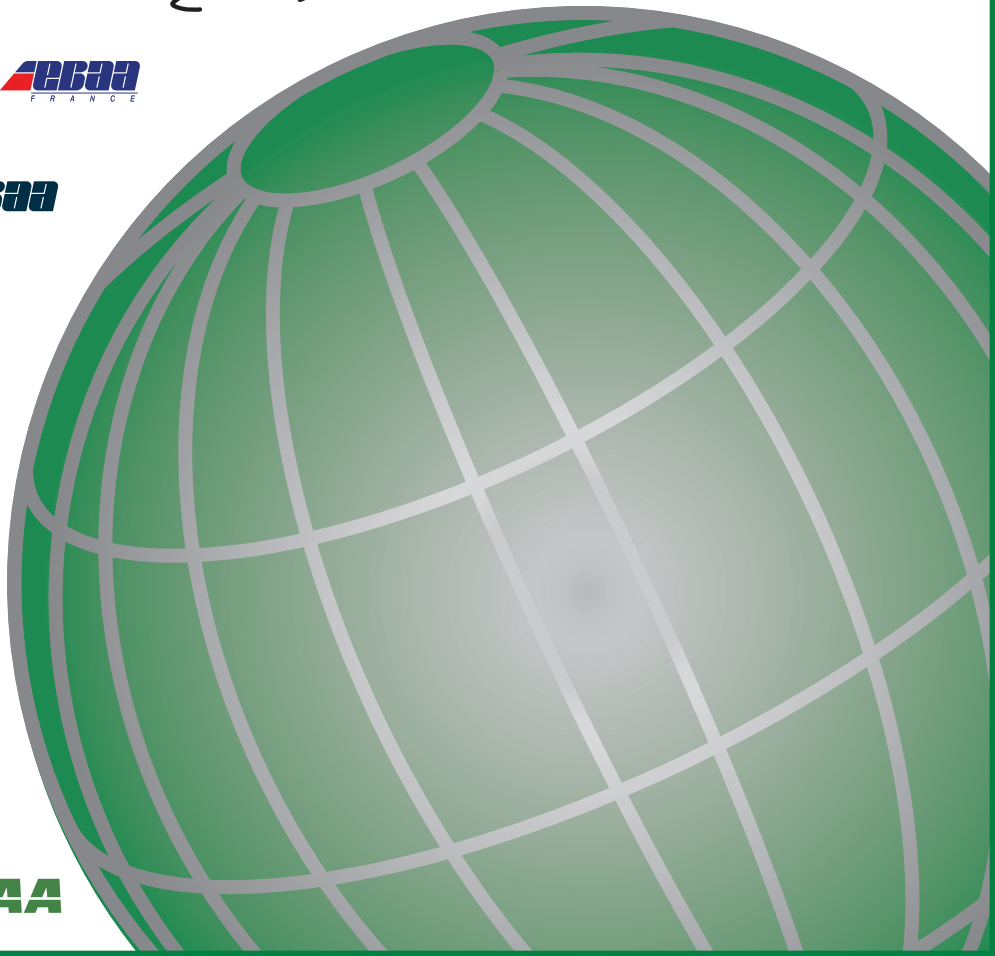
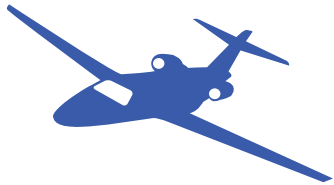




Annual Report 2003



Contents

2003 in Summary
The IBAC Governing Board
Governing Board Meetings
IBAC Finance Committee
Planning and Operations Committee (POC)
Environmental Issues Work Group
Continuous Improvement
Communications
Business Aviation Representation
IBAC Presentations
IBAC Aircrew Identification Card
2003 Highlights
International Civil Aviation Organization (ICAO)
International Standard for Business Aircraft Operations
IS-BAO Standards Board
IBAC Financial Report for 2003
Looking to the Future



international business aviation council



IBAC Member Associations

2003 in Summary

The 2003-year was a year of renewal for IBAC.

