

STATE of the INDUSTRY

Conference week is always a great opportunity to gage the mood or state of the industry. While we confirm the mood is great, interestingly the state (aka well being) remains extraordinarily challenging.

In my view this can be put down to four things:

- Government's preferred modus operandi is collaborative. Some sectors such as Ag aviation in particular are meeting this touch point but most importantly many sectors are not.
- Cost pressures are rampant in the non tradable sector, ie CAA Airways and Airport charges are ramping up to levels significantly above inflation. These charges impact on every aviator but most significantly start to impact on the competitiveness of the sector relative to other forms of public transport and our international trade opportunities
- Access to capital is patchy and hence the ability to invest in new opportunities or reequip is constrained.
- Inbound tourism is recovering but the high dollar and the attractiveness of other destinations is dampening the "high" end market.

There's not much we as an industry can do about the latter point but most certainly post conference the agenda is very clear in respect of the other three.

The appetite to grow is there and the international opportunities within the Asia Pacific region are substantial but to do this we must have strong collaborations between and within New Zealand businesses backed by good access to capital markets. We are investing in creating that confidence with key capital market players and working with them as integral participants in many of the initiatives we have underway in South East Asia.

But it does fundamentally turn on New Zealand businesses "getting over" the strong competitive ethic we have in the domestic market and working together to get an increasing share of the international pie. This is happening but simply not quick enough. To compete effectively we need scale, we need brand identity steeped in quality standards and we need international connectedness ie an "INC" approach.

At government level we see this approach emerging very rapidly compared to the normal glacial approaches we have become use to in the past. So for industry the challenge is to work as a sector. For this reason – the creation of one voice our name is changing to Aviation New Zealand. Its about working as a combined force to make the “plane fly faster, smarter and in formation”.

We commenced this “flight path” approximately two years ago and now its really starting to get some shape and structure around it. Our governance Board has inclusive participation from the sport and recreational community. The supporting advisory council has been renamed the industry council and the band about to be the all encompassing “Aviation New Zealand”.

While we change our brand it is our expectation that the strong and distinctive brands of other members of the aviation community will remain we must if we are to be effective work much more cohesively together. It’s about small and significant steps to demonstrate to our stakeholders that aviation is a major contributor to and generator of economic wealth.

Productivity within the sector rivals our dairy industry at around \$400k per person. Over 23,000 New Zealanders participate on a daily basis in our workforce. There are over 1000 businesses actively engaged in the sector. We generate high value incomes, around \$80k average and create high net worth individuals who in turn reinvest back in other sectors of the economy. We have a great story to tell – Aviation is in our DNA” – this is our world and within “Aviation New Zealand” we encourage each one of you to participate and become part of the journey.

Irene King
Chief Executive