.

A shareholder and Managing Director of his own business within this industry has been a massive learning curve. His passion and hobby is Aviation. Rob also enjoys pheasant shooting, boating and fishing.

The past 12 months have gone even quicker than the last it seems... Alan Peacock handed over the reins as Chair 12 months ago. Alan has put in many long hours as chair and remains active to see industry members get the best out of AIA. The Council looks forward to more support and enthusiasm in the future.

The last few months has seen Alan Peacock invest his own time and money heading up to the Pacific looking for new opportunities for all members in Supply and Services. The results from his returns are promising - Alan reports that if you're keen to spend time and invest in the odd trip while marketing your products and services, doors will open as New Zealand people and businesses are among the best in the world. The Pacific Islands are at our doorstep and are certainly an avenue to help increase our share of the pie.

Alan and I went to Fiji 12 months ago and I have been back a couple of times, these trips are now starting to show benefit from the investment. I suppose it's like any cold calling, it takes a few times before your customers build trust in you and your business before the business relationship comes together. It also shows NZ can be competitive in the Pacific. We have consistent logistics with shipping and air travel to move products and many Kiwis live and work in the Pacific islands, so networks and relations are the key to success. As NZ plays a large supportive role and many of the people have family in NZ, it's not an obstacle for them to come to us for our services.

New Zealand has, just about, the perfect storm brewing with increases in interest rates, house values, fuel prices, and a coming election. However one thing remains certain, the sun will still rise in the morning, so there's the need to remain positive, albeit we'll have to work a little harder for the business!

The industry is certainly interesting right now, e.g. we are seeing fuel and fertilizer hitting record prices. Therefore, the cost of doing business is on the rise big time! So watch those costs and try to cut out excess expenditure if possible. It is always good to keep an eye on your businesses "costs related to sales/services" as savings these days can be the cream on profits. I find no harm in reminding staff on actual costs to run the business. Show them the continuing increases from your suppliers and compliance to do business and let them be a part of the team offering ideas on saving dollars. Make sure you have a positive attitude when talking to your staff as, I believe, they are the key to your business. The supervisor or boss with a negative attitude puts a damper on the entire operation. Nobody escapes.

The more harmonious the work environment, the higher the output productivity will be. There will be more output, better quality, and fewer mistakes. When

people are relaxed and happy they concentrate better and come closer to reaching their potential. A happy atmosphere is traceable to the attitudes of those participating

Supply and Services is the Achilles heel of the aviation industry. We make up part of the foundation. As a group, we support the industry in many many ways, but from what I've observed over the past months, we are a silent bunch of members.

How do we make ourselves more transparent and accounted for? We have to become more involved in delivering ideas to Council. Both Alan Peacock and I would be more than happy to hear ideas and be a voice for you. Over the next 12 months, I would like dialogue from you on ways the AIA could help your business going forward. Being involved means actually that, you have to be 'seen and heard' within the industry and AIA provides opportunities to represent you, e.g. at the AIA and NZAAA conferences. This is the showcase for NZ aviation and there are great opportunities to participate in networking. A trade display may be the best way to promote your business. It takes effort and investment, but for those who do, I'm sure the rewards will outweigh the negative.

Looking forward, the AIA council have re-jigged a few areas that I see as positive steps for all its members. Negative attitudes need to be addressed. It is important we table these problems for Council to work through so we can provide information back to the industry for the better of us all. There are very good people involved in AIA and NZAAA that put in, at a cost to themselves, long hours over and above their day jobs.

I love this industry and enjoy working with professional people from all divisions so I'm keen to put in the effort and be a voice for Supply and Services.

Best wishes for the coming 12 months – Attitude is your priceless possession!

Rob Bolton

Chair

July 2008

Tourist Flight Operators Report



Russell Baker

Russell has flown commercially in the general aviation sector for 33 years and has logged in excess of 9500 hours. He was Chief Flying Instructor of the Fiordland Aero Club from 1975-1984 after which he established Air Fiordland.

Russell was Chair of the Queenstown Milford User Group for 13 years and has been involved extensively in search and rescue operations in the area.