Business Plan 2003 – 2008, approved by the IBAC Governing Board in 2003, is dedicated to continuous improvement. It addresses current and emerging issues facing business aviation such as implementing new security provisions, harmonizing international rules for fractional ownership, encouraging use of industry standards in rule-making and being prepared for the forecasted substantial increase in small single pilot jet aircraft.

Following its introduction the previous year, 2003 was the first full year of operations for the International Standard for Business Aircraft Operations (IS-BAO). Interest in the new 'code of practice' exceeded expectations and many flight departments in North America advised their intent to implement the IS-BAO standard. In Europe, the Joint Aviation Authorities issued an Advanced Notice of Proposed Amendment (A-NPA) in which it frequently references the IS-BAO as an acceptable industry standard to satisfy the proposed corporate aviation rules.

In 2003 the Governing Board approved the first release of the Business Aviation Safety Brief. The Brief will be issued annually, providing a summary of statistics on business aviation accidents worldwide.

International fractional ownership operations became an issue for business aviation in 2003. The lack of globally harmonized policy applicable to fractional operations as being either commercial or non-commercial resulted in differences of interpretation and rules, with concern expressed for potential regulatory action against operators flying from one State to another. IBAC undertook to request that ICAO develop a harmonized international policy.

Security was again a significant issue in 2003. Papers were developed to encourage harmonization of security rules between major regulatory authorities. Proposals were developed for ICAO's Annex 17 (Security) applicable to On-Demand Charters (air taxi).

IBAC was represented effectively throughout the year at a number of ICAO Panels, Conferences and Work Groups, by a large number of capable Technical Representatives. IBAC appreciates the considerable contribution by a number of persons dedicated to better positioning business aviation worldwide.



The IBAC Governing Board

IBAC is a Council of national and regional business aviation associations. Governing Board Members in 2003 were as follows:

| | |
|--------------------------------------|--|
| Paul Stinebring - Chairman | National Business Aviation Association (NBAA) |
| Rui Thomas de Aquino - Vice Chairman | Associação Brasileira de Aviação Geral (ABAG) |
| Olivier de l'Estoile – Treasurer | EBA—France (EBA-F) |
| Brian Humphries –Past Chairman | European Business Aviation Association (EBAA) |
| Rodolfo Baviera | Italian Business Aviation Association (IBAA) |
| Peter Gatz | German Business Aviation Association (GBAA) |
| Toshi Iwata | Japan Business Aviation Association (JBAA) |
| Mike Keenan | Australian Business Aircraft Association (ABAA) |
| Charles McLeod | Business Aviation Association of Southern Africa |
| Doug Thierman | Canadian Business Aviation Association (CBAA) |
| Terry Yeomans | Business Aircraft Users Association (BAUA) |

The Corporate Secretary is William Stine of the NBAA.

Governing Board Meetings

IBAC Bylaws require a minimum of one meeting of the Governing Board and Members each year. In 2003, two meetings of the Governing Board and Members were held as follows:

- Governing Board 37 (GB/37) – May 10, Geneva, Switzerland
- Governing Board 38 (GB/38) – October 10, Orlando, USA.

The 37th meeting of the Governing Board was held following the European Business Aviation Conference and Exhibit (EBACE) held in Geneva. Among the important issues discussed were the release of the Business Aviation Safety Brief and the need to develop a position on fractional ownership. GB/38 was held following the NBAA Annual Meeting and Convention in Orlando. The Governing Board approved the IBAC Business Plan 2003-2008, and addressed a number of significant issues such as fractional ownership operations, security and safety statistics.

