

MERCURY BAY AERO CLUB (INC)

Aircraft Replacement

I presented a report to the MBAC Special Meeting on 10 November 2012 regarding the viability of retaining CWD due to its low utilisation.

Over the last three years, the Club's utilisation of Cessna 172's (both CWD and the substitute Sunair aircraft) have been as follows:-

Year Ending February 2012	109 hours
Year Ending February 2013	59 hours
Year Ending February 2014	35 hours

Besides the continuing economic situation, several factors can be attributed to the continual decline in club flying.

- Our club is unique in that some (25) of our active pilot members who are permanent residents or have holiday homes in Whitianga own their own aircraft. Several years ago many of these members made use of the club's aircraft prior to them building or acquiring their own. In total 55 of our 91 financial flying members have their own aircraft or are involved in syndicates and subscribe to the club's "bulk" landing fee scheme.
- Whitianga has a permanent population of less than 5,000 and does not have a large population base with mid to high income earners with disposable income to spend on flying or assist their children to take up either flying for leisure or as a career.
- It's widely acknowledged that flying is a first casualty in a depressed economy given that all our flying revenue stems from members discretionary income or "pocket money". When money is tight, members (and wives) will be thinking extravagance, personal indulgence, selfish pursuits and non-essential spending.
- A large percentage of the local population are also retired and if they could afford to fly they don't want to face the academic hurdles to obtain a full PPL(A) with the associated examinations etc. and the CAA medical challenges and charges.
- Over the past two years we have progressively increased the club member solo charge out rate for Cessna 172's from \$180 to \$200, \$210 and more recently \$220 per hour (including GST) which still doesn't cover the operating costs so essentially the current users of Cessna 172's are being subsidised by the rest of the members for their flying.
- Going forward from now, it is not intended that the club will subsidise club members flying. Members will be charged the applicable rate charged by the owners/lessors.

- The follow-on effect of the economic recession is directly affecting the whole Aero Club movement and recreational flying in general, so in recent times we have seen many more substantial Aero Clubs than ours falter – amongst others Rotorua Aero Club, Tauranga, Northern Districts (Whangarei), Bay of Islands, Palmerston North, Gisborne, Napier and more recently New Plymouth Aero Club not to mention several others in both North and South Islands on the brink of closing down.
- Rather than “shutting up shop” many clubs have disposed of their “higher maintenance” certified aircraft (such as the Cessna 172) in favour of microlight/light sport aircraft.

At the November 2012 meeting we proposed three options available to us:-

- 1) Sell CWD to a club member who would be prepared to lease it back to the club for private hire/rental by club members and flight training. Failing this,
- 2) Lease CWD out to a third party operator to offset fixed costs.
- 3) Look to acquire a new generation microlight aircraft offering the benefits of lower operational and maintenance costs.

Following on from this meeting, in April 2013 CWD was leased to the Auckland Aero Club on a month to month basis with a substitute Cessna 172 being made available for club members in Whitianga by Sunair between their air transport commitments.

This arrangement worked out satisfactory then in March 2014, one of our club members registered interest in purchasing CWD with the concept of a lease back arrangement to the Club for use of club members. In view of the uncertainty of the on-going lease arrangements the Executive unanimously agreed to sell CWD at its market value.

With dwindling demand for flight training in the Cessna 172 class aircraft, the club has, in association with the Mercury Bay Area School, formed a trust as a vehicle to purchase the RV-12 ZK-MBA on display here today. The MBAC will under a lease arrangement manage and operate the aircraft on behalf of the trust. This will open up new opportunities to offer training and recreational flying to club members at substantially reduced costs whilst still having CWD or the Sunair substitute 172 available for members requiring a four seater aircraft.

W R Beard
12.04.14