Last year saw a little turmoil within the Association and the TFO has not gone unscathed. However, I believe that the waters have calmed and we are now sailing with a clear destination in sight and on a course that will get us there in a timely manner. I am finding the role of chair quite a challenge, which keeps me off the streets after work. When I look at what past chairs have achieved for the TFO I see that there is a common goal for our members and I do not want to see us lose sight of these outstanding achievements.

The TFO members, and for that matter any operator in tourist flying activities, must believe in why we exist. To make a healthy profit, employ people, maintain our equipment, make provisions for future development, be aware of the environment in which we work and the effects we may be having on it. To promote safety, not only within each of our own environments, but as an ongoing target for every person involved. To promote the products we have through commitment to safety and product quality. At all times, we must be cost-effective in achieving our goals. We have to share ideas and resources so the group can achieve a common standard, as long as we stand united, because divided we will fall. Remembering that each time we screw up there is a good chance the Authority will lift the bar to the next level.

We need to make sure the coop is closed so the chickens don't escape. By the very nature of our work, a gate is sometimes left open and by achieving a system of checks and procedures, we can minimize the effects and prevent the whole aviary from becoming an empty space. As I have said on the odd occasion. "If you think safety is expensive, then try having an accident." On this note, we have achieved, over the last couple of years, a low accident/incident rate and this is no mean feat. We have all seen the statistics that CAA publish, but don't let your guard down, as a tiny lapse of attention may well be the opportunity the CAA are waiting for.

The Audit system in NZ is still far from perfect and I see it benefiting Rule Part 135 small aeroplanes more than our rotary companions do. This shows that an audit format for fixed wing is not very compatible with helicopters and vice versa. This is a problem for the TFO as we have a mix of the two.

I believe we have to have a united approach on this issue and deliver alternatives to CAA. This has to be in the form of objective construction, it is one thing to critique the wrongs in a system however, we have to produce an alternative to what we have to be able to demonstrate, that our concerns and ability to comply with the rules structure are real.

I look forward to meeting with you all at the conference and wish you a safe and prosperous season.

Russell Baker

Chair

July 2008

Aviation New Zealand Ltd Report



John Nicholson

John Nicholson was appointed Chief Executive of Aviation New Zealand on 28 January 2008. This is an industry body that champions New Zealand companies and product/service solutions to international audiences and connects international customers to product and service solutions developed in New Zealand.

Before this, John was Operations Manager (Specialised Manufacturing) at New Zealand Trade and Enterprise where, among other things, he managed a cross-functional aviation team. John worked for New Zealand Trade and Enterprise and its predecessor, Trade New Zealand, for many years, mostly overseas. His most recent appointments were as Regional Manager (Australia and the Pacific), based in Sydney from 2002 to 2005 and as Regional Manager (ASEAN), based in Singapore, from 1999 to 2001.

Aviation New Zealand champions New Zealand companies and product/service solutions to international audiences. It encourages the development of scale through collaboration and connects international customers to product and service solutions developed in New Zealand.

Aviation New Zealand was launched at the AIA Conference in July 2007 as a wholly owned subsidiary of the AIA. It became fully operational with the appointment of a Chief Executive, John Nicholson, in February 2008.

The inaugural Board was composed of John Lumsden (Chair), Ashley Smout (Airways Corporation), and Dennis Thompson (Dennis Thompson International) with Mike Flanagan of Air New Zealand as an advisor to the Board. John Lumsden resigned in March 2008, when Ashley Smout became Chair. John Jones of CTC Aviation was added to the Board in March.

The vision for the New Zealand aviation sector, promoted by Aviation New Zealand, is for it to be *“a specialised, globally connected, high value, growing and sustainable service and manufacturing industry based on 21st century technologies”*.

Aviation New Zealand has four objectives to help meet this vision.

