

Pilot training operation climbing rapidly

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Kelly Hodel/Fairfax NZ

AIMING HIGH: CTC Aviation managing director Ian Calvert (left) and fellow shareholder Julian So.

Hamilton's CTC Aviation is taking off. Andrea Fox makes a flying visit to a Waikato economic engine room.

It's entirely understandable if, on entering CTC Aviation, you think you've stumbled into a parallel universe airport in Hamilton.

You know you can't be at the real Hamilton Airport because there it is, opposite in the distance, across two runways.

But here you are in a large modern open plan building while briefcase-toting pilots from all corners of the earth come and go, and people dally in lounge chairs waiting their time slot call to the sky. All that's missing are the passenger queues.

Welcome to CTC Aviation college, training centre for some of the world's major airlines and one of the Waikato's - if not New Zealand's - best kept secrets.

Here, on the rural Ohaupo side of Hamilton airport, more than 200 pilots are being trained at any given time in a mirror operation of an international airline.

From baby-faced cadets to older hands with shoulder stripes, they could one day be at the controls of the Airbus or the Boeing taking you to Britain, Dubai, Hong Kong or Singapore.

The trainees and their more than 60 qualified instructors are pumping dollars into the Waikato economy that only city retailers, vehicle sellers, and bar and restaurant owners are probably fully aware of.

A NZ Trade and Enterprise report estimates that every dollar a pilot student spends on flight training generates \$4 for the local economy. Given the Hamilton part of the training programme costs between \$100,000 and \$150,000 per student, that's at least \$80,000 per pilot for the Waikato economy - though being mostly young and often from wealthy families and vibrant cities populated by tens of millions, they tend to spread some of that adventuring beyond Waikato's pastoral, placid borders.

CTC has grown so fast since sprouting almost overnight on Hamilton's airfield eight years ago with support from a \$3 million establishment loan from the city council that it has featured more than once in the Deloitte Fast 50 index of uber-growth companies.

Now it's having another growth spurt.

It's building new classrooms and accommodation to handle an additional 50-100 students, buying and leasing 10 more aircraft which will take its fleet to 45, and lifting instructor numbers to 68.

The company is also scouting for a satellite North Island airfield - Matamata, Tokoroa and Whakatane are possibles - for the extra night flying and instrument training the additional student intake will require, and its British-headquartered board is on the hunt for another training campus, possibly in Europe or Australia, for which the Hamilton business could be the establishment vehicle.

CTC Aviation Group is one of the world's leading airline trainers, with British Airways, EasyJet, Royal Brunei, Qatar Airways and Jetstar among its bigger clients.

The company was until this year privately owned by its founder, British airline captain Chris Clarke and his family interests.

In June, management, including Hamilton managing director Ian Calvert and chief financial officer Julian So, bought 48 per cent of the company, with Inflexion Private Equity taking a controlling stake to help fund the new owners' international growth plans.

Calvert, a pilot and "A category" general aviation examiner and instructor, and So are executive directors on the group's board and CTC Hamilton is a wholly owned subsidiary.

The Hamilton college takes aspiring young pilots, many selected by the airlines they will be committed to work for, and schools them to first officer level. Other students come to the city not far off securing a jet rating. Female student pilots make up just 5-7 per cent of programme intakes, Calvert says, though 13-14 per cent of his instructor staff are women.

Why you don't see a fleet of big practice jets outside is because students learn in three small but graduating aircraft and on simulators. Then they go to CTC's three operational bases in Britain for training to fly narrow body jet aircraft like A320s and Boeing 737s. Graduating to wide body jets is then a natural career progression through their airline employer.

With the world's insatiable appetite for pilots - China alone needs 6000-plus a year - and only a handful of serious competitors in the world (none, to Calvert's knowledge, practising CTC's brand of high quality, totally integrated schoolroom-to-jet cockpit teaching tailored to the airline customer's particular training requirements) CTC's international growth aspirations would seem a doddle.

While airlines are among the first casualties of economic shocks, it is an industry tradition that after each big world bang, the sector comes back stronger than ever.

For CTC in Hamilton, the pace got cracking again in 2010 and hasn't stopped.

"After every big shock - the hijackings, oil crisis, 9/11 - it grows much bigger than it was before," Calvert says.

"With the GFC (global financial crisis) the airlines went too conservative and didn't hire (pilots) and now they have to pillage the industry to catch up again. There isn't enough training capacity in the world to keep up."

Training demands from Asia and China are keeping Calvert's airpoints healthy. But for him and So, operating at the bottom of the world, thousands of kilometres from airline headquarters whose bosses want to keep an eye on their cadets but can't spare a week out of the office to visit New Zealand, exactly how to grow is a challenge.

Hamilton airport is still the dream operational base it was at setup in 2004 - with underutilised good runways, open airspace, a city on the doorstep, much better weather than Britain - but realistically the maximum student capacity here is 300, says Calvert.

It's not good business practice to put all your eggs in one basket, he says.

New Zealand's air traffic control regime is also an inhibitor.

"There are two runways here, it could handle a lot more than it does, but air traffic control is a problem . . . it's not as robust from an operational perspective as some overseas . . . we can't get that efficiency . . . the sort of movements other airfields round the world get."

CTC Hamilton assets, including the new classrooms, are already nudging \$20 million.

A jet simulator costs up to US\$15m (NZ\$18m) and even the smaller ones used at Hamilton don't leave change from US\$250,000. And to make simulators pay their way, you need a lot of aircraft working.

Australia offers some benefits but also negatives, Calvert says.

"Training quality in Australia is very poor, nothing as good as New Zealand, but Australia has problems accepting some cultures. And an airline doesn't want to send a guy all the way down here to get jet lagged and lose him offline for a week."

For many airlines, Europe is "just across the road", so parts of central and eastern Europe with their "cheap airfields galore" are looking attractive.

But there's no threat to the Hamilton operation, Calvert says.

"If anything, Hamilton will expand by using the company here as an expansion vehicle."

Meanwhile, CTC is preparing for the New Year influx of new students. The new classrooms will be finished by January, and accommodation by June. CTC also has student accommodation in Peachgrove Rd and Knox St in the city.

It is also preparing to throw a "thank you" function for the city council, which Calvert says helped make CTC happen. The council owns 50 per cent of Hamilton airport.

"Their enthusiasm for us to come here was a significant factor in our decision. They could see the long term picture quite quickly when a lot of others didn't. We are acknowledging their part in our success."

The \$3m loan at commercial rates was paid off early this year.

CTC NZ is heading for revenue of \$22m this financial year. Calvert expects 2014 year turnover to leap to \$36m-\$38m and for CTC to achieve 15 per cent year on year growth for the next five years at least.

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