IBAC Finance Committee

The IBAC Finance Committee is a committee of the Board. Under Chairmanship of the Treasurer, the Finance Committee is mandated, on behalf of the Governing Board, to review the financial program and annual expenditures. The Finance Committee met twice in 2003. Members of the Committee are:

- Olivier de l'Estoile—Treasurer and Chairman (EBA-France)
- Rui de Aquino— (ABAG)
- Peter Gatz— (GBAA)

Planning and Operations Committee (POC)

The IBAC Planning and Operations Committee (POC) met twice in 2003. The first meeting was held in Calgary, July 11 and 12 and the second in Farnborough December 2 and 3. The POC continued to ensure quality representation of Business Aviation at ICAO and other related international forums. The POC focused on three significant issues in 2003—security, fractional ownership and safety statistics. Papers were developed for submission to the Governing Board on both issues. Members of the IBAC Planning and Operations Committee in 2003 were:

Donald Spruston, Chairman, IBAC
John Batty, BAUA
Olivier de l'Estoile, EBAA-F
Adalberto Febeliano, ABAG
Rich Gage, CBAA
Perrine Gueroult, EBAA
William Stine, NBAA
Peter Ingleton, Secretary, IBAC

Environmental Issues Workgroup (EIWG)

The EIWG is responsible for developing IBAC policy on environmental issues. Two meetings were held in 2003— in Colorado Springs in March and Farnborough in December—the focus being the development of IBAC's policy on emissions. Rich Gage (CBAA) is IBAC's Chairman of the EIWG and is the Council's representative on the ICAO Committee on Aviation Environmental Protection (CAEP). Extensive assistance was provided to the EIWG by representatives from airframe and engine manufacturers.

Continuous Improvement (Business Plan 2003 – 2008)

Renewal of the IBAC Business Plan was a focus in 2003. Most Actions in Business Plan 1999 were completed and the Governing Board set in motion a process to address new and emerging issues. Work on Business Plan 2003 – 2008 started with preparation by the POC for a strategic planning meeting. This session was held late in 2002 and two Governing Board meetings in 2003 were applied to finalizing the Plan.

Dedicated to continuous improvement, the renewal addresses the significant issues of:

- ✓ safety;
- ✓ security;
- ✓ access;
- ✓ business sustainability;
- ✓ environment; and
- ✓ internal management and processes.

Definition of Business Aviation

That sector of aviation which concerns the operation or use of aircraft by companies for the carriage of passengers or goods as an aid to the conduct of their business, flown for purposes generally considered as not for public hire and piloted by individuals having, at the minimum, a valid commercial pilot license with an instrument rating.

Communications

Good two-way communications between IBAC Members and the Secretariat and between IBAC and the aviation community and governing bodies remains a priority. Principal means of keeping Members current include:

1. Governing Board Meetings and their minutes.
2. Planning and Operations Committee (POC) meetings and their minutes.
3. IBAC Electronic Update (Quarterly).
4. IBAC Printed Update (Quarterly).
5. Technical reports and bulletins.
6. IBAC Website (www.ibac.org).
7. Work Group Meetings and their minutes.
8. E-mail and phone.

Principal means of communication with authorities and the industry is through:

1. IBAC Flyer.
2. IBAC Update
3. IBAC Strategic Plan Brochure.
4. IBAC Website.
5. Presentations and Working Papers at Conferences
6. Kiosk at industry conventions.
7. Meetings.

Business Aviation Representation

An important element of IBAC's 'raison d'être' is representing the interests of business aviation and its member national and regional organizations at international meetings, work-groups and media events. The POC carefully considers each of the many international meetings to determine which sessions are significant to the interests of business aviation. Capable and knowledgeable persons are then assigned to each session. Technical Reports of each meeting are filed on the IBAC website.

IBAC Presentations

In 2003 IBAC made special presentations at the following Conferences and meetings:

- ICAO Aviation Security Panel;
- EBAA Security Conference;
- International Oceanic Conference;
- EBACE;
- EBAA-France General Assembly and CBAA Board/Industry Meeting;
- Concordia University MBA Program;
- Numerous IS-BAO presentations at NBAA regional forums, etc.