- 1) Identifying and validating business opportunities of scale that reflects the aspirations of its New Zealand supporters that might not exist for companies operating alone.
- 2) Working with sector champions and developing ad hoc groups for potential business opportunities, addressing barriers, and building collaborative responses/ packaged solutions to convert them into reality.
- 3) Developing the Aviation New Zealand brand as the reference point on New Zealand capability.
- 4) Providing an umbrella brand under which companies can operate internationally.

Sector Champion meetings were held in Hamilton in October 2007 and April 2008. The first meeting agreed three projects that Aviation New Zealand should undertake and further refined them in the April meeting. The three projects are:

General Aviation (GA)

Improve the knowledge of New Zealand aviation industry capabilities in targeted international markets and give independent credibility to New Zealand companies operating in those markets.

The website, www.aviationnz.co.nz, which includes the start of an industry database, was developed, the Aviation New Zealand brand launched and collateral is now being prepared. The April Sector champions meeting agreed that this project should become the General Awareness Project.

Flight Training

A collaborative group has been formed to identify and target opportunities in India. This work is progressing.

Maintenance, Repair and Overhaul (MRO)

The intention is to improve the understanding of capabilities throughout New Zealand to allow collaborative targeting of new opportunities in New Zealand and overseas. This project includes co-operation with the Defence Industry Council of New Zealand and Defence Industry Association

Aviation New Zealand was launched internationally at the Airport and Airline 2008 Expo in New Delhi when it co-hosted a stand with New Zealand Trade and Enterprise and is organising a New Zealand Fair in Fiji, coinciding with a conference for the Association of South Pacific Airlines.

The AIA provides office facilities for Aviation New Zealand and the initial CE is seconded from New Zealand Trade and Enterprise. The goal is to put Aviation New Zealand on a sound financial footing with strong industry support.

John Nicholson

Chief Executive Officer
Aviation New Zealand Limited

July 2008

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.

Throughout 2007, ATTTO worked hard on building a solid bank of initiatives to address key issues in the aviation industry. Along with our 'business as usual' aviation qualification review and development, we worked on strengthening our partnerships with key aviation stakeholders, and formed collaborations to address career attraction and retention issues.

The work accomplished in 2007 sets a strong foundation to advance the ambitious goals we have set ourselves going forward this year. Three areas of major focus for us are:

- facilitating an early aviation education
- training and qualifications
- career promotion and initiatives.

Success in each of these areas hinges on strong leadership from ATTTO coupled with a collaborative approach with industry.

Getting people excited about aviation careers

One of the ways ATTTO is working to get the next generation of New Zealanders interested in aviation is through the Gateway programme. Gateway helps secondary students experience what it's like to work in an aviation environment. It also supports schools in providing a high quality learning experience to excite students about aviation. 2008 will see an overhaul of the Gateway package, making unit standards, the learning topics delivered through Gateway, more user-friendly for the workplaces and schools that participate. We are also looking at the smart use of technology to ensure that learning is consistent and high quality.

To make this work we will be consulting with industry to make it easy and worthwhile for more workplaces to get involved in this fantastic programme. This project is underway, with expected delivery late 2008 and full implementation from 2009. Gateway is a great opportunity to give more, young, interested students the chance to get a taste of an aviation career and we are excited about the opportunities in this area.

Training and qualifications

In 2007, ATTTO had 1,042 trainees involved in workplace training in the aviation industry, a 65 percent increase in trainee numbers since 2003. This included over 100 Modern Apprentices in Aeronautical Engineering.

Workplace training and Modern Apprenticeships are supported by the development and review of aviation unit standards and qualifications. In 2007,

ATTTO completed the review of all Aeronautical Engineering unit standards and commenced the review of the following qualifications:

Qualification	Description
National Certificate in Aeronautical Engineering (Specialist Support) with optional strands	People who achieve this qualification have the ability to undertake a range of aeronautical engineering specialist support tasks. The optional strands recognise the specialised knowledge and skill in the sector chosen.
National Certificate in Aeronautical Engineering with strands in Aeronautical Non Destructive Testing, Aircraft Mechanical, Aircraft Powerplant, Aircraft Structures, Armament, Avionic Electrical Repair, Avionic Instrument Repair, Avionic Maintenance, Avionic Radio Repair, and Rotorcraft.	This qualification recognises the skills required to carry out maintenance, overhauls and repairs to aircraft, aircraft systems and aircraft components or equipment, and is recognised as the predominant trades-level qualification for the industry.
National Certificate in Aeronautical Engineering (Related Technology)	This qualification is designed to satisfy the needs of industry by providing a means for potential employees to obtain a qualification in core skills and knowledge prior to entering the industry.
National Certificate in Aeronautical Engineering (Aircraft Servicing)	This qualification recognises skills in servicing aircraft on a flight line or ramp. Holders of the certificate are able to carry out tasks such as replenishments, refuelling, ground handling, and pre- and post-flight checks on an aircraft flight line or ramp.

In addition, the new qualification – National Certificate in Aeronautical Engineering (Gas Turbine Overhaul), has been registered. This qualification recognises the skills required to carry out overhauls and repairs to aircraft and/or aero-derivative gas turbine engines along with associated systems and components.

Career promotion and initiatives

In an effort to address the growing concern of attracting, developing and retaining suitably skilled and qualified people in the aviation industry, ATTTO is leading a major joint initiative with AIA. Formalised by a Memorandum of Understanding, the industry-wide campaign will focus on attracting and retaining the ‘right people at the right time in the right numbers’ into the industry. A key component of this is ATTTO’s Industry Attraction Strategy, designed to raise the profile of aviation as an attractive career choice.

ATTTO is also involved in a joint initiative with the Hospitality Standards Institute (HSI). The National Careers Maps and Pathways project is aimed at helping people interested in aviation careers to, see the range of jobs available in the industry, better understand possible career paths and find the training they will need to get there. The project involves researching and defining all job roles in the aviation, tourism, travel, museums and hospitality sectors, and identifying career paths beginning from year 10 in secondary school. In addition, ATTTO has a wide range of promotional and specific careers-related activities running throughout the year, including Careers Expos, Scholarships and support for Modern Apprentices.

We are proud of the progress we have made over the last 12 months in setting a strong framework for delivering improved services to our aviation customers.

Through increased collaboration, smart marketing and a commitment to keeping our customers informed, you can expect to see ATTTO working hard to deliver an increasing range of products and services that make a difference in your industry.

Elizabeth Valentine

Chief Executive

Aviation Tourism and Travel Training Organisation

July 2008



Touch down at

our website for the latest
information from AIA:

www.aia.org.nz

Aviation Services Ltd Report

ASL has had a very busy year. The Company has renewed its Land Transport contract for another three years, introduced building practitioner assessment for the Department of Building and Housing (DBH) and established the new ICAO aviation language testing requirements.

ASL has been operating for nearly 16 years and during that period, the Company has successfully renewed all existing contracts. Expanding into new business areas is important, but to be successful the Company must renew its existing contracts and agreements.

Building practitioner assessment was introduced on 1 November 2007, but the uptake of licences to-date has been disappointing. Licensing activity is expected to increase over the next year and dramatically the following year as we lead up to the compulsory licensing date in 2010.

Land Transport activity was extremely busy in the first half of the year due to many applicants trying to get their licences before the changes to requirements.

The building and land transport contracts are important to the Company as they provide the revenue to improve services across all sectors.

Aviation Operations

ASL has had a strong increase in New Zealand flight crew exams and flight-testing during the year.

All flight crew exams types have increased, but especially CPL exams. This increase clearly shows that the aviation training sector is growing after the downturn caused by the EFTS restrictions.

The key challenge in aviation at present is maintaining sufficient trained staff to meet increased demand. The recruitment of flight examiners is an issue, which ASL is trying to address.

Alan Gill has been working hard as the GM in New Zealand. His focus during the last year has been to put the aviation language testing system in place, but his focus in the coming year will be the introduction of computer exams for New Zealand.

Neil Hyland has also been extremely busy in Australia due to increasing exam activity and aviation language testing. He is also working closely with CASA on a possible opportunity to replace their CyberExams system with the ASL Tasman system.



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.