IBAC Aircrew Identification Card

The number of Aircrew Cards stabilized in 2003 after significant growth in 2001 and 2002. A total of 1,362 cards were issued. IBAC recognizes the hard work of Crew Card Administrator Paul Lessard and the support of IBAC Members in promoting the Aircrew Card program. Future developments with the program will be highly dependent on the work of the ICAO Facilitation Panel in development of international standards for aircrew identity cards.

2003 Highlights

The following were significant events in 2003:

- **Development of Business Plan 2003-2008;**
- **Release of the first issue of the Business Aircraft Safety Brief;**
- **Development of an IBAC position on international fractional ownership operations;**
- **Development of a new Kiosk and PPT presentation;**
- **Changes proposed to Annex 17 (Security) for On-demand operations.**

International Civil Aviation Organization (ICAO)

IBAC continues to recognize the importance of professional representation in ICAO Committees, Panels, Work Groups and Conferences. IBAC was represented at a large number of ICAO meetings during the year, including many Panel sessions and regional planning group meetings for the North Atlantic, Europe, South and Central America and Asia Pacific. Technical Reports on all meetings are filed on IBAC's Website. IBAC's Technical Representatives on various ICAO forums are per the following table.

| ICAO Programmes | Member | Alternate |
|---|-----------|-----------------|
| AEP Airport Economics Panel | Ingleton | |
| ANSEP Air Navigation Services Economics Panel | Ingleton | |
| ALLPIRG All Planning Implementation Regional Groups | Spruston | Ingleton/Stine |
| APANPIRG Asia/Pacific Regional Planning Group | Spruston | Erickson |
| AVSECP Aviation Security Panel | Spruston | Ingleton |
| CAEP Committee on Aviation Environmental Protection | Gage | Gilley/Ingleton |
| WG 1 Noise (Technical) | Weir | |
| WG 2 Noise (Operations) | Gilley | |
| WG 5 Market-based Measures | Cotti | |
| EANPG European Air Navigation Planning Group | Experton | |
| FALP Facilitation Panel | Ingleton | |
| FCLTP Flight Crew Licensing and Training Panel | Evans | |
| GNSSP Global Navigation Satellite Systems Panel | Lichius | |
| GREPECAS CAR/SAM Regional Planning Group | Febeliano | Spruston |
| NAT ATMG Air Traffic Management Group | Lamond | |
| NAT EFG Economics and Financial Group | Ingleton | |
| NAT IMG Implementation Management Group | Stohr | Ingleton |
| NAT SPG Systems Planning Group | Ingleton | Stohr |
| OPSP Operations Panel | Ingleton | |

International Standard for Business Aircraft Operations (IS-BAO)

The first full year of operations for the International Standard for Business Aircraft Operations proved very positive with good feedback received from operators who introduced the new 'code of practice'. Sales of both the IS-BAO and the Audit Procedures Manual (APM) exceeded forecasts.

IS-BAO sales in 2003 - 124 (70 Forecast)
APM sales in 2003 – 18 (10 Forecast)

Two IS-BAO Workshops were held, in Morristown New Jersey and Colorado Springs Colorado, USA, attended by 27 flight department managers and auditors. Eighteen auditors received accreditation, bringing the total number of accredited auditors to 40.

IS-BAO presentations were made at a number of conferences, conventions and workshops. In particular, presentations were made to the European Joint Aviation Authorities (JAA) on the advantages of using an industry standard as the basis for rulemaking. The JAA is considering the IS-BAO as one of the industry standards that would satisfy the requirements of proposed new rules for corporate aviation.