During the year, Ian Diamond passed away and, in memory of the considerable contribution Ian made to the aviation industry, ASL has pledged \$20,000 to the Ian Diamond Memorial Trust that will support the New Zealand aviation sector. Mr John Pearce led this initiative for ASL and the trust now has a considerable number of pledges from other organisations that Ian Diamond worked with.

Strategic Direction

The Board and CEO have been reviewing the strategic direction of the Company. ASL is becoming increasingly dependent on its IT systems to provide its services. Previously the Company has used contractors to provide advice in the IT area, but due to our total dependence on software systems, it became obvious that in-house expertise was required. A Chief Information Officer (CIO) has therefore been recruited. Sean Davidson started in June and will be a key member of the ASL senior management team.

Overseas Business

ASL continues to work with the Singapore, Hong Kong and PNG Authorities on exam development and delivery activities. We have also had interest from the General CAA in the United Arab Emirates.

Future

ASL's focus on its IT systems will position the Company well for the future and provide considerable improvements for New Zealand with the introduction of computer exams.

Mike Lynskey

Chief Executive
ASL Group Ltd

July 2008

AIRCARE Annual Report

1 April 2007 – 31 March 2008

Progress continues to be made on the implementation of this strategy despite a funding shortfall in the primary programme. Our focus has been on doing what funding permits, which has been the development of a complimentary education programme, which will be NZQA recognised.

So far, the handbook for risk management has been developed and approved and we are presently in the process of developing the handbook on good decision-making. These handbooks can be used by industry as the fundamentals to an externally assessed and evaluated training programme. This external assessment is important, as it is the pathway to reduced ACC premiums and potential reduction of other premiums and compliance costs.

AIRCARE funding

Commentary regarding the allegations of impropriety in the handling of AIRCARE's funds and the audit process employed to confirm the allegations as baseless, can be found elsewhere in this annual report. An unfortunate result of the allegations has however, been sponsor nervousness towards continuing their contributions to this very worthy initiative.

Whilst it has never been the intent of AIA to subsidise the AIRCARE programme, over the last two financial years it has been necessary for AIA to dip into its coffers to ensure the programme did not fall dormant. This hand-to-mouth funding mechanism is not sustainable in the longer term and it is planned that the present shortfall of \$15,000 along with a more robust funding methodology will be addressed in the coming year.

AIRCARE has invested significantly in the preparation and planning for DVD3. This is not work that will have to be repeated, once funding is in place DVD3 can be developed and produced, drawing on the formative work we have already completed.

Without doubt, AIRCARE has suffered over the last year. It is particularly saddening that this project, which was clearly delivering substantial benefits to the industry, was undermined from within.



AIRCARE DVD #2

AN AVIATOR'S GUIDE TO GOOD DECISION-MAKING

Make the right decision and watch this DVD.







Future Direction

Recently the AIA has written to the CAA requesting that the *AIRCARE* partners resume working together on the initiative. This communication traversed a number of issues including assurances of continued industry commitment, multi-party support within government for *AIRCARE*, work completed to date, administration going forward and a draft work plan for consideration. We are hopeful that this will provide the level of comfort that CAA is seeking and that they will respond favourably by re-engaging.

A re-engagement would allow ACC, AIA, and CAA to collectively work towards the production and release of DVD3 titled 'Organisational Culture' which will form the completion of the trilogy of industry-wide DVDs, which provide the basis for the training programmes mentioned above.

Industry has contributed many thousands of dollars to the programme and AIA have confirmed an absolute commitment to seeing *AIRCARE* re-established and continue its role as the only comprehensive safety programme available for industry.

Sponsorship

The on-going support of Airways Corporation, Kauriland Aviation, and the Accident Compensation Commission in support of *AIRCARE* is greatly appreciated.

They have remained committed to the success of the initiative and I am hopeful that the coming year will see a re-engagement by the *AIRCARE* partners such that we can move forward and build on the benefits to industry delivered thus far.

Irene King

Secretary *AIRCARE* Co-ordinating Committee

July 2008



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of New Zealand (Inc)

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