IS-BAO Standards Board

The third meeting of the IS-BAO Standards Board (formed in 2001) was held in Orlando in October 2003. The Standards Board has responsibility for keeping the IS-BAO current and dynamic. The Board approved a number of changes and a revised issue dated January 1, 2004 was approved. In addition the Board approved a number of changes to the Audit Procedures Manual and Internal Audit Manual and established a formula for increasing the number of Standards Board Members. IS-BAO Standards Board Members are as follows:

Chairman

John Batty, Business Aircraft Users Association (BAUA)

Vice Chairman

Paul Stinebring, National Business Aviation Association (NBAA)

Members

Robert Blouin (NBAA)
William Boucher (CBAA)
Robert Conley (Aventis)
Gary Ridley (IBM Europe)
Donald Spruston (IBAC)

Secretariat

Ray Rohr, IBAC Standards Manager
Peter Ingleton, IBAC Director ICAO Liaison
Paul Lessard, IS-BAO Administrator



IBAC Financial Report for 2003

In accordance with IBAC Financial Policy a Review of IBACs accounts was completed by an independent accounting firm. The table below summarizes IBAC's accounts for the 2003 year. (Note: IBAC's Financial Policy requires an audit every three years. The last audit covered the period 1999 to 2001 inclusive. The next audit will be for the 2002 to 2004 period.)

The total surplus for 2002 was \$122,800. The IBAC Governing Board authorized \$62,800 of the surplus to be applied to the Special Project Fund and bonuses, and the remaining \$60,000 to be added to the IBAC Reserve Fund. The approved Reserve Fund for 2003 was set by the Governing Board at \$206,000. The Special Project Fund status at the end of 2003 was \$57,746 which is available for carryover to 2004.

The IBAC financial position for the 2003 year-end was developed for review by the IBAC Finance Committee, Chaired by the Treasurer, and submitted to the Board for approval in accordance with IBAC policy.

| 2003 End Year Position | |
|---|------------|
| Total Assets at Year-End <i>(Cash & Savings Certificates, inclusive of IS-BAO)</i> | \$552,651. |

| 2003 Report of Revenues and Expenditures (USD) <i>(exclusive of IS-BAO)</i> | |
|---|------------|
| 2003 Revenues | \$346,364. |
| 2003 Expenses | \$310,054. |
| 2003 Net Income | \$ 35,619. |
| Operating Surplus | \$ 66,674. |

More detail can be found in Appendices as follows:
Appendix A - Statement of Financial Position
Appendix B - Statement of Revenue and Expenditures

| IS-BAO Revolving Fund Year –End Summary (USD) | |
|--|------------|
| Current Assets at Year-End | \$135,301. |
| 2003 Revenues | \$170,512. |
| 2003 Expenses | \$ 78,465. |
| 2003 Net Income | \$ 92,046. |

Looking to the Future

IBAC's Business Plan 2003-2008 presents the blueprint for IBAC actions over the next five years. The Plan addresses the need to build on successful programs such as the International Standard for Business Aircraft Operations (IS-BAO), the Business Aviation Safety Brief and the Aircrew Identification Card program. The Planning and Operations Committee (POC) will continue to recruit talented and knowledgeable specialists to represent the interests of business aviation at international forums.

IBAC is prepared to address international issues that may impact the business aviation community, but in particular the Council has identified the following issues of immediate importance.

- Security and the need for effective rules and good industry practices.
- Introduction of new small single pilot aircraft and the need to address qualification and airspace issues.
- Establishment of business aviation requirements for CNS/ATM implementation.
- Constraints on airspace and airport access and the need for fair and equitable treatment.
- Need for the improved international harmonization of aviation and customs rules such as those for fractional ownership.
- Need for fair and equitable pricing in light of air traffic and airport privatization.

IBAC is resolved to continued efforts to ensure the business aviation community is well represented internationally and that an institutional mechanism is functioning effectively for the benefit of the global business aviation community.



Appendix A

Statement of Financial Position (Inclusive of IS-BAO Revolving Fund)

| | 2000 | 2001 | 2002 | 2003 |
|-------------------------------------|--------------------|--------------------|-------------------|--------------------|
| Assets | | | | |
| <u>Current Assets</u> | | | | |
| Bank Accounts (Cash on hand) | \$ 10,969. | \$ 98,851. | \$134,052. | \$149,014. |
| Savings Certificates | \$200,000. | \$205,656. | \$306,115. | \$403,637. |
| Total Current Assets | \$210,969. | \$304,507. | \$440,167. | \$552,651. |
| <u>Fixed Assets</u> | | | | |
| Furniture and Equipment | \$ 517. | \$ 0. | \$ 0. | \$ 0. |
| Total Assets | \$211,487. | \$304,507. | \$440,167. | \$552,651. |
| Liabilities & Equity | | | | |
| <u>Liabilities</u> | | | | |
| Accounts payable | | | \$10,761. | \$ 214. |
| GST Paid on Expenses | \$(2,407.) | \$(3,438.) | \$(9,448.) | \$ 1,200. |
| PST Refund | \$(2,340.) | \$(6,872.) | \$(5,461.) | \$(11,548.) |
| GST Payable | \$ 0. | \$ 1,200. | \$ 1,200. | \$(12,425.) |
| Total Liabilities | \$(4,748.) | \$(9 ,111.) | \$(2,948.) | \$(22,560.) |
| <u>Equity</u> | | | | |
| Opening Equity Balance | \$176,585. | \$176,585. | \$176,585. | \$176,585. |
| Net Assets | \$ (21,207.) | \$ 50,960. | \$180,389. | \$363,006. |
| Net Income | \$ 60,857. | \$ 86,073. | \$ 86,140. | \$ 35,619. |
| Total Equity | \$155,378. | \$216,236. | \$443,116. | \$552,651. |
| Total Liabilities and Equity | \$211,487. | \$304,507. | \$440,167. | \$552,651. |

Appendix B

Statement of Revenues and Expenses

Revenue

| | |
|----------------------|------------|
| Aircrew Card | \$ 71,526. |
| Member Contributions | \$272,192. |
| Interest | \$ 2,245. |

| | |
|---------------|------------|
| Total Revenue | \$346,364. |
|---------------|------------|

Expenses

| | |
|-------------------------------|------------|
| Aircrew Card | \$ 10,411. |
| Contract Services | \$ 9,645. |
| Hospitality | \$ 3,158. |
| Insurance | \$ 1,930. |
| Office Supplies, Tel, etc | \$ 14,307. |
| Office Lease | \$ 8,590. |
| Furniture and Equipment | \$ 1,945. |
| Professional Fees | \$ 1,455. |
| Publications | \$ 7,227. |
| Staff Contracts | \$157,304. |
| Staff Travel | \$ 43,318. |
| Travel for Technical Reps | \$ 15,583. |
| Miscellaneous/Contingency | \$ 5,215. |
| Special Projects | \$ 31,054. |
| Gain/Loss on Foreign Exchange | \$ (403.) |

| | |
|----------------|------------|
| Total Expenses | \$310,744. |
|----------------|------------|

| | |
|------------------------|-------------------|
| Net Income 2003 | \$ 35,619. |
|------------------------|-------------------|

IS-BAO Statement of Revenues and Expenses

Revenue

| | |
|------------------------------|------------|
| IS-BAO Sales | \$112,912. |
| APM Manual Sales & Workshops | \$ 54,500. |
| Cert of Registration | \$ 3,100. |

| | |
|---------------|------------|
| Total Revenue | \$170,512. |
|---------------|------------|

Expenses

| | |
|---------------------------|------------|
| Insurance | \$ 2,652. |
| Office Supplies, Tel, etc | \$ 3,811. |
| Administration | \$ 5,253. |
| Standards Manager | \$ 52,974. |
| Marketing and Sales | \$ 455. |
| Bank Charges | \$ 15. |
| GST | \$ 2,652. |
| Miscellaneous | \$ 11,802. |

| | |
|----------------|------------|
| Total Expenses | \$ 78,465. |
|----------------|------------|

| | |
|------------------------|-------------------|
| Net Income 2003 | \$ 92,046. |
|------------------------|-------------